

Our Plan for a Real Estate Divestiture Structure to Sapporo's Corporate Value

Shareholders of Sapporo Holdings Limited

July 9, 2024



Sapporo Established a Group Strategy Review Committee and Determined to Divest Its Real Estate Substantially

Sapporo Established a Group Strategy Review Committee to Improve Corporate Value

Notice Concerning Medium- and Long-Term Management Policies to Enhance Group Value

グループ価値向上のための中長期経営方針に関するお知らせ

サッポロホールディングス株式会社（以下、「当社」といいます。）は、「中期経営計画（2023～26）」の公表（2022年11月）後、IR及びSR活動等を通じ、資本市場から様々なご意見をいただきました。それらも踏まえ、当社では、2023年9月に社外有識者を含めた構成の「グループ戦略検討委員会（以下、「本委員会」といいます。）」を設立し、第三者のアドバイザーも含めた多面的、客観的な視点を加え、現中期経営計画の先にある中長期的な企業価値向上のための経営方針について議論をしてきました。本委員会及び当社取締役会での議論を踏まえ、中長期的なグループ価値向上のための経営方針を、下記のとおりまとめましたのでご報告いたします。

Announced "Notice of Medium- and Long-Term Management Policies to Enhance Group Value," Setting Forth the Substantial Divestiture of Real Estate.

Notice Concerning Medium- and Long-Term Management Policies to Enhance Group Value

変わらない点	変えていく点（現中期経営計画の先）
ビールファンに愛される高品質なモノづくり、商品開発・生産技術力による事業基盤強化	酒類/食品飲料/不動産の集合体から、グループの総力が、酒類成長による価値向上を実現する企業体へ
基軸ブランドへのリソース集中と収益力強化のための構造改革	不動産に外部資本を導入し、ビール成長投資を大幅拡大
海外における事業成長	グループの組織形態とガバナンス体制
資本効率、資本コストを意識した経営	資本収益性向上や海外成長実現に向けた経営幹部人財要件、業績コミットメントを高める人事等制度設計

Financial Results Script

不動産は、酒類事業のブランド接点・顧客接点を提供する場と位置づけまして、この取り組みはさらに強化して進めていきたいと考えております。酒類事業に対する価値向上ということで、将来的には特に海外を中心に成長投資に機動的に対応していきたいと考えておまして、不動産に対する外部戦略パートナーからの資本導入を含めまして、保有形態を多様化していく考えでおります。

3D's Request to Sapporo Shareholders

- Sapporo is considering specific methods to divest its real estate
- It is our understanding that the real estate divestiture strategy will be announced later this fiscal year
- To maximize corporate value, selecting an appropriate real estate divestiture strategy is extremely important
- Under such circumstances, and after much research and consultation with real estate industry experts, we have developed a specific real estate divestiture strategy that we believe can maximize Sapporo's corporate value



Request to Sapporo Shareholders

We ask that shareholders review our materials and join us in supporting Sapporo's review process by sharing their perspectives regarding the best path forward for the Company

Executive Summary



Executive Summary

- We believe that two structures for divesting Sapporo's real estate holdings are effective for maximizing corporate value: a tax-qualified spin-off and a complete sale of selected, individual properties
 - Possible divestiture methods include spin-offs, property sales and partial sales or capital increases of the real estate holding company
 - Of these, partial sales and capital increases of the real estate holding company would theoretically greatly reduce the contribution of the real estate to corporate value
- We believe that spinning off properties with high NAV growth rates and selling properties with low NAV growth rates will maximize corporate value
 - Properties with high NAV growth rates may be given high NAV multiples after listing, but properties with low NAV growth rates are expected to remain to have low NAV multiples
 - Properties with high NAV growth rates and significant potential for value appreciation include Yebisu Garden Place, Lion Ginza 7-chome and Shinjuku Lion
- We assume that Sapporo's real estate holding company, Sapporo Real Estate Development, can be listed in a tax-qualified spin-off
 - The selection of the properties to be sold will be based on Sapporo's financial plan, the viability of Sapporo Real Estate Development as a listed company and the financial plan of Sapporo Real Estate Development, and the selected properties will be sold before and after the listing.
- If Sapporo divests its real estate using this strategy, we believe its market capitalization will increase from the current 440.1 billion yen to 722.0 billion yen, an upside of approximately 65%
 - **Alcoholic Beverages and Food & Beverage Business Holding Company (330.1 billion yen):** Calculated based on this fiscal year's estimated EBITDA (including corporate expenses) and EV/EBITDA multiples of domestic and overseas competitors in the alcoholic beverages business and estimated sales and EV/Sales of Dydo Drinco Incorporated in the food and beverages business
 - **Real estate holding company after spin-off (265.8 billion yen):** Calculated by applying a NAV multiple based on estimated future NAV growth rate to NAV based on third-party real estate appraisal value and Net Debt
 - **Cash and cash equivalents generated by the sale of properties (126.2 billion yen):** Calculated based on third-party real estate appraisal value, excluding taxation of gains on sales

Real Estate Divestiture Structure Options



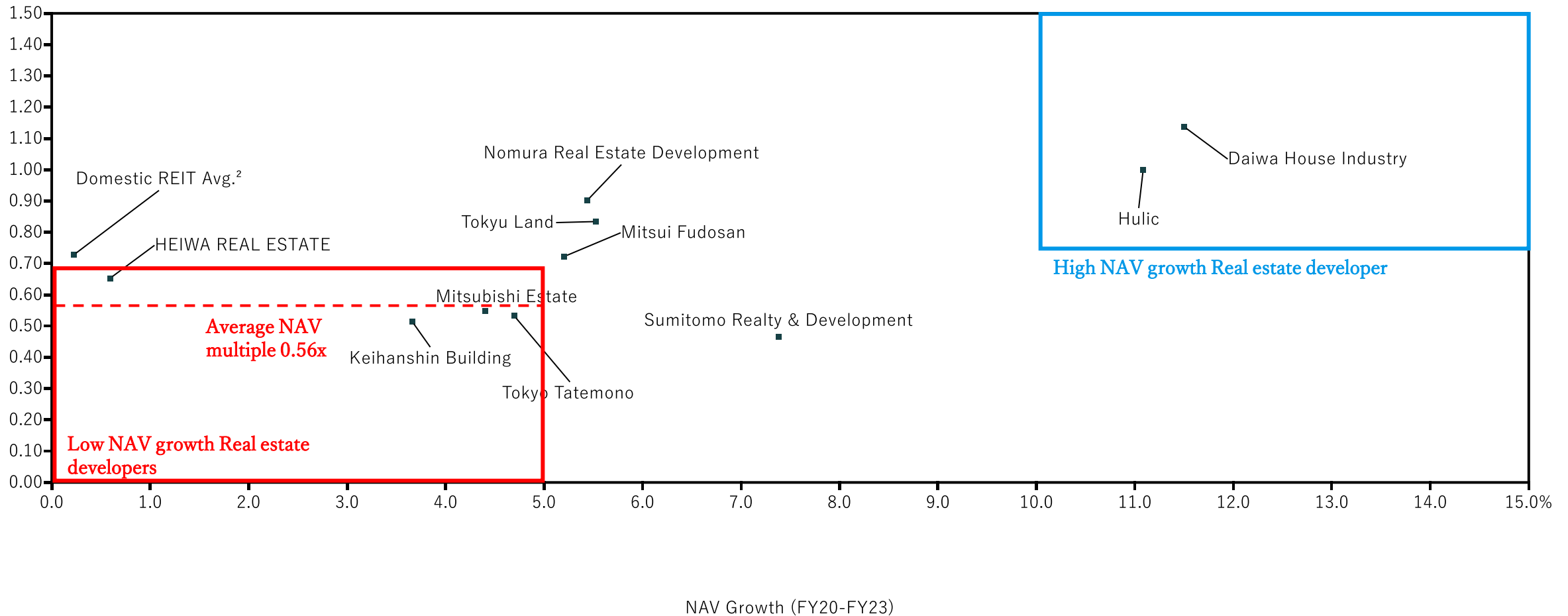
There Are Three Major Structures for Divesting Real Estate; It Is Essential to Utilize the Ones That Maximize Corporate Value

Disconnection Way	NAV	Real estate market value (before tax)	Taxation of profits	Net Debt	NAV multiple	Conglomerate discount	Real Estate Value Contribution
Spin-off of Properties	432.2 billion yen	636 billion yen <ul style="list-style-type: none"> Third-party real estate appraisal value 	0 billion yen <ul style="list-style-type: none"> No tax burden due to tax-qualified spin-off 	203.8 billion yen <ul style="list-style-type: none"> Sapporo net debt attributable to SREDC 	0.95x <ul style="list-style-type: none"> Liquidity ✓ Secured liquidity as a publicly listed company Governance ✓ Governance is ensured as a listed company NAV Growth ✓ High NAV growth expected due to redevelopment story <p>→ As a real estate developer with high NAV growth, high liquidity and good governance, the spun-off entity should receive a NAV multiple of ~0.95x (see page 18)</p>	100% <ul style="list-style-type: none"> No discounting occurs due to spin-off 	410.6 billion yen <p>Value contribution from real estate declined by about 300 billion yen</p>
Sale of Properties	304.8 billion yen	636 billion yen <ul style="list-style-type: none"> Same as above 	127.4 billion yen <ul style="list-style-type: none"> Taxation of gain on sale occurs due to a simple sale 	203.8 billion yen <ul style="list-style-type: none"> Same as above 	1.00x <ul style="list-style-type: none"> After-tax sale proceeds accrue directly to shareholders due to a simple sale 	80% <ul style="list-style-type: none"> Assumes half of current discount 	243.8 billion yen
Partial Sale of Properties or Capital Increase in SREDC ¹	304.8 billion yen	636 billion yen <ul style="list-style-type: none"> Same as above 	127.4 billion yen <ul style="list-style-type: none"> Assumes taxation on the eventual sale of the majority 	203.8 billion yen <ul style="list-style-type: none"> Sam as above 	0.40x to 0.60x <ul style="list-style-type: none"> Liquidity ✗ Very few partners available for investment Governance ✗ Unlisted company with no liquidity due to restrictions in shareholder agreements NAV Growth ✗ Unlisted company and governance structure not yet in place NAV growth not factored into capital increase <p>→ As a real estate developer with low NAV growth, high liquidity and no governance, SREDC can only be assigned a NAV multiple of 0.56x² or lower (see page 7)</p>	61% <ul style="list-style-type: none"> Current discounts will continue to apply (see page 16) 	74.4 billion yen – 111.6 billion yen <p>At this point in time, if capital in SREDC is increased, the value contribution from real estate will be greatly reduced</p>

Notes: [1] Sapporo Real Estate Development Co., Ltd.[2] Pre-tax basis; assuming SRE, post-tax basis is about 0.8x; assuming a multiple of 0.4x-0.6x on an after-tax basis to account for liquidity and governance discounts relative to listed real estate development companies.

(Reference) NAV Multiples for Listed Real Estate Developers with Low NAV Growth Rates Are ~0.5x-0.6x; for Listed Real Estate Developers with High NAV Growth Rates, NAV Multiples Can Be 1.0x or Higher

NAVRatio (MKT Cap/NAV)¹



We Believe a Spin-off or a Complete Sale Maximizes Corporate Value, as opposed to Capital Increase or Partial Sale of Property

The Best Way to Maximize Corporate Value Involves a Combination of Two Structures: Spin-offs and Property Sales

Structures for Divesting Real Estate

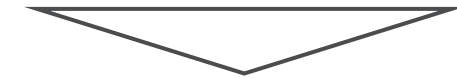
Spin-off
(Assumes Spin-off as Sapporo Real Estate Development)

Complete Sale of Property

Capital Increase or Partial Sale of Property



The determination of the proper structure should be made on a property-by-property basis, depending on which structure maximizes corporate value

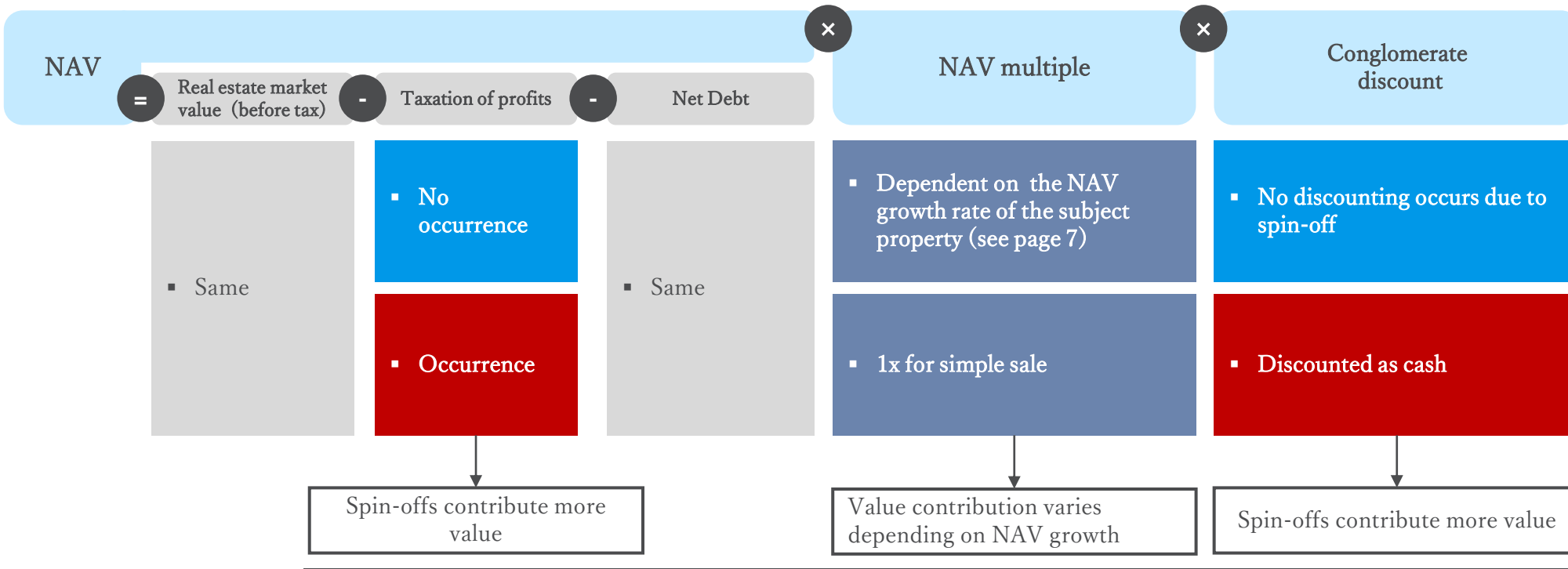


As previously indicated on p. 6, this structure's value contribution remains extremely low and therefore cannot be the optimal choice

We Believe the Decision as to whether Complete a Spin-off or Sale of a Property Will Maximize Corporate Value Should Be Based on the NAV Growth Rate of the Property and its Potential

Relative merits/demerits of spin-offs and property sales in each element of value contribution

Formula for calculating the value contribution of each property



Overall premise of the divesting policy

- **Spin-off for properties with high NAV growth rates and NAV multiples above a certain level**
- **Sell properties with low NAV growth and low NAV multiples**
 - This is because the value destruction caused by the low NAV multiple in the spin-off is greater than the value contribution from the avoidance of the tax burden and the elimination of the discount from the spin-off

Selecting the Right Divestiture Structure for Sapporo's Real Estate Holdings Should Be Based on Whether There Is Potential for Value Appreciation

Group A: Properties **with** significant potential for value appreciation

Properties with high NAV growth potential

Spin-off

(Assumes spin-off as Sapporo Real Estate Development)

Group B: Properties with **limited** potential for value appreciation

Properties with low NAV growth potential

Property sale

Based on Our Initial Assessment, Each of Sapporo's Real Estate Assets Can Be Categorized in the Following Groups

Group A

(with significant potential for value appreciation)

Prompt Divestiture via a spin-off
(Assuming spin-off as Sapporo Real Estate Development)

Yebisu Garden Place

Lion Ginza 7-chome

Shinjuku Lion

Group B (with limited potential for value appreciation)

Divestiture by sale of property

GINZA PLACE

STRATA GINZA

Sreed EBISU2

Sreed EBISU EAST

Sreed EBISU +t

Sreed EBISU +C

ChezVia EBISU

Karuche Ebisu

ELSTANZA Daikanyama

Neighbors Musashi Nakahara

Seiwa Sendai Building (Demolished)

Alcázar

SAKAE PLACE

Nagoya Koyoen

Makino Dormitory

Yasma Head Office Building

Sapporo Factory (Sapporo)

Sapporo Beer Garden (Sapporo)

Sapporo Lion Building (Sapporo)

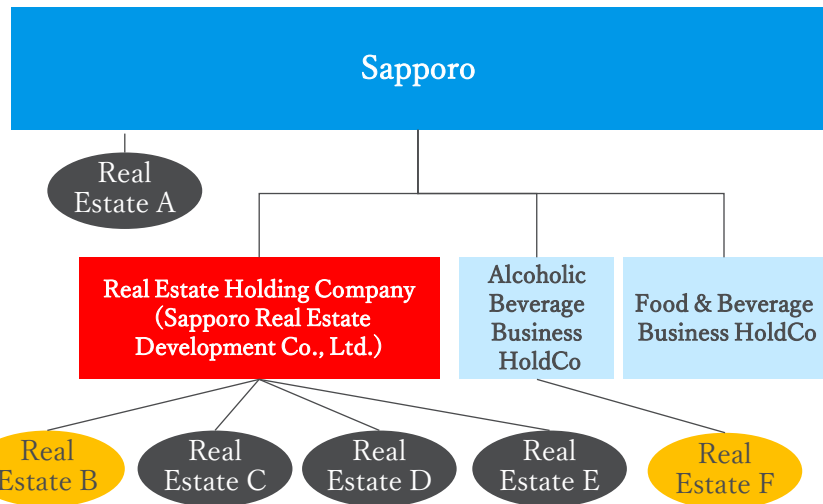


In executing this plan, we believe that the structure for divestiture should be determined based on internal information and a quantitative analysis of all real estate holdings

Sapporo Should List Sapporo Real Estate Development, a Real Estate Holding Company, Through a Tax-Qualified Spin-off (1/2)

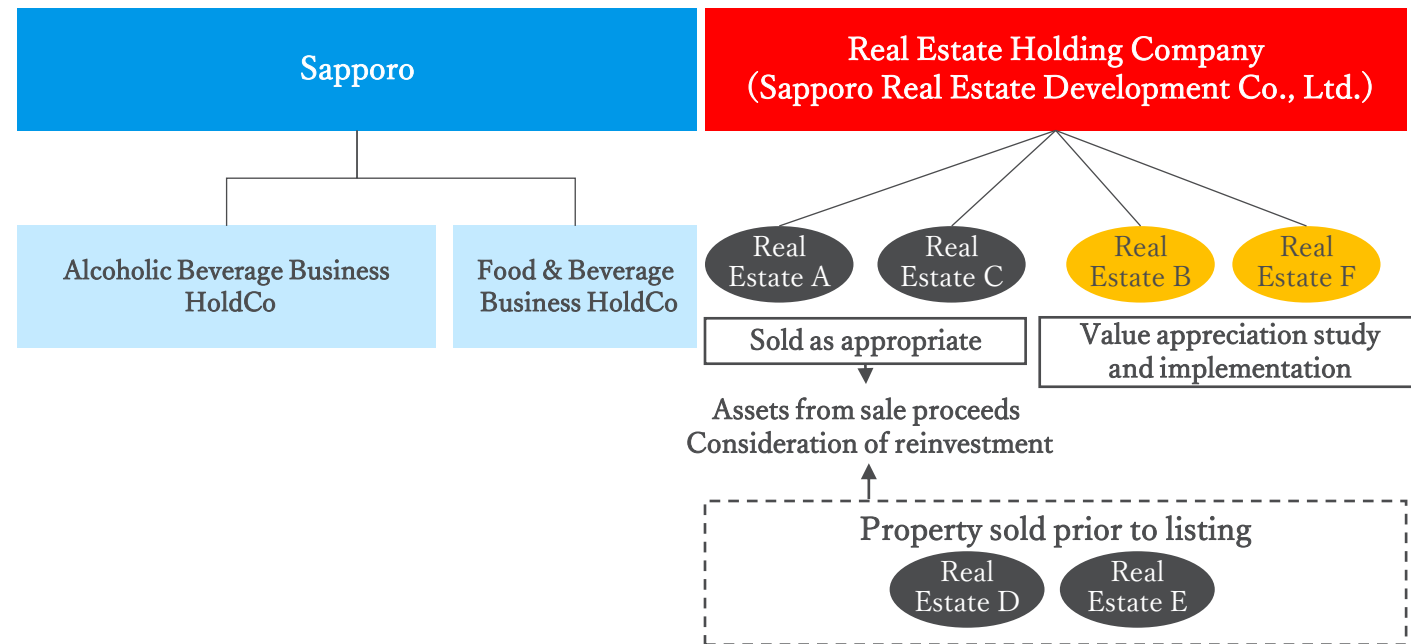
Current capital relationships and real estate holdings

- Property with **limited** potential for value appreciation
- Property with **significant** potential for value



Capital relationship and real estate holdings after listing

- Property with **limited** potential for value appreciation
- Property with **significant** potential for value appreciation



- **Spin-off and listing of real estate holdings as Sapporo Real Estate Development Co., Ltd.**
- Properties with limited potential for value appreciation are sold promptly before or after listing
 - Factors considered in the development of the divestiture plan: Sapporo's financial plan, viability of Sapporo Real Estate Development as a listed company, and the financial plan of Sapporo Real Estate Development

Sapporo Should List Sapporo Real Estate Development, a Real Estate Holding Company, Through a Tax-Qualified Spin-off (2/2)

Overview of Tax-Qualified Spin-offs

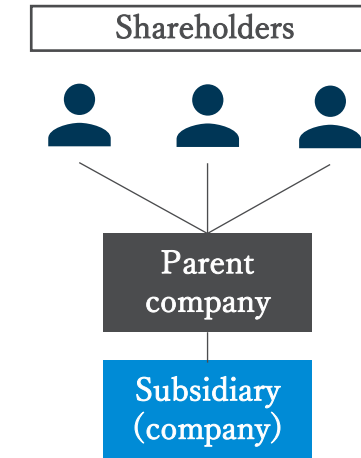
- A spin-off is a transaction whereby a particular business unit or subsidiary within a company is separated and made independent by distributing shares thereof to shareholders of the parent company
- Certain “spin-offs” in which a specific business is carved out and becomes an independent company are considered qualified reorganizations, allowing taxation on gains or losses on transfers and dividends to be deferred when the spin-off is carried out

【適格株式分配の要件】

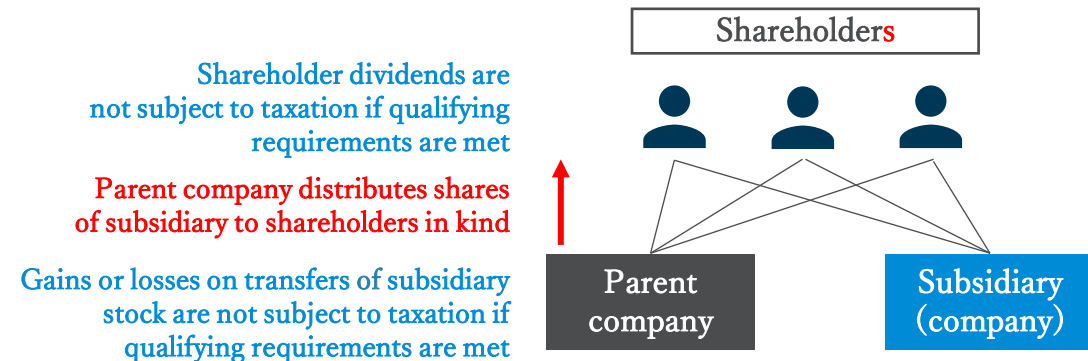
要件	内容
非支配要件	現物分配法人が分配の直前に他の者による支配関係がない法人であり、かつ完全子法人が株式分配後に他の者による支配関係があることとなることが見込まれていないこと
株式のみ按分交付要件	完全子法人株式の全てが移転するもので、分配法人の株主の持株数に応じて完全子法人の株式のみが交付されること
従業者継続要件	80%以上の従業者が完全子法人の業務に引き続き従事することが見込まれること
事業継続要件	完全子法人の主要な事業が完全子法人において、株式分配後も引き続き行われることが見込まれること
役員継続要件	完全子法人の特定役員の全てが株式分配に伴い退任するものでないこと

Illustrative Overview

Before spin-off



After spin-off



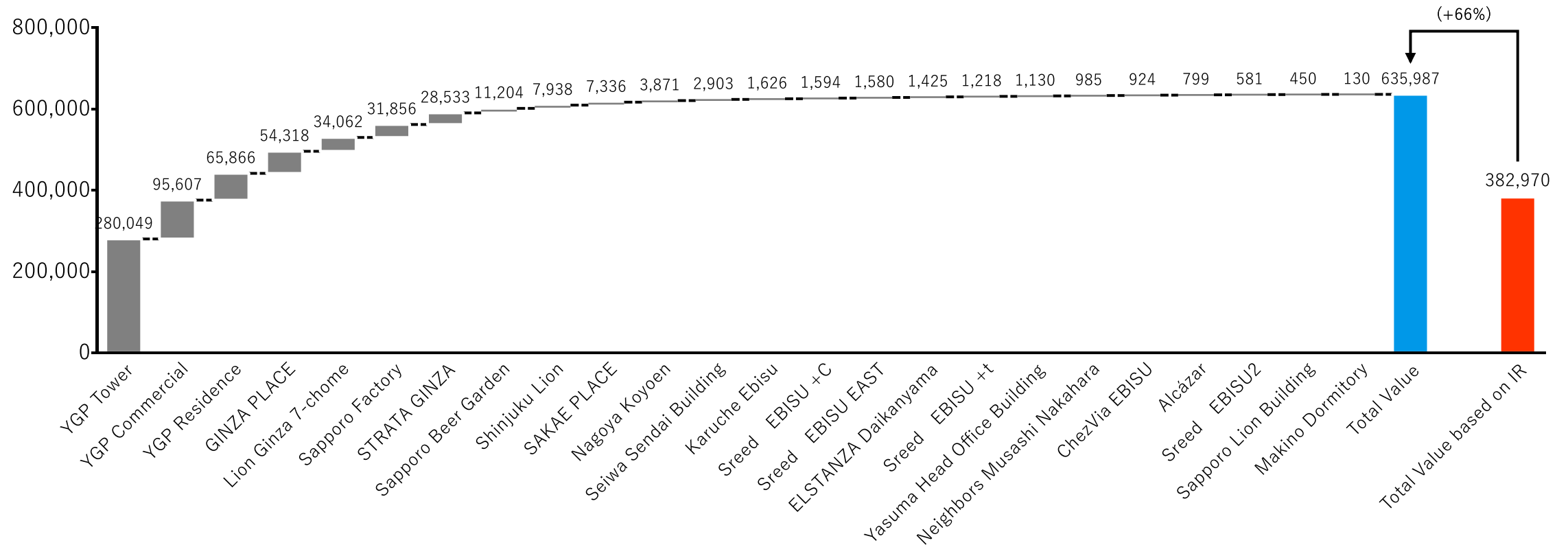
Value Contribution Resulting from the Real Estate Divestiture



Based on an Independent Third-Party Valuation We Commissioned, the Market Value of Sapporo's Real Estate Assets is 636 Billion Yen in Total, Surpassing the 383 Billion Yen Value Previously Disclosed by Sapporo

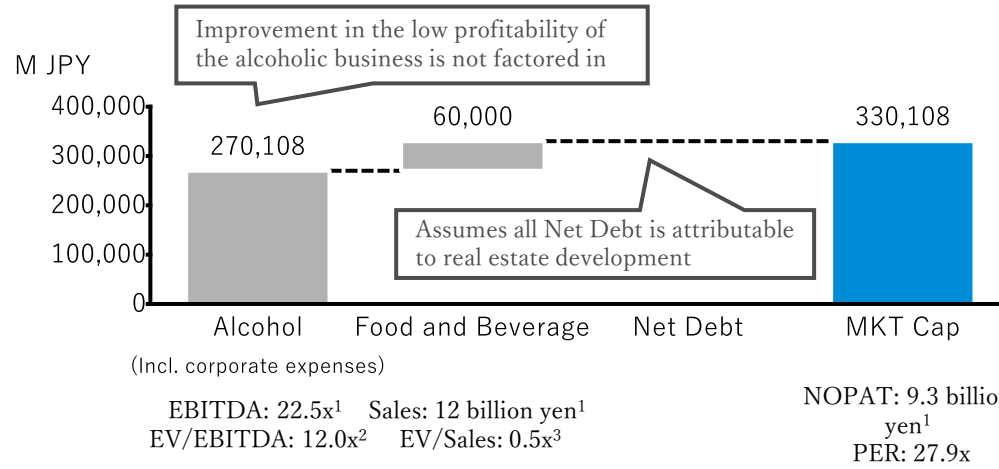
Assumes all properties in their current condition, not after value appreciation

Real Estate Value (M JPY)

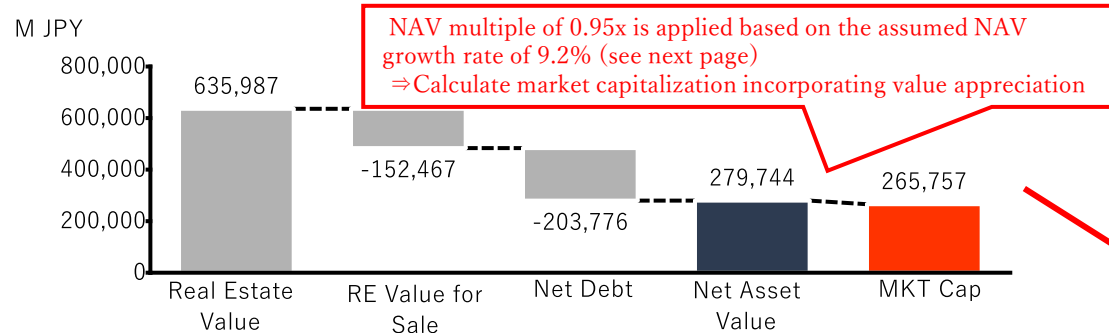


We Believe Our Plan to Maximize the Value of Sapporo's Real Estate Would Increase Market Capitalization by At Least 64%, Expected to Dramatically Enhance Corporate Value

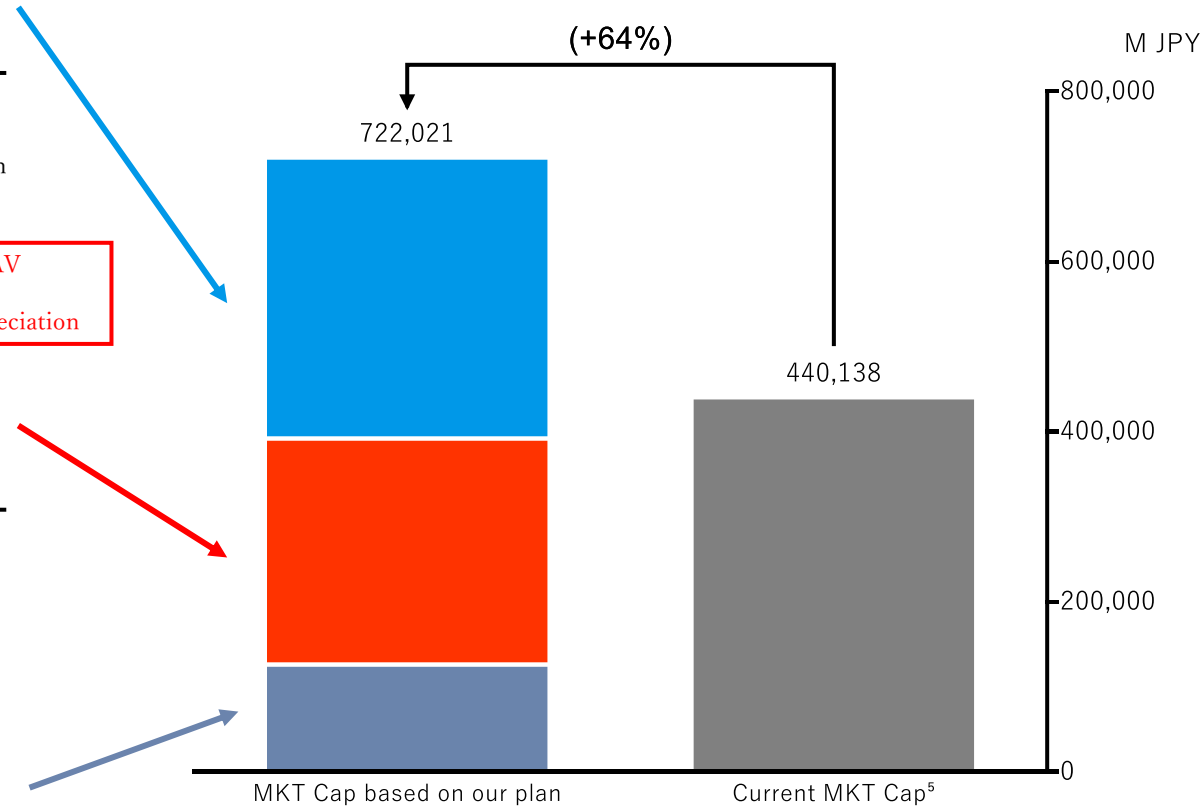
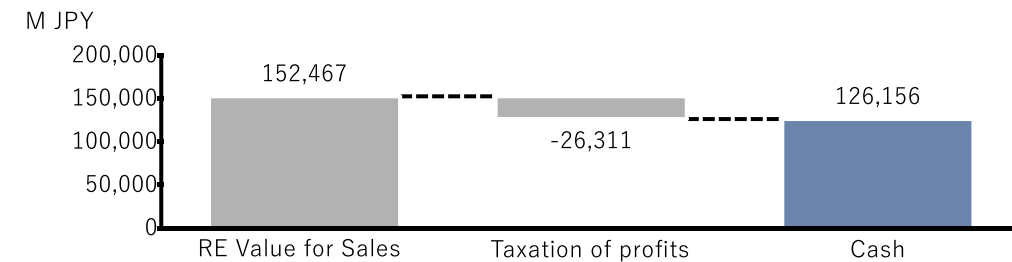
Market capitalization of alcoholic beverage and food and beverage businesses



Market capitalization of real estate holding company (=SRE) after spin-off



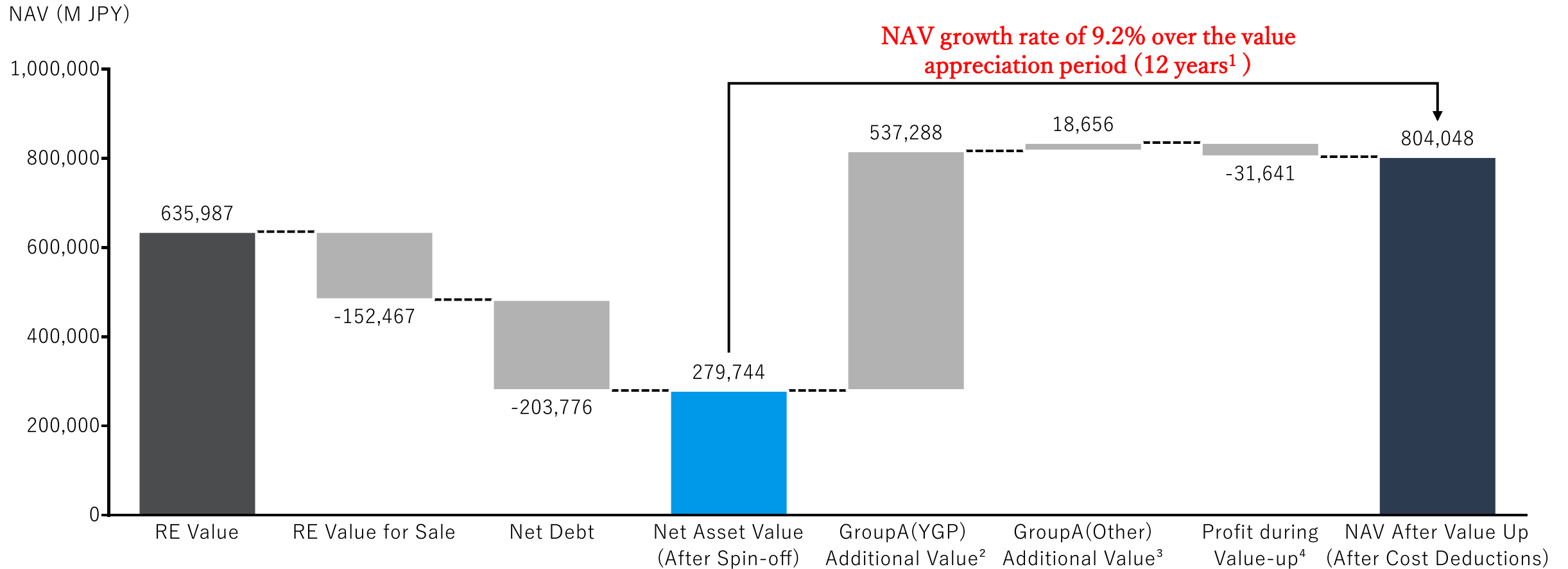
Cash and cash equivalents generated on the sale of a property



Source: Securities Reports; Nikkei Telecom

Note: [1] Calculated based on FY24/12 forecast and FY23/12 actual depreciation; [2] Refer to multiple of global and domestic competitors; [3] Refer to EV/Sales of Dydo Drinco, Incorporated, which has a highly similar business model; [4] Book value of investment properties in Sapporo's disclosed materials is prorated based on third-party appraisal values. (However, the book value of YGP is estimated to be JPY127,819M and that of Sapporo Factory is JPY11,396M based on the disclosed data); [5] Based on the closing price on End of June, 2024 (excluding treasury stock)

(Reference) Our Third-Party Valuation Indicates that the NAV Growth Rate of the Real Estate Holding Corporation After the Spin-off Assuming Value Appreciation Will Be Approximately 9.2%

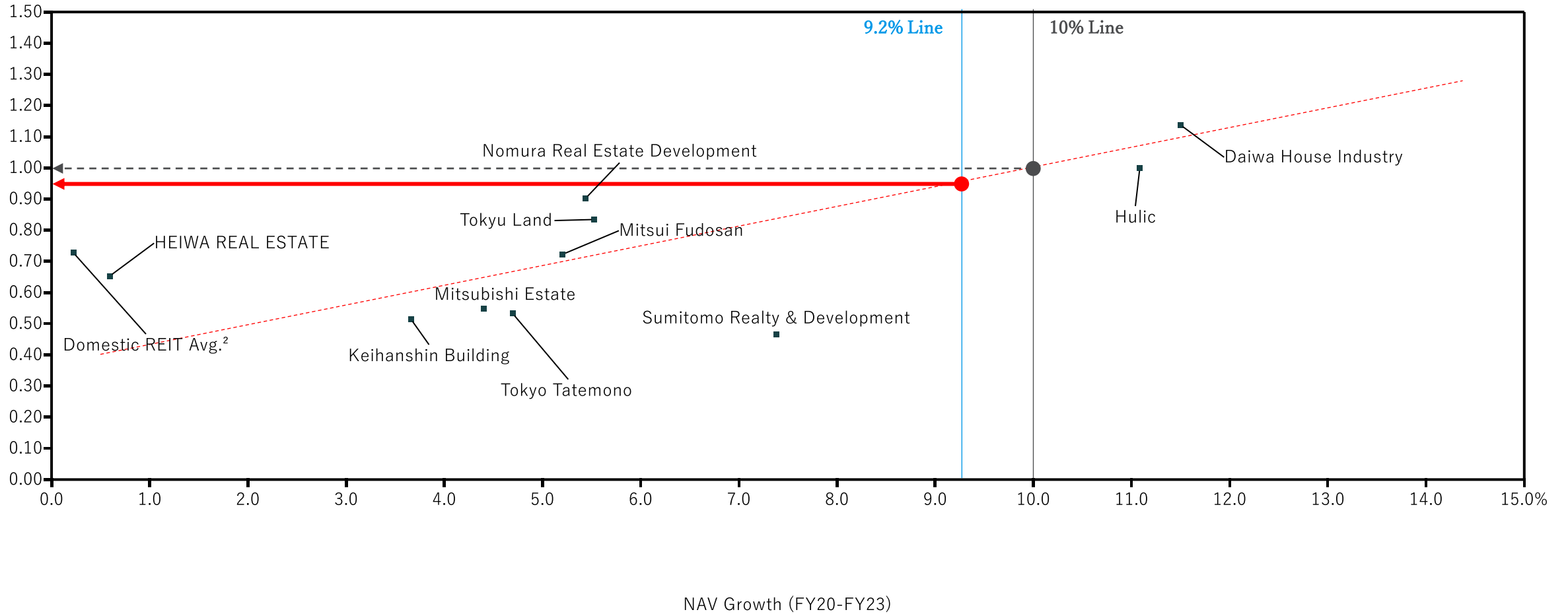


Source: Sapporo Disclosure Statement; Third-party valuation firm

Notes: [1] Assumed time required to enhance value of YGP; [2] Value after value appreciation net of development costs (JPY 978,810 M) - YGP third-party valuation (JPY 441,521 M); [3] Value after value appreciation net of development costs (JPY 60,656 M) - Group A (other than YGP) third-party valuation (JPY 42,000 M); [4] Assumed operating income generated by YGP during the value appreciation period and a tax rate of 30%.

(Reference) Assuming a NAV Growth Rate of 9.2%, the NAV Multiple Is Expected to Be ~0.95x

NAVRatio (MKT Cap/NAV)¹



Source: Bloomberg

Note: [1] Market capitalization is as of May 2, 2024; NAV is calculated as FY23 net assets + FY23 unrealized gains on real estate under operating leases or otherwise (before tax); [2] Based on domestic real estate investment trusts categorized as REITs in Speeda

Maximize the Contribution to Corporate Value of Group A
(Properties with Significant Potential for Value Appreciation)



For Real Estate Holdings in Group A (Those with Significant Potential for Value Appreciation), a Spin-off Should Be Implemented to Maximize the Contribution to Corporate Value

Group A (with significant potential for value appreciation)

Prompt Divestiture via a spin-off
(Assuming spin-off as Sapporo Real Estate Development)

Yebisu Garden Place

Lion Ginza 7-chome

Shinjuku Lion

Group B (with limited value appreciation potential)

Divestiture by sale of property

GINZA PLACE

STRATA GINZA

Sreed EBISU2

Sreed EBISU EAST

Sreed EBISU +t

Sreed EBISU +C

ChezVia EBISU

Karuche Ebisu

ELSTANZA Daikanyama

Neighbors Musashi Nakahara

Seiwa Sendai Building (Demolished)

Alcázar

SAKAE PLACE

Nagoya Koyoen

Makino Dormitory

Yasma Head Office Building

Sapporo Factory (Sapporo)

Sapporo Beer Garden (Sapporo)

Sapporo Lion Building (Sapporo)

We Have Developed a Specific Plan for the Value Appreciation of Yebisu Garden Place, Which Accounts for a Large Portion of the Value of Sapporo's Real Estate



...

Maximize the Contribution to Corporate Value of Group B
(Properties with Limited Potential for Value Appreciation)



Group B Real Estate Assets Should Be Sold Individually at the Maximum Price

Group A

(with significant potential for value appreciation)

Prompt Divestiture via a spin-off
(Assuming spin-off as Sapporo Real Estate Development)

Yebisu Garden Place

Lion Ginza 7-chome

Shinjuku Lion

Group B (with limited value appreciation potential)

Divestiture by sale of property

GINZA PLACE

STRATA GINZA

Sreed EBISU2

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Alcázar

SAKAE PLACE

Nagoya Koyoen

Makino Dormitory

Yasma Head Office Building

Sapporo Factory (Sapporo)

Sapporo Beer Garden (Sapporo)

Sapporo Lion Building (Sapporo)

Properties Should Be Sold Through a Competitive Bidding Process that Maximizes the Price Received by Sapporo

- In order to maximize the sale price of real estate holdings and the net recovery after deducting commissions, Sapporo should conduct a beauty contests of major brokerage firms invited from different types of firms, mainly focusing on the following topics, and partner with the most suitable brokerage firm based on the results of that contests (In some cases, different brokerage firms are selected for each of several real estate groups).
 - Types of brokerage firms to be invited to participate in beauty contests include:
 - Major distribution real estate companies
 - Foreign real estate brokerages
 - Trust banks
 - Main Proposals based on:
 - Selling method to maximize the sale price of subject real estate holdings (e.g., dividing the subject properties into groups based on investor characteristics and conducting a competitive sale process for each group, or conducting a batch process for all properties and selling to the party that offers the highest price for each property)
 - Long and short list of anticipated buyers
 - Assumed sales price of the subject property (including examples of market rents and cap rates on which the assumed sales price is based)
 - Brokerage commissions
- Together with the selected brokerage firm, Sapporo should tailor its approach (e.g., negotiation, competition, etc.) to potential buyers, including real estate funds and business companies, and determine the approach that maximizes the sale price from the perspective of improving corporate value
- Sapporo should select proposals from interested parties based on various factors including sale price, certainty and time required for the sale, factoring in the impact on corporate value enhancement

(Reference) Illustrative Property Grouping and Potential Buyer Attributes For Maximizing the Sale Price

Group 1: Office and Retail Properties in Good Locations

- Properties: GINZA PLACE, SAKAE PLACE, Alcázar, Sreed EBISU2, Sreed EBISU EAST, Sreed EBISU +t, Sreed EBISU +C, Nagoya Koyoen, Sapporo Factory, Sapporo Beer Garden, Sapporo Lion Building
- 3DIP appraised value: Approx. 115 billion yen
- Potential buyers: Domestic and foreign core funds (separate / private REITs), JREITs (integrated type), major real estate companies, major corporations

Group 2: Medium-scale Residential Properties

- Properties: ChezVia EBISU, Karuche Ebisu, ELSTANZA Daikanyama, Neighbors Musashi Nakahara
- 3DIP appraised value: Approx. 5 billion yen
- Potential buyers: Domestic and foreign core funds specializing in residential properties (separate / private REITs), JREITs (residential type), major real estate companies, major business corporations

Group 3: Hotels

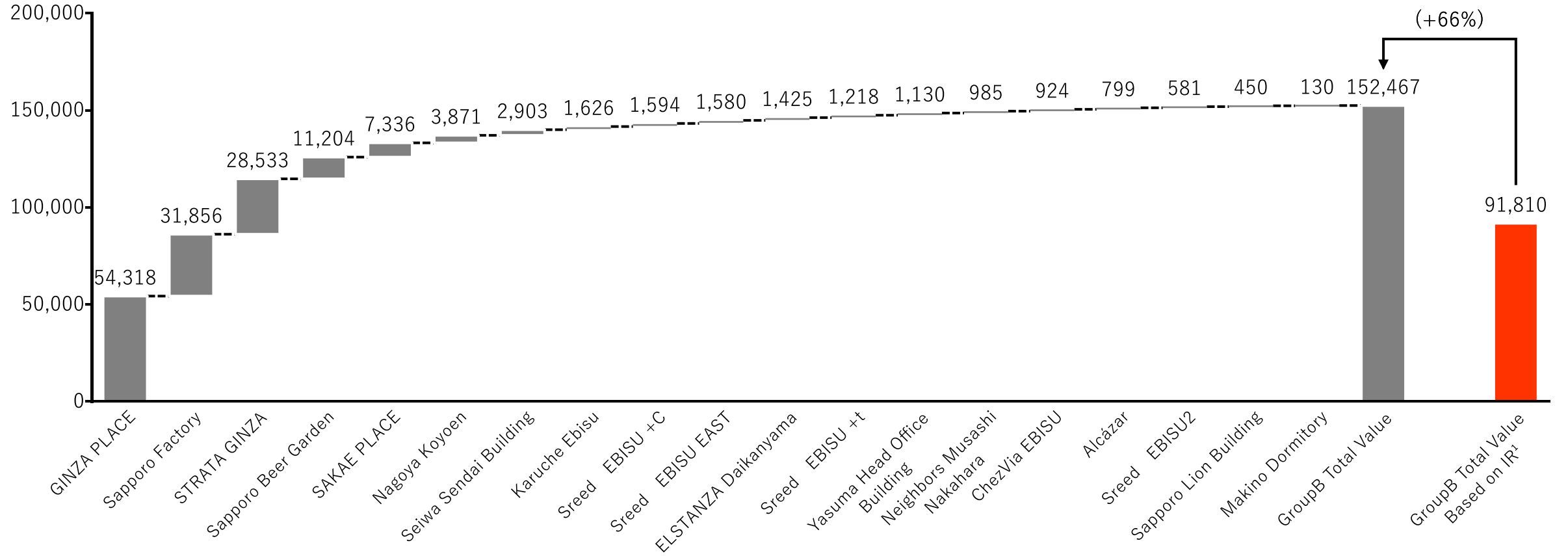
- Subject property: STRATA Ginza
- 3DIP appraised value: Approx. 29 billion yen
- Potential buyers: Domestic and foreign core funds specializing in hotels, JREITs (hotel-type), major real estate companies, major corporations

Group 4: Other Real Estate (For price maximization, one of the options is to sell these properties with one of Groups 1-3)

- Subject properties: Makino Dormitory, Yasuma Head Office Building, Seiwa Sendai Building (demolished)
- 3DIP appraised value: Approx. 4 billion yen
- Potential buyers: Major real estate companies, local real estate companies, major local general contractors, local business companies

We Believe Sapporo Can Realize ~152.5 Billion Yen Through a Value-Maximizing Sale Process, Which Is Significantly Higher than the 91.8 Billion Yen Value of These Properties Estimated From Public Disclosures

Value of Properties (M JPY)



Source: Third-party valuation

Note: [1] Estimated by proportionally dividing the market value of investment properties in the Sapporo disclosure materials based on third-party valuations.

Sapporo Should Compare the Value to Be Realized in an Outright Sale Against the Value to Be Realized in a Sale-Leaseback Transaction in Determining the Sales Methods of Real Estate Used for Its Business

Market check of the value of the subject property

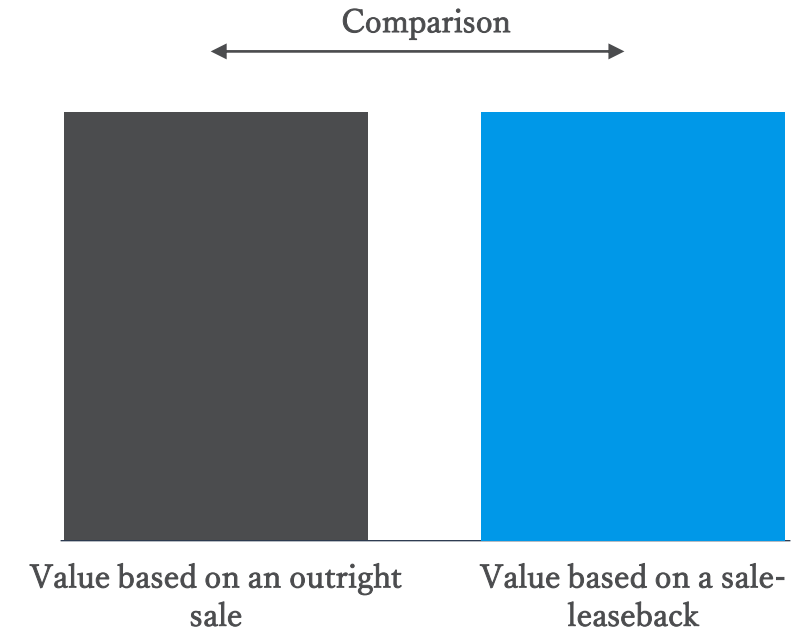
Comparison of price based on an outright sale vs. a sale-leaseback

Market check for an outright sale

- **Create and send RFPs to multiple brokerage firms**
 - Clearly state that the request for proposals is based on the assumption of an outright sale
 - Include a disclaimer to the effect that a decision on whether to sell or not to sell will be made based on price
 - Note that necessary information, including rent rolls, etc., will be provided
- **Evaluate proposals from brokerage firms in a beauty contests**
 - Assumed sales price of the subject property (including examples of market rents and cap rates on which the estimated sale price is based)
 - Proposal of sales methods to maximize the sale price of the subject property
 - Long and short list of anticipated buyers
 - Brokerage commissions

Market check for a full or partial sale-leaseback

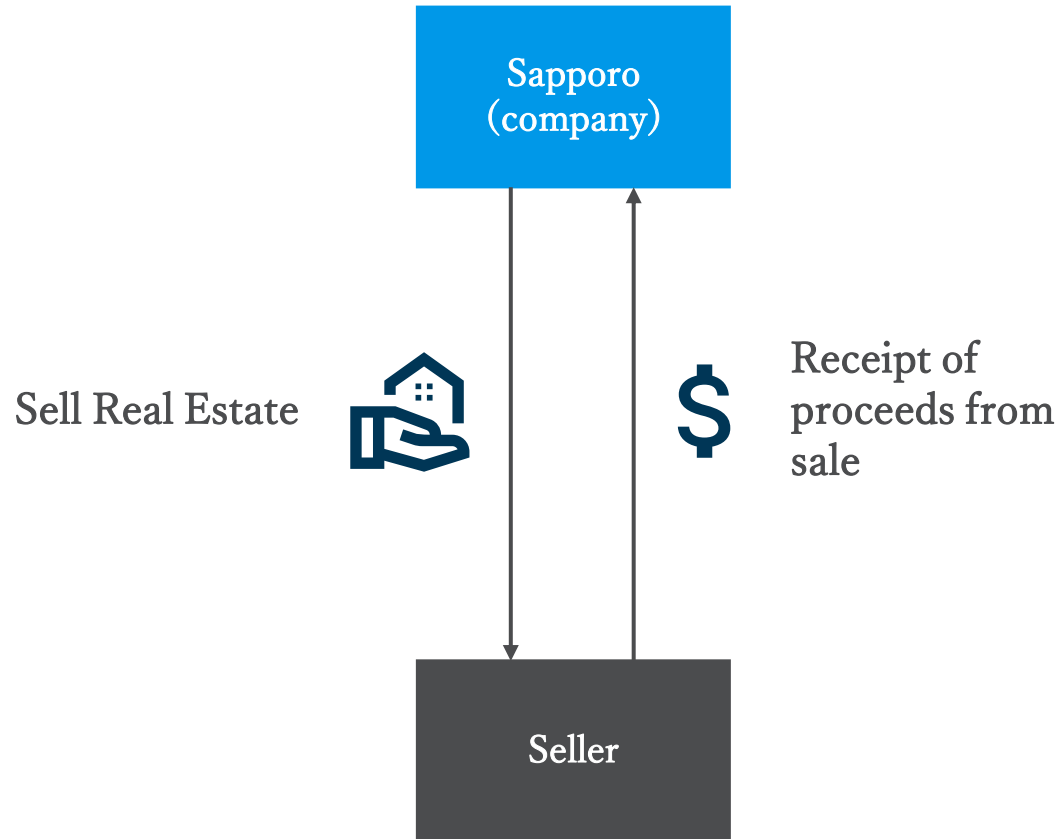
- **Create and send RFPs to multiple brokerage firms**
 - Clearly state that the call for proposals is based on sale-leaseback assumptions
 - Note that Sapporo wishes to maximize the sale price, with the disclaimer that the decision to sell will be made based on the price
 - Note that necessary information, including rent rolls, etc., will be provided
- **Evaluate proposals from brokerage firms in a beauty contests**
 - Assumed sale price of the subject property (including sale-leaseback rents and cap rate on which the sale price is based, and examples of such rents and cap rates)
 - Proposal of sales methods to maximize the sale price of the subject property
 - Long and short list of possible buyers
 - Brokerage commissions



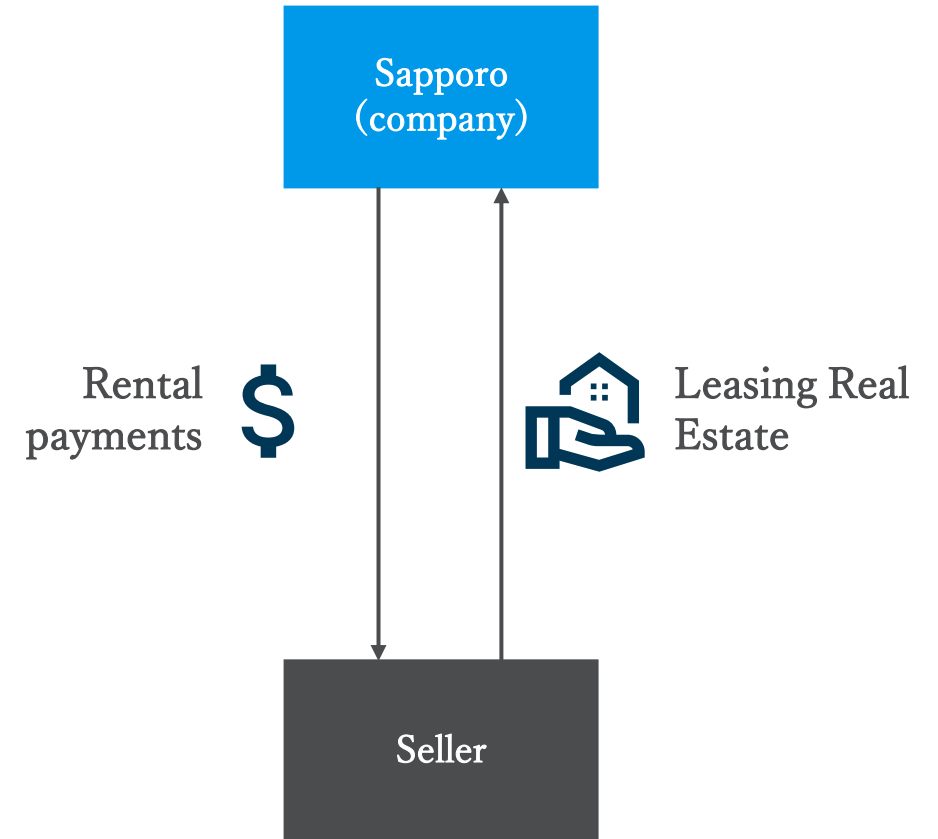
Sold via the method that achieves a higher price

(Reference) A Sale-Leaseback Is a Transaction in Which a Company Sells Its Real Estate and Then Leases the Same Real Estate from the Seller

Step 1: Sell the Property



Step 2: Lease the Property from the Seller



Conclusion

Conclusion

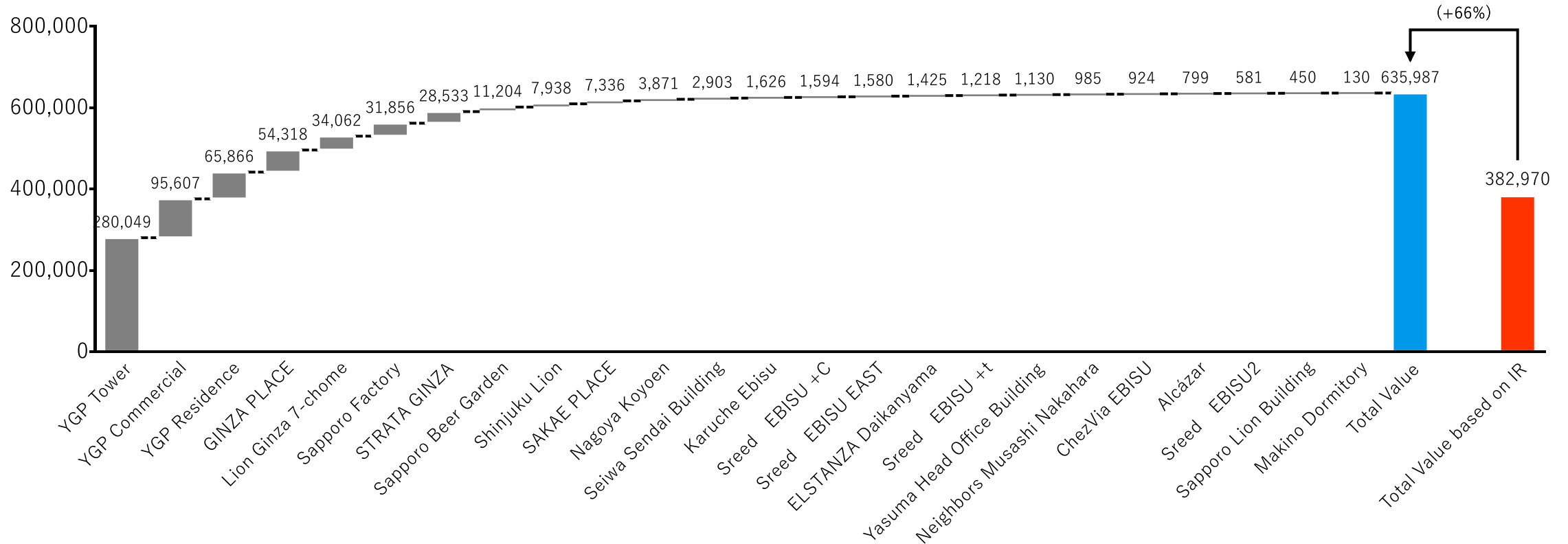
- **We believe that two structures for divesting Sapporo's real estate holdings are effective for maximizing corporate value: a tax-qualified spin-off and a complete sale of selected, individual properties**
 - Possible divestiture methods include spin-offs, property sales and partial sales or capital increases of the real estate holding company
 - Of these, partial sales and capital increases of the real estate holding company would theoretically greatly reduce the contribution of the real estate to corporate value
- **We believe that spinning off properties with high NAV growth rates and selling properties with low NAV growth rates will maximize corporate value**
 - Properties with high NAV growth rates may be given high NAV multiples after listing, but properties with low NAV growth rates are expected to remain to have low NAV multiples
 - Properties with high NAV growth rates and significant potential for value appreciation include Yebisu Garden Place, Lion Ginza 7-chome and Shinjuku Lion
- **We assume that Sapporo's real estate holding company, Sapporo Real Estate Development, can be listed in a tax-qualified spin-off**
 - The selection of the properties to be sold will be based on Sapporo's financial plan, the viability of Sapporo Real Estate Development as a listed company and the financial plan of Sapporo Real Estate Development, and the selected properties will be sold before and after the listing.
- **If Sapporo divests its real estate using this strategy, we believe its market capitalization will increase from the current 440.1 billion yen to 722.0 billion yen, an upside of approximately 65%**
 - **Alcoholic Beverages and Food & Beverage Business Holding Company (330.1 billion yen):** Calculated based on this fiscal year's estimated EBITDA (including corporate expenses) and EV/EBITDA multiples of domestic and overseas competitors in the alcoholic beverages business and estimated sales and EV/Sales of Dydo Drinco Incorporated in the food and beverages business
 - **Real estate holding company after spin-off (265.8 billion yen):** Calculated by applying a NAV multiple based on estimated future NAV growth rate to NAV based on third-party real estate appraisal value and Net Debt
 - **Cash and cash equivalents generated by the sale of properties (126.2 billion yen):** Calculated based on third-party real estate appraisal value, excluding taxation of gains on sales

Appendix: Current Valuation of Sapporo's Properties

Based on an Independent Third-Party Valuation We Commissioned, the Market Value of Sapporo's Real Estate Assets is 636 Billion Yen in Total, Surpassing the 383 Billion Yen Value Previously Disclosed by Sapporo

Assumes all properties in their current condition, not after value appreciation

Real Estate Value (M JPY)



Valuation Details (1/2)

	(tb)		(tb)	(yen/tb)		(mn)	(mn)		(mn)	(mn/tb)	(mn)	(mn)	(mn)
RE valuation	GBA	NRA%	NRA	Rent	Vacancy %	Other Income	Loss Income	NOI %	NOI	Cap rate	Value	Value/NRA	Value/GBA
Income Valuation (Office & Retail)													
Total									16,940		548,669		
YGP Tower	48,606	67%	32,403	28,382	5.0%	79	10,563	80%	8,401	3.00%	280,049	8.64	5.8
YGP Commercial	12,711	72%	9,181	25,156	5.0%	1,240	3,873	80%	3,107	3.25%	95,607	10.41	7.5
YGP Residence	24,796	42%	10,417	21,057	5.0%	59	2,559	64%	1,647	2.50%	65,866	6.32	2.7
Sapporo Factory	44,564	100%	44,564	4,800	10.0%	193	2,503	70%	1,752	5.50%	31,856	0.71	0.7
GINZA PLACE	2,191	58%	1,280	116,386	5.0%	19	1,718	73%	1,249	2.30%	54,318	42.44	24.8
SAKAE PLACE	2,177	66%	1,443	21,493	3.0%	6	367	70%	257	3.50%	7,336	5.08	3.4
Alcázar	238	70%	166	22,000	5.0%	1	43	75%	32	4.00%	799	4.81	3.4
Sreed EBISU2	161	80%	129	20,000	5.0%	2	31	75%	23	4.00%	581	4.52	3.6
Sreed EBISU EAST	394	87%	344	20,000	5.0%	12	90	70%	63	4.00%	1,580	4.60	4.0
Sreed EBISU +t	163	93%	152	28,116	5.0%	0	49	75%	37	3.00%	1,218	8.01	7.5
Sreed EBISU +C	326	87%	285	22,929	5.5%	0	74	70%	52	3.25%	1,594	5.60	4.9
ChezVia EBISU	318	70%	222	15,000	5.0%	0	38	85%	32	3.50%	924	4.15	2.9
Karuche Ebisu	510	74%	378	20,148	5.0%	0	87	75%	65	4.00%	1,626	4.31	3.2
ELSTANZA Daikanyama	494	75%	370	18,000	5.0%	0	76	75%	57	4.00%	1,425	3.85	2.9
Neighbors Musashi Nakahara	1,210	70%	847	6,000	5.0%	0	58	85%	49	5.00%	985	1.16	0.8
Seiwa Sendai Building	2,116	62%	1,302	12,984	5.0%	9	202	58%	116	4.00%	2,903	2.23	1.4

Valuation Details (2/2)

	(mn)	(mn)	(mn)	(mn)	(mn)	(mn)	(mn)	(mn)	(mn)	(mn)	(mn)		
	Hotel Sales	GOP Margin	GOP	Retail	Rent	Income	Other Income	Gross Income	NOI %	NOI	Cap rate	Value	Per Key
Income Valuation (Hotel)													
Total										999		28,533	
STRATA GINZA	1,570	58.0%	910		326		43	1,278	78%	999	3.50%	28,533	105.7

	(tb)	(mn)	Deviation	Right	(mn)	(tb)	Right	(mn)	Current	(mn)	(mn)
	Land area	Price/tb	Ratio	Ratio	Land Value	Build. area	Ratio	Price/tb	price	Build. Value	Value
									ratio		
積算 Valuation											
Total											58,785
Lion Ginza 7-chome	167	192.0	105%	100%	33,641	1,071	100%	2.5	16%	421	34,062
Shinjuku Lion	99	74.9	103%	100%	7,640	672	100%	1.8	25%	298	7,938
Nagoya Koyoen	1,281	2.6	105%	100%	3,497	1,114	100%	1.0	34%	374	3,871
Makino Dormitory	48	2.3	100%	100%	109	123	100%	1.2	14%	21	130
Sapporo Lion Building	60	10.8	100%	60%	392	232	100%	1.2	21%	58	450
Sapporo Beer Garden	11,952	1.0	80%	100%	9,561	3,786	100%	1.0	43%	1,643	11,204
Yasuma Head Office Building	216	3.5	103%	100%	779	395	100%	1.5	59%	351	1,130

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