

Maximizing Corporate Value for Sapporo

2025/2/25



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Executive Summary

Executive Summary (1/3)

Sapporo Has Been Severely Mismanaged

- Sapporo is severely mismanaged, with a lack of capital discipline and deficient commitment to shareholders
 - **Lack of Capital Discipline:** Sapporo's ROE and operating profit margin remain at the lowest globally, and all its major M&A transactions in the overseas alcoholic beverage segment have resulted in impairment losses
 - **Deficient Commitment to Shareholders:** Over the past 19 years, Sapporo has failed to meet nearly all of its sales and operating profit targets and has never achieved the final-year targets of any of its mid-term management plan
- The market has extremely low confidence in Sapporo's management and capital discipline, based on a recent shareholders survey and sell-side analyst reports and earnings call questions

3D's Engagement Has Driven Improvements at Sapporo

- The improvement in Sapporo's TSR since 2022 is the result, in large measure, of 3D's engagement, and is not solely (or even primarily) attributable to Sapporo's management
 - Until 3D initiated its engagement with Sapporo in April 2022, Sapporo's TSR had significantly underperformed its competitors
 - Sapporo's stock price has risen by 225% since 2022; however, the initial surge was triggered by 3D's intervention, which prompted the establishment of the Group Strategy Review Committee and the divestiture of the real estate business
 - Notably, after Sapporo announced various initiatives on its own, the stock price generally declined
- 3D's engagement also drove the establishment of the Group Strategy Review Committee and the decision to divest the real estate business
 - Many current board members supported Sapporo's unusual configuration, making the real estate business the core business and emphasizing net investment in the real estate business, as evidenced by the Nov. 2022 mid-term management plan
 - 3D conducted a shareholder survey, analyzed market participants' opinions and requested the formation of a special committee, leading Sapporo to establish the Group Strategy Review Committee
 - After reviewing the matter within the Group Strategy Review Committee, Sapporo decided to divest its real estate business, excluding Yebisu Garden Place ("YGP")
 - 3D provided specific proposals exceeding 160 pages on enhancing real estate value, prompting Sapporo to consider the divestiture of YGP as well

We Believe Sapporo Continues to Lack Capital Discipline

- Sapporo has decided to divest its real estate business and is currently executing on this plan
- However, shareholders are rightly skeptical that the plan will be executed well; in particular, there are reasonable concerns that Sapporo and Board will:
 - Fail to maximize the proceeds of the real estate divestiture; and
 - Fail to optimally allocate such proceeds

Executive Summary (2/3)

3D's Proposal to Maximize the Proceeds from the divestiture of the Real Estate Business

- **The optimal approach to maximizing the proceeds from the divestiture of the real estate business consists of the following:**
 1. Set as a key goal the maximization of consideration for the real estate assets
 2. Select an appropriate method and execute on a process that maximizes the proceeds
 3. Provide transparency to shareholders about the process and secure shareholders' support
- **However, Sapporo has failed to commit to these principles, raising serious concerns about whether the proceeds from the divestiture of the real estate business will be maximized**
- **In fact, based on publicly reported figures, the estimated transaction price for the divestiture of the real estate business is around ¥400 billion yen, significantly lower than the ¥636 billion valuation assessed by a third-party evaluation agency**
- **The significant discrepancy in divestiture valuations raises major concerns about deficiencies in the sale process**

We Believe the Composition of Sapporo's Audit and Supervisory Committee Perpetuates Flawed Decision-Making

- **Sapporo's Audit and Supervisory Committee, if functioning appropriately, should serve to prevent board decisions that may lead to corporate value deterioration**
 - The Audit and Supervisory Committee is responsible for both accounting and business audits and, in addition to legal audits, it also conducts appropriateness audits
 - The committee holds strong authority in overseeing Board decisions and has the right to collect reports, conduct investigations, and express opinions
- **However, Sapporo's Audit and Supervisory Committee has significant deficiencies**
 - The committee chairperson is a Sapporo executive who was directly involved in executing an M&A deal that resulted in impairment losses
 - This raises concerns about a lack of necessary independence in key oversight roles
 - The committee members lack expertise in key areas essential for conducting accounting and business audits, including accounting, real estate, business/asset divestiture processes, M&A, and capital allocation policy

Executive Summary (3/3)

We Believe Shareholders Should Appoint Mr. Paul Brough as a Director and Member of the Audit and Supervisory Committee

- Mr. Paul Brough possesses the required expertise and independence and, as a director who is a member of the Audit and Supervisory Committee, would enhance oversight functions related to maximizing the proceeds from the divestiture of the real estate business and optimally allocating the proceeds from the divestiture
- Additionally, leveraging his unparalleled experience at Toshiba, he would contribute to ensuring transparency for shareholders
 - Expertise: Mr. Paul Brough has extensive knowledge and experience in areas critical to Sapporo's business audit, including accounting, real estate, business/asset divestiture processes, M&A, and capital allocation policy
 - Independence: Mr. Paul Brough is independent of both 3D and Sapporo
 - Transparency for Shareholders: As the former chairperson of Toshiba's Strategic Review Committee and a member of its Special Committee, Mr. Paul Brough has successfully ensured transparency regarding complex assessments and transaction executions
- Approving 3D's shareholder proposal presents no risk
 - 3D's proposal would add significant independent expertise to the Board without any disruption of Sapporo's ongoing process, distorting the board's decisions in a certain direction, weakening the negotiating power with buyers of the real estate business, or impairing the ability to respond to future changes in circumstances

3D Intends to Vote Against Other Directors

3D do not believe that Mr. Toru Miyaishi is an appropriate Chair of the Audit and Supervisory Committee, so 3D opposes the reappointment of Mr. Miyaishi, currently a Chairperson of the Audit and Supervisory Committee, as a director who is a member of the Audit and Supervisory Committee if the proposal is submitted.

- Mr. Miyaishi is a Sapporo executive and was directly involved in an M&A deal that resulted in impairment losses, raising concerns about his independence
- He lacks the necessary expertise in accounting and business audits, particularly in accounting, real estate, business/asset divestiture processes, M&A, and capital allocation policy
- 3D opposes the reappointment of Mr. Makio Tanehashi as Outside Director
 - Mr. Tanehashi was appointed as an outside director to support Sapporo's mid-term management plan, which emphasizes increased investment in the real estate business
 - He is a former Deputy President of Mizuho Bank, Sapporo's main lender, and is affiliated with Tokyo Tatemono, a company engaged in cross-shareholding with Sapporo, raising concerns about his independence
 - A director who is not genuinely independent from the executive management should not be involved in the divestiture of the real estate business, which accounts for over 70% of Sapporo's market capitalization. A lack of both independence and expertise makes his role in this process inappropriate

Sapporo Has Been Severely Mismanaged

Sapporo Has Been Severely Mismanaged

Lack of Capital Discipline

Lowest ROE

- Sapporo's ROE stands at a mere **2.1%** compared to a 5-year average of **12.3%** for its global beer competitors
- Sapporo has the **lowest ROE among global competitors**

Lowest Operating Profit Margin

- Sapporo's operating profit margin stands at a mere **1.5%** compared to a 5-year average of **12.3%** for its global competitors
- Sapporo has the **lowest operating profit margin among global competitors**

Impairment Losses on All Major M&A Transactions

- Sapporo's major acquisitions of overseas alcoholic beverages businesses have all resulted in **impairment losses; in the aggregate, these losses have totaled nearly 40 billion yen**

Deficient Commitment to Shareholders

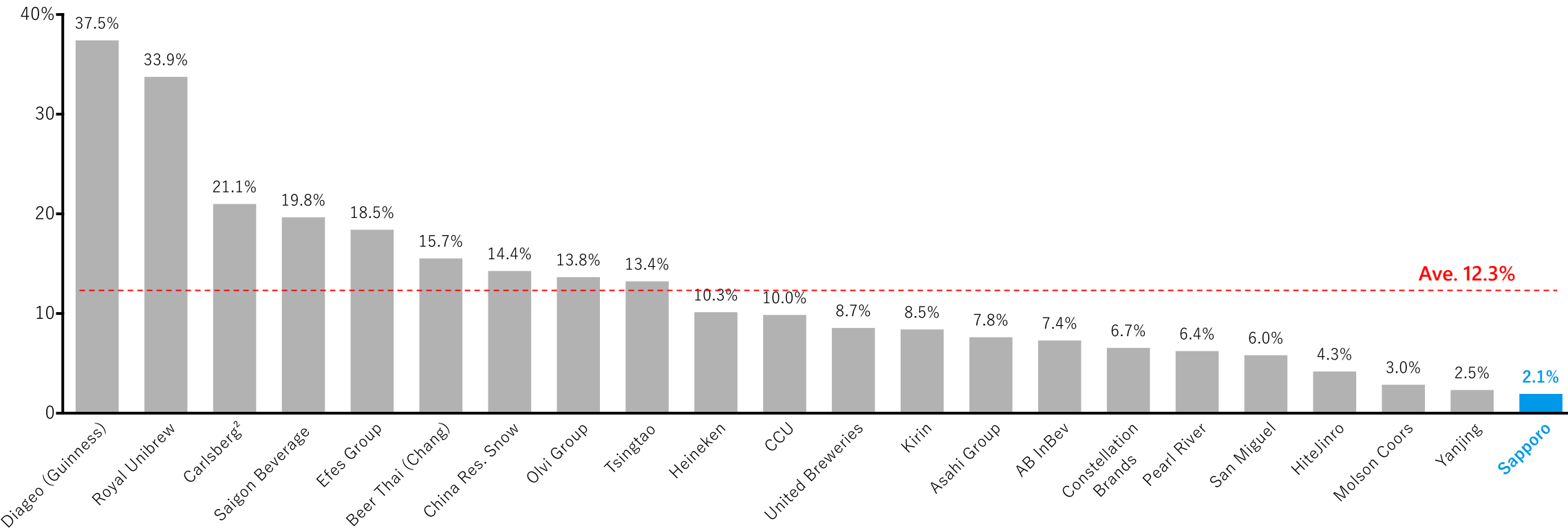
Failure to Achieve Mid-Term Management Plan

- Sapporo has **failed to achieve nearly all of its revenue and operating profit targets over the past 19 years**
- Additionally, Sapporo has **never achieved the final-year targets of any Mid-Term Management Plan**

Sapporo's ROE Is Among the Lowest in the World

Sapporo's ROE Is the Lowest Among the Company's Global Competitors

Average ROE Over the Past 5 Years ¹³



Source: Bloomberg; Securities Reports; Annual Reports

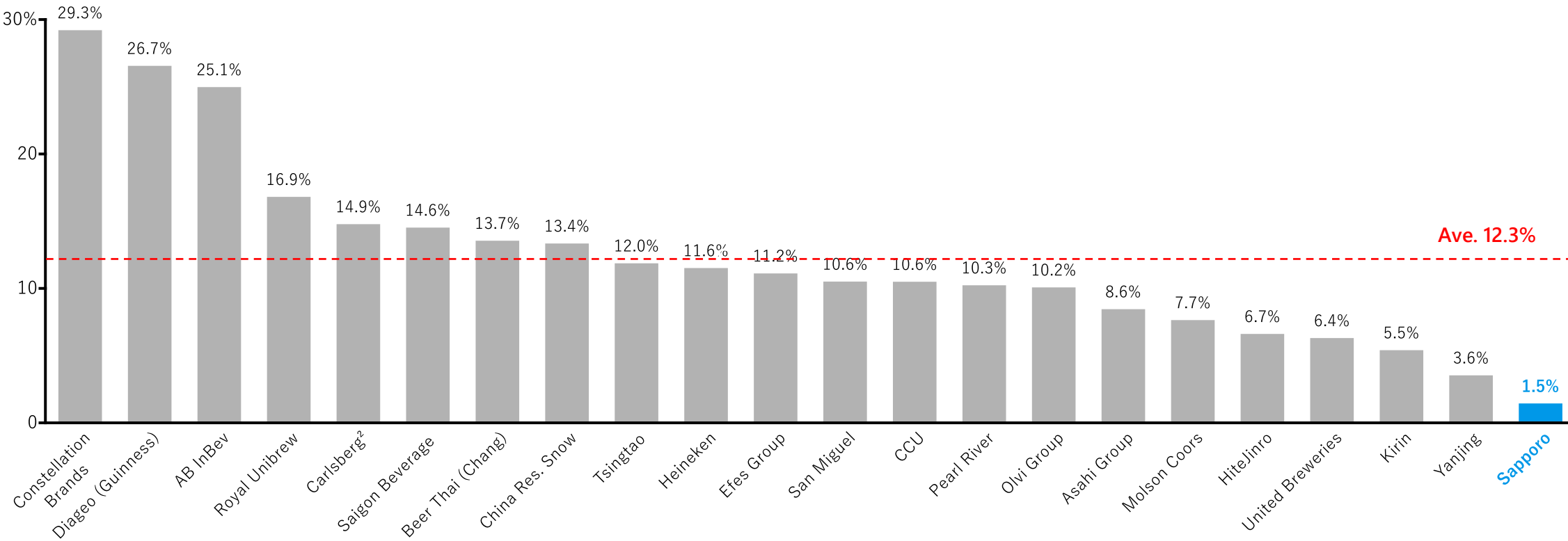
Note: [1] Based on 22 publicly listed companies among the top 40 global beer producers by production volume (2020) [2] Carlsberg's figures are on an adjusted basis, excluding one-time costs related to the exit from its Russia operations in FY22-23.

[3] AB InBev, China Res. Snow Breweries, Tsingtao Brewery Group, Efes Group, Yanjing, San Miguel Corporation, CCU, Pearl River, HiteJinro, and Royal Unibrew are based on the average for FY2019-FY2023, while Heineken, Carlsberg, Molson Coors, Asahi Group, Constellation Brands, Kirin, Diageo (Guinness), Saigon Beverage Corp. (SABECO), United Breweries Group, Beer Thai (Chang), Sapporo, and Olvi Group are based on the average for FY2020-FY2024.

Sapporo's Operating Profit Margin Is Among the Lowest in the World

Sapporo's Operating Profit Margin Is the Lowest Among Global Competitors

Average Operating Profit Margin Over the Past 5 Years ¹³

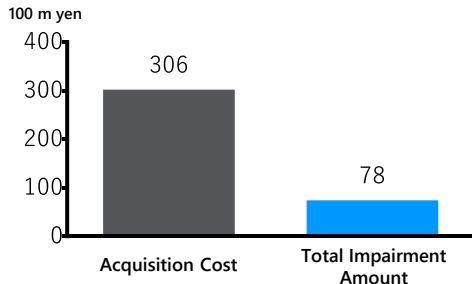
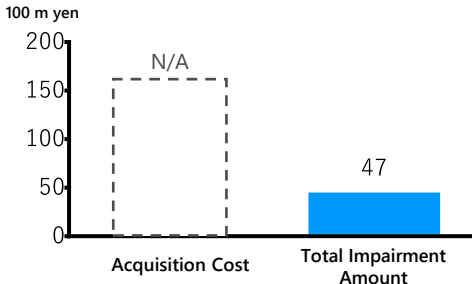
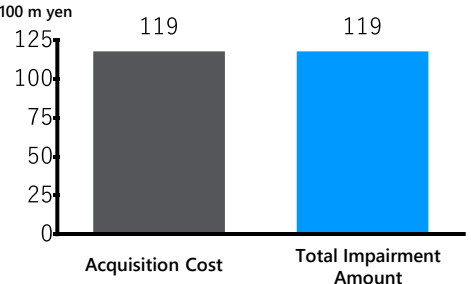
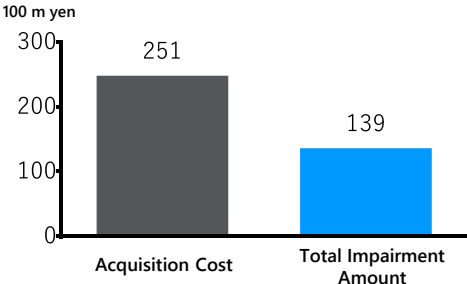


Source: Bloomberg; Securities Reports; Annual Reports

Note: [1] Based on 22 publicly listed companies among the top 40 global beer producers by production volume (2020) [2] Carlsberg's figures are on an adjusted basis, excluding one-time costs related to the exit from its Russia operations in FY22-23.

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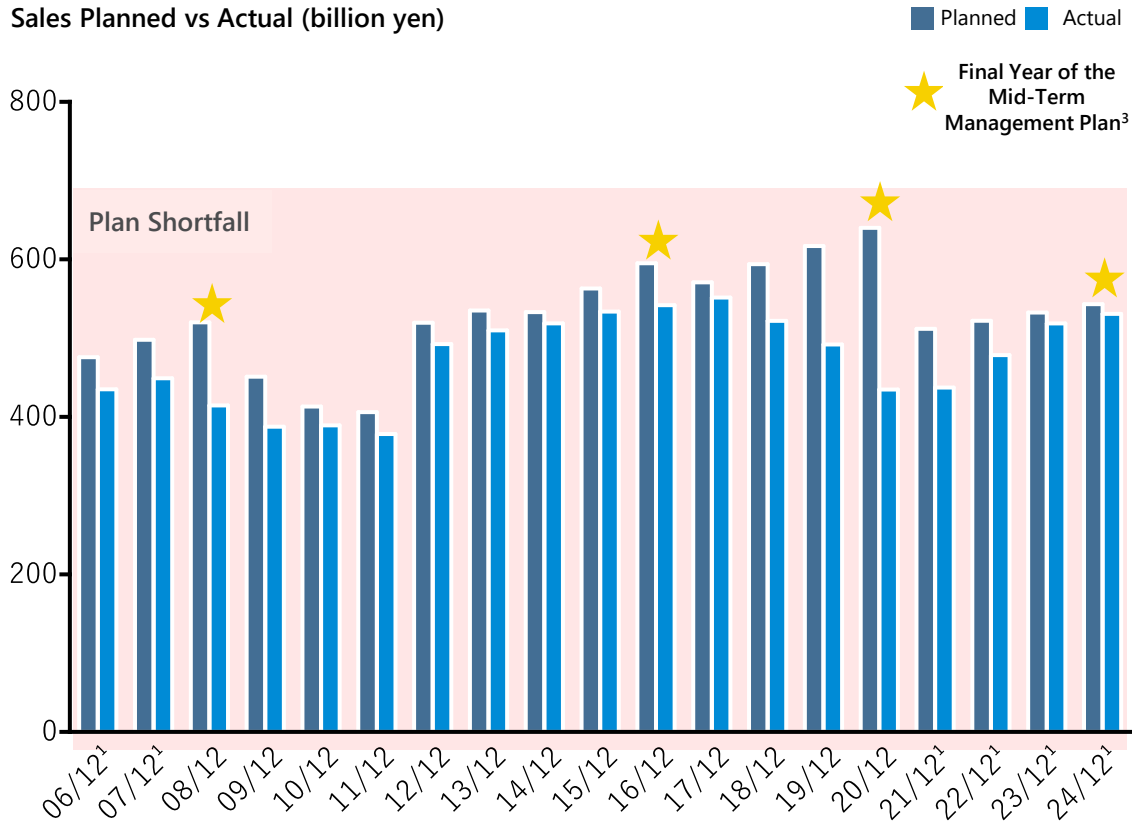
Sapporo Has Recorded Impairment Losses on All Four of Its Major M&A Transactions

	Sleeman Breweries	Sapporo Vietnam	Anchor Brewing	Stone Brewing
Acquisition/Investment Announcement	<ul style="list-style-type: none"> August 2006 	<ul style="list-style-type: none"> December 2009 	<ul style="list-style-type: none"> August 2017 	<ul style="list-style-type: none"> June 2022
Sapporo HD/Sapporo Breweries President at the Time	<ul style="list-style-type: none"> Sapporo HD: Mr. Murakami Takao Sapporo Breweries: Mr. Fukunaga Masaru 	<ul style="list-style-type: none"> Sapporo HD: Mr. Murakami Takao Sapporo Breweries: Mr. Fukunaga Masaru 	<ul style="list-style-type: none"> Sapporo HD: Mr. Oga Masaki Sapporo Breweries: Mr. Takashima Hideya 	<ul style="list-style-type: none"> Sapporo HD: Mr. Oga Masaki Sapporo Breweries: Mr. Nose Hiroyuki
Acquisition/Investment Amount	<ul style="list-style-type: none"> ¥30.6 billion (299 million CAD) 	<ul style="list-style-type: none"> ¥2.1 billion (\$25 million) <ul style="list-style-type: none"> Sapporo acquired a 65% stake In 2011, invested ¥5.2 billion in the construction of the Long An plant It subsequently increased its ownership to 71% in 2011 and then to 100% in 2015, though the acquisition price undisclosed 	<ul style="list-style-type: none"> ¥11.9 billion (\$85 million) 	<ul style="list-style-type: none"> ¥25.1 billion (\$180 million)
Overview of Impairment Losses	<ul style="list-style-type: none"> Total impairment of 7.8 billion yen recorded <ul style="list-style-type: none"> 6.6 billion yen impairment in 2008 1.2 billion yen impairment in 2010 Impairment recognized just two years after acquisition 	<ul style="list-style-type: none"> Total impairment of 4.7 billion yen recorded <ul style="list-style-type: none"> 2.0 billion yen impairment in 2015 2.7 billion yen impairment in 2017 Impairment recognized just two years after acquisition 	<ul style="list-style-type: none"> Dissolution decided in 2023, liquidation process initiated <ul style="list-style-type: none"> 4.3 billion yen impairment recorded in 2018 Impairment recognized just one year after acquisition 	<ul style="list-style-type: none"> Total impairment of 13.9 billion yen recorded in 2024 <ul style="list-style-type: none"> 13.9 billion yen impairment recorded in 2024 Impairment recognized just two years after acquisition 

Sapporo Has Failed to Achieve Nearly All of Its Revenue and Operating Profit Targets Over the Past 19 Years, and Has Never Met the Final-Year Targets of Any Mid-Term Management Plan

Over the past 19 years, Sapporo has never achieved its revenue targets

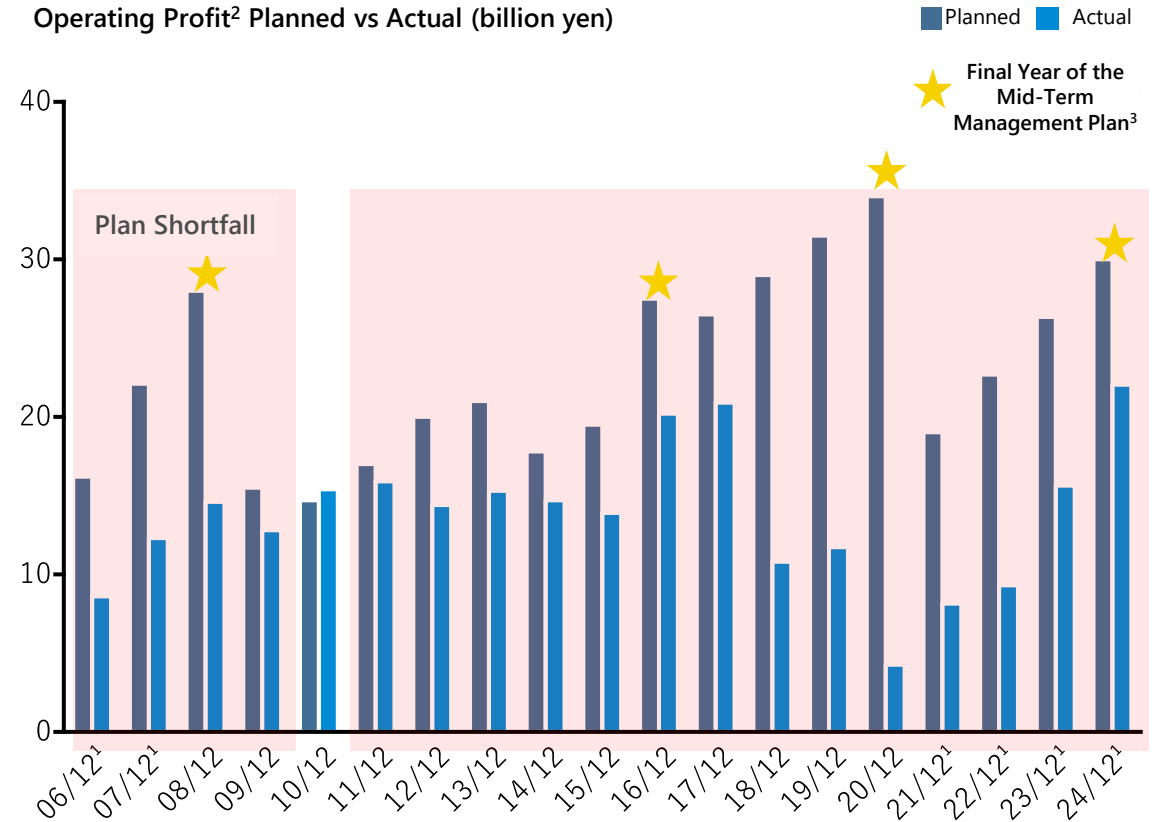
Sales Planned vs Actual (billion yen)



Based on "Group Management Plan 2024"

Over the past 19 years, Sapporo has achieved its operating profit targets only once

Operating Profit² Planned vs Actual (billion yen)



Based on "Group Management Plan 2024"

Source: Bloomberg; Sapporo IR Materials

Note: [1] For years where target values were not disclosed, projections were estimated based on linear trends between disclosed years or derived from stated growth targets; [2] Where disclosed, business profit figures are prioritized; [3] Applies to mid-term management plans spanning at least three consecutive years

The Market Seems to Lack Confidence in Sapporo's Management

In a shareholders survey conducted in April 2023, the lack of confidence in the management was evident

"(Omitted) 3D Investments is right that there is a certain naivety because of the real estate business. They are not working on maximizing value. If the alcoholic beverages business is analyzed on a stand-alone basis, the situation is close to a loss and the company could collapse. If management had been aware of this, they would have taken steps to leverage the situation, such as taking major measures. It is no wonder that it is pointed out that the company was naive."

Domestic buy-side analyst

"However, the fact is that there are many Sapporo beer lovers,(Omitted) Yet the profit margin is so low. The fact that the company has such a large and deep-rooted fan base but has not been able to link it to profits is evidence that management is not working to maximize corporate value"

Foreign buy-side analyst

*"They(Sapporo's executives, equivalent to internal directors) are **not making objective and rational decisions and appear to be making decisions with ties.** There are structural difficulties for those who come from within the company. They have worked for the company for a long time, and this conflicts their own interests. Conflicts always arise in discussions on the transfer of control, so it is difficult to ask internal directors to be objective and rational in their arguments."*

Foreign buy-side analyst

"It is not possible to be positive about whether they(Sapporo's executives, equivalent to internal directors) are making rational decisions. It is necessary to start by examining how executives are appointed in the first place. Formally, the nomination committee may be used to select the directors, but in reality, in some cases, they are appointed by the president or so-called 'yes-men' are recruited. If these trends are not broken, trust cannot be placed in the members of the Board of directors."

Domestic Buy-Side Analyst

Trust in the management remained low in a shareholders survey conducted in July 2024

*"Real estate divestitures are reasonable. I don't know why they are still holding it. I get the sense that 3D invested in it, and then got a heavy hand after being told a lot of things, but **I hope they listen to the market properly.**"*

Domestic Buy-Side Analyst

*"There are aspects that if they could be expected to do this, (regarding the real estate divestiture policy, it would have already been comprehensively and objectively examined from the perspective of corporate value maximization if the current management was truly committed to it.) they would have done it by now. I think there are aspects that they have learned from talking to 3D, but I get the impression that they don't understand it yet. **The board has changed, but management as a whole has been slow to change.**"*

Domestic Buy-Side Analyst

*"(Omitted) **There is a management spoiling due to the stable income from real estate, and I think it is necessary to eliminate that dis-synergy as soon as possible.**"*

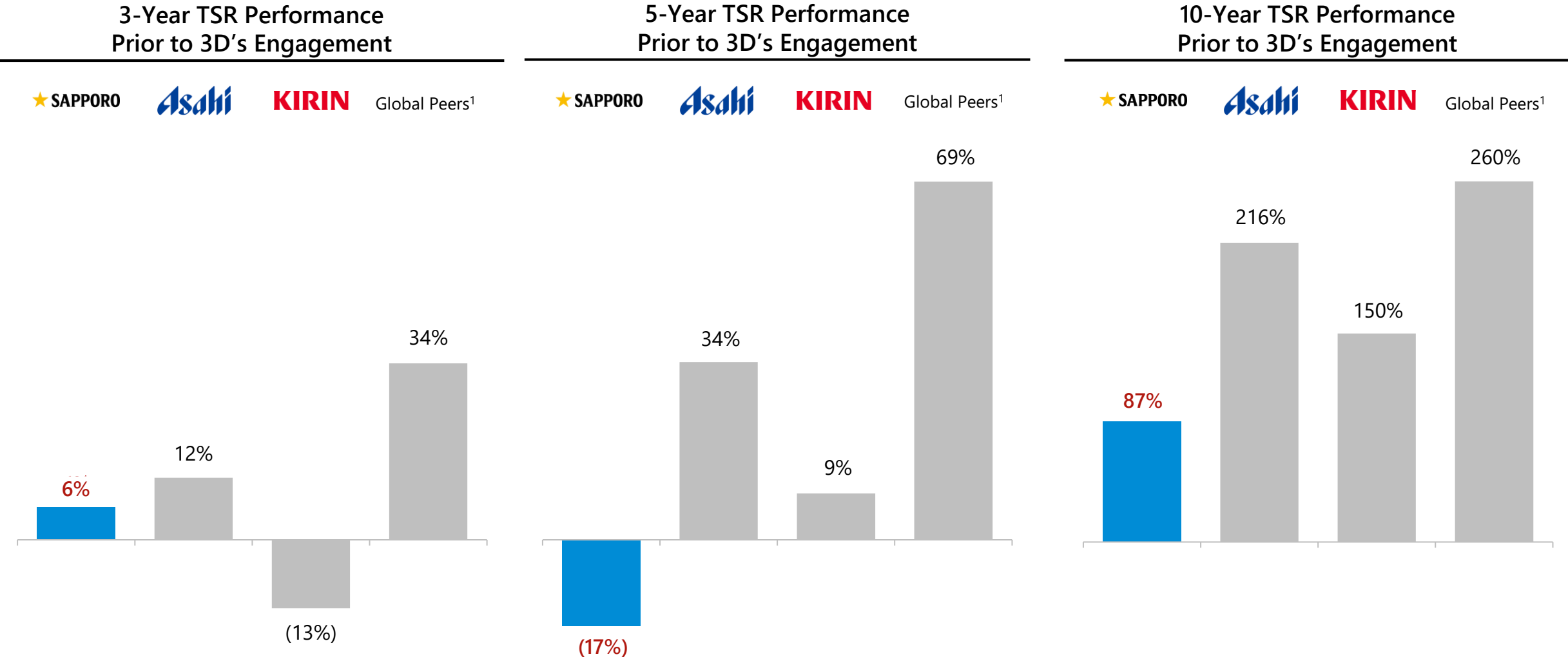
Foreign Buy-Side Analyst

*"(Omitted) **I don't think Sapporo's management is trusted by the market. I think it would be effective to make a commitment to restore market trust.**"*

Foreign Buy-Side Analyst

3D's Engagement Has Driven Improvements at Sapporo

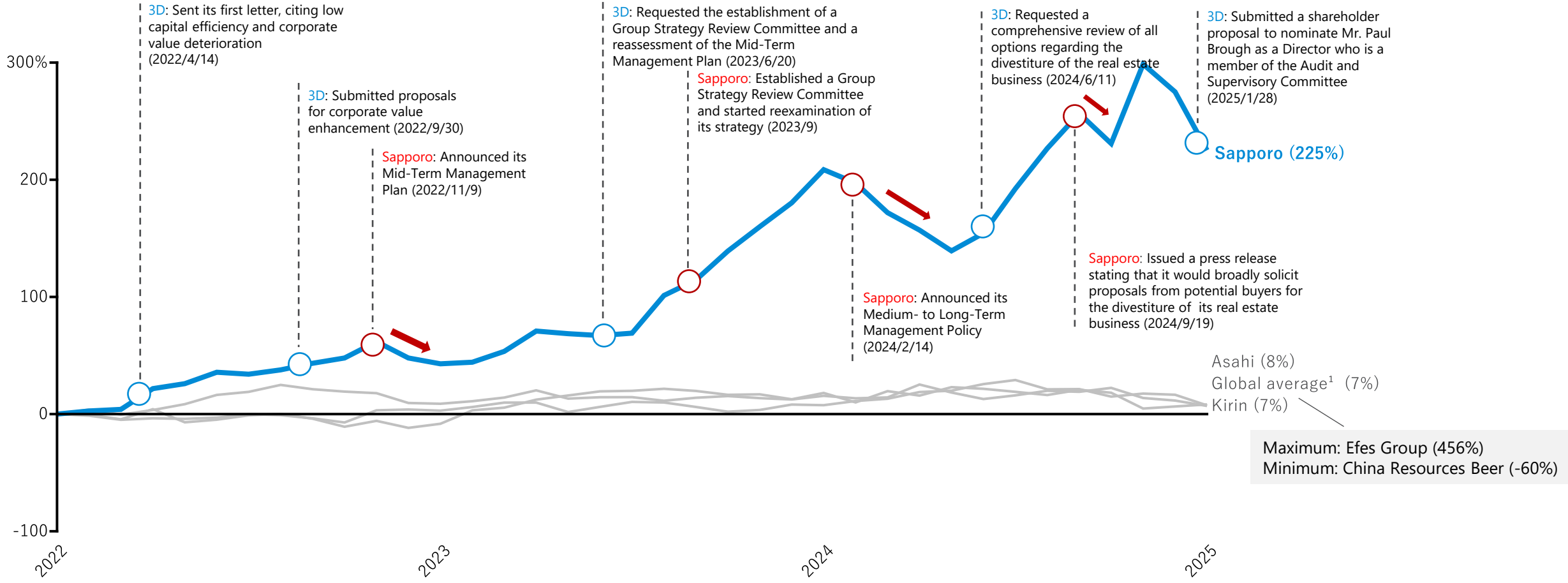
Sapporo's Consistently Underperformed Its Competitors on a TSR Basis Before 3D Initiated Its Engagement in April 2022



Source: FactSet
 Note: Data runs from January 1, 2012, January 1, 2017 and January 1, 2019 to March 31, 2022. [1] The peer group consists of 19 international competitors; AB InBev, Heineken, Carlsberg, China Res. Snow Breweries, Molson Coors, Tsingtao Brewery Group, Efes Group, Yanjing, Constellation Brands, Diageo (Guinness), San Miguel Corporation, CCU, Saigon Beverage Corp. (SABECO), Pearl River, United Breweries Group, Beer Thai (Chang), HiteJinro, Olvi Group, Royal Unibrew. Peer data refers to average.

Sapporo Has Outperformed Since April 2022 Following 3D's Engagement

Sapporo's stock price has risen 225% since 2022, but this increase was largely driven by 3D's engagement. In contrast, the stock price responded negatively to several of Sapporo's announcements of key initiatives



Source: Bloomberg
 Note: [1] The peer group consists of 19 international competitors; AB InBev, Heineken, Carlsberg, China Res. Snow Breweries, Molson Coors, Tsingtao Brewery Group, Efes Group, Yanjing, Constellation Brands, Diageo (Guinness), San Miguel Corporation, CCU, Saigon Beverage Corp. (SABECO), Pearl River, United Breweries Group, Beer Thai (Chang), HiteJinro, Olvi Group, Royal Unibrew

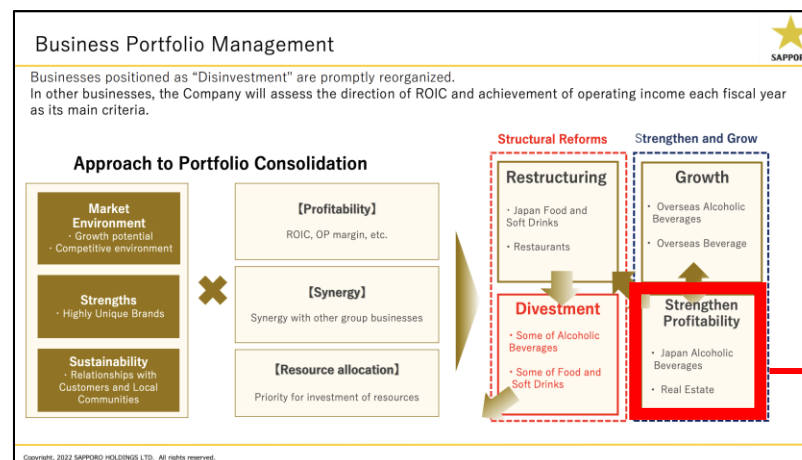
The Establishment of the Group Strategy Review Committee and the Decision to Divest the Real Estate Business were also the Result of 3D's Efforts ①

Many of Sapporo's Current Board Members Supported Increasing Investment in the Real Estate Business as Part of the Last Mid-Term Management Plan in November 2022

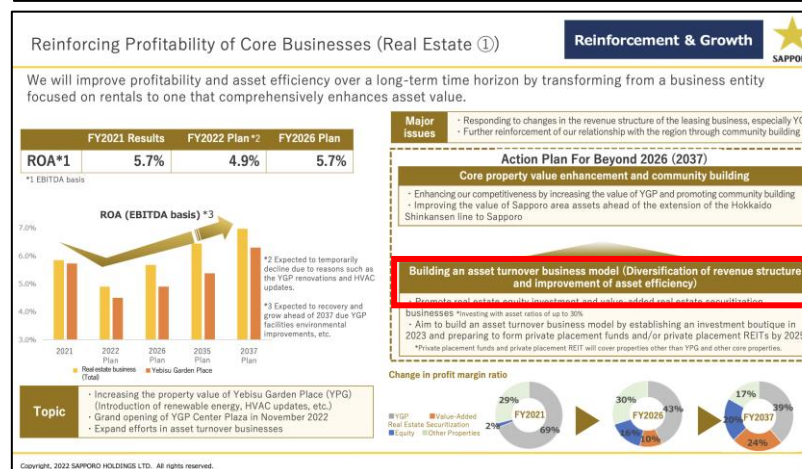
5 of 11 people, the total of candidates for director proposed by the company at the 101st Shareholders Meeting and current Audit and Supervisory Committee members, were already serving on the Board at the time of the current Mid-Term Management Plan (2023–2026) announcement

Portrait	Current Position	Executive Positions at the Time of Stone Acquisition (June 2022) (* - Not affiliated with the group at the time)
	Senior Executive Officer	Senior Executive Officer President & Representative Director, Sapporo Real Estate
	Senior Managing Director	Senior Managing Director Director, Sapporo Breweries
	Senior Managing Director	Director Executive Vice President & Representative Director, Pokka Sapporo Food & Beverage
	Director	Director
	Director	Director
	Director	-
	Director	-
	Director	-
	Director (Chairperson of the Audit and Supervisory Committee / Full-time Audit and Supervisory Committee Member)	Director, Sapporo Breweries
	Director (Audit and Supervisory Committee Member)	Director (Audit and Supervisory Committee Member)
	Director (Audit and Supervisory Committee Member)	-

Sapporo's Mid-Term Management Plan, announced in November 2022, explicitly emphasized increasing Sapporo's investments in the real estate business



The real estate business was identified as a **core business**, with a focus on enhancing profitability




Equity investments involved (partial) contributions to real estate acquisition SPC stakes, while the VA asset monetization business focused on 100% acquisition of properties for value enhancement and resale—both representing "capital gain-oriented" net real estate investments

Source: Company website; Mid-Term Management Plan (2023–26)
 Note: Directors who were already serving on Sapporo Holdings' board at the time of the Medium-Term Management Plan announcement are highlighted.

The Establishment of the Group Strategy Review Committee and the Decision to Divest the Real Estate Business were also the Result of 3D's Efforts ② Sapporo Even Appointed a New Outside Director to Support Its Real Estate Investment Strategy Set in the Mid-Term Management Plan

After the Mid-Term Management Plan was announced, Mr. Tanehashi was appointed as an outside director from Tokyo Tatemono to support Sapporo's real estate investment strategy

Candidate Number	Name (Date of Birth)	Career Summary, Position and Business Responsibility in the Company (Status of Important Concurrent Occupations or Positions at Other Organizations)
		April 1979 Joined The Fuji Bank, Limited
		June 2011 Deputy President and Executive Officer, Branch Banking Division of Minsho Bank, Ltd.
		June 2011 Representative Director, Deputy President and Executive Officer, Branch Banking Division of Minsho Bank, Ltd.
		April 2012 Representative Director, Deputy President and Executive Officer, Head of Branch Banking Group of Minsho Bank, Ltd.
		March 2013 Representative Director, President & CEO of Tokyo Tatemono Real Estate Sales Co., Ltd.
		July 2015 Senior Executive Managing Officer and Division Director of Real Estate Solution Service Division of Tokyo Tatemono Co., Ltd.
		October 2015 Senior Executive Managing Officer, Division Director of Real Estate Solution Service Division, and Division Director of International Business Division of Tokyo Tatemono Co., Ltd.
		March 2016 Senior Executive Managing Officer, Director and Division Director of Real Estate Solution Service Division, and Division Director of International Business Division of Tokyo Tatemono Co., Ltd.
		January 2017 Representative Director, Chairman & Executive Officer of Tokyo Tatemono Co., Ltd.
		Chairman of the Board of Tokyo Tatemono Real Estate Sales Co., Ltd.
		March 2019 Representative Director, Chairman of the Board of Tokyo Tatemono Co., Ltd. (up to the present)
		January 2021 Director of Tokyo Tatemono Real Estate Sales Co., Ltd. (up to the present)
		(Status of Important Concurrent Occupations or Positions at Other Organizations)
		Representative Director, Chairman of the Board of Tokyo Tatemono Co., Ltd.
		[Reasons for Presenting Mr. Makio Tanehashi as a Candidate for Outside Director, and an Outline of Roles He Is Expected to Play] Mr. Makio Tanehashi has a wealth of experience and a rich track record as a corporate manager as well as extensive insight for real estate business, finance and compliance. For the achievement of the Medium-Term Management Plan (2023 to 2026), Mr. Tanehashi is expected to offer pertinent opinions and advice regarding the important issues of creation of multilayered structure to gain profit and improvement of asset efficiency in the real estate business based on his abundant management experience in finance and real estate, and from his objective and professional standpoint. The Company has determined that he will be an appropriate person to supervise the management of the Group that is aiming to achieve continuous growth in corporate value, and he has thus been presented to the shareholders as a candidate for Outside Director.
		[Policy on His Independence] Mr. Makio Tanehashi was involved in business execution at Tokyo Tatemono Co., Ltd. until March 2019. Although there currently are transactions between the said company and the subsidiaries of the Company, the amount of such transactions in the most recent business term has been less than 0.1% of either the consolidated revenue of the Company or the consolidated operating revenue of the said company. Accordingly, the Company has determined Mr. Tanehashi is unlikely to have a conflict of interest with shareholders, in light of the "Standards for Independence of Outside Directors" established by the Company. In addition, the Company has notified each of the Tokyo Stock Exchange and the Sapporo Securities Exchange of his designation as an independent officer, given that he satisfies the applicable criteria of independence as stipulated by the financial instruments exchanges.
8	 New Candidate (Candidate for Outside Director Independent Officer) Makio Tanehashi (March 13, 1957) 66 years old Number of Shares Held in the Company 0 shares	

"Mr. Makio Tanehashi has a wealth of experience and a rich track record as a corporate manager as well as extensive insight for real estate business, finance and compliance. For the achievement of the Medium-Term Management Plan (2023 to 2026), Mr. Tanehashi is expected to offer pertinent opinions and advice regarding the important issues of creation of multilayered structure to gain profit and improvement of asset efficiency in the real estate business based on his abundant management experience in finance and real estate, and from his objective and professional standpoint. [Omitted]"

Notice of Convocation for the 99th Ordinary General Meeting of Shareholders

However, we have serious concerns regarding Mr. Tanehashi's independence

- There are Deep Connections Between Tokyo Tatemono and Sapporo
 - Cross-shareholding exists between Tokyo Tatemono and Sapporo

Company	Shareholding	2023	2022	Notes	Existence
Sapporo HD Securities Report	東京建物株	115,878	115,878	取引関係の維持・強化並びに営業協力関係の構築・推進のため	有
		245	185		
Tokyo Tatemono Securities Report	サッポロホールディングス株	111,980	111,980	ビル事業における不動産取引等を維持・強化して企業価値向上に資するため。	有
		696	367		

- Both companies are part of the Fuyo Group
 - The Fuyo Group is a corporate conglomerate consisting of companies with historical ties to the Yasuda, Asano, and Okura zaibatsu, as well as those affiliated with the Fuji Bank (now Mizuho Bank) financing network
 - The Fuyo Group continues to operate as the "Fuyo Council," with both Tokyo Tatemono and Sapporo as members

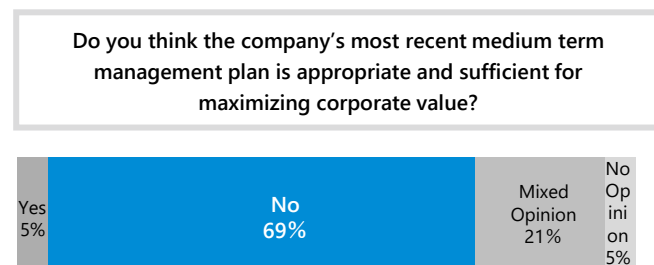
- Mizuho Bank, where Mr. Tanehashi served as Deputy President, is Sapporo's primary bank
 - As of December 2023, Sapporo's largest lender was Mizuho Bank, with outstanding loans of ¥9.0 billion
 - Additionally, Mizuho Bank and Sapporo engage in cross-shareholding

Company	Shareholding	2023	2022	Notes	Existence
Sapporo HD Securities Report	開みずほフィナンシャルグループ	91,432	91,432	取引関係の維持・強化並びに営業協力関係の構築・推進のため	有
		221	170		
Mizuho FG Securities Report	サッポロホールディングス株式会社	1,106,584	*	発行会社との金融分野を中心とした総合的な取引関係を維持強化するため。	有
		6,673	*		

The Establishment of the Group Strategy Review Committee and the Decision to Divest the Real Estate Business were also the Result of 3D's Efforts ③

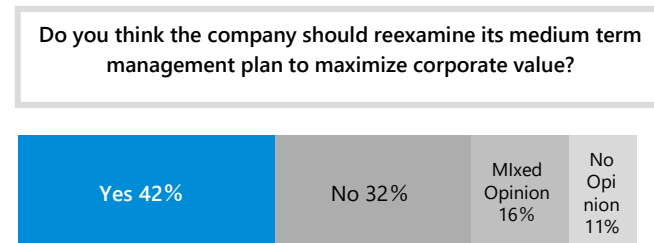
The Shareholder Survey Revealed that the Mid-Term Management Plan Was Unreasonable; 3D Urged Sapporo to Reevaluate Its Strategic Plan

According to a shareholders survey, market participants expressed strong concerns about the new Mid-Term Management Plan, particularly the real estate business strategy



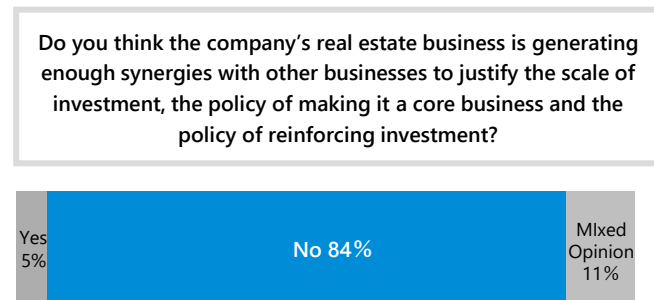
The current medium-term management plan is not appropriate for maximizing corporate value. The profit target for the alcoholic beverages business is too low. It is impossible to evaluate the company's performance if it is only 1/3 of other companies in the same industry. It is also difficult to agree that the real estate business is the core of the company's business. There are no sufficient indicators, action plans, or milestones to achieve the business profit targets in the mid-term management plan. I would like to see the company at least present its thinking on why a level of 1/3 of its peers is appropriate as a target."

- Domestic Buy-Side Analyst



"It should be re-examined. (Omitted) there is nothing new about the methodology, and for this reason it is not necessary to wait three years for the medium-term management plan to be completed. It is doubtful that the situation will change by then, so a re-examination would be preferable."

- Foreign Buy-Side Analyst



"Sapporo Holdings is not a real estate company. The real estate industry is highly competitive, with highly competitive companies specializing in real estate competing with each other. Therefore, some companies can generate a profit even if they specialize in real estate, while others cannot. What can Sapporo Holdings, a beverage company, do? This is a problem before creating synergies."

- Foreign Buy-Side Analyst

3D requested the Board of Directors to conduct a reassessment through the Group Strategy Review Committee

- 3D requested a reassessment by a newly established Special Committee (Group Strategy Review Committee) that meets the following requirements (Excerpt from the letter to the Board of Directors dated June 20, 2023)

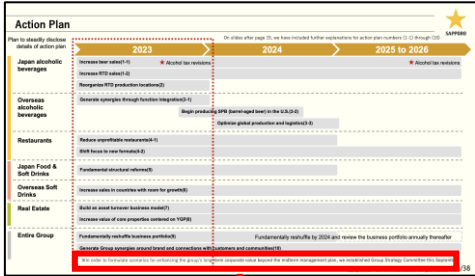
Therefore, we respectfully request the following from your Board of Directors:

- We request that the Board immediately establish a Special Committee (hereinafter referred to as "the Committee") to re-examine the new Mid-Term Management Plan and to explore all possible options for maximizing corporate value. The Committee should be composed of the current directors, along with at least two external experts (one with extensive experience in business turnaround and the consumer goods sector, and another with a wealth of experience in capital markets) to ensure the effectiveness of the Committee's analysis. Additionally, to enhance the effectiveness of its operations, we request that the Committee appoint proven financial advisors and legal advisors from a recognized advisory firm with experience in business portfolio reviews, as well as a global consulting firm with expertise in business restructuring. Furthermore, we request the formation of a working group to assist in the operation of the Committee, and we propose that the external experts be included in this group. We have already selected two independent external experts from 3D, and we will introduce them via email concurrently with this letter for your sincere consideration.
- We request that the Committee, with maximizing corporate value as its primary objective, comprehensively and objectively examine all available options to enhance corporate value. To this end, we request that the scope of the review include, at a minimum, the following; (i) A thorough examination of the drastic measures necessary to improve the profitability of the alcoholic beverage business to reach parity with industry peers. (ii) A review of the business portfolio, particularly a fundamental reassessment of the holding policy, including the sale or spin-off of the real estate business.
- We request that the review conducted by the Committee be completed within a reasonable timeframe, and that the results be reported to shareholders as soon as the review is concluded.

The Establishment of the Group Strategy Review Committee and the Decision to Divest the Real Estate Business were also the Result of 3D's Effort ④
 Sapporo Established the Group Strategy Review Committee, But Initially Intended to Exclude Yebisu Garden Place (YGP), Which Accounts for 70%¹ of the Value of Sapporo's Real Estate, from the Real Estate to Be Divested

Sapporo launched the Group Review Strategy Committee and decided on the real estate divestiture policy

FY2023 Q3 Financial Results Presentation Materials



In order to formulate scenarios for enhancing the group's long-term corporate value beyond the midterm management plan, we established Group Strategy Review Committee this September (September 2024)

Nikkei (October 11, 2023)

"Sapporo Holdings (HD) has established the 'Group Strategy Review Committee' to examine its medium- to long-term business strategy. (Omitted) The committee will discuss the review of its domestic and international alcoholic beverage businesses as well as its real estate business, with specific measures to be announced as early as February 2024."

"Notice of Medium to Long Term Management Policies for Increasing Group-Wide Corporate Value" (February 14, 2024)

"The Company regards the real estate business as a venue to provide consumer and brand contact points for alcoholic beverages business, promotes value enhancement that contributes to the alcoholic beverages business, including spreading information. In order to flexibly respond to growth investments opportunities for the alcoholic beverages business, the Company will diversify its way of holding real estate, including introduction of capital from external strategic partners into real estate. "

President Oga stated in an interview with Toyo Keizai that YGP would be excluded from the divestiture



Masaki Oga
President & CEO

サッポロ社長「3Dは買収家のスティーラーと違う」
 独占取材に「ビール特化方針」の理由を語る

Sapporo's President "3D is different from steeling by Acquisition firm
 Explaining the reason for the "beer-focused strategy" in an exclusive interview

Will Yebisu Garden Place be sold?

"I don't think so. We will not lose the connection with the Sapporo brand. Just as it would be unthinkable for us to sell the brick building of the Sapporo Beer Garden in Hokkaido, there are things that are simply not an option for us."

Toyo Keizai, February 16, 2024 (Translated)

Source: TOYOKEIZAI ONLINE, February 16, 2024
 Note: [1] According to an independent valuation firm commissioned by 3D, the market value of Sapporo's real estate holdings is approximately ¥636 billion, with Yebisu Garden Place accounting for about ¥442.5 billion

The Establishment of the Group Strategy Review Committee and the Decision to Divest the Real Estate Business were also the Result of 3D's Effort ⑤


3D Proposed a Real Estate Value Maximization Strategy and Urged the Committee to Conduct a Comprehensive Evaluation

3D proposed a real estate value maximization strategy in June 2024

Maximizing value contribution through real estate

不動産による価値貢献最大化に向けて
 ナッポロホールディングス株式会社
 代表取締役社長 尾賀 真城 様
 社外取締役 橋本 敬夫 様
 取締役会 審中

2024年6月26日



Redevelopment of Yebisu Garden Place

恵比寿ガーデンプレイスの再開発について
 ナッポロホールディングス株式会社
 代表取締役社長 尾賀 真城 様
 社外取締役 橋本 敬夫 様
 取締役会 審中


2024年6月26日



The value of Yebisu Garden Place

恵比寿ガーデンプレイスの価値について
 ナッポロホールディングス株式会社
 代表取締役社長 尾賀 真城 様
 社外取締役 橋本 敬夫 様
 取締役会 審中

2024年6月26日



The Establishment of the Group Strategy Review Committee and the Decision to Divest the Real Estate Business were also the Result of 3D's Effort ⑥ After More Than Two Years of Engagement, Sapporo Finally Embraced 3D's Recommendations

In September 2024, Sapporo began soliciting proposals from third parties for its real estate business

Notice of Soliciting and Evaluating External Proposals for the Real Estate Business

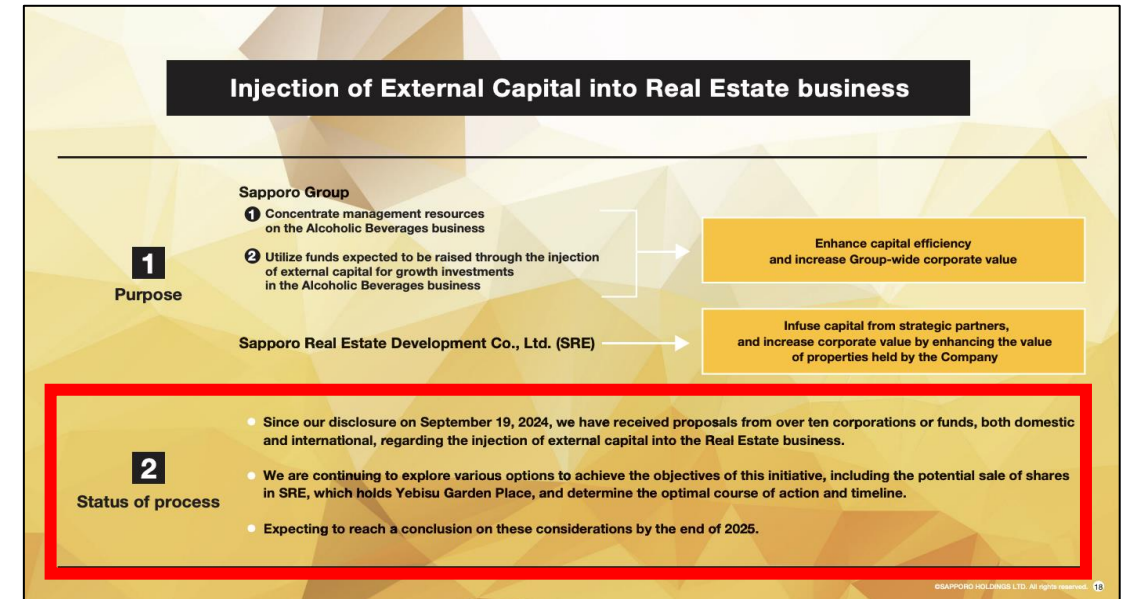
Sapporo Holdings Limited (the "Company") announced on August 13, 2024, an update of Medium to Long Term Management Policies for Increasing Group-wide Corporate Value. The company is continuing to consider ways to utilize real estate that will contribute to enhancing the group's future value, as well as the fundamental transformation of the business portfolio. Specially, the company is considering various options for the Sapporo Real Estate Development Co., Ltd., which owns and manages multiple properties, such as introducing external capital, asset sales, and tax-qualified spin-offs, as proposed by our shareholders.

To further refine these considerations, the Company has commenced a process to solicit and evaluate proposals from a wide range of potential strategic partners regarding the introduction of external capital to the real estate business.

For this process, the Company appointed Nomura Securities Co., Ltd. as its financial advisor and Nagashima Ohno & Tsunematsu as its legal advisor.

If you have any questions, please contact us by email using the contact information below.

In February 2025, Sapporo disclosed that it was considering proposals for Yebisu Garden Place



* The red highlight added by 3D.

*"We are considering all possible options for all our assets, including Yebisu Garden Place."*¹

-Masaki Oga, President & CEO, Sapporo Holdings (Translated)

We Believe Sapporo Continues to Lack Capital Discipline

After More Than Two Years of Engagement, Sapporo Finally Embraced 3D's Recommendations

On September 19, 2024, Sapporo began soliciting proposals from third parties for its real estate business

Notice of Soliciting and Evaluating External Proposals for the Real Estate Business

Sapporo Holdings Limited (the "Company") announced on August 13, 2024, an update of Medium to Long Term Management Policies for Increasing Group-wide Corporate Value. The company is continuing to consider ways to utilize real estate that will contribute to enhancing the group's future value, as well as the fundamental transformation of the business portfolio. Specially, the company is considering various options for the Sapporo Real Estate Development Co., Ltd., which owns and manages multiple properties, such as introducing external capital, asset sales, and tax-qualified spin-offs, as proposed by our shareholders.

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If you have any questions, please contact us by email using the contact information below.

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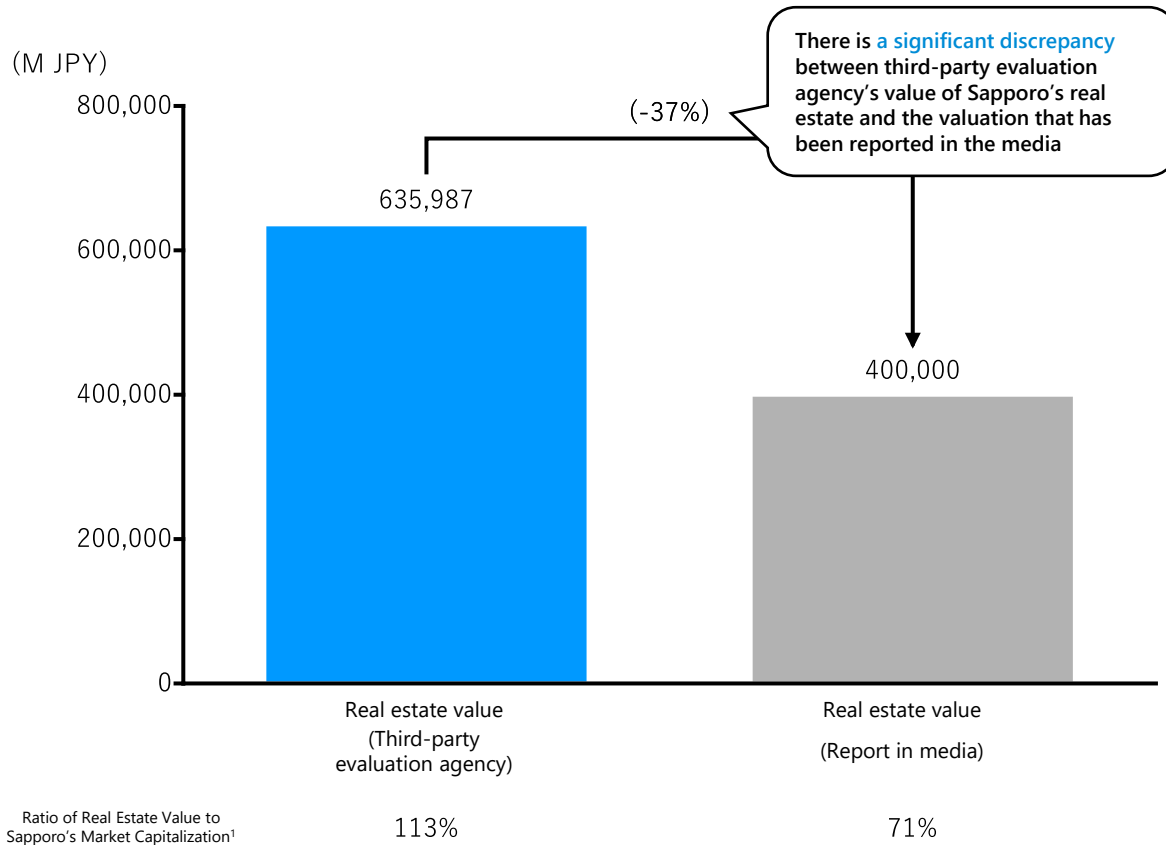
On February 14, 2025, Sapporo disclosed that it was considering proposals for Yebisu Garden Place



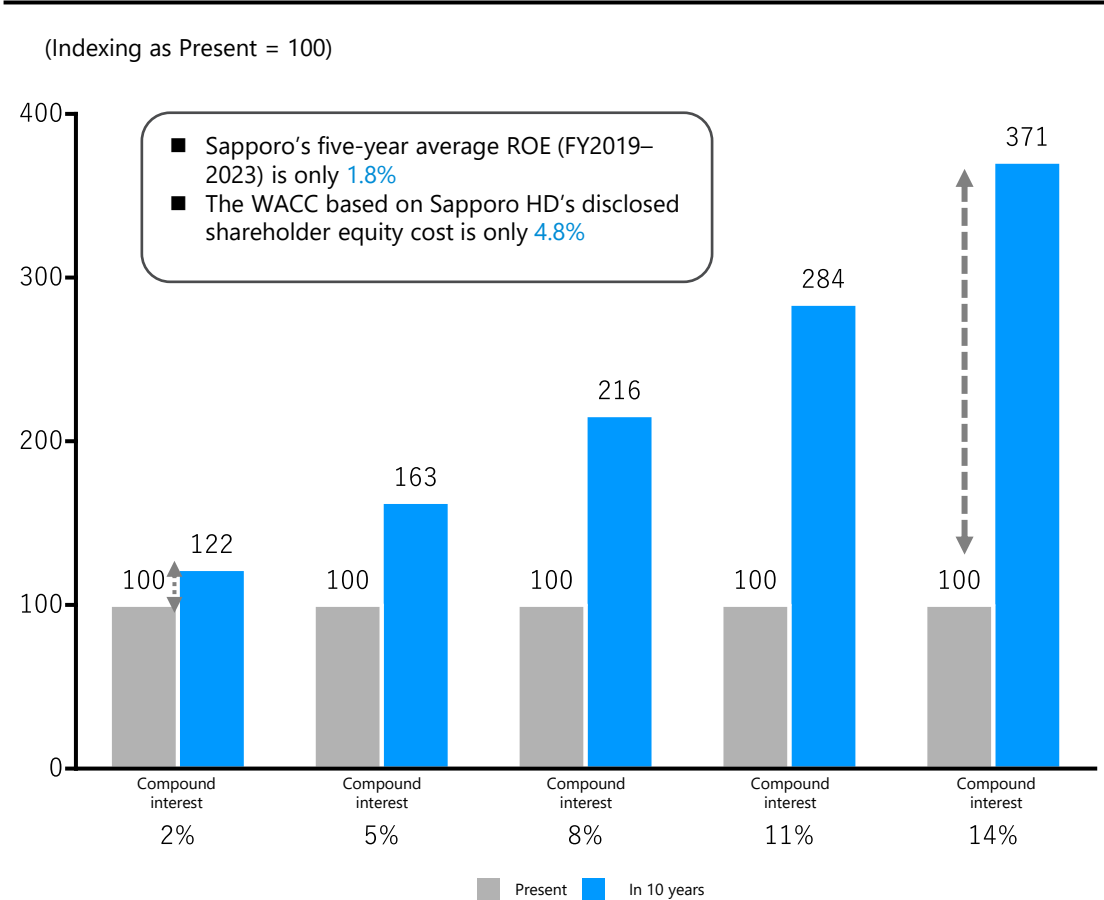
* The red highlight added by 3D.

From the Perspective of Maximizing Corporate Value, (1) Maximizing Proceeds from the Divestiture of the Real Estate Business, and (2) Optimally Allocating Those Proceeds Are Critical and Irreversible Tasks for the Board

If Sapporo does not (1) maximize the proceeds from the divestiture of the real estate business, the impact on investment capital availability will be significant



If Sapporo does not (2) optimally allocate the proceeds from the divestiture of the real estate business, medium- to long-term corporate value will be impaired



Source: Bloomberg
 Note: [1] As of January 31, 2025

However, Given Sapporo's Severe Mismanagement, It Is Difficult for Shareholders to Have Confidence that the Board Will Maximize the Divestiture Proceeds and Allocate Those Proceeds Optimally

Lack of Capital Discipline

Lowest ROE

- Sapporo's ROE stands at a mere **2.1%** compared to a 5-year average of **12.3%** for its global beer competitors
- Sapporo has the **lowest ROE among global competitors**

Lowest Operating Profit Margin

- Sapporo's operating profit margin stands at a mere **1.5%** compared to a 5-year average of **12.3%** for its global competitors
- Sapporo has the **lowest operating profit margin among global competitors**

Impairment Losses on All Major M&A Transactions

- Sapporo's major acquisitions of overseas alcoholic beverages businesses have all resulted in **impairment losses; in the aggregate, these losses have totaled nearly 40 billion yen**

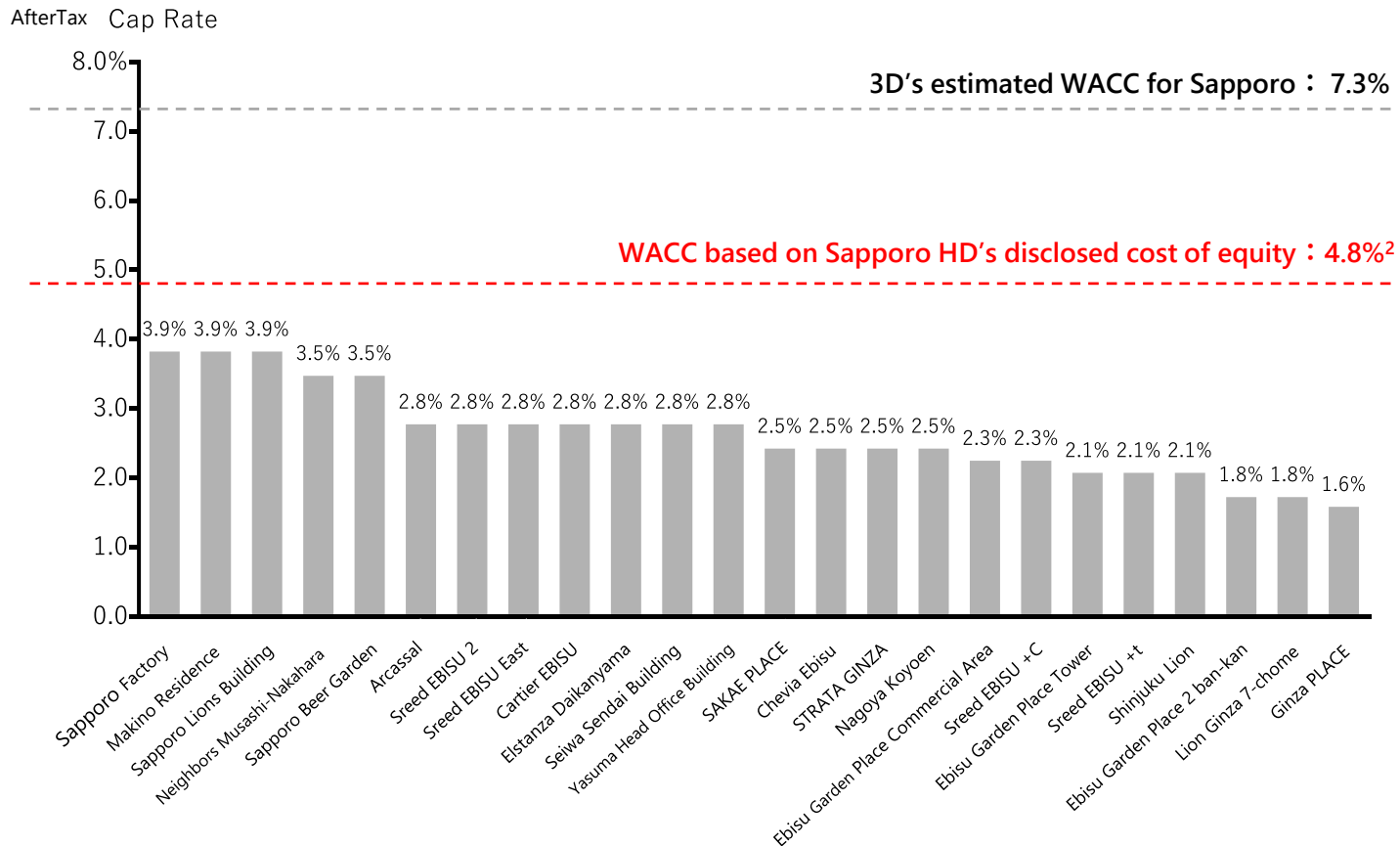
Deficient Commitment to Shareholders

Failure to Achieve Mid-Term Management Plan

- Sapporo has **failed to achieve nearly all of its revenue and operating profit targets over the past 19 years**
- Additionally, Sapporo has **never achieved the final-year targets of any Mid-Term Management Plan**

We Believe Sapporo Continues to Lack Capital Discipline: Sapporo's Continued Ownership of Real Estate Is Irrational

The ROIC of all of Sapporo's real estate holdings falls below Sapporo's cost of capital, leading to corporate value deterioration



However, Sapporo still plans to retain certain real estate assets and partial stakes in real estate holding companies

- Sapporo stated that some real estate holdings will be retained because they are considered important brand touchpoints
- However, in fulfilling the role of a brand touchpoint, leasing would be sufficient for continued use, and there is no rational justification for ownership

"On the other hand, we will hold on to the real estate that must be owned directly. This will not change. Real estate remains an important asset as a point of contact for our brands."

FY2023 Full-Year Financial Results-Presentation Script

- Sapporo is considering the introduction of external capital into Sapporo Real Estate as one of the divestiture methods, but may pursue only a partial divestiture

"the Company intends to position real estate as a contact point for beer and incorporate some outside capital to achieve further growth in alcoholic beverages."

FY2023 Full-Year Financial Results-Presentation Script

Source: Third-party evaluation agency; FY2023 Full-Year Financial Results Presentation Script.

Note: [1] Post-tax cap rate is used as an approximation for ROIC [2] Sapporo's disclosed cost of equity is 6.0%, cost of debt is 0.88% (calculated from FY2023/12 interest expense of ¥2.2 billion and an average interest-bearing debt balance of ¥254.1 billion), market capitalization of ¥474.1 billion, and net debt of ¥151.1 billion

We Believe Sapporo Continues to Lack Capital Discipline:

Senior Managing Director Matsude's Statements During Recent Presentations Strongly Suggest a Lack of Capital Discipline

Q&A from the FY2023 Financial Results Presentation

*"[Q]: I would like to ask about your **company's approach to shareholder returns in 26 years and beyond**. Of course, it will depend on how the real estate business is controlled. For example, the consolidated dividend payout ratio is now based on 30% or more, but is the policy to be strengthened structurally from 2026 onward?"*

*"Matsude[A]: I will answer your question about shareholder returns. Specific strategies and policies will be worked out in the future, so we have not yet decided on specifics. (Omitted) Naturally, we will also set a target of ROE of 8% to 10% or more, so we hope to meet the expectations of our shareholders in this area as well. **However, we do not assume, for example, that we will have a huge gain on the sale of real estate and only have cash on hand to increase efficiency through share buybacks. We would like to introduce external capital into real estate to match Beer's strategic investments.**"*

Q&A from the FY2024 Financial Results Presentation

*"[Q]: Also, on page 16 of Ms. Shofu's presentation, there is a financial target chart showing changes in ROE targets, and looking at it, it sounds as if the cash from the introduction of external capital into the real estate will basically be invested in growth investments. (Omitted) Although it may be difficult to talk about it, since you have shown us this chart, I would appreciate it if you could give us some suggestions on **the balance between shareholder returns and growth investment.**"*

*"Matsude[A]: I am Matsude. In the first place, we presented our major ideas when we formulated our medium to long-term management policy in February of last year. At that time, we would further grow the alcoholic beverages business by successfully introducing external capital into the real estate business, which had been our core business until then. In other words, **we will use the funds from the external capital obtained from real estate to invest in growth. We believe that the main concept is to maximize corporate value by doing so.** This is not to say that we deny shareholder returns, but I hope you will understand that our major concept is based on the idea of further enhancing corporate activities."*

In response to questions regarding shareholder returns, senior managing director Matsude stated that it is not considering share buybacks, and that capital will be allocated primarily to growth investments in the alcoholic beverage business
This approach deviates from the optimal decision-making framework, which should balance business investment and shareholder returns to maximize corporate value

We Believe Sapporo Continues to Lack Capital Discipline:

Many of the Directors Involved in the Acquisition of Stone Brewing Remain on the Board

On January 30, 2025, Sapporo announced an impairment loss on Stone Brewing

At the time of Stone's acquisition in 2022, many of the candidates for director proposed by the company at the 101st Shareholders Meeting and current Audit and Supervisory Committee members were involved in the decision



[Translation]

January 30, 2025

Company Name Sapporo Holdings Limited
 Representative Masaki Oga
 President and Representative Director
 Stock Code 2501
 Listed on Tokyo Stock Exchange (Prime Market)
 Sapporo Securities Exchange
 Inquiries Yosuke Nakamura
 Director of Corporate Planning Department
 Tel: +81-3-5423-7407

inflation.
 Under these circumstances, as a result of a multi-faceted analysis of property value for re-evaluating corporate value, the Company has decided to record an impairment loss of approximately ¥13.9 billion for the fiscal year ended December 31, 2024.
 * Note regarding forward-looking statements, etc.
 The above statements concerning the earnings forecast are based on information available to the Company as of the date of the release of this document and are subject to potential risks and uncertainties. Actual results may differ from the stated forecast figures due to various factors. In the event that material matters requiring disclosure arise, the Company will promptly announce information concerning their impact upon earnings.
 [End of document]

Notice Concerning Revision of Full-Year Earnings Forecast and Recording of Impairment Loss (in Consolidated Financial Statements)

Sapporo Holdings Limited (the "Company") hereby announces that it has revised its consolidated earnings forecast for the fiscal year ended December 31, 2024, which was announced on November 12, 2024. In addition, the Company hereby announces that it expects to record an impairment loss (on a consolidated financial basis).

- Revision of consolidated earnings forecast
 - Forecast of consolidated earnings for December 31, 2024

"it expects to record an impairment loss (on a consolidated financial basis)"

	Revenue	Core operating profit	Operating profit	Profit	owners of parent	Basic earnings per share
Previous forecast (A)	526,000	19,000	17,600	10,030	10,000	128.37
Current revised forecast (B)	530,000	22,000	16,500	7,530	7,500	96.25
Change (B-A)	4,000	3,000	(7,100)	(2,500)	(2,500)	
Percent change (%)	0.8	15.8	(40.3)	(24.9)	(25.0)	
For reference: Results for the fiscal year ended December 31, 2023	518,632	15,633	11,820	8,758	8,724	111.99

- Reason for revision

Primarily due to stronger sales in the Domestic Alcoholic Beverages and Real Estate businesses, revenue is expected to increase from the previously announced ¥526 billion to ¥530 billion, up 0.8%, and core operating profit is expected to increase from ¥19 billion to ¥22 billion, up 15.8%. On the other hand, operating profit, profit, and profit attributable to owners of parent are expected to miss the previous forecast due to the recording of an impairment loss for Stone Brewing Co., LLC ("Stone") as described below.

- Impairment loss (on a consolidated basis)

Stone, a consolidated subsidiary of the Company, manufactures and sells beer in the United States. With respect to part of the goodwill arising from the acquisition of Stone's shares, the Company has decided to record an impairment loss of approximately ¥13.9 billion under "other operating expenses" for the current fiscal year.
Sales volume and recent profit level remained below expected due to the long-term secular slowdown of the craft beer market and worsening profitability due to cost inflation.

"expected to miss the previous forecast due to the recording of an impairment loss for Stone Brewing Co., LLC ("Stone") as described below."

"With respect to part of the goodwill arising from the acquisition of Stone's shares, the Company has decided to record an impairment loss of approximately ¥13.9 billion under "other operating expenses" for the current fiscal year. Sales volume and recent profit level remained below expectations due to a decline in Stone brand sales caused by the long-term secular slowdown of the craft beer market and worsening profitability due to cost inflation."



Hiroshi Tokimatsu

Current Position
Senior Executive Officer

Executive Positions at the Time of Stone Acquisition (June 2022)
(* - Not affiliated with the group at the time)

Senior Executive Officer
President & Representative Director, Sapporo Real Estate



Yoshitada Matsude

Senior Managing Director

Senior Managing Director
Director, Sapporo Breweries



Rieko Shofu

Senior Managing Director

Executive Vice President & Representative Director, Pokka Sapporo Food & Beverage
Director



Tetsuya Shoji

Director

Director



Toshihiro Uchiyama

Director

Director



Makio Tanehashi

Director

-



Kotaro Okamura

Director

-



Ryotaro Fuji

Director

-



Toru Miyaishi

Director (Chairperson of the Audit and Supervisory Committee / Full-time Audit and Supervisory Committee Member)

Director, Sapporo Breweries



Kotaro Yamamoto

Director (Audit and Supervisory Committee Member)

Director (Audit and Supervisory Committee Member)



Naoko Tanouchi

Director (Audit and Supervisory Committee Member)

-

Source: Sapporo, "Notice Concerning Revision of Full-Year Earnings Forecast and Recording of Impairment Loss (in Consolidated Financial Statements)," (red highlights added by 3D); Securities Report; Company Website.

Note: Directors involved in the Stone acquisition who are still in office are highlighted.

We Believe Sapporo Continues to Lack Capital Discipline:

3D Has Sent a Public Letter to Sapporo Urging the Company to Answer Critical Questions Regarding the Root Causes of the Stone Impairment Loss and Issues Related to Capital Discipline

To ensure that shareholders can exercise their voting rights with sufficient information at the 101st Shareholders Meeting, 3D sent a public letter to Sapporo on February 18, 2025, requesting a public response by February 28

3D Investment Partners Issues Open Letter to Sapporo's Board of Directors Reiterating Concerns Regarding the Company's Severe Lack of Capital Discipline Amid Repeated Large-Scale M&A Impairments

Requests that Sapporo's Board of Directors Provide a Public Response to Critical Questions Concerning the Lack of Capital Discipline to Enable Shareholders to Make Informed Voting Decisions at Sapporo's Upcoming AGM

Emphasizes the Urgency for Enhanced Capital Discipline as Sapporo Prepares to Divest Real Estate Worth ~70% of Sapporo's Current Market Capitalization and Faces Crucial Decision of How to Reallocate the Proceeds

February 18, 2025 04:00 AM Eastern Standard Time

February 18, 2025

Sapporo Holdings Limited
4-2-1 Ebisu, Shibuya-ku, Tokyo
Attn: Board of Directors
C/O: Mr. Hiroshi Takemura, Executive Group Managing Officer

1 Tomonaka Avenue
#20-02A Millenia Tower, Singapore
3D Investment Partners Pte. Ltd.

Dear Board of Directors,

We write to express our continued frustration and concern with the Board's lack of a timely and substantive response to our inquiries regarding the root cause of the Company's acquisition failures and lack of capital discipline.

As we have repeatedly pointed out, Sapporo's consistent suboptimal allocation of capital has resulted in impairment losses on all of the Company's overseas alcoholic beverage acquisitions. Unless Sapporo identifies the root cause of its past acquisition failures, establishes a proper oversight framework, and implements strict capital discipline, we fear that the Company will continue to misallocate capital, leading to further, and possibly irreversible, destruction of corporate value.

As one of Sapporo's largest investors, we believe we have a responsibility to work on behalf of other shareholders, with whom our interests are aligned, to ensure that the Board properly addresses this critical issue of capital discipline.

Accordingly, we initially shared in our letter dated February 8, 2025 (the "February 8 Letter") a list of questions aimed at understanding the root cause of the failed investment in Stone Brewing ("Stone") and the Company's lack of capital discipline. The Board has refused to answer those questions. The Board also failed to substantively address the requests outlined in our letter dated February 14, 2025 (the "February 14 Letter"). Thus, on February 17, 2025, Sapporo published the "Notice Regarding the Board of Director's Opinion on Shareholder Proposals," in which it formally opposed our proposals to enhance the composition of the Board at the Company's 101st Annual General Meeting of Shareholders (the "AGM").

With Sapporo planning to divest a substantial portion of its real estate assets and realize hundreds of billions of yen in proceeds in the near future, establishing strict capital discipline and formulating an appropriate capital allocation policy is more critical than ever. However, we believe the current Board, particularly the Audit & Supervisory Committee members, lacks the necessary expertise to maximize the sale price of Sapporo's real estate assets and appropriately reinvest the proceeds. We believe that many other shareholders share these concerns.

Accordingly, we are today making our concerns public and sharing our questions for the Board with other shareholders. All shareholders have a legitimate interest in receiving answers to these questions ahead of the AGM so that they have sufficient information to make informed voting decisions and, if necessary, hold the Board accountable for its failure of oversight and capital discipline.

We therefore request that Sapporo publicly respond to the attached questions by February 28, 2025. We look forward to continuing to engage with you on these critical matters.

Sincerely,

1

2

3

The company disclosed in its 99th Securities Report that the acquisition price for 100% of Stone's shares was approximately USD 180 million. Additionally, in the announcement dated June 24, 2022, the company disclosed that Stone's consolidated net assets at the end of December 2021 were USD 53 million. Thus, the price-to-book ratio is estimated to be approximately 3.4x.

We Believe Sapporo Continues to Lack Capital Discipline:

Unless Sapporo Provides a Satisfactory Response, Our Concerns Regarding the Lack of Capital Discipline Will Not Be Addressed

Questions for Sapporo's Board of Directors

1. What measures did the Board take at each stage of the Stone Brewing ("Stone") acquisition process (identification, evaluation, negotiation, approval, execution, and integration) to minimize potential losses and maximize the likelihood of success?
2. At the time of the 2022 acquisition of Stone, the U.S. craft beer market was already in decline, and the failure of Sapporo's previous acquisition of the U.S. craft beer company Anchor Brewing was evident. Given this situation, please explain, using quantitative data, the basis on which the Board was convinced that acquiring Stone would contribute to corporate value enhancement.
3. Despite Stone's declining sales and continued unprofitability at the time of the acquisition, Sapporo acquired the company at a price-to-book ratio of approximately 3.4 times[†]. How did the Board justify this acquisition price? Additionally, please describe the company's post-acquisition profitability plan, its projected timeline, and the reasons why this plan ultimately failed.
4. The Board insisted that thorough due diligence was conducted on the Stone acquisition, synergies were identified, and past failures would not be repeated. However, in January 2025, Sapporo recorded an impairment loss of JPY 13.9 billion related to the acquisition. What specific actions did the Board take to prevent this impairment loss?
5. Sapporo has recorded impairment losses on all of its overseas acquisitions, including Sleeman Breweries, Sapporo Vietnam and Anchor Brewing. Given these past failures, why was the Board confident in the success of the Stone acquisition? Furthermore, compared to previous failed acquisitions, what additional measures did the Board implement in the evaluation and execution process of the Stone acquisition? Why did these additional measures fail to produce effective results?
6. Sapporo has incurred impairment losses on every overseas M&A deal. What are the root causes of these failures? From the perspectives of human resources, expertise, strategy, process, and oversight mechanisms, what corrective actions should be taken to prevent future capital allocation failures? How does the Board plan to address these issues? Additionally, what specific preventive measures has the Board implemented based on past capital allocation failures?
7. Has the Board held any members of management accountable for failed acquisitions? Are any current directors responsible for these failures? What actions has Sapporo taken regarding the management and divisions responsible for these losses? Furthermore, what additional measures does the Board plan to take to prevent repeated acquisition failures and capital allocation missteps?
8. Given the large amount of capital that will be available from the planned real estate divestiture, how does Sapporo intend to revise its M&A evaluation process, capital allocation decision-making framework, and personnel in charge of these areas?
9. How can shareholders be assured that the Board will establish strict capital discipline and prevent the recurrence of past capital allocation failures?

We Believe Sapporo Continues to Lack Capital Discipline:

Unless Sapporo Provides a Satisfactory Response, Our Concerns Regarding the Lack of Capital Discipline Will Not Be Addressed (Continued)

Questions for Sapporo's Audit and Supervisory Committee

1. What role did the Audit and Supervisory Committee play in the Stone acquisition process? Please describe the specific activities conducted by the Committee in connection with this acquisition. Furthermore, why did the audit at the time of the acquisition fail to prevent the impairment loss recorded after the acquisition?
2. What due diligence did the Audit and Supervisory Committee conduct when approving the acquisition of Stone? In particular, please explain the results of the accounting audit related to intangible fixed assets and goodwill.
3. How did the Audit and Supervisory Committee evaluate Stone's past and future business performance and corporate value? How did the Committee verify the appropriateness of the acquisition price determined by the Board? Additionally, did the Committee identify any discrepancies, impairment risks, or other concerns during the evaluation process? When and how did the Committee recognize the impairment risk?
4. In light of Sapporo's upcoming multi-billion-yen real estate divestiture and capital reallocation, what additional measures will the Audit and Supervisory Committee implement to ensure the verification of appropriateness in the business audit, considering past failures?
5. Mr. Toru Miyaishi, the Chairperson of the Audit and Supervisory Committee, specializes in corporate management, human resources, marketing, and DX/IT. Given these limited areas of expertise, does the Committee believe it possesses sufficient expertise, appropriate leadership, and a well-structured organization to effectively fulfill its oversight duties and reduce future losses and impairment risks? Please explain why the Committee believes this to be the case.
6. Why was Mr. Miyaishi selected as Chairman of the Audit and Supervisory Committee? Mr. Miyaishi is an internal director who held key positions at Sapporo Breweries during past failed acquisitions. Given his involvement in these failed deals, he seems to bear significant responsibility for it. Typically, the Audit and Supervisory Committee requires a high degree of independence, and the same principle applies to the Committee Chairperson. How does the Committee assess Mr. Miyaishi's lack of independence?
7. Is the selection process and criteria for the Audit and Supervisory Committee Chair appropriate? What should be the required level of independence and expertise for the Committee Chairperson? Similarly, what should be the required level of independence and expertise for Committee members?
8. To properly audit the legitimacy and appropriateness of decisions related to the maximum price realization of the real estate divestiture and the allocation of the proceeds, Audit and Supervisory Committee members must have high independence and expertise in real estate, business/asset sales, M&A, and capital allocation policy. How does the Committee plan to address the current lack of independence and expertise within its members?
9. How can shareholders be assured that the Audit and Supervisory Committee will effectively fulfill its oversight function and prevent the Board from repeating past capital allocation failures?



As of February 25, 2025, Sapporo has not responded to this inquiry

We Believe Sapporo Continues to Lack Capital Discipline:

Other Market Participants Share Our Concerns Regarding Sapporo's Capital Discipline

Comments from the Shareholders Survey (April 2023, July 2024)

"There is no track record of creating value through M&A, so a large-scale investment in M&A would be quite negative. (Omitted) Share buybacks will certainly increase per-share value, but for investments, the probability of increasing per-share value is crucial. Given past performance, the feasibility of achieving this is hard to trust."

Foreign Buy-Side Analyst

"I have a negative view of the investments in the real estate business. (Omitted) It is disconcerting that an operating company would invest capital in a business that is valued so low."

Domestic Buy-Side Analyst

"previous medium-term management plans have continually failed to meet expectations"

Domestic Buy-Side Analyst

"The return on the alcoholic beverage business is not high and the past M&A track record is not good, so the company should be considered for shareholder return as well as the alcoholic beverage business."

Foreign Buy-Side Analyst

Comments from Sell-Side Analyst Reports

"Sapporo has repeatedly booked impairments on overseas acquisitions (notably ¥6bn against Anchor Brewing in 2023). While we believe there are various factors behind the missteps, including optimistic forecasts and insufficient responsiveness, we think the fundamental issue is governance at head office."

SMBC Nikko Securities, Analyst Report, January 30, 2025

"Including this latest announcement, Sapporo Holdings has continued to book large impairment losses in the US since making acquisitions due to deteriorating business conditions."

Mizuho Securities, Analyst Report, January 30, 2025

"Nevertheless, Sapporo Holdings has posted impairment on Anchor Brewery only 18 months after acquiring it. Management is still keen on M&A, but will have to exercise stricter investment discipline, in our opinion. (Omitted) Suggesting that the ¥11.9bn that Sapporo Holdings paid for it (Anchor Brewery) was clearly too much from a financial standpoint."

Nomura Securities, Analyst Report, February 11, 2019

"Sapporo has been working to improve productivity at beer breweries and internalizing production of ready-to-drink (RTD) beverages at its Sendai Brewery in the alcoholic beverages segment, as well as restructuring vending machine operator subsidiaries, divesting the café business, and reorganizing Shinsyu-ichi Miso locations in the food & soft drinks business. However, we believe these initiatives alone are inadequate for raising the company's profitability to the same level as competitors. (Omitted)"

J.P. Morgan Securities, Analyst Report, September 26, 2022

We Believe Sapporo Continues to Lack Capital Discipline: Other Market Participants Share Our Concerns Regarding Sapporo's Capital Discipline (Continued)

Questions from Sell-Side Analysts at the FY2024 Financial Results Presentation

"First, I wanted to ask you about the idea of cash allocation after the introduction of external capital into real estate.

Ms. Shofu explained a lot earlier, and I think there are many things to consider in terms of allocation priorities, such as investment for growth, reduction of interest-bearing debt, shareholder returns, and so on. How have the priorities changed from the past to this announcement?

For example, I think there was some talk this time about overseas M&A, but the situation in the US is not so good. Since both companies you have acquired have announced impairment losses and we are not sure if you will really get a return on your investment, we are not sure how much money will come in. Could you tell us if there has been any change in your approach to cash allocation after the introduction of external capital?"

Sell-side analyst at Securities Company A

"Thank you very much. Cash will come in, so that basically means the value is square. However, I'm wondering what kind of return you should consider on cash in the future, and I also feel that valuations will probably be pretty hard to maintain.

If so, the market capitalization is about JPY500 billion at this point, so I have the impression that the Company can maintain its listing, but if a growth strategy is not drawn up, the size of the Company will be quite small. Is that a better choice even when the Company becomes a business holding company?"

Sell-side analyst at Securities Company B

"I understand. After 20 years of operation as a pure holding company, I understand that cash has been generated in businesses other than beer, which is now being sold off and invested in the alcoholic beverage business again. I'm sorry, at this point, I'm aware that you haven't quite achieved what you have been working on for the past 20 years, so I asked you about that area. Thank you very much."

Sell-side analyst at Securities Company B

3D's Proposal to Maximize the Proceeds from the Divestiture of the Real Estate Business

3D's Approach to Maximizing the Proceeds from the Divestiture of the Real Estate Business

1

Demonstrate a commitment to shareholders regarding the maximization of proceeds from the divestiture of the real estate business

2

Select the appropriate method to maximize the proceeds from the divestiture of the real estate business

A : Determine the assets to be divested

- Include all real estate, including properties not directly owned by Sapporo Real Estate

B : Determine the method of divestiture

- Compare a tax-qualified spin-off, individual property sales and divestiture of the business entity and select the optimal scheme

C : Determine the stake to be divested

- In principle, 100% of the stake should be sold

D : Determine the timing of divestiture

- The divestiture should be carried out quickly

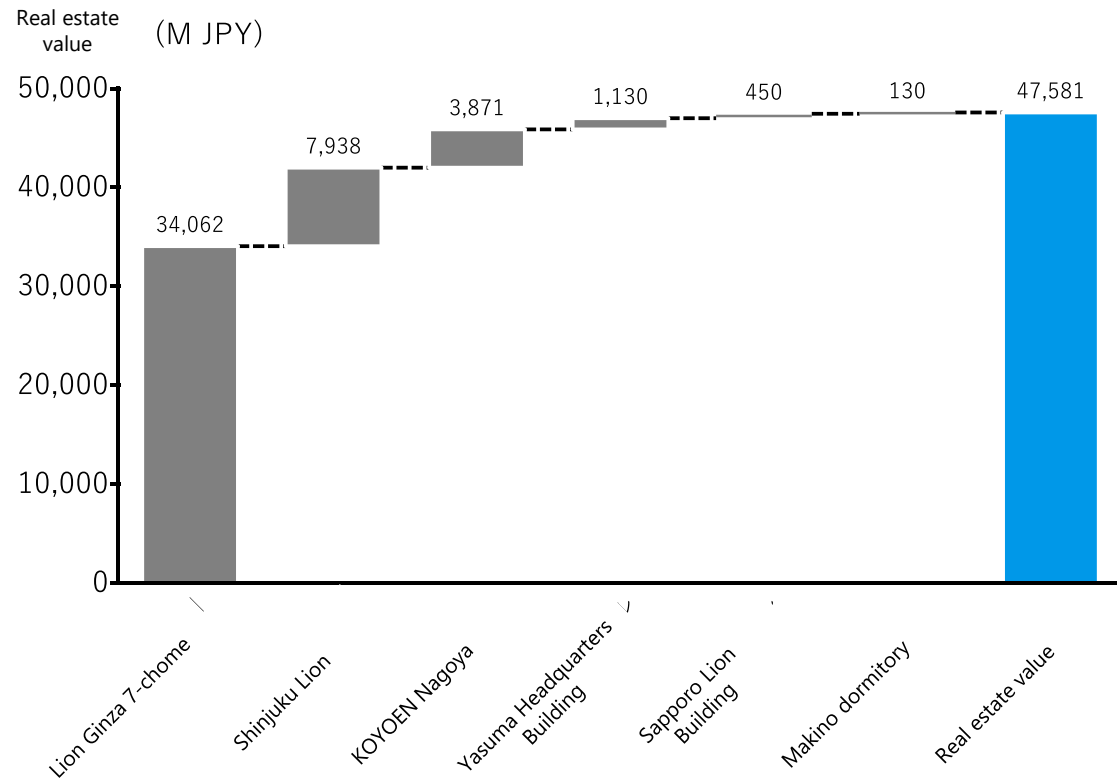
3

Disclose the plan transparently to shareholders and gain their support

Determine the Assets to Be Divested (A):

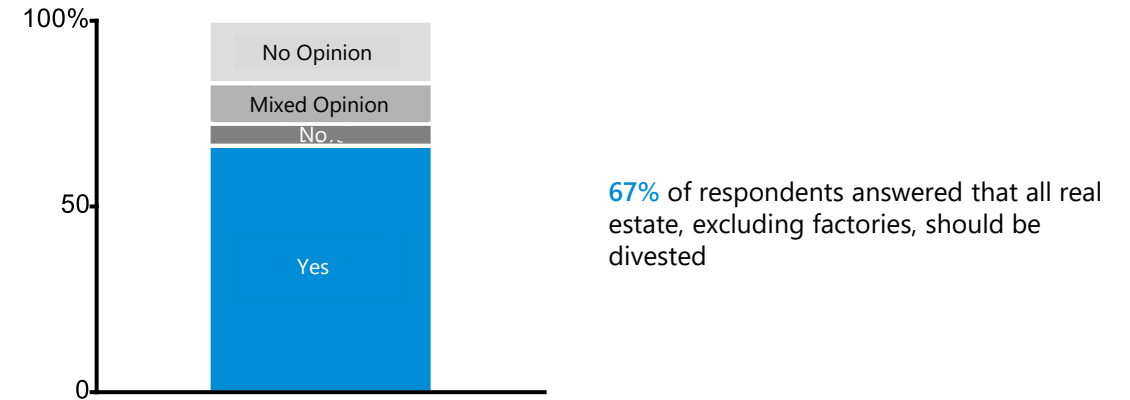
The Real Estate to be Divested Should Include All Real Estate Assets, Even Those Not Directly Owned by the Real Estate Holding Company

The total value of real estate that is assumed to be not directly owned by Sapporo Real Estate amounts to 47.6 billion yen



Most respondents answered that all real estate, excluding factories, should be divested

Q. Do you think that all real estate holdings, excluding factories, should be divested?



"Basically, everything should be detached. The fact that there is a conglomerate discount shows that in the current situation, they don't have the best owner. It is important to put the company in a position where the potential value can be properly realized. (Rest omitted)"

Foreign buy-side analyst

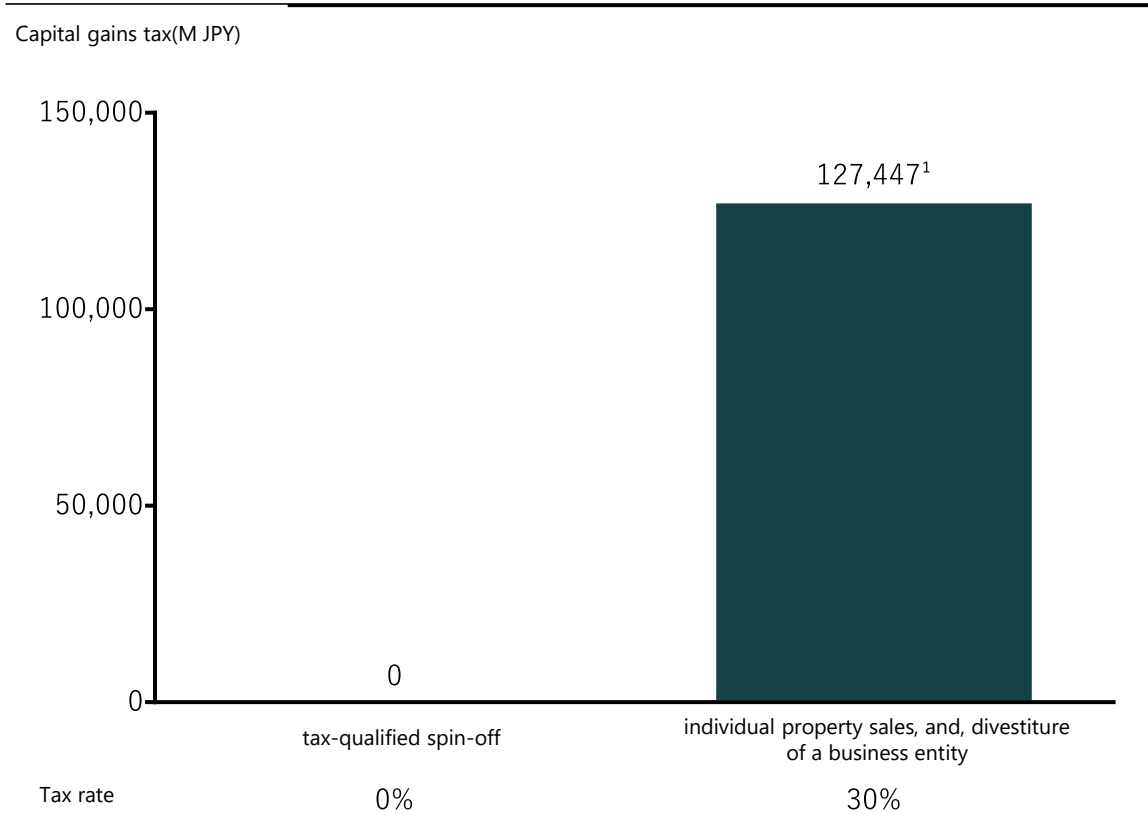
"We believe that all real estate, with the exception of the factory, should be divested. In light of the current situation, it is difficult to see a situation where value manifestation is occurring due to Sapporo's "ownership" of its major real estate, especially Yebisu Garden Place."

Foreign buy-side analyst

Determine the Method of Divestiture (B):

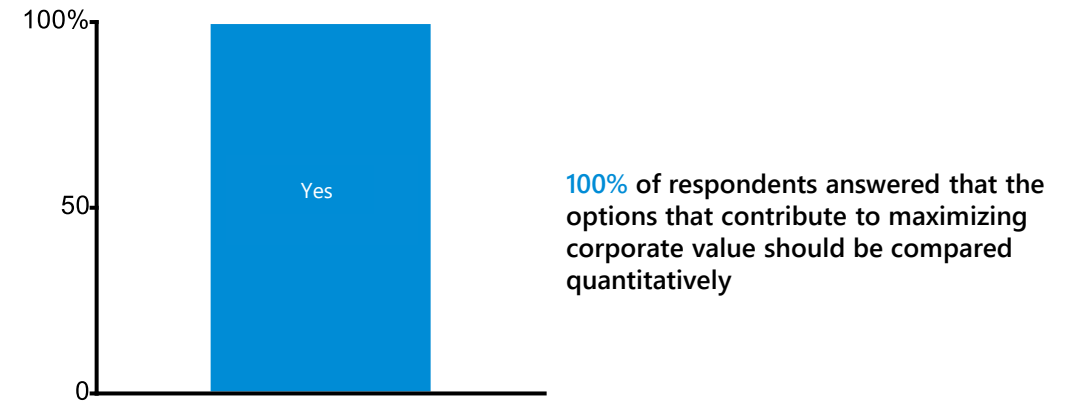
Compare a Tax-Qualified Spin-Offs, Individual Property Sales and Divestiture of the Real Estate Holding Company and Select the Optimal Scheme

The taxes imposed will vary significantly depending on the divestiture scheme, so selecting the appropriate divestiture scheme will have a major impact on the net divestiture proceeds



All respondents answered that the options for divestiture should be compared quantitatively in order to maximize corporate value

Q. Do you think options that contribute to maximizing corporate value should be quantitatively compared, including spin-off of the real estate holding corporation, in addition to a simple sale as a method of divestiture of 100% of the equity interest?



"Of course it should. The value of real estate in Sapporo is significant. So, it will be essential to compare all options and choose the best one."

Foreign buy-side analyst

"They should compare and consider. I have no objection to the fact that, while various methods are being presented, all methods should be considered, and the best one should be chosen."

Domestic Portfolio Manager

Source: Third-party evaluation agency; shareholders survey in July 2024

Note: [1] The calculation is based on Sapporo's disclosed book value of 211,164 million yen, compared to the third-party evaluation of Sapporo's owned real estate valued at 635,987 million yen

Determine the Stake to Be Divested (C):

The Divestiture Stake Should, in Principle, Be 100% of the Equity Stake

A partial divestiture is likely to result in lower proceeds at a lower valuation than a full divestiture

- A partial divestiture would lead to the loss of a control premium, resulting in a decrease in divestiture proceeds compared to a full 100% divestiture

"When divesting a minority stake, control premium is lost because decision-making authority is no longer retained. Even when more than half is divested, the portion that remains under ownership will also lose its control premium, resulting in a lower overall value compared to a full 100% divestiture."

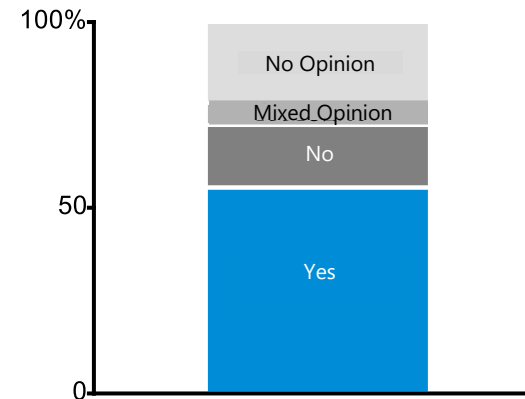
Real estate appraisal institution (Translated)

"In cases of partial sales, it is common to receive a discount compared to a 100% sale in typical transactions. To maximize the divestiture proceeds, it is necessary to opt for a 100% sale or divestiture, rather than a partial sale."

Foreign real estate broker (Translated)

More than half of the respondents answered that divesting 100% ownership is more likely to contribute to maximizing corporate value

Q. In divesting real estate, do you think that divesting 100% of the equity from Sapporo HD is more likely to contribute to corporate value than divesting a partial interest in real estate?



56% of the respondents answered that divesting 100% ownership is more likely to contribute to maximizing corporate value

"If maximizing the value of real estate maximizes corporate value, we believe that rather than sharing it among multiple holders, they should separate it 100% and ask real estate development professionals to maximize its value."

Foreign buy-side analyst

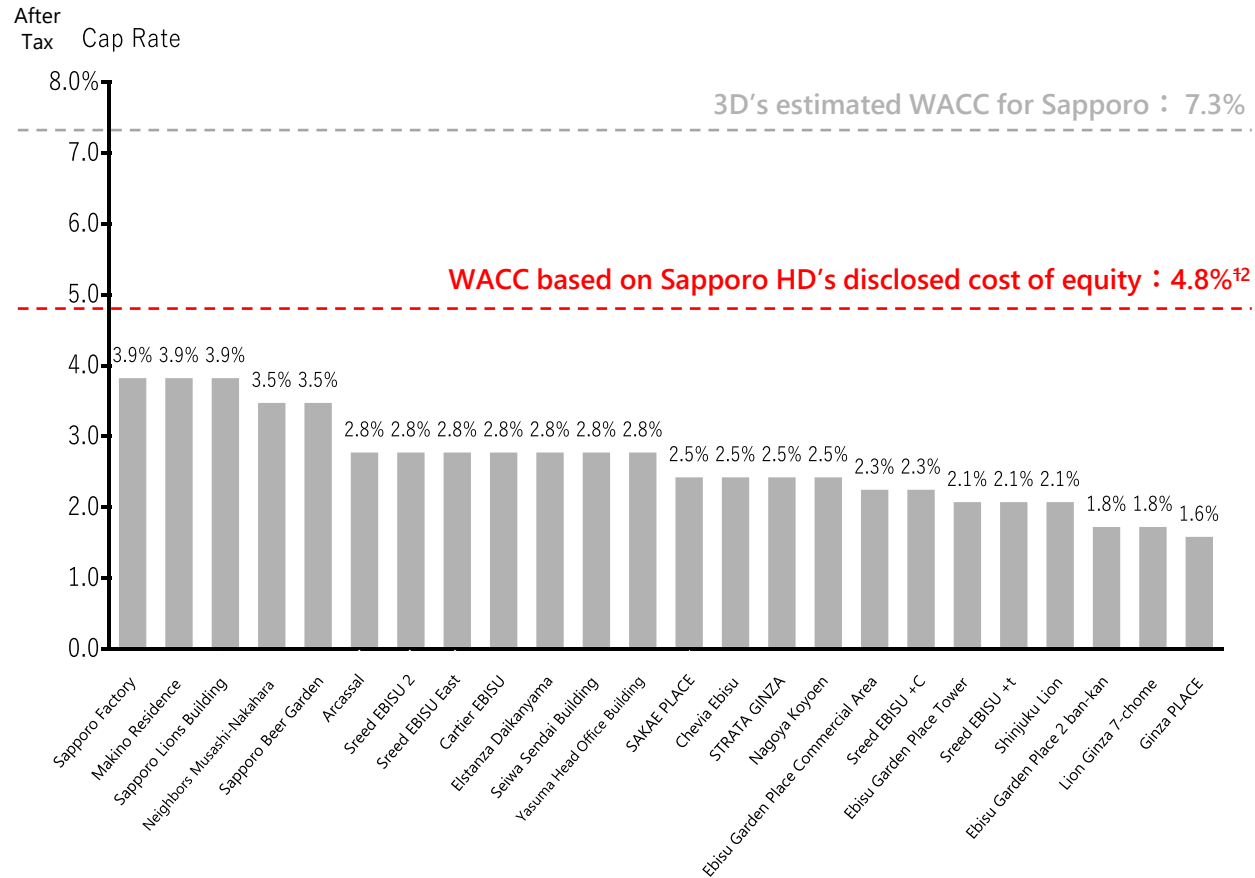
"I don't think it's rational to throw away the control premium. So, I think 100% detachment is the way to go."

Foreign buy-side analyst

Determine the Timing of Divestiture (D):

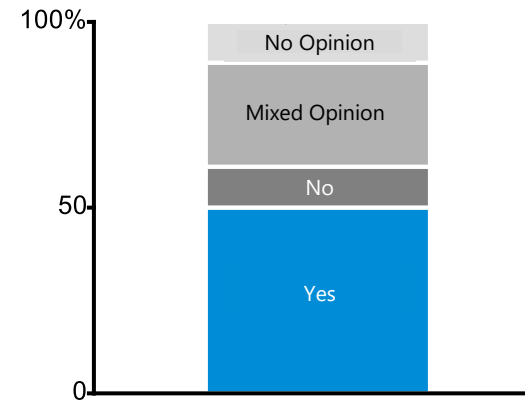
The Divestiture Should Occur as Quickly as Possible

The ROIC¹ of Sapporo's real estate portfolio is below Sapporo's cost of capital; prolonged ownership erodes corporate value



Half of the respondents believe that the divestiture of the real estate holdings should be carried out as quickly as possible

Q. Do you think that the divestiture of real estate holdings should be carried out as quickly as possible?



50% of the respondents believe that the divestiture of the real estate holdings should be carried out as quickly as possible

"Basically, it should be implemented promptly. The conglomerate discount situation means that the original value is not being realized, and such a situation should be eliminated as soon as possible."

Foreign buy-side analyst

"It is better to do it with a sense of speed. The real estate market is booming right now, and I think they can sell at a high price. There is a management spoiling due to the stable income from real estate, and I think it is necessary to eliminate that dis-synergy as soon as possible."

Foreign buy-side analyst

Source: Third-party evaluation agency; shareholders survey in July 2024

Note: [1] Use the after-tax cap rate as a rough approximation of ROIC; [2] It is calculated from the shareholder equity cost disclosed by Sapporo 6.0%, the debt cost 0.88% (calculated from interest payments of 2.2 billion yen for FY23/12, with an average interest-bearing debt balance of 254.1 billion yen), market capitalization 474.1 billion yen, and net debt 151.1 billion yen.

Disclose the Plan Transparently to Shareholders and Gain Their Support: Sapporo Should Provide Updates on the Decision-Making Process and Offer Thorough Explanations

The appropriate process for the divestiture of the real estate business

(1) Publish an interim report on the real estate divestiture scheme

- Based on the proposals received after September 2024, finalize a specific real estate divestiture scheme, including the following:
 - ① Real estate to be divested
 - ② Plan of divestiture
 - ③ Stake to be divested
 - ④ Timing of divestiture
- Provide a detailed explanation to shareholders in the interim report, justifying why this scheme is expected to maximize corporate value

(2) Publish the final report on the buyer and the transfer price

- If the sale of individual properties or the divestiture of a business entity is selected, the final buyer and transfer price should be determined after soliciting proposals again following the interim report
- The final report to shareholders should include a detailed explanation of why the transfer price is considered to be the maximum, along with the disclosure of the final plan, buyer, and transfer price

The benefits of this process

(1) Ensuring transparency to shareholders

- By conducting interim and final reports, shareholders will be able to fully understand the progress and final decision-making details of the real estate divestiture

(2) Maximizing the transfer price by establishing a proper and fair competitive bidding process among potential buyers of the real estate

Establishment
of a proper
and fair
competitive
bidding
process

- If an interim report is provided, potential buyers will be able to confirm a sufficient commitment to the real estate divestiture, thus alleviating concerns about the risk of the transaction being canceled
- As a result, the allocation of resources for proposal evaluation will be strengthened, leading to higher-quality proposals
- Furthermore, demonstrating commitment will alleviate concerns that potential buyers may focus more on aspects such as the transaction scheme rather than the price itself

Maximization
of the sale
price

- By establishing a proper and fair competitive bidding process, competition among potential buyers will be focused on maximizing the price, leading to an expected increase in the transfer price

1 Sapporo Has Not Committed to Maximizing the Proceeds from the Divestiture of the Real Estate Business

Sapporo's disclosures regarding the real estate divestiture lack a firm commitment to maximizing the proceed

"Next, with regard to the real estate business, from the perspective of increasing the value of the Group with an eye on the growth of alcoholic beverages, we are studying how to utilize this business and how to fundamentally reform our business portfolio, with experts also involved. Specifically, we are now extensively considering all options, including the introduction of external capital into Sapporo Real Estate Development Co., Ltd., the sale of individual properties, and the tax-qualified spin-offs proposed by our shareholders. We would like to refine our considerations and seek specific proposals from a wide range of potential strategic partners to increase the value of our real estate business. By considering these proposals, we would like to clarify the options that will contribute the most to increasing the value of the Group."

2024 Fiscal Year Q2 Financial Results Presentation

Mr. Oga explained that for the bidding, he requested proposals for the entire business, rather than for individual properties, with the aim of "maximizing the group's corporate value."

Nikkei December 20, 2024. (Translated)

In the most recent 2024 Fiscal Year Q2 financial results, there has been no commitment to maximizing the proceeds from the real estate divestiture



Sapporo's disclosures remain limited to expressions such as 'increase Group-wide corporate value' and 'enhancing the value of properties held by the Company'

We Believe Sapporo Has Not Chosen the Appropriate Method to Maximize the Proceeds from the Divestiture of Its Real Estate Business

① Assets to be divested	② Method of divestiture	③ Stake to be divested	④ Timing of divestiture
<p>3D's Plan</p> <ul style="list-style-type: none"> Include all real estate, including properties not directly owned by Sapporo Real Estate 	<p>3D's Plan</p> <ul style="list-style-type: none"> Compare a tax-qualified spin-off, individual property sales and divestiture of the business entity and select the optimal scheme 	<p>3D's Plan</p> <ul style="list-style-type: none"> In principle, 100% of the stake should be sold 	<p>3D's Plan</p> <ul style="list-style-type: none"> The divestiture should be carried out quickly
<p>Sapporo's Current Plan</p> <ul style="list-style-type: none"> Sapporo seemingly intends to continue holding certain real estate properties 	<p>Sapporo's Current Plan</p> <ul style="list-style-type: none"> Sapporo appears to be considering only the full or partial sale of a business entity 	<p>Sapporo's Current Plan</p> <ul style="list-style-type: none"> Sapporo is seemingly focusing on a partial sale of the real estate holding company rather than a full sale 	<p>Sapporo's Current Plan</p> <ul style="list-style-type: none"> Sapporo announced the process in February 2024 but does not expect to reach a conclusion until sometime in 2025
<p><i>"On the other hand, we will hold on to the real estate that must be owned directly. This will not change. Real estate remains an important asset as a point of contact for our brands."</i> 2023 Fiscal Year Financial Results Presentation Script</p>	<p><i>"the company is considering various options for the Sapporo Real Estate Development Co., Ltd., which owns and manages multiple properties, such as introducing external capital, asset sales, and tax-qualified spin-offs, as proposed by our shareholders."</i> Notice of Soliciting and Evaluating External Proposals for the Real Estate Business</p>	<p><i>"the Company intends to position real estate as a contact point for beer and incorporate some outside capital to achieve further growth in alcoholic beverages."</i> 2023 Fiscal Year Financial Results Presentation Script</p>	<p><i>"Expecting to reach a conclusion on these considerations by the end of 2025."</i> Group Mid-to-Long-Term Growth Strategy</p>
	<p><i>"Mr. Oga explained that for the bidding, he requested proposals for the entire business, rather than for individual properties, with the aim of "maximizing the group's corporate value."</i> Nikkei December 20, 2024.</p>	<p><i>"We intend to diversify our real estate holdings, including the introduction of capital from external strategic partners."</i> 2023 Fiscal Year Financial Results Presentation Script</p>	

Source: Shareholders survey in April 2023; 2023 Fiscal Year Full-Year Financial Results Presentation Script; Sapporo "Announcement of the Start of Solicitation for Proposals Regarding External Capital Introduction to the Real Estate Business"; Nikkei Online, December 20, 2024; Group Medium- to Long-Term Growth Strategy February 14, 2025

3 Sapporo Has Refused to Provide an Interim Report on the Real Estate Divestiture Process

Sapporo has had many opportunities to provide interim updates on the real estate divestiture, but has not done so

Disclosure materials	Disclosure date	Update on real estate divestiture process
FY2023 Q4 Financial Results Presentation Materials (Medium- to Long-term Management Policy)	2024/02/14	None
Announcement on Medium- to Long-term Management Policy for Enhancing Group Value	2024/02/14	None
FY2024 Q1 Financial Results Presentation Materials	2024/05/14	None
FY2024 Q2 Financial Results Presentation Materials	2024/08/13	None
Announcement on the Status of Discussions for the Implementation of the “Medium- to Long-term Management Policy for Enhancing Group Value”	2024/08/13	None
Announcement on the Start of Proposal Solicitation for External Capital Introduction into the Real Estate Business	2024/9/19	None
FY2024 Q3 Financial Results Presentation Materials	2024/11/12	None
Announcement Regarding Some Media Reports	2024/12/23	None

Sapporo has refused 3D’s request to provide an interim report on the real estate divestiture

On December 13, 2024, during a meeting with CEO Oga, 3D requested that Sapporo provide an interim report on the real estate divestiture scheme in the full-year financial results for fiscal year 2024.

3D requested that Sapporo provide an update on:

- ① Assets to be divested
- ② Method of divestiture
- ③ Stake to be divested
- ④ Timing of divestiture

However, the Company refused to disclose such information

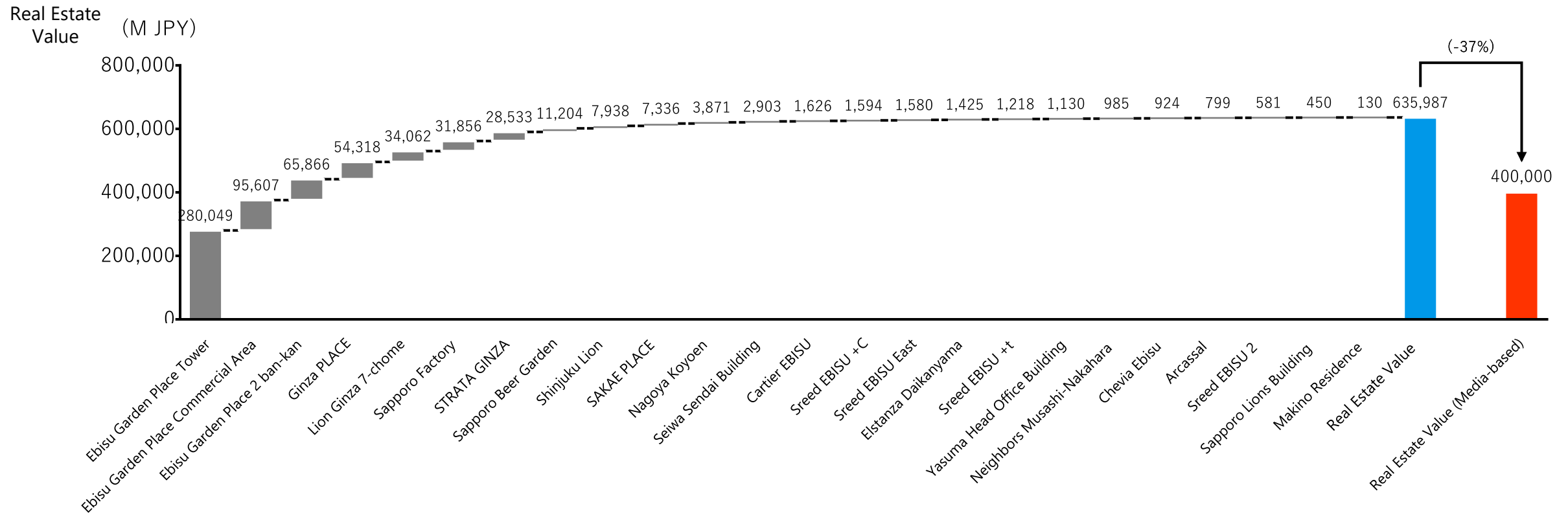
2024 December Fiscal Year-End Financial Results Presentation Script

As a rough timeframe, we would like to reach a conclusion by the end of this fiscal year. In addition, as the injection of external capital into real estate is entering a very important phase, we will refrain from disclosing any further information regarding the progress of this matter.

We believe that it is important for us to improve our corporate value, to maintain fairness among potential partners and candidates, and to maintain the confidentiality of information in order to receive sincere proposals. We appreciate your understanding in this regard.

Considering Sapporo’s past lack of capital discipline, its deficient commitment to shareholders and the significant value of Sapporo’s real estate assets, we believe it is essential for the Company to be transparent with shareholders regarding Sapporo’s path forward

Sapporo's Reported Value of Sapporo's Real Estate Is Significantly Lower than the Value as Assessed by a Third-Party Agency, Raising Substantial Doubts About Flaws in the Process



日本経済新聞

サッポロHDの4000億円不動産活用、三井不やKKR名乗り

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NIKKEI

Sapporo Holdings' \$2.6bn in real estate draws interest from Mitsui Fudosan, KKR

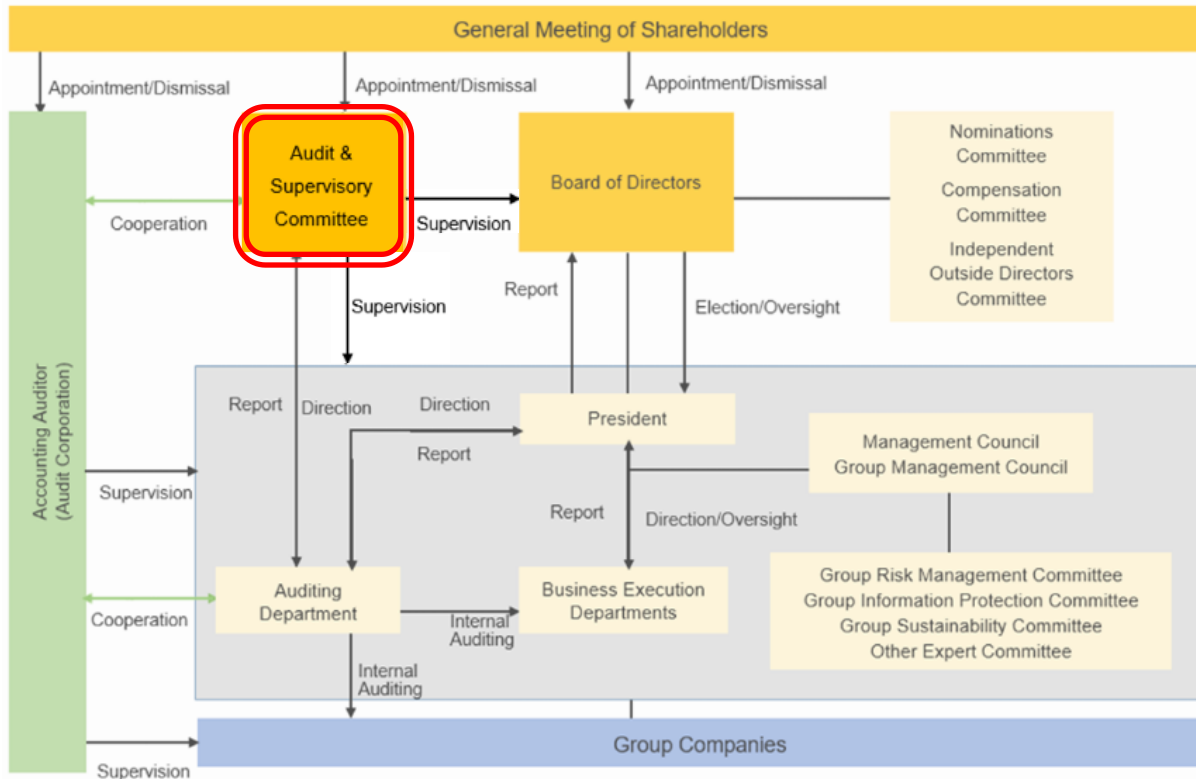
December 20, 2024 19:52 Nikkei Asia

We Believe the Composition of Sapporo's Audit and Supervisory Committee Perpetuates Flawed Decision-Making

Sapporo Is a Company with an Audit and Supervisory Committee

Sapporo has established an Audit and Supervisory Committee

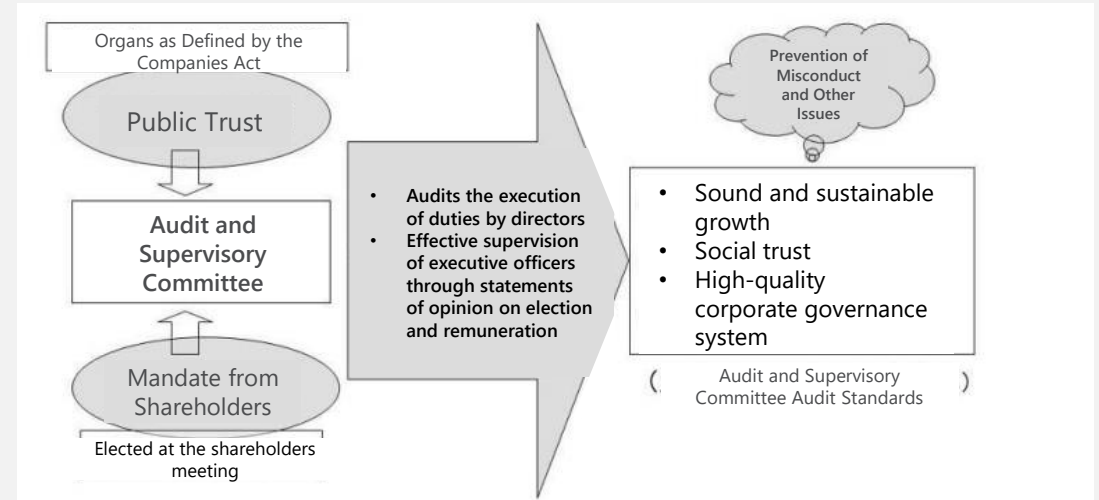
Corporate Functions and Internal Control Relationships



Positioning of the Audit and Supervisory Committee

- The Audit and Supervisory Committee is responsible for establishing a high-quality corporate governance system by properly performing its audit duties
- A high-quality corporate governance system refers to a structure that achieves sound and sustainable growth, creates medium-to long-term corporate value, and responds to societal trust

Positioning of the Audit and Supervisory Committee



Public Interest Incorporated Association, Japan Audit & Supervisory Board Members Association, 'Guide for New Audit and Supervisory Committee Members (2nd Edition)'

The Audit and Supervisory Committee Is Responsible for Determining Whether Directors Are Making Appropriate Decisions

Role of the Audit and Supervisory Committee (Accounting Audits and Business Audits)

- It is expected that the company auditors and the board of company auditors will conduct both accounting audits and business audits

"so-called "defensive functions," such as business and accounting audits, are part of the roles and responsibilities expected of kansayaku and the kansayaku board"

Corporate Governance Code Principle 4-4

- This is understood to **apply to the Audit and Supervisory Committee** as well

Accounting Audit

- Whether the audit methods and results of the financial auditor are appropriate
- Audit to ensure that the system for ensuring the proper execution of the financial auditor's duties (internal controls of the financial auditor) is in place, etc.

Business Audit

- Audit across **all areas of corporate management**
- When there are fraudulent activities, violations of laws or articles of incorporation, or other issues in the execution of a director's duties, the Audit and Supervisory Committee shall report, point out, advise, or recommend to the directors or the board of directors, or may request an injunction to stop the activity

Audit Contents (Legality Audit and Appropriateness Audit)

- In business audits, not only the legality of business execution but also the appropriateness of the business execution is required to be audited

*"The audit committee has the **authority to audit the appropriateness of the execution of directors' duties**. (Omitted) In the case of the audit committee, **it is even clearer** as the committee is required to decide on its opinion (regarding the **appropriateness**) on matters such as the election and remuneration of directors who are not members of the Audit and Supervisory Committee (Article 399-2, Paragraph 3, Item of the Companies Act)."*

Kenjiro Egashira, "Laws of Stock Corporations, 9th Edition"

Legality Audit

- The Audit and Supervisory Committee conducts an audit to ensure that the execution of directors' duties complies with laws and the articles of incorporation, and that there are no violations of the duty of care or the duty of loyalty
- The Audit and Supervisory Committee covers not only compliance with the Companies Act and the Financial Instruments and Exchange Act but also the legality of all applicable laws

Appropriateness Audit

- The Audit and Supervisory Committee assesses **whether the directors are making and executing business decisions in a sound, fair, appropriate, and efficient manner**, in accordance with the basic policies set by the board of directors
- The Audit and Supervisory Committee also covers the **appropriateness of management decisions and business management**

A Properly Functioning Audit and Supervisory Committee Should Prevent Decisions Made by the Board of Directors that Could Impair Corporate Value

The Audit and Supervisory Committee has the authority to collect reports and conduct investigations regarding business operations

- The Audit and Supervisory Committee members, as selected by the Audit and Supervisory Committee, may, at any time, **request reports from the directors regarding the execution of their duties**, or **conduct investigations into the business operations and financial status** of the company with an audit and supervisory committee (Article 399-3, Paragraph 1 of Companies Act)
- The Audit and Supervisory Committee is expected to exercise its reporting collection and investigation authority in a timely and appropriate manner, and make proposals to the board of directors to prevent the erosion of corporate value

*"The Audit and Supervisory Committee must **through effective collaboration with the internal audit department and other relevant bodies**, investigate the company's business operations and financial status, **verify the reports** received from directors, employees, and financial auditors, and take necessary measures in a timely manner. This includes **reporting or making proposals to the board of directors**, providing advice or recommendations to employees, or **seeking an injunction to stop any actions of directors**."*

Public Interest Incorporated Association Japan Audit & Supervisory Board Members Association, 'Guide for New Audit and Supervisory Committee Members (2nd Edition)'

The Audit and Supervisory Committee has the authority to express opinions at the shareholders' meeting

- Even if a voluntary nominating and remuneration committee is established, **Audit and Supervisory Committee members can express their opinions** at the shareholders' meeting **regarding the election, dismissal, resignation, or remuneration of directors other than those serving as Audit and Supervisory Committee members** (Article 342-2, Section 4 and Article 361, Section 6 of Companies Act)

*"In recent years, there has been an increasing number of companies that have **established nominating and remuneration committees**, etc., to examine matters such as the election of executives and directors, and their remuneration. ... The Audit and Supervisory Committee **forms its opinions after confirming the opinions and activities of such committees**."*

Public Interest Incorporated Association Japan Audit & Supervisory Board Members Association, 'Guide for New Audit and Supervisory Committee Members (2nd Edition)'

- The right to express opinions allows the Audit and Supervisory Committee to inform shareholders of its opinions, thereby **supporting the ability of shareholders to hold directors accountable**

*"It is said that this right to express opinions allows the Audit and Supervisory Committee's opinions to be communicated to shareholders, influencing their exercise of voting rights, and **enabling effective supervision of directors by shareholders through the election or dismissal of directors, including business executives, at the shareholders meeting**."*

Shinsaku Iwahara, "Commentary on the Companies Act: Supplementary Volume - Amendment of 2014" (Shoji-Homu, 2019)

We Believe There Are Deficiencies in Sapporo's Audit and Supervisory Committee: The Chair of the Committee is an Employee of Sapporo

The Audit and Supervisory Committee's independence is an extremely important factor

- The Corporate Governance Code places significant importance on the independence of company auditors and the board of company auditors, and this is similarly interpreted to apply to the Audit and Supervisory Committee



"Kansayaku and the kansayaku board should bear in mind their fiduciary responsibilities to shareholders and make decisions from an independent and objective standpoint when executing their roles and responsibilities including the audit of the performance of directors' duties, appointment and dismissal of kansayaku and external auditors, and the determination of auditor remuneration."
Corporate Governance Code Principle 4-4

- It is especially required that the chairperson of the Audit and Supervisory Committee maintain a high degree of independence

"I believe it is necessary to consider why independence is required. For example, it is generally agreed that a director serving as the chairperson of the Audit and Supervisory Committee should possess a high level of independence."
Professor Takahito Kato, University of Tokyo

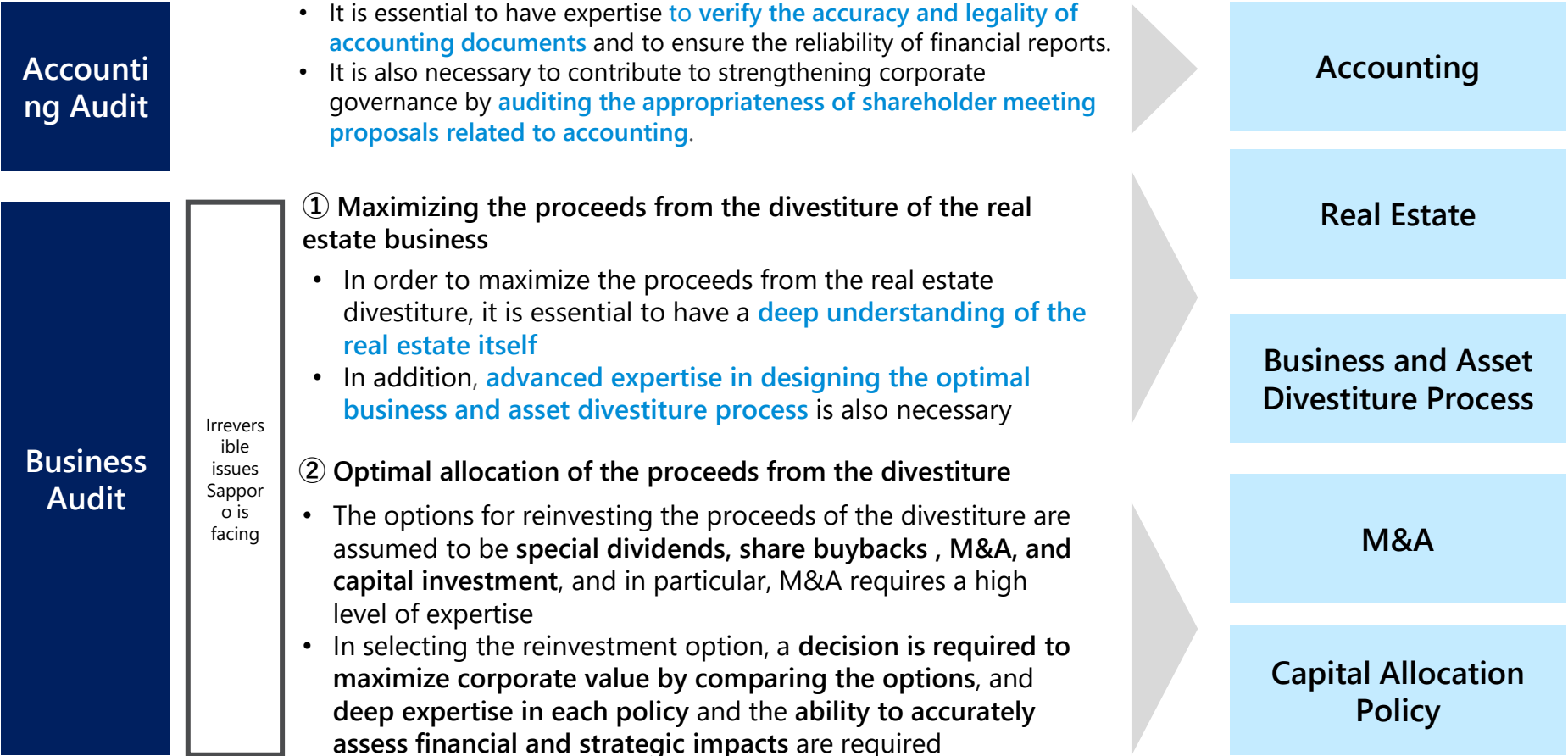
- In companies where serious past scandals have occurred, internal personnel have served as the chairpersons of the audit committee
 - For example, at Toshiba, the former head of the finance department, who was involved in fraudulent accounting, served as the chairperson of the audit committee

However, the chairpersons of The Audit and Supervisory Committee in the past have been internal personnel, raising concerns about their independence

Name	Tenure	Career
 Toshio Mizokami	2020/3~ 2024/3	April 1984: Joined the company (formerly Sapporo Brewery Co., Ltd.) March 2008: Manager of the Accounting Department, Sapporo Brewery Co., Ltd. (new company) March 2011: Executive Officer, Manager of the Accounting Department March 2012: Manager of the Accounting Department and Director of Sapporo Group Management Co., Ltd., Group Accounting Department Manager September 2013: Director of Sapporo Group Management Co., Ltd. March 2014: Director, General Manager of the Management Department March 2016: Senior Managing Director, Representative Director and President of Sapporo Group Management Co., Ltd. March 2017: Senior Managing Executive Officer March 2019: Full-time Audit and Supervisory Board Member March 2020: Full-time Director serving as an Audit and Supervisory Committee Member
 Toru Miyaishi	2024/3~	April 1986: Joined the company (formerly Sapporo Brewery Co., Ltd.) January 2008: Director and Executive Officer, Sapporo Beverage Co., Ltd., Marketing Department Manager September 2011: Director and Executive Officer, Sapporo Beverage Co., Ltd., General Manager of the Corporate Strategy Department March 2012: Sapporo Brewery Co., Ltd. (new company), General Manager of the Human Resources and General Affairs Department March 2013: General Manager of the Corporate Strategy Department, Sapporo Brewery Co., Ltd. March 2016: Director and Executive Officer, Sapporo Brewery Co., Ltd., Head of the Sales Division March 2017: Director and Senior Executive Officer, Head of the Sales Division, Sapporo Brewery Co., Ltd. March 2019: Director and Executive Officer, Sapporo Brewery Co., Ltd. January 2023: Director, Senior Executive Officer of Pokka Sapporo Food & Beverage Co., Ltd., and Senior Managing Director of Sapporo Group Foods Co., Ltd. November 2023: Director, Senior Executive Officer of Pokka Sapporo Food & Beverage Co., Ltd., and President & CEO of Sapporo Group Foods Co., Ltd. March 2024: Director (Full-time Audit and Supervisory Committee Member) at the company (current position)

We Believe There Are Deficiencies in Sapporo's Audit and Supervisory Committee: The Expertise Required for Accounting and Business Audits Is as Follows

The expertise required for accounting and business audits



We Believe There Are Deficiencies in Sapporo's Audit and Supervisory Committee: The Committee Members Appear to Lack the Necessary Expertise

		Mr. Miyaishi	Mr. Yamamoto	Ms. Tanouchi	
Accounting Audit	Accounting	<ul style="list-style-type: none"> His background is primarily in sales, human resources, and corporate strategy, and he lacks a certified public accountant qualification 	<ul style="list-style-type: none"> Has spent his career as a lawyer, with no experience in practical finance or management accounting 	<ul style="list-style-type: none"> Has an audit background, but no experience in finance or management accounting 	
	Business Audit	Irreversible issues Sapporo is facing	Real Estate	<ul style="list-style-type: none"> No direct involvement in key real estate practices, such as acquisition, development, management or sale 	<ul style="list-style-type: none"> No direct involvement in real estate acquisition, development, management or sale
Business and Asset Divestiture Process			<ul style="list-style-type: none"> Some experience in management strategy, but no experience large-scale selling businesses or assets 	<ul style="list-style-type: none"> No experience selling businesses or assets as an executive 	<ul style="list-style-type: none"> Some experience in corporate planning, but no experience selling businesses or assets on the scale of hundreds of billions of yen
M&A			<ul style="list-style-type: none"> Served as a director and executive officer at Sapporo Breweries at the time of the failed Stone acquisition 	<ul style="list-style-type: none"> No experience leading M&A processes as an executive 	<ul style="list-style-type: none"> Some experience in M&A, but not on the scale of hundreds of billions of yen
Capital Allocation Policy			<ul style="list-style-type: none"> Has never served in a role overseeing capital allocation or capital allocation policy 	<ul style="list-style-type: none"> Has never served in a role overseeing capital allocation or capital allocation policy 	<ul style="list-style-type: none"> Has never served in a role overseeing capital allocation or capital allocation policy

**We Believe Shareholders Should Appoint Mr. Paul Brough
as a Director and Member of the Audit and Supervisory
Committee**

Mr. Paul Brough Has the Right Skills and Experience to Serve on the Audit and Supervisory Committee and Can Help Sapporo

(1) Maximize the Proceeds from the Divestiture of the Real Estate Business and (2) Allocate the Proceeds Optimally



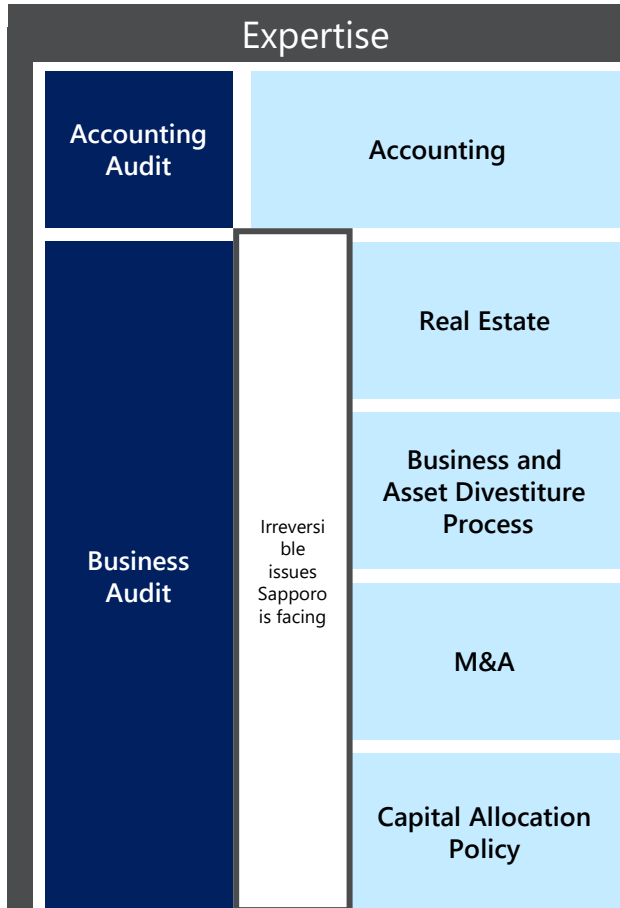
Mr. Paul Brough

- **We are seeking the appointment of Mr. Paul Brough as a director and member of the Audit and Supervisory Committee. We believe the appointment of Mr. Paul Brough will help:**
 - **Maximize the Proceeds from the Divestiture of the Real Estate Business:** Mr. Paul Brough’s experience of leading the process of divesting large-scale assets, creating a competitive environment among buyers, and ensuring transparency to shareholders, and his experience of participating in communication with stakeholders, while serving as an outside director of Toshiba, will be used to support maximizing of the divestment proceeds
 - **Ensure the Proceeds from the Divestiture Are Allocated Optimally:** Mr. Paul Brough’s experience in leading the review of Toshiba’s business portfolio and the formulation of its capital allocation policy, as well as ensuring transparency to shareholders, is leveraged to support optimizing the capital allocation from the perspective of maximizing corporate value.
- **We believe Mr. Paul Brough’s appointment will enhance the functioning of the Audit and Supervisory Committee by:**
 - **Strengthening independence:** The ratio of external members in the Audit and Supervisory Committee will increase
 - **Strengthening expertise:** Mr. Paul Brough’s has the expertise necessary to contribute to the Board’s oversight of (1) maximizing the proceeds from the divestiture of the real estate business and (2) optimally allocating such proceeds

Biography

September 1983	Joined KPMG Hong Kong
July 1995	Head of the Consulting Division, KPMG Hong Kong
October 1997	Head of the Financial Advisory Services Division, KPMG Hong Kong
October 1999	Head of the Financial Advisory Services Asia Pacific Region, KPMG Hong Kong, and Member of the KPMG Global Advisory Steering Group
April 2009	Regional Senior Partner, KPMG Hong Kong (until March 2012)
September 2012	Independent Non-Executive Director, GL Limited (until April 2021)
September 2016	Independent Non-Executive Director, Vitasoy International Holdings Limited (currently)
December 2018	Executive Chairman, Noble Group Holdings Limited (until October 2019)
June 2019	Outside Director, Toshiba Corporation (until December 2023)
November 2021	Independent Non-Executive Director, Guoco Group Limited (currently)
June 2022	Non-Executive Director, Eagle Investments HoldCo (currently)
May 2023	Independent Non-Executive Director, The Hongkong & Shanghai Banking Corporation Limited (currently)

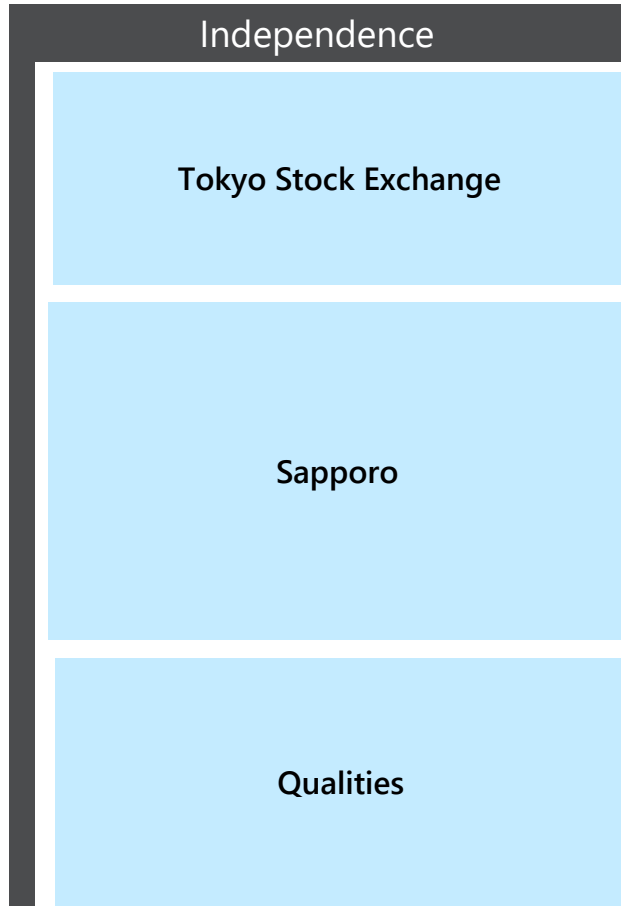
Mr. Paul Brough Possesses the Expertise Necessary to Oversee the Critical Decisions Sapporo Faces



Mr. Paul Brough

- Mr. Paul Brough has extensive experience in accounting and financial reporting at KPMG and other publicly listed firms, holding a certified public accountant qualification in both England and Wales as well as Hong Kong
 - Mr. Paul Brough currently serves as an independent non-executive director and Audit Committee Chair of Guoco Group Limited, Vitasoy International Holdings Limited, and The Hongkong & Shanghai Banking Corporation Limited, and was, until December 2023 a member of the audit committee of Toshiba Corporation;. He has extensive knowledge of accounting standards, internal audit, financial management, and governance
-
- As a director at Guoco Group Limited, a publicly listed company specializing in real estate development and transactions in Asia, Mr. Paul Brough possesses deep knowledge of real estate markets, large-scale real estate transaction, and the formulation of asset reinvestment strategies
 - Furthermore, through experience at a global real estate development company, he is well-versed in asset management and various funding methods that take economic cycles into account
-
- With extensive experience in managing and optimizing business portfolios at companies such as Noble Group Limited and Toshiba, he has a proven track record of contributing to the enhancement of corporate value through large-scale M&A, asset sales, and reinvestment strategies
 - Skilled in promoting strategic focus and selection, he is well-versed in formulating and executing portfolio strategies based on profitability and growth potential
-
- With extensive experience in global M&A, corporate restructuring, debt restructuring, and privatization at companies such as Noble Group Limited and Toshiba, he has been involved in leading complex corporate transactions, formulating business strategies, and dealing with public shareholders
 - With a track record of large-scale corporate restructuring and asset sales, he is well-versed in various M&A processes, including negotiations with investors and financial institutions
-
- With extensive experience in capital allocation policy and fundraising, he is proficient in formulating and executing capital strategies utilizing bank loans, bond issuances, and private equity
 - With a proven track record in optimizing corporate balance sheets and improving cash flow, he has contributed to enhancing financial health and stability

Mr. Paul Brough Is Independent of Sapporo and of 3D




Mr. Paul Brough

- **Meets the independence criteria of the Tokyo Stock Exchange**
 - The Tokyo Stock Exchange's independence criteria require that the individual has not been an executive officer or director of the parent company of Sapporo within the last 10 years prior to their appointment.
 - ✓ 3D is not the parent company of Sapporo
- **Meets Sapporo's internal independence criteria**
 - Sapporo's independence criteria require that the individual has not been an executive officer of a major shareholder of the Sapporo Group within the past three years. Mr. Paul Brough does not fall into this category
 - ✓ Mr. Paul Brough is not an executive officer of 3D; his advisory role is limited to providing advice from an independent perspective, and he does not have any involvement in 3D's investments or management decision-making
 - ✓ Mr. Paul Brough may speak to 3D's LP investors as part of his advisory work for 3D, but he does not engage in any sales or relationship management work for investors conducting 3D's business.
 - If appointed as Sapporo's director, Mr. Paul Brough intends to terminate his advisory contract with 3D
- Mr. Paul Brough is an accomplished professional and is not dependent on 3D for his views and perspectives about Sapporo
- Mr. Paul Brough has served as an independent non-executive director for several overseas companies
- There are no personal relationships between Mr. Paul and 3D's executives or employees

We Believe Mr. Tanehashi Is Not Sufficiently Independent

After the Mid-Term Management Plan, was announced, Mr. Tanehashi was appointed as an outside director from Tokyo Tatemono to support Sapporo's real estate business investment strategy

Candidate Number	Name (Date of Birth)	Career Summary, Position and Business Responsibility in the Company (Status of Important Concurrent Occupations or Positions at Other Organizations)
8	 Makio Tanehashi (March 13, 1957) 66 years old Number of Shares Held in the Company: 0 shares	April 1979 Joined The Fuji Bank, Limited
		June 2011 Deputy President and Executive Officer, Branch Banking Division of Mizuho Bank, Ltd.
		June 2011 Representative Director, Deputy President and Executive Officer, Branch Banking Division of Mizuho Bank, Ltd.
		April 2012 Representative Director, Deputy President and Executive Officer, Head of Branch Banking Group of Mizuho Bank, Ltd.
		March 2013 Representative Director, President & CEO of Tokyo Tatemono Real Estate Sales Co., Ltd.
		July 2015 Senior Executive Managing Officer and Division Director of Real Estate Solution Service Division of Tokyo Tatemono Co., Ltd.
		October 2015 Senior Executive Managing Officer, Division Director of Real Estate Solution Service Division, and Division Director of International Business Division of Tokyo Tatemono Co., Ltd.
		March 2016 Senior Executive Managing Officer, Director and Division Director of Real Estate Solution Service Division, and Division Director of International Business Division of Tokyo Tatemono Co., Ltd.
		January 2017 Representative Director, Chairman & Executive Officer of Tokyo Tatemono Co., Ltd.
		January 2017 Representative Director, Chairman of the Board of Tokyo Tatemono Co., Ltd.
		March 2019 Chairman of the Board of Tokyo Tatemono Real Estate Sales Co., Ltd. (up to the present)
		January 2021 Director of Tokyo Tatemono Real Estate Sales Co., Ltd. (up to the present)
		January 2021 Representative Director, Chairman of the Board of Tokyo Tatemono Co., Ltd.
		(Reasons for Presenting Mr. Makio Tanehashi as a Candidate for Outside Director, and an Outline of Roles He Is Expected to Play) Mr. Makio Tanehashi has a wealth of experience and a rich track record as a corporate manager as well as extensive insight for real estate business, finance and compliance. For the achievement of the Medium-Term Management Plan (2023 to 2026), Mr. Tanehashi is expected to offer pertinent opinions and advice regarding the important issues of creation of multilayered structure to gain profit and improvement of asset efficiency in the real estate business based on his abundant management experience in finance and real estate, and from his objective and professional standpoint. The Company has determined that he will be an appropriate person to supervise the management of the Group that is aiming to achieve continuous growth in corporate value, and he has thus been presented to the shareholders as a candidate for Outside Director.
		(Policy on His Independence) Mr. Makio Tanehashi was involved in business execution at Tokyo Tatemono Co., Ltd. until March 2019. Although there currently are transactions between the said company and the subsidiaries of the Company, the amount of such transactions in the most recent business term has been less than 0.1% of either the consolidated revenue of the Company or the consolidated operating revenue of the said company. Accordingly, the Company has determined Mr. Tanehashi is unlikely to have a conflict of interest with shareholders, in light of the "Standards for Independence of Outside Directors" established by the Company. In addition, the Company has notified each of the Tokyo Stock Exchange and the Sapporo Securities Exchange of his designation as an independent officer, given that he satisfies the applicable criteria of independence as concluded by the financial instruments exchanges.

"Mr. Makio Tanehashi has a wealth of experience and a rich track record as a corporate manager as well as extensive insight for real estate business, finance and compliance. For the achievement of the Medium-Term Management Plan (2023 to 2026), Mr. Tanehashi is expected to offer pertinent opinions and advice regarding the important issues of creation of multilayered structure to gain profit and improvement of asset efficiency in the real estate business based on his abundant management experience in finance and real estate, and from his objective and professional standpoint. [Omitted]"

Notice of Convocation for the 99th Ordinary General Meeting of Shareholders

However, we have serious concerns regarding Mr. Tanehashi's independence

■ There are Deep Connections Between Tokyo Tatemono and Sapporo

– Cross-shareholding exists between Tokyo Tatemono and Sapporo

Company	Shareholding	Shareholder	Number of Shares	Percentage	Notes	Relationship
Sapporo HD Securities Report	東京建物㈱	Sapporo HD Securities Report	115,878	115,878	取引関係の維持・強化並びに営業協力関係の構築・推進のため	有
			245	185		
Tokyo Tatemono Securities Report	サッポロホールディングス㈱	Tokyo Tatemono Securities Report	111,980	111,980	ビル事業における不動産取引等を維持・強化して企業価値向上に資するため。	有
			696	367		

– Both companies are part of the Fuyo Group and have a deep historical relationship

- ✓ The Fuyo Group is a corporate conglomerate consisting of companies with historical ties to the Yasuda, Asano, and Okura zaibatsu, as well as those affiliated with the Fuji Bank (now Mizuho Bank) financing network
- ✓ The Fuyo Group continues to operate as the "Fuyo Council," with both Tokyo Tatemono and Sapporo as members

■ Mizuho Bank, where Mr. Tanehashi served as Deputy President, is Sapporo's primary bank

- As of December 2023, Sapporo's largest lender was Mizuho Bank, with outstanding loans of ¥9.0 billion
- Additionally, Mizuho Bank and Sapporo engage in cross-shareholding

Company	Shareholding	Shareholder	Number of Shares	Percentage	Notes	Relationship
Sapporo HD Securities Report	㈱みずほフィナンシャルグループ	Sapporo HD Securities Report	91,432	91,432	取引関係の維持・強化並びに営業協力関係の構築・推進のため	有
			221	170		
Mizuho FG Securities Report	サッポロホールディングス株式会社	Mizuho FG Securities Report	1,106,584	*	発行会社との金融分野を中心とした総合的な取引関係を維持強化するため。	有
			6,673	*		

We are concerned that Mr. Tanehashi, while nominally an "outside director," lacks functional independence from Sapporo

There Is No Risk That 3D's Shareholder Proposal Would Impair Sapporo's Corporate Value

Potential Risks

(1) Risk of disrupting the process currently being pursued by Sapporo

(2) Risk of distorting the Board of Directors' decision-making toward a specific direction

(3) Risk of weakening the company's negotiating power with potential buyers of the real estate business

(4) Risk of being unable to adapt to unforeseen future changes

Reasons Why These Risks Are Minimal

- The primary objective of this proposal is to ensure effective oversight and support – not disrupt – Sapporo's process
- Mr. Paul Brough would be one of just 1 of 12 directors; he can attempt to persuade his fellow directors but cannot unilaterally prompt the Board to take any particular action
- Mr. Paul Brough's appointment would not by itself lead to any specific transaction, Sapporo cannot become a forced seller, and its negotiating power will not be weakened
- Mr. Paul Brough's appointment would not by itself lead to any specific transaction, and there is flexibility to adjust the decision in response to future changes in circumstances

3D Intends to Vote Against Other Directors

We Do Not Believe That Mr. Miyaishi Is an Appropriate Chair of the Audit and Supervisory Committee (1/2)

Mr. Miyaishi Has Overseen Transactions That Have Resulted in Impairments



Mr. Toru Miyaishi

(1) It Is Unreasonable for an Internal Director to Serve as the Chairperson of the Audit and Supervisory Committee

- The Corporate Governance Code **emphasizes the independence of company auditors and board of company auditors**, and this principle is equally **applicable to the Audit and Supervisory Committee**

"Kansayaku and the kansayaku board should bear in mind their fiduciary responsibilities to shareholders and make decisions from an independent and objective standpoint when executing their roles and responsibilities including the audit of the performance of directors' duties, appointment and dismissal of kansayaku and external auditors, and the determination of auditor remuneration."
- Corporate Governance Code, Principle 4-4

- In particular, the **Chairperson of the Audit and Supervisory Committee is expected to possess a high level of independence**

"I think we need to consider why independence is required. For example, it seems universally agreed that the chairperson of the Audit and Supervisory Committee, who is a director, must possess a high level of independence."
Professor Takahito Kato, University of Tokyo

- Past serious corporate scandals have occurred in companies where the **chairperson of the audit committee was an internal executive**

— Example: At Toshiba, the former head of the finance department, involved in the accounting fraud, served as the **chair of the audit committee**.

(2) Mr. Miyaishi Was Involved in Transactions that Resulted in Impairments



March 2017 – March 2019
Sapporo Breweries
Senior Executive Officer, Director,
Head of Sales Division

March 2019 – January 2023
Sapporo Breweries
Executive Officer, Director

- Mr. Miyaishi, who currently serves as the **Chairperson of the Audit and Supervisory Committee**, was involved in the acquisition of **Anchor in August 2017**, which resulted in a full impairment. At that time, he was serving **as Senior Executive Officer, Director and Head of the Sales Division at Sapporo Breweries**, directly responsible for the failed M&A
- Additionally, Mr. Miyaishi has been an **internal director of Sapporo Holdings** since March 2024
- He was also involved in the acquisition of **Stone Brewing in June 2022**, which resulted in impairment, and at that time, he was serving as **Executive Officer, Director at Sapporo Breweries**, responsible for another failed M&A

We Do Not Believe That Mr. Miyaishi Is an Appropriate Chair of the Audit and Supervisory Committee (2/2)

Mr. Miyaishi Lacks the Necessary Expertise Conducting Accounting and Business Audits

(3) Lack of the necessary expertise in accounting audits and business audits

Expertise			
Accounting Audit	Accounting	<ul style="list-style-type: none"> Mainly experienced in sales, human resources, and corporate strategy, without holding a qualification as a certified accountant, thus lacking the necessary expertise in accounting audits 	
Business Audit	Irreversible decisions that Sapporo is facing	Real Estate	<ul style="list-style-type: none"> Mainly experienced in sales, human resources, and corporate strategy, without direct involvement in key real estate practices
		Business and Asset Divestiture Process	<ul style="list-style-type: none"> Mainly experienced in sales, human resources, and corporate strategy, and no concrete track record in handling large-scale business or asset sale processes
		M&A	<ul style="list-style-type: none"> Served as an Executive Director at Sapporo Breweries at the time of the acquisition of Stone, which resulted in impairment
		Capital Allocation Policy	<ul style="list-style-type: none"> Mainly experienced in sales, human resources, and corporate strategy, and has not held a position related to capital allocation policy

3D Opposes the Election Mr. Makio Tanehashi as an Outside Director: We Believe Mr. Tanehashi Is Not Sufficiently Independent

After the Mid-Term Management Plan, was announced, Mr. Tanehashi was appointed as an outside director from Tokyo Tatemono to support Sapporo's real estate business investment strategy

Repeated Slide

Candidate Number	Name (Date of Birth)	Career Summary, Position and Business Responsibility in the Company (Status of Important Concurrent Occupations or Positions at Other Organizations)
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- Mizuho Bank, where Mr. Tanehashi served as Deputy President, is Sapporo's primary bank
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		6,673	*		

We are concerned that Mr. Tanehashi, while nominally an "outside director," lacks functional independence from Sapporo

Source: Notice of Convocation for the 99th Ordinary General Meeting of Shareholders; Securities Report

Note: [1] Regarding Sapporo's real estate holdings, which have been valued at 636.0 billion yen by a third-party institution. the company's market capitalization as of January 31, 2025, is 562.0 billion yen.

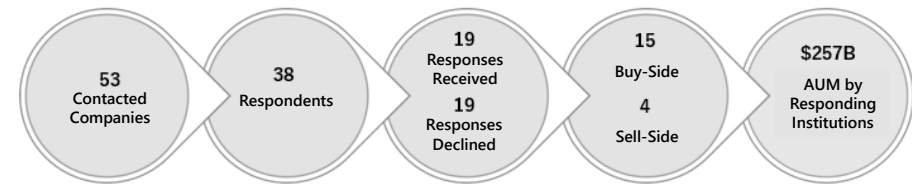
Appendix

Methodology of 3D's Shareholders Survey

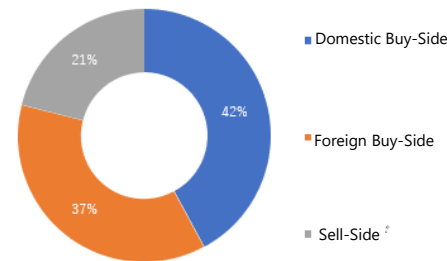
Methodology of the Shareholder Opinion Survey Conducted in April 2023

Study objectives & approach

- An independent global leading shareholder data provider conducted a perception study for 3D Investments to gather investment community feedback on Sapporo Holdings LTD's ("Sapporo") Mid-Term Management Plan (MTMP), strategy, valuation, market evaluation, synergies, and corporate governance practices including the effectiveness of internal and outside directors.
 - Market feedback was gathered via telephone perception interviews held between April 14 and May 18, 2023, and they were recorded to ensure accuracy of reporting and rigorous analysis.
 - The questionnaire was provided by 3D Investment's team. The call population was based upon public ownership data for Sapporo Holdings.
 - After analysis of Sapporo Holdings' shareholder base 73 institutional investors and 7 sell-side analysts were invited to participate in the study. 3D Investments did not participate.
 - The questionnaire was designed to be a mix of closed- and open-ended questions in order to allow participants to freely discuss the most pressing issues and topics relating Sapporo Holdings' investment thesis.
 - All participants were offered the option of anonymity in exchange for candidness.

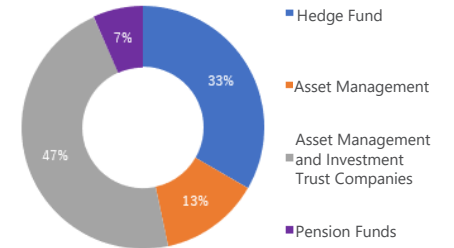


Classification of Participating Institutions



Source: Global leading research firm on shareholder data

Buy-side Institution Types

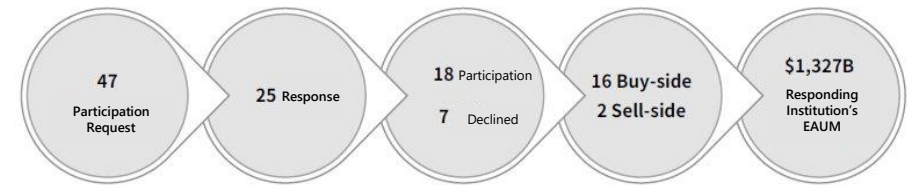


Source: Global leading research firm on shareholder data

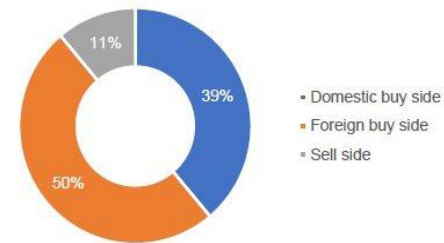
Methodology of the Shareholder Opinion Survey Conducted in July 2024

Study objectives & approach

- A leading independent global research firm conducted a perception study for 3D Investment Partners group ("3D") to gather investor feedback on the real estate business of SAPPORO HOLDINGS LIMITED ("Sapporo") and the real estate divestiture measures that the company is likely to implement in the future. Perception Study.
 - Feedback from market participants was collected via telephone or video interviews between July 12 and July 30, 2024. Note that some investors were not interviewed but provided comments via email.
 - The questionnaire was provided by the 3D team, and the population of interviewees was determined primarily based on publicly available information about Sapporo's shareholders.
 - Forty-five institutional investors and two sell-side analysts were asked to participate in the survey; 3D did not participate in the survey.
 - In addition to the questions in the questionnaire, issues surrounding the topic of the questions were also presented, to facilitate discussions regarding the ideas of the answers that were gathered.
 - All respondents could choose to respond anonymously in exchange for their candid opinions.

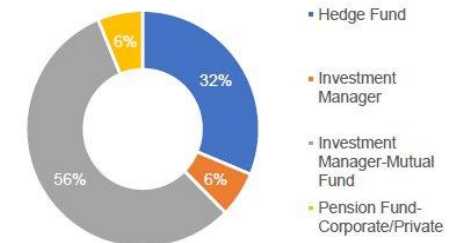


Classification of Participating Institutions



Source: Major Global Research Firm

Buy-side Institution Types



Source: Major Global Research Firm

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