

## SAPPORO HD Injects External Capital into Real Estate Business—No Impact on Rating

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on the announcement by SAPPORO HOLDINGS LIMITED (security code: 2501) concerning the injection of external capital into Sapporo Real Estate Co., Ltd.

- (1) On December 24, SAPPORO HOLDINGS LIMITED (the “Company”) resolved to enter into a series of transactions (“Transactions”) including investment in the Company’s wholly owned subsidiary Sapporo Real Estate Co., Ltd. (“SRE”) by SPARK LLC (“SPARK”) and signed an agreement related to the Transactions. SPARK is a limited liability company, which is jointly invested by funds that are advised and managed by PAG Investment Management Limited, Kohlberg Kravis Roberts & Co. L.P. and others. The value of the Transactions on an enterprise value basis including SRE’s debt is 477 billion yen. The closing is scheduled to be conducted by spreading it over three separate dates. On the first closing date (scheduled for June 1, 2026), SPARK will acquire 51.0% of SRE’s voting rights. Following the second closing date (scheduled for June 1, 2028), on the third closing date (scheduled for June 1, 2029), the Company plans to transfer all the remaining voting rights in SRE that it holds at that point to SPARK. The cash to be obtained from the Transactions will primarily be allocated to growth investments in the Alcoholic Beverages business, as well as to repaying the debt relating to the Real Estate business and for shareholder returns. Additionally, the Company plans to use 30% of trust beneficiary rights in Yebisu Garden Place, along with Ginza Place, and part of Sapporo Garden Park to enhance the value of the Alcoholic Beverages business, and are excluded from the Transactions.
- (2) On the first closing date of the Transactions, SRE will be excluded from the Company’s scope of consolidation. Consequently, the contribution of the Real Estate business to the Group’s performance will significantly decrease thereafter (the Real Estate business will be classified as a discontinued operation starting from the fourth quarter of the fiscal year ending December 2025). However, the Group’s performance has been solid in recent years, driven by improved earnings power of the Domestic Alcoholic Beverages business and the effects of structural reforms in the Food & Soft Drinks, and the Group’s dependence on the Real Estate business for performance has decreased compared to the past. Furthermore, the Company’s financial structure is expected to improve to a certain extent by the Transactions, and it has stated its policy to appropriately control financial soundness when implementing the growth investments. Therefore, JCR determined that there is no need to immediately change the rating, following the announcement this time. JCR will pay attention to the specific initiatives for the growth investments and their effects on performance going forward.

Shigenobu Tonomura, Takeshi Fujita

### <Reference>

Issuer: SAPPORO HOLDINGS LIMITED

Long-term Issuer Rating: A-      Outlook: Stable

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