

Full Consolidation of Schincariol Group

November 4, 2011
Kirin Holdings Company, Limited

Transaction Overview

Kirin signed a stock purchase agreement to acquire all outstanding quotas of Jadangil, a company that holds 49.54% of the outstanding shares of Schincariol, making Schincariol a wholly-owned subsidiary of Kirin

- Kirin signed a stock purchase agreement on November 4 to acquire all outstanding quotas of Jadangil Participações e Representações Ltda. (Brazil; Representatives: Daniela Maria Schincariol Medina, José Augusto Schincariol and Gilberto Schincariol Junior; hereafter, “Jadangil”), a company that holds 49.54% of the outstanding shares of Schincariol Participações e Representações S.A. (Brazil; CEO: Adriano Schincariol; hereafter, “Schincariol”)
- Kirin acquired all outstanding quotas of Jadangil from Daniela Maria Schincariol Medina, José Augusto Schincariol and Gilberto Schincariol Junior in a negotiated transaction. Kirin holds 50.45% of the outstanding shares of Schincariol through its ownership of Aleadri-Schinni Participações e Representações S.A. (hereafter, "Aleadri"), and as a result of this transaction, Kirin now owns all the outstanding shares¹ in Schincariol
- Kirin acquired all the outstanding quotas of Jadangil for BRL2.35 billion (approx. ¥105.0 billion²)
- Kirin funded the transaction through cash on hand and loans
- The stock purchase of Jadangil was completed on November 4, 2011
- In addition, all parties to the precautionary measure and lawsuit have executed a settlement agreement to dismiss the precautionary measure and lawsuit. The settlement agreement has been lodged with the First Civil State Court of the City of Itu, and the Court is expected to ratify the settlement agreement by November 8

Note:

1 Including the acquisition of Schincariol shares directly held by two sellers of Aleadri and two sellers of Jadangil (less than 0.01% of the outstanding shares)

2 BRL1=¥44.69 (as of November 2, 2011)

Strategic Rationale

Full consolidation of Schincariol enables Kirin to strengthen its governance over Schincariol and expedite its decision making process. In addition, full consolidation of Schincariol's profit will enhance Kirin's growth potential

- Kirin's full consolidation of Schincariol enables it to accelerate value-creation of Schincariol by strengthening Kirin's governance over Schincariol and expediting its decision making process
 - ✓ Implementing necessary measures responding to the volatile market and competitive dynamics
 - ✓ Seeking to enhance efficiencies through strict cost control
 - ✓ Leveraging Kirin's strengths (technological, research & marketing, and product development capabilities) to grow Schincariol's existing brands and to introduce new value-added products

- Enhance earnings growth potential of Kirin Group by capturing 100% of Schincariol Group profits
 - ✓ Consolidation of Schincariol's financials expected from 1Q FY2012
 - ✓ The Brazilian beer and soft drinks markets are large with estimated market sizes on a value basis of BRL56.7 billion (¥2.5 trillion¹) and BRL57.7 billion (¥2.6 trillion¹) respectively, and these markets are expected to grow at annual growth rates of approx. 10% and 12% respectively²

Note:

1 BRL1=¥44.69 (as of November 2, 2011)

2 Based on Euromonitor and other sources – Value basis

Post Merger Integration (PMI) Schedule

Immediately after the Appellate Court of Sao Paulo revoked the precautionary measure, Kirin started operating Schincariol and has been formulating measures to fully integrate its operations into the Kirin Group

■ Initiatives taken to date

- ✓ Since October 12, Kirin was allowed to operate the company and Kirin has held meetings with key management to present its general strategy for PMI
- ✓ A team of PMI specialists have already commenced work conducting phase one activities (i.e. collection and analysis of key data and interviews with management)

■ Next steps

- ✓ Key measures including the following to be formulated by the end of this year:
 - New governance structure
 - New marketing and distribution strategy, cost structure re-engineering plan, grand design of new organizational structure
 - Measures to further improve/streamline existing operations
- ✓ The new management structure will be in place in January 2012 and all other measures and strategies will be implemented under such new structure

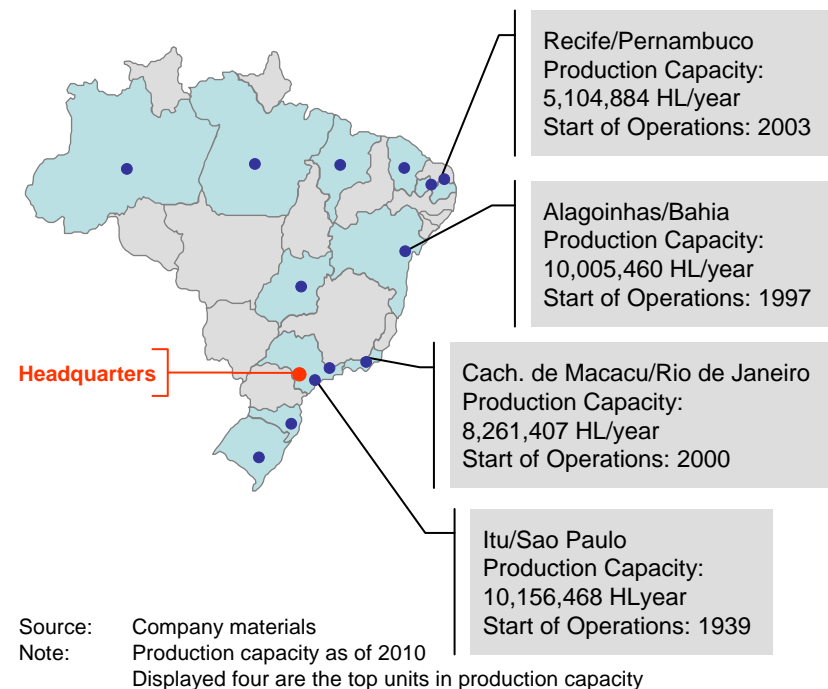
Appendix

Schincariol Group Overview

Overview

Company Name	Schincariol Participações e Representações S.A.
Headquarters	Itu, Sao Paulo, Brazil
Establishment	1983
Capital	BRL 620 million (as of 12/2010)
Representatives	CEO: Adriano Schincariol
Number of Employees	Approx. 10,000 (as of 12/2010)
Business Description	Beer (81.6%); Soft Drinks (18.1%); Other (0.3%) ¹

Geographic Footprint (13 Production Units)

















- Started soft drinks production in Itu, Sao Paulo in 1939, and in 1989 entered into the beer market. In 2003, launched Nova Schin, currently its main brand and created a new brand image. After 2006 acquired several local beer brands and expanded in the premium beer segment
- 2nd largest beer producer² in Brazil with 2010 production volume of 1.94 million kilolitres and in the soft drinks market, with 3rd largest share in the CSD market³, with 2010 production volume of 1.03 million kilolitres
- Owns the largest single manufacturing unit in South America (Itu plant), along with 12 other wholly-owned units. Except the Itu plant which operations since the establishment of Schincariol, and the Alagoinhas plant, the rests of the production facilities are very modern units which started operation in the 2000's
- Covers around 80% of total sales volume through its own distribution network and exclusive distributors
- Major beer brands include Nova Schin, Devassa Bem Loura, Glacial, Baden Baden, and Eisenbahn. Also Schin and Skinka soft drink brands

Note:

- Numbers in brackets indicate revenues composition for the year ended December 2010
- Euromonitor
- Euromonitor. Off-trade basis

Schincariol Group Key Products and Brands

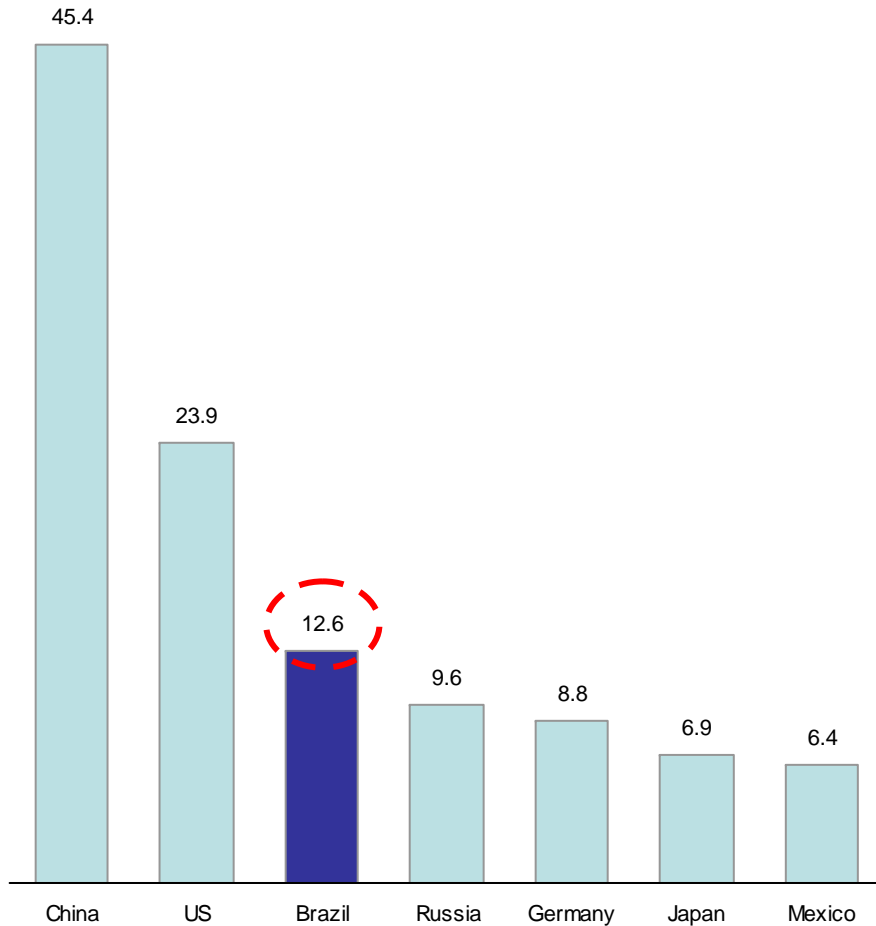
Schincariol Group's major beer brands include Nova Schin, Devassa Bem Loura, Glacial, Baden Baden, and Eisenbahn. Schincariol Group's soft drinks business is centered around the Schin and Skinka brands

Beer		
Premium (2.1%)	Standard (90.8%)	Economy (7.1%)
<p>Baden Baden</p>  <p>Devassa</p>  <p>Eisenbahn</p> 	<p>Nova Schin</p>  <p>Devassa Bem Loura</p>  <p>Nobel</p>  <p>Primus</p> 	<p>Glacial</p>  <p>Cintra</p> 
Soft Drinks		
CSD (78.5%)	Fruit/Vegetable Juice (10.5%)	Bottled Water (10.9%)
<p>Schin</p>  <p>Itubina</p>  <p>Viva</p> 	<p>Skinka</p> 	<p>Schin</p> 

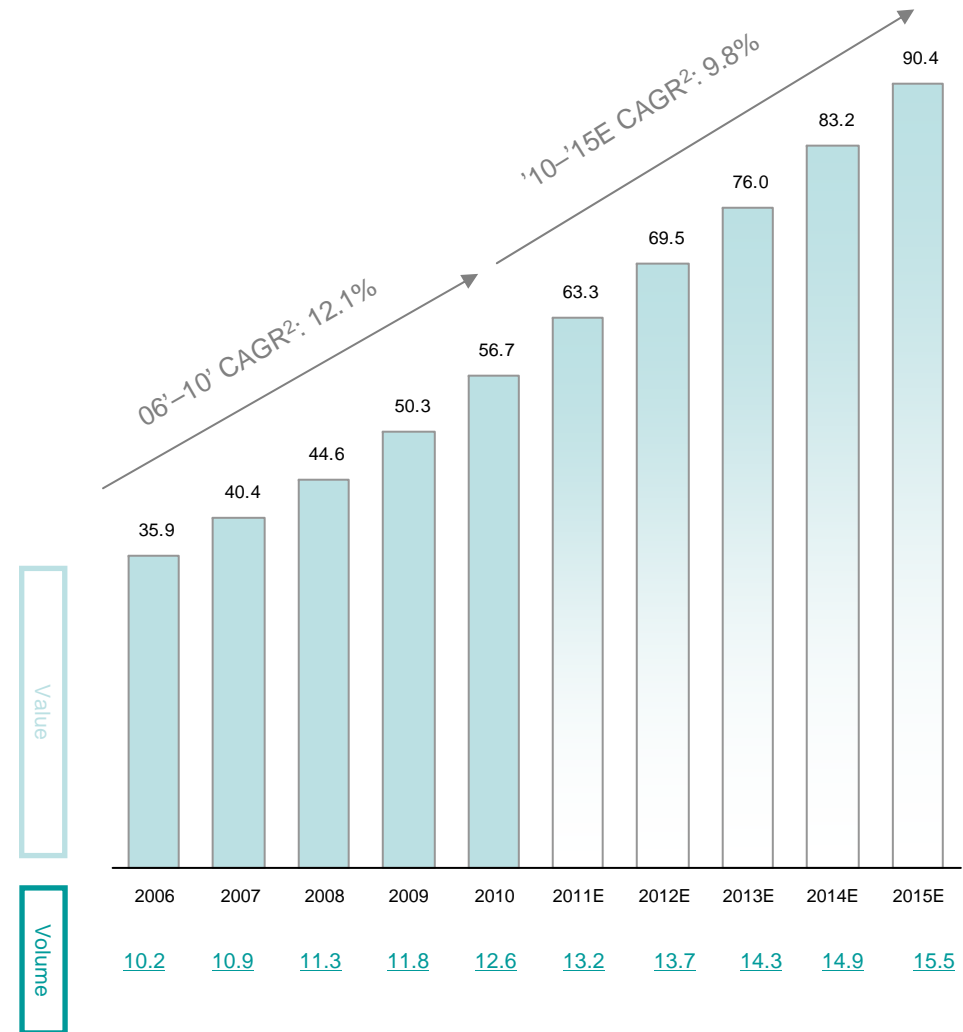
Note: Percentage in parenthesis indicates each category's ratio in Schincariol's beer and soft drinks sales respectively (as of 2010, in value)

Brazilian Beer Market (1)

Top Global Beer Markets (2010)
(Million Kilolitres)



Brazilian Beer Market Size
(Value in Billion Reais¹, Volume in Million Kilolitres)



Source: Euromonitor

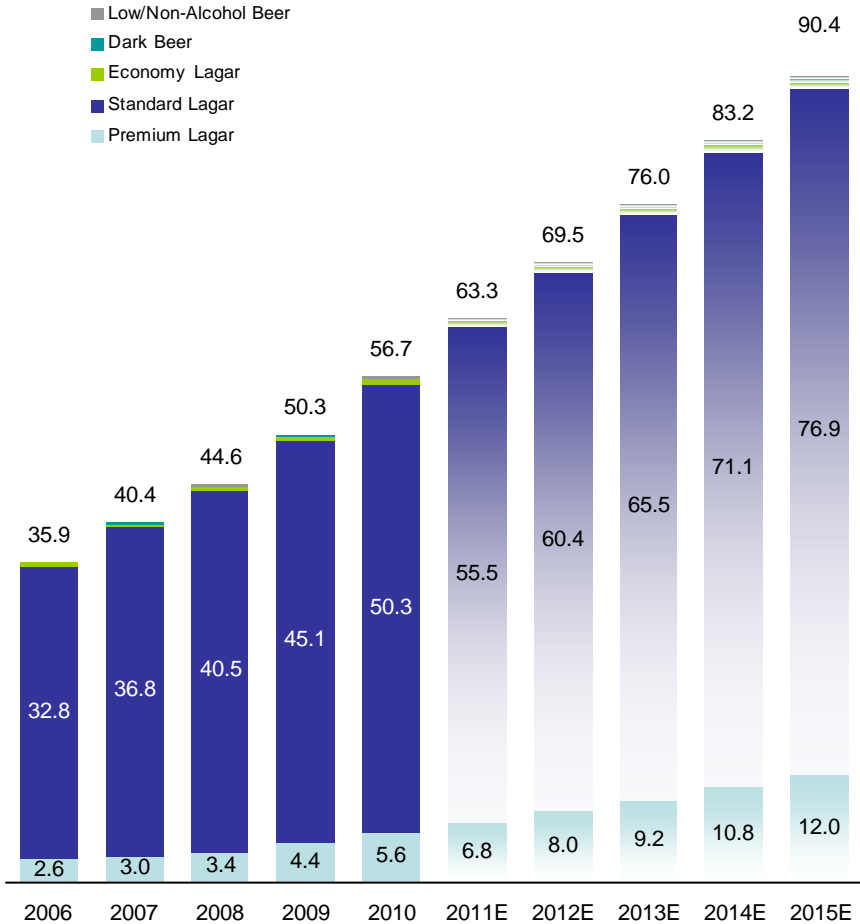
Note:

1 Before adjustment for inflation

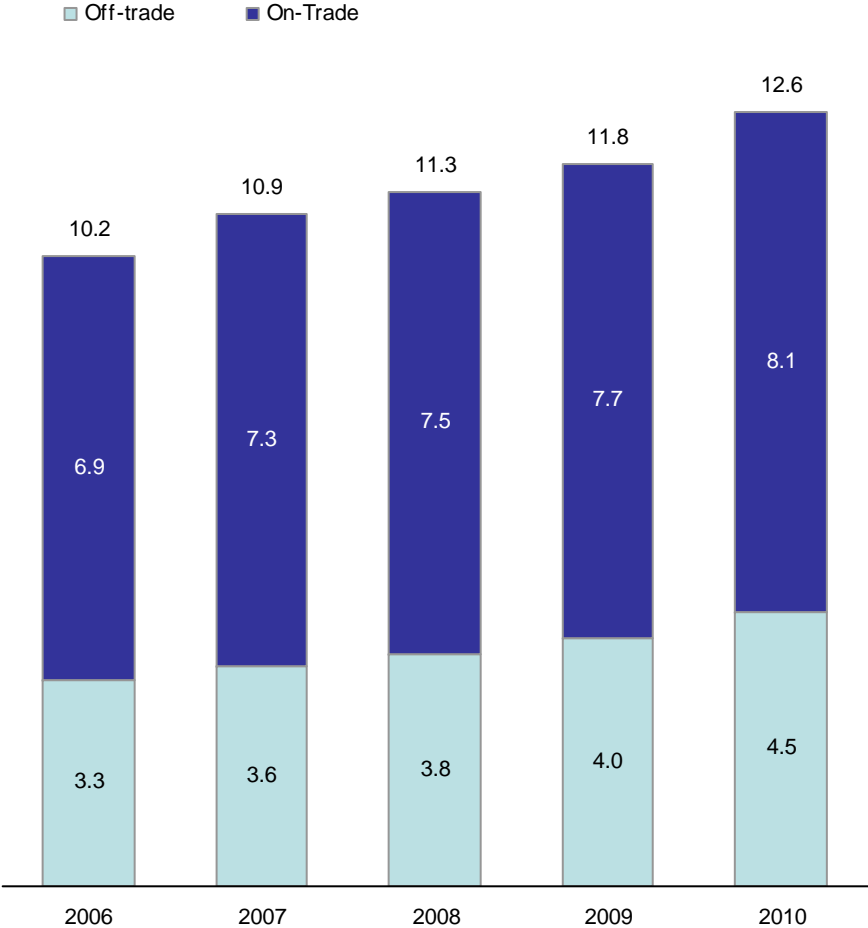
2 CAGR on value basis

Brazilian Beer Market (2)

Brazilian Beer Market by Category
(Billion Reais¹)



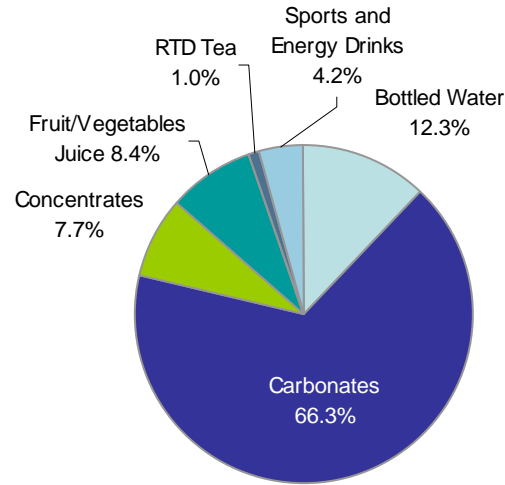
Brazilian Beer Market by Channel
(Million Kilolitres)



Source: Euromonitor
 Note:
 1: Before adjustment for inflation

Brazilian Soft Drinks Market

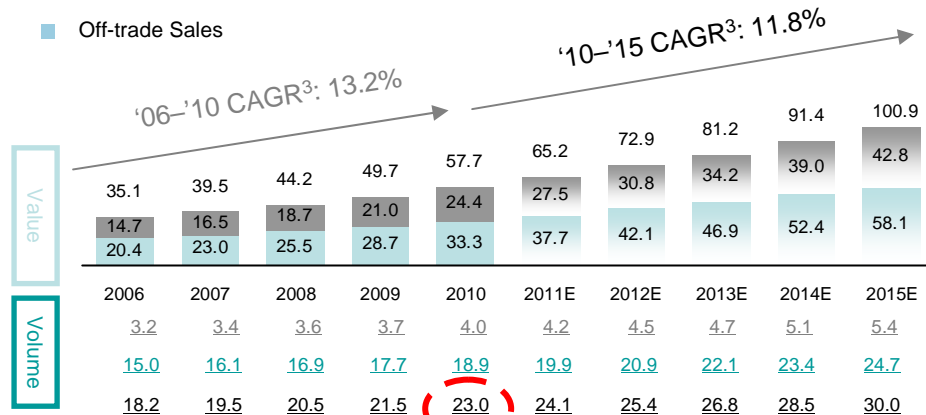
Brazilian Soft Drinks Market (by Category) (Value Terms)



Soft Drinks Market Size

(Value in Billion Reais¹, Volume in Million Kilolitres)

- On-trade Sales
- Off-trade Sales

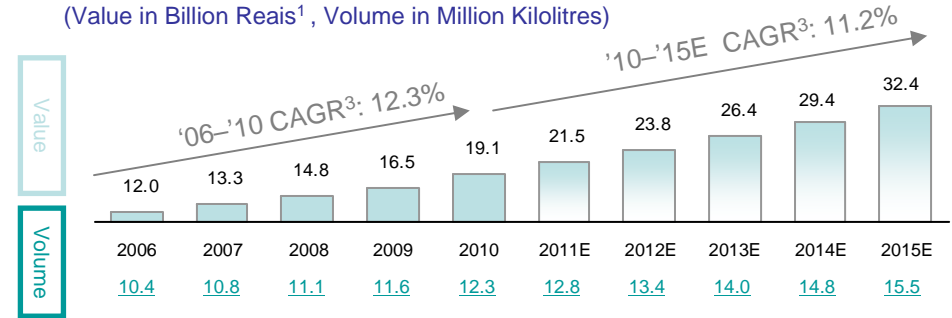


Source: Euromonitor

- Note:
- 1 Before adjustment for inflation
 - 2 Off-trade basis
 - 3 CAGR on value basis

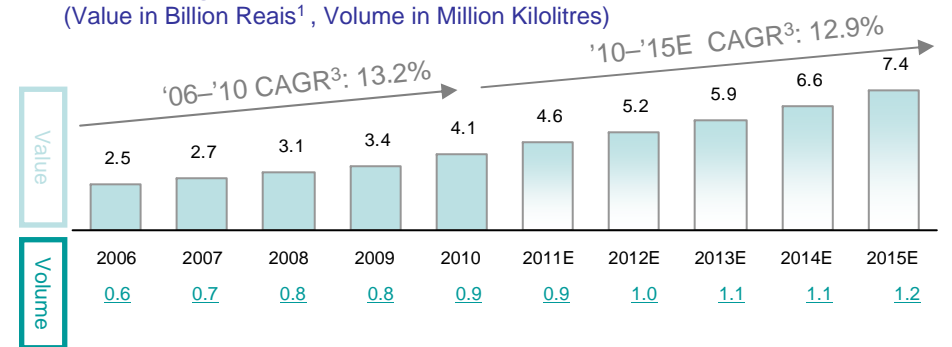
CSD Market Size²

(Value in Billion Reais¹, Volume in Million Kilolitres)



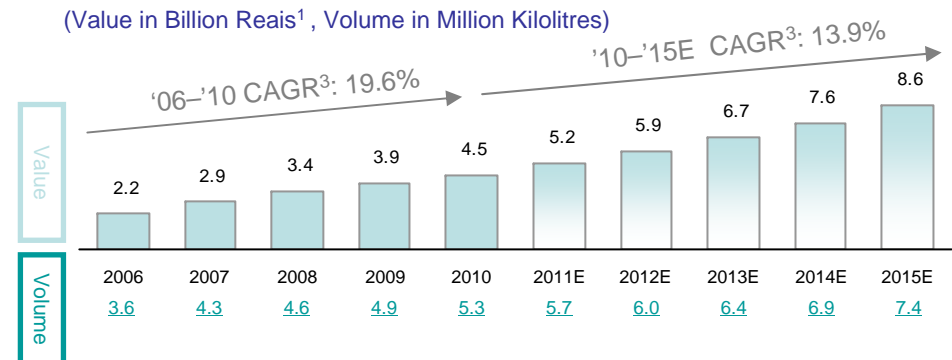
Fruit/Vegetables Juice Market Size²

(Value in Billion Reais¹, Volume in Million Kilolitres)



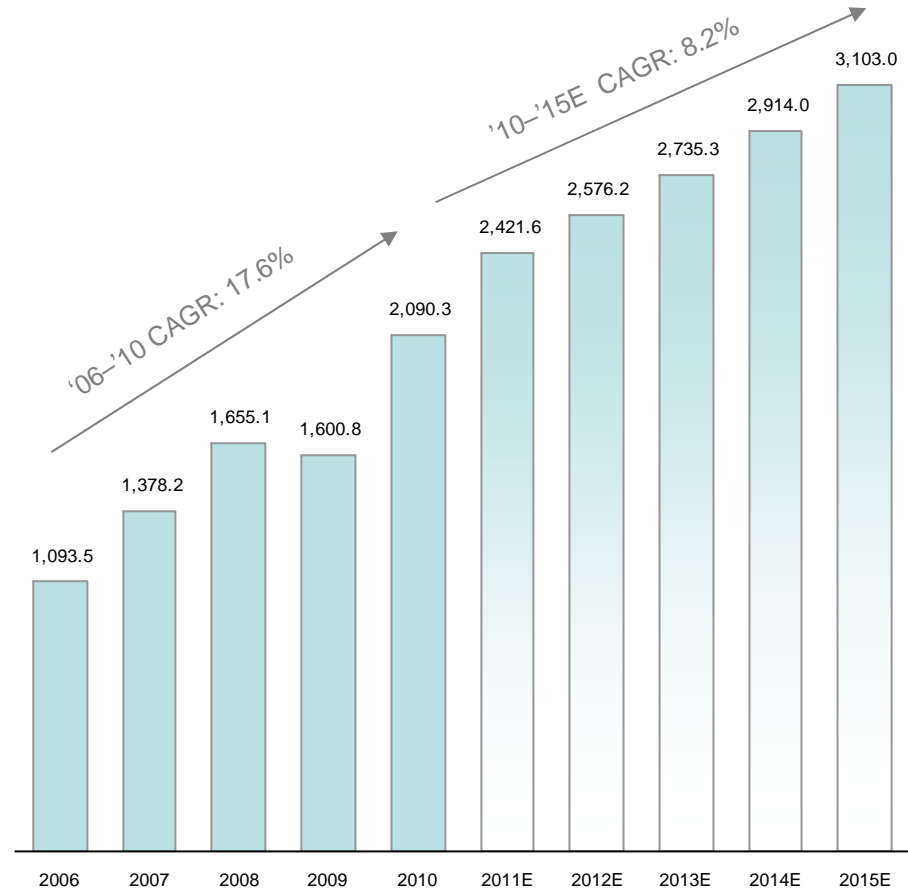
Bottled Water Market Size²

(Value in Billion Reais¹, Volume in Million Kilolitres)

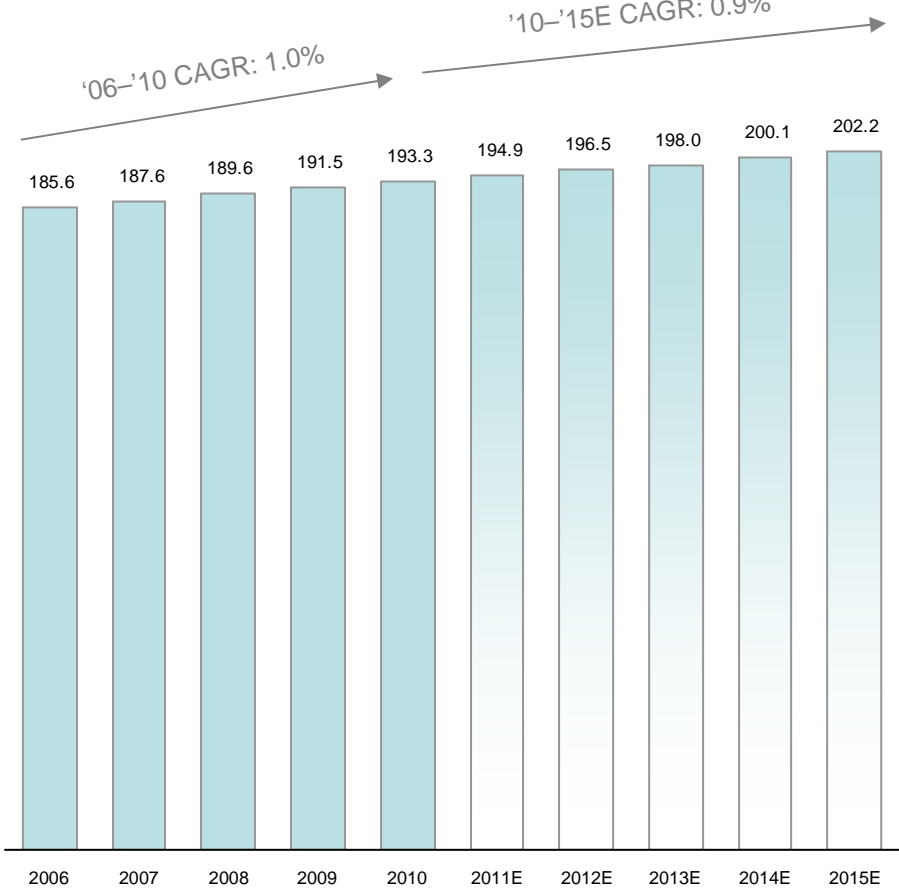


Brazilian Economy: Overview

Nominal GDP
(Billion USD)



Population
(Millions)



Source: IMF, World Economic Outlook Database for GDP. EIU Forecast for population

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KIRIN

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