

November 4, 2015

Company name: Suntory Beverage & Food Limited
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Notice Concerning Recording of Extraordinary Income (Gain on Step Acquisitions) and Impairment Losses

Suntory Beverage & Food Limited (the “Company”) hereby provides the following notice of the recording of extraordinary income (gain on step acquisitions) and impairment losses in the first nine months of the fiscal year ending December 31, 2015.

1. Recording of Extraordinary Income (Gain on Step Acquisitions)

On July 31, 2015, the Company acquired the shares of Japan Beverage Holdings Inc. (“JB”), a subsidiary of Japan Tobacco Inc. involved in the vending machine operator business (the “Acquisition”) and made JB its consolidated subsidiary. In line with this, the Company recognized an evaluation gain (gain on step acquisitions) of ¥15.7 billion due to revaluation of shares of JB owned by the Company’s subsidiary before the Acquisition, recording this amount under extraordinary income.

2. Recording of Impairment Losses

In 2011, the Company established PT SUNTORY GARUDA BEVERAGE as a joint venture with GarudaFood Group, a food and beverage group in Indonesia, to manufacture and sell soft drinks in Indonesia.

In recent years, Indonesia’s economic growth and beverage market expansion have been below our initial expectations, and current performance in the country is lower than the plans we initially formulated. Accordingly, the Company has rigorously reviewed the corresponding business plan and asset values. As a result, the Company recognized impairment loss on goodwill, etc. of ¥9.7 billion relating to its Indonesian subsidiary, recording this amount under extraordinary loss. In addition, the Company recognized impairment loss of ¥5.8 billion relating to its affiliate, recording this amount under non-operating expenses as equity in losses of affiliates.

The Company believes that the Indonesian beverage market will continue to grow. Based

on its new business plans, the Company aims to achieve an early improvement in earnings.

3. Effects on Business Performance

The combined effects of the extraordinary income (gain on step acquisitions) and impairment losses on the Company's consolidated performance for the fiscal year ending December 31, 2015, are slight. For information concerning the Company's consolidated earnings forecasts for the fiscal year ending December 31, 2015, please refer to the "Summary of Consolidated Financial Results for the First Nine Months of the Fiscal Year Ending December 31, 2015 <under Japanese GAAP> (UNAUDITED)," dated November 4, 2015.