

[Translation]

July 6, 2009

Company Name	Sapporo Holdings Limited
Representative	Takao Murakami, President and Representative Director
Stock Code	2501
Listed on	Tokyo Stock Exchange Sapporo Stock Exchange
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Update Regarding Strategic Business and Capital Alliance with Morgan Stanley

On October 30, 2007, Sapporo Holdings Limited (the “Company”) and Yebisu Garden Place Co., Ltd., a consolidated subsidiary of the Company, resolved and announced to engage in a strategic business and capital alliance (hereinafter referred to as the “Alliance”) with Morgan Stanley Japan Securities Co., Ltd. and its affiliated companies¹ relating to the domestic and international real estate business (hereinafter referred to as “Morgan Stanley”), where the Alliance sought to improve the corporate value of the real estate and other businesses.

As part of the aforementioned strategic business alliance, the Company has made progress by transferring a 15% undivided co-ownership interest in the real estate complex known as Yebisu Garden Place (located in Ebisu, Shibuya-ku, Tokyo and other adjacent addresses; hereinafter referred to as the “Yebisu Garden Place Complex”) to a real estate fund managed by Morgan Stanley (together with special purpose companies that are formed by the fund, hereinafter referred to as the “Fund”) in April 2008 and by improving the asset value thereof through joint asset management activities with respect to the Yebisu Garden Place Complex.

Regarding the capital alliance, the Fund was originally required to make commercially reasonable efforts to increase, by June 30, 2008, the Fund’s shareholding in the Company to the equivalent of approximately 5% of the issued and outstanding shares (excluding treasury stocks and fractional shares (*tangen miman kabushiki*)) on the basis of the Company’s voting rights ratio for the purpose of strengthening the alliance relationship and the coordination with each of the Company’s group affiliates. However, as of December 31, 2008, the number of shares in the Company held by the Fund was approximately 7 million (approximately 1.8% on the basis of the Company’s voting rights) and had not reached the above shareholding ratio.

Given the aforementioned situation, the Company made an inquiry to Morgan Stanley regarding the shareholding ratio, and Morgan Stanley responded that under the current and future market and economic circumstances, etc.,

¹ Including real estate funds advised or managed by these entities and special purpose companies formed by these real estate funds

there was a possibility that the Fund might consider selling all or a part of its existing shareholding in the Company. Based on such response, the Company believes that the Fund's shareholding in the Company is unlikely to reach the equivalent of 5% on the basis of the Company's voting rights ratio, and therefore the Company is making this announcement.

Notwithstanding the above, the Company will continue the Alliance hereafter and will make efforts to improve the value of the Yebisu Garden Place Complex through joint asset management activities with Morgan Stanley.

[End of this release]