

We will Change of Trading Name from "Kachikaihatsu" to "Polaris Holdings"
to go through the 147th Ordinary General Meeting of Shareholders due to be held in June 2021.



October 13, 2020

FOR IMMEDIATE RELEASE

Company Name: KACHIKAIHATSU Co., Ltd.

Representative: Atsuo Umeki, President and Representative Director

Stock Listing: Tokyo Stock Exchange, Second Section

Stock Code: 3010

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Notice of Execution of Hotel Management Contracts and Revenue Guarantee Contracts for Five Hotels

KACHIKAIHATSU Co., Ltd. (hereinafter, "Polaris Holdings") announced today that KOKO HOTELS Co., Ltd., which is a subsidiary of Polaris Holdings, decided to execute a hotel management contract (hereinafter, the "Hotel Management Contract") and to commence management of five hotels under Polaris Group's new brand KOKO HOTELS. In addition to the Hotel Management Agreement, KOKO HOTELS Co., Ltd. decided to execute a revenue guarantee contract (hereinafter, the "Revenue Guarantee Contract") with the sponsor group enterprise of Polaris Holdings under which if the revenue from the hotels under management is less than the operating expenses, such operating expenses and management fees shall be covered by the sponsor group enterprise. Details are as follows.

1. Conclusion of the Hotel Management Contract

(1) Events leading to the Hotel Management Contract

As stated in "Notice of Execution of MOU to Manage Five Hotels" released on September 30, 2020, Polaris Group executed a Memorandum of Understanding on the Hotel Management and held discussions with Star Asia Group, the sponsor of Polaris Holdings, in anticipation of concluding a hotel management contract with respect to UNIZO INN Sapporo, UNIZO Ginza-itchome, UNIZO INN Hiroshima Ekimae, HOTEL UNIZO Fukuoka Tenjin, and UNIZO INN Express Kagoshima Tenmonkan (hereinafter the "Property Portfolio"). Polaris Group has now executed a hotel management contract in which Polaris Group is named as hotel operator for the Property Portfolio and will commence operation sequentially from October 14, 2020.

(2) New hotel brand KOKO HOTEL

As stated in the KACHIKAIHATSU Growth Strategy Plan (Fiscal Year Ending March 2021 to Fiscal Year Ending March 2022) released on August 7, 2020, the Polaris Group has been examining the launch of a new hotel concept, aimed at creating high-tech hotels that utilize both AI and IT to achieve efficient hotel management. As part of the realization of this hotel concept, the Polaris Group has launched KOKO HOTELS as a new internally developed brand and to market this brand as a Group in the future. The Property Portfolio hotels will be the first hotels under Polaris Group's original brand. These KOKO HOTELS are all located in convenient locations in major Japanese cities and will tap into both business and tourism demand in their respective submarkets, and can be expected to contribute to the Polaris Group's sustainable profit growth.

The execution of the contract to manage the Property Portfolio will increase the total number of hotels managed by Polaris Group to 31 with 5,199 guestrooms. This transaction will increase the number of properties under management by 19.2% and the number of guestrooms by 31.1%, respectively.

(3) Outline of the Portfolio

Hotel name	Address	Number of guestrooms	Management start date
KOKO HOTEL GINZA 1-CHOME (Old Name: HOTEL UNIZO Tokyo Ginza-itchome)	1-9-5 Ginza, Chuo-ku, Tokyo	305	October 14, 2020
KOKO HOTEL SAPPORO EKIMAE (Old Name: UNIZO INN Sapporo)	3-3-10 Kita 1-jonishi, Chuo-ku, Sapporo-shi, Hokkaido	224	October 23, 2020
KOKO HOTEL FUKUOKA TENJIN (Old Name: HOTEL UNIZO Fukuoka Tenjin)	1-22-14 Imaizumi, Chuo-ku, Fukuoka-shi, Fukuoka	159	October 30, 2020
KOKO HOTEL HIROSHIMA EKIMAE (Old Name: UNIZO INN Hiroshima Ekimae)	10-3 Kyobashi-cho, Minami-ku, Hiroshima City, Hiroshima	250	November 6, 2020
KOKO HOTEL KAGOSHIMA TENMONKAN (Old Name: UNIZO INN Express Kagoshima Tenmonkan)	4-24 Higashi-Sengoku-cho, Kagoshima City, Kagoshima	295	November 13, 2020

(4) Date of agreement

Date of agreement	October 13, 2020
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(5) Outline of counterparty

The counterparty is a separate bankruptcy remote company with no capital ties with the Star Asia Group.

(i) Name	KOKO HOTEL Ginza-1chome GK	
(ii) Address	5-1-4, Toranomom, Minato-ku, Tokyo	
(iii) Date of incorporation	July 20, 2020	
(iv) Outline of Managing Partner	Name	Managing Member Kiel General Incorporated Association
	Address	5-1-4, Toranomom, Minato-ku, Tokyo
	Positions and names of representatives	Representative Member Kiel General Incorporated Association
	Business descriptions	Services including the acquisition, holding and disposal of shares, specified equity, equity and other interests
(v) Relationship between the listed company and the fund	Capital relationship	There are no relationships worthy of special mention.
	Human relationship	There are no relationships worthy of special mention.
	Business	There are no relationships worthy of special mention.

	relationship	
	Whether this company is a related party	There are no relationships worthy of special mention.

(i) Name	KOKO HOTEL Sapporo Ekimae GK	
(ii) Address	5-1-4, Toranomom, Minato-ku, Tokyo	
(iii) Date of incorporation	July 20, 2020	
(iv) Outline of Managing Partner	Name	Managing Member Kiel General Incorporated Association
	Address	5-1-4, Toranomom, Minato-ku, Tokyo
	Positions and names of representatives	Representative Member Kiel General Incorporated Association
	Business descriptions	Services including the acquisition, holding and disposal of shares, specified equity, equity and other interests
(v) Relationship between the listed company and the fund	Capital relationship	There are no relationships worthy of special mention.
	Human relationship	There are no relationships worthy of special mention.
	Business relationship	There are no relationships worthy of special mention.
	Whether this company is a related party	There are no relationships worthy of special mention.

(i) Name	KOKO HOTEL Fukuoka Tenjin GK	
(ii) Address	5-1-4, Toranomom, Minato-ku, Tokyo	
(iii) Date of incorporation	July 20, 2020	
(iv) Outline of Managing Partner	Name	Managing Member Kiel General Incorporated Association
	Address	5-1-4, Toranomom, Minato-ku, Tokyo
	Positions and names of representatives	Representative Member Kiel General Incorporated Association
	Business descriptions	Services including the acquisition, holding and disposal of shares, specified equity, equity and other interests
(v) Relationship between the listed company and the fund	Capital relationship	There are no relationships worthy of special mention.
	Human relationship	There are no relationships worthy of special mention.
	Business relationship	There are no relationships worthy of special mention.
	Whether this company is a related party	There are no relationships worthy of special mention.

(i) Name	KOKO HOTEL Hiroshima Ekimae GK	
(ii) Address	5-1-4, Toranomom, Minato-ku, Tokyo	
(iii) Date of incorporation	July 20, 2020	
(iv) Outline of Managing Partner	Name	Managing Member Kiel General Incorporated Association
	Address	5-1-4, Toranomom, Minato-ku, Tokyo
	Positions and names of representatives	Representative Member Kiel General Incorporated Association

	Business descriptions	Services including the acquisition, holding and disposal of shares, specified equity, equity and other interests
(v) Relationship between the listed company and the fund	Capital relationship	There are no relationships worthy of special mention.
	Human relationship	There are no relationships worthy of special mention.
	Business relationship	There are no relationships worthy of special mention.
	Whether this company is a related party	There are no relationships worthy of special mention.

(i) Name	KOKO HOTEL Kagoshima Tenmonkan GK	
(ii) Address	5-1-4, Toranomom, Minato-ku, Tokyo	
(iii) Date of incorporation	July 20, 2020	
(iv) Outline of Managing Partner	Name	Managing Member Kiel General Incorporated Association
	Address	5-1-4, Toranomom, Minato-ku, Tokyo
	Positions and names of representatives	Representative Member Kiel General Incorporated Association
	Business descriptions	Services including the acquisition, holding and disposal of shares, specified equity, equity and other interests
(v) Relationship between the listed company and the fund	Capital relationship	There are no relationships worthy of special mention.
	Human relationship	There are no relationships worthy of special mention.
	Business relationship	There are no relationships worthy of special mention.
	Whether this company is a related party	There are no relationships worthy of special mention.

2. Execution of the Revenue Guarantee Contract

(1) Details of the agreement

KOKO HOTELS Co., Ltd., which is the hotel operator of the Property Portfolio, will conclude a revenue guarantee contract with SAJP IV Hospitality LLC, which belongs to the Star Asia Group. Under this contract, if hotel revenues from operation of the Property Portfolio are less than the operating expenses in any month during the contract term, a guarantee payment covering such operating expenses and the management fees shall be paid to KOKO HOTELS Co., Ltd. by SAJP IV Hospitality LLC.

(2) Date of agreement

Date of agreement	October 13, 2020
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(3) Outline of counterparty

(i) Name	SAJP IV Hospitality LLC	
(ii) Address	125 Gaither Drive, Suite L, Mount Laurel, NJ 08054 USA	
(iii) Positions and names of representatives	Star Asia Japan Special Situation IV LP	
(iv) Business descriptions	Investment	
(v) Established	August 19, 2020	
(vi) Relationship between the Company and this company	Capital relationship	The Company does not have a direct capital relationship with this company, but this company is a subsidiary, etc. of the Company's parent company, etc.

	Human relationship	There are no human relationships worthy of special mention between the Company and this company. This company is a subsidiary of Star Asia Group. The Company has five directors from Star Asia Group.
	Business relationship	There are no relationships worthy of special mention.
	Whether this company is a related party	This company is a related party because it has the same parent company as the Company.

3. Outlook

The impact of the execution of the Hotel Management Contract and the Revenue Guarantee Contract on performance in the current fiscal year will be insignificant partly due to the COVID-19 pandemic. If there are any material developments in the future, Polaris Holdings will promptly make a public announcement.

With regards to the consolidated forecasts, Polaris Holdings will continue to postpone disclosure at this time given the difficulty in reasonably forecasting the impact of the COVID-19 pandemic on Polaris Group's business activities for the fiscal year ending March 31, 2021. The Group will promptly announce the forecast as soon as disclosure becomes possible.