

Supplementary Materials on New Hotel Contracts

**October 13, 2020
Polaris Holdings KK**

KACHIKAIHATSU Co., Ltd. plans to change its trading name to Polaris Holdings K.K. subject to approval at the general meeting of shareholders to be held in June 2021.

Hotels to be operated

- Rigorously selected hotels in major cities in Japan or locations where demand for both business and tourist accommodation can be expected
- Hotels having an average of 200 guestrooms or more and benefiting from economies of scale, with focus on operation with high management efficiency through reduction of fixed cost ratio

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

Total 1,233

Outline of Contracts

- Operation of hotels under a management contract arrangement as a fee business without the burden of rent payments
- Operating expenses and sales-based operation fees during contract term borne by sponsor group enterprise

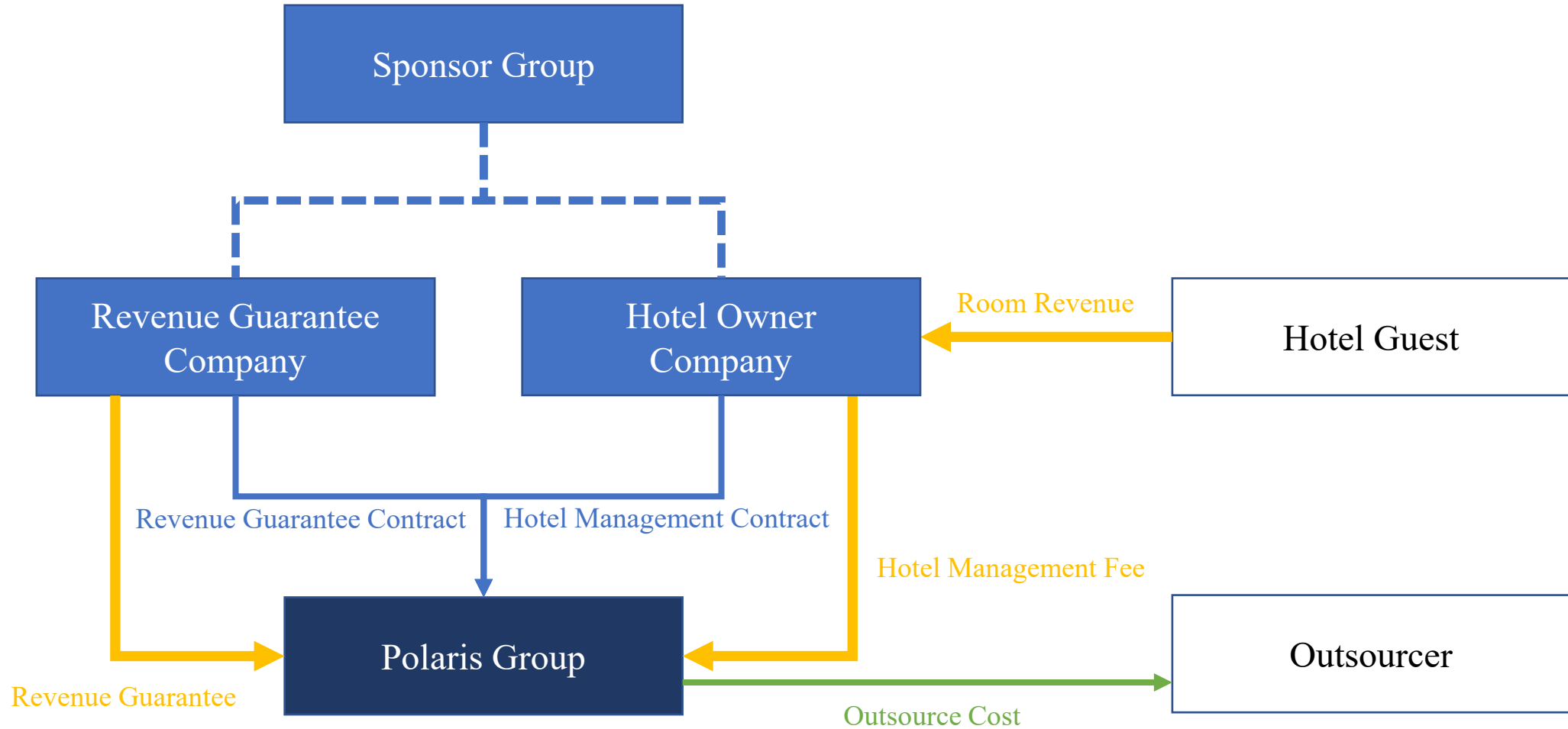
Hotel management contract (outline)

- In contrast to hotel operation under a lease contract whereby hotel operator is obliged to pay long-term fixed or variable rents, hotel operation under a management contract arrangement whereby hotel owner assumes hotel operation cashflow risks **eliminates risk of fluctuation during contract term and guarantees recording of fees**
- Operation of hotels under contract as a **fee business** i.e hotel operator receives operation fees based on hotel revenues and gross operating profit (GOP)

Revenue guarantee contract (outline)

- Any operating expenses (payments to subcontractors, etc.) not covered by GOP from hotel revenues are borne by sponsor group enterprise based on a revenue guarantee contract
- This also applies to the portion of operation fees specified in the contract which is linked to hotel revenues

Outline of Structure



Hotel Brand (1)

- Launch of **KOKO Hotels** as a new independent brand
- Aiming for concept which is different from previous business of hotels specializing in lodging and for a hotel brand with **high management efficiency through application of IoT technology**

KOKO Hotels BRAND NAME CONCEPT

STORY

A Typical Business Hotel Experience

Gotta travel for business and need a place to stay. I really don't care where.

A quiet lobby once I enter.
The same ol' front desk service.

Jump into the ofuro after I check in. Once I'm done prep for tomorrow, I crash.
Next morning, I mozy down to grab breakfast and then check out.

An unmemorable experience that just passes time.

After all, it's just a business hotel.

A Business Hotel Starring People

"Good evening, it's great to see you again!"
"We just got a rare regional sake
so please make sure to drop by of you have a chance!"

Once I enter, an expansive bar and a familiar face greets me.
There is no lobby.

The person sitting next to me is also on business.
Before we know if, we're chatting up a storm with the bartender.

I bump into that person in the morning and we grab breakfast together.
I quickly prep for my meeting in the co-working space and then check out.

When I come back on business, this (koko) is where I'm staying.

INSPIRATION

此処

- ここ(KOKO) -

— Current connotation — until now, right here, from now on

— Historical connotation — me, you



KOKO is a deeply rooted Japanese word that connotes the connection of people as well as the past, present, and future.

An experience is not a dot – it's represented best by a line.

The communication between "me" and "you" is what make our memories (past), connects us (today), and inspires us (future).

The staff's motivation is consistently evolving around the challenge to connect the dots.



LOGO



KOKO Hotels

KOKO Hotels

Structure: a combination of a hard structured "K" and a soft-lined "O"
= a good balance between two contrasting characters
= a highly adaptable logo

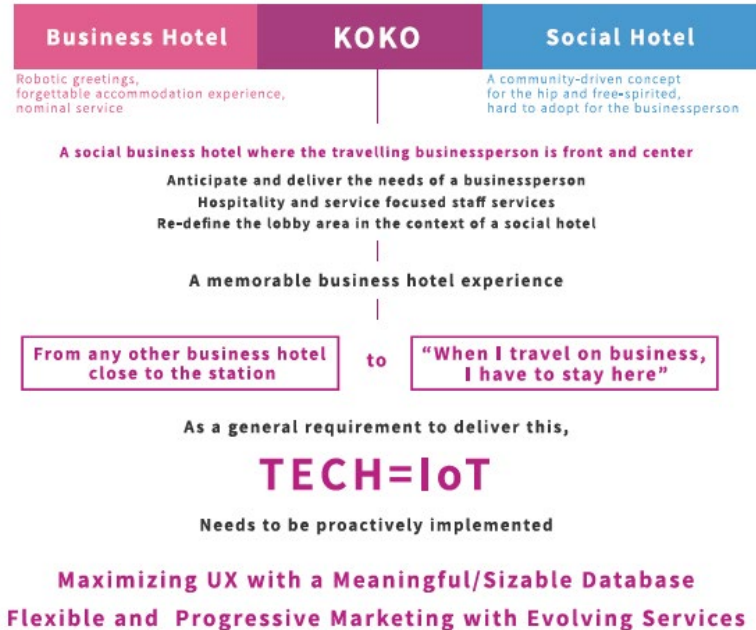
Pronunciation: short phrase, rolls off the tongue, repetition of a soft syllable
= memorable, easy to pronounce. A comforting sound regardless of gender.

Easy to remember. Easy to pronounce. Comforting.
Appeals to a large audience, including women.

Hotel Brand (2)



A Business Hotel Starring People



TO DELIVER THE VALUE PROPOSITION

- Anticipate and deliver the needs of a businessperson

App Development for IoT customer database connectivity

Automated Process check-in/out, room keys, room service etc.

Breakfast menu redevelopment, delivery method

Female-Friendly female-focused product development, satisfied women ⇌ satisfied men

- Hospitality and service focused staff services

IoT

Operational Efficiency reallocation of resources from reduced administration expenses

Hospitality Focused communication-driven soft services

Recruiting staff personalities shine and become a core value

- Re-define the lobby area in the context of a social hotel

F&B Space in-house delivery of a café/restaurant/bar that become a key component of the brand identity

Reception Bar bar/restaurant staff assists check-in/out – friendly human interaction

Co-Working a casual workspace

Disclaimer

Notes on this document

- This document is made based on information available at the time of writing. Plans, forecasts, strategies, and other forward-looking statements in this report are not historical facts, and include elements of risk and uncertainty. Actual results may therefore differ materially from these forward-looking statements due to changes in the business environment and other factors.
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