

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.



November 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 MOU Regarding Revenue Guarantee Contracts  
and Negotiations for Receipt of Pre-opening Fee**

Kachikaihatsu Co., Ltd. (hereinafter, "Polaris Holdings") announced today that subsidiary group, KOKO HOTELS Co., Ltd., is finalizing the execution of a memorandum of understanding to receive a fee of approximately JPY350 million from SAJP IV Hospitality LLC, an affiliate of Star Asia Group, the sponsor of Polaris Holdings, (hereinafter, the "MOU on Revenue Guarantee Contracts"). The negotiated fee is for preparing for the start of operations of five of the recently launched KOKO HOTELS brand. Details are as follows.

1. Outline of Discussion Contents

As announced in the "Notice of Execution of Hotel Management Contracts and Revenue Guarantee Contracts for Five Hotels" disclosed on October 13, 2020, KOKO HOTELS Co., Ltd. has decided to execute a new hotel management contract (hereinafter, the "Hotel Management Contract") and commence the management of five hotels under Polaris Group's new brand, KOKO HOTELS. Polaris Group prepared for the opening of the five hotels and commenced operations at each hotel location during the period of October 14th to November 13, 2020.

KOKO HOTELS Co., Ltd. was entrusted with the management of the five hotels based through the Hotel Management Contract during the current situation when the hotel industry is facing very harsh conditions due to the COVID-19 pandemic and it negotiated and concluded a revenue guarantee contract with SAJP IV Hospitality LLC to avoid the risk of generating potential losses related to the hotel management. As such, SAJP IV Hospitality LLC will cover the operating expenses and management fees if the revenue from the hotels under management falls below the operating expenses. Based on the revenue guarantee contract, KOKO HOTELS Co., Ltd. is also finalizing negotiations with SAJP IV Hospitality LLC regarding the execution of the MOU on Revenue Guarantee Contracts to receive a fee given the several months of pre-opening activities prior to the commencement of the management of the five hotels. This fee will cover outsourcing expenses for the preparation of their opening given the current harsh situation the hotel industry is facing due to the COVID-19 pandemic.

## 2. Outline of counterparty

(i) Name	SAJP IV Hospitality LLC	
(ii) Address	125 Gaither Drive, Suite L, Mount Laurel, NJ 08054 USA	
(iii) Business descriptions	Investment	
(iv) Established	August 19, 2020	
(v) 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 requiring 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 requiring 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. Schedule

(i) Date of agreement	Late November 2020 (planned)
(ii) Date of receiving preopening funds	Late November 2020 (planned)

## 4. Outlook

With regard to the impact on performance in the current fiscal year, Polaris Holdings plans to record approximately JPY350 million as net sales upon execution of the MOU on Revenue Guarantee Contracts and received the preopening fee. When the Group finalizes the execution of the MOU on Revenue Guarantee Contracts, the Group will promptly announce it.

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.