

Dec. 10, 2021

Company name: Polaris Holdings Co., Ltd. ("Polaris" or the "Company")

Representative: Atsuro Umeki, President, Chief Executive Officer

(Stock Code: 3010.JP, Tokyo Stock Exchange)

Contact: Satoshi Hosono, Director and Chief Financial Officer

(TEL:03-5822-3010)

Polaris to Purchase 145 Room Hotel in Central Sapporo

Polaris is pleased to announce that it has secured the purchase of the Fino Hotel Sapporo Odori (the "Hotel") through one of its subsidiaries. Polaris will acquire the trust beneficiary interest (the "Property") in the land and building of the Hotel, which the Company has already been operating under a long-term, fixed rent lease agreement. The long-term lease agreement with the previous owner will be immediately cancelled with 100% of the economic benefits from owning and operating the Hotel now being received by Polaris. Furthermore, Polaris will benefit from the value created from acquiring the Hotel at an attractive discount to its future value.

The newly built Hotel has 145 rooms, opened in August 2020, and is very accessible with only a 4-minute walk from Odori Station, the main subway station on Sapporo's municipal subway line. The Hotel is also conveniently located for both domestic and overseas leisure and business customers given that it is a short 2-minute walk to Odori Park, where world famous "Snow Festival" is held each year, as well as short distance to the Susukino area, Hokkaido's largest urban downtown.

1. Reasons and Benefits of Purchasing the Hotel

As stated in our press release dated Oct. 22, 2021, Polaris is aggressively positioning the Company to achieve further accretive growth by utilizing the JPY2.8 billion (up to JPY5.9 billion through exercise of stock acquisition rights) strategically raised through its recent third party allotment of shares. Polaris believes the prolonged pandemic has and will continue to provide the Company with unique opportunities to purchase well located and competitively positioned hotel properties at discounted prices due to the highly stressed and dislocated hotel purchase and sale market. Polaris will continue to focus on acquiring additional these hotels as the owner and operator as well as growing the number of hotels under management and variable operating contracts in order to maximize shareholder value.

The Company believes that there are significant economic benefits of owning and operating hotels like Fino Hotel Sapporo Odori in the current hotel environment. The specific benefits include:

- Cancelling the existing 30-year fixed rent lease, thereby immediately eliminating the JPY167mn annual fixed rent payment (approximately JPY4.7 billion over the remaining lease term)
- Significantly lowering the break-even point of the Hotel
- Improving the return on equity (ROE) of the Company
- Significant unrealized gains on the acquired property when liquidity in the hotel property market returns to normalized levels

The purchase of this Hotel is now the third hotel acquired since the Company utilizing its owner and operator model following the Best Western Plus Tenjin Minami in Fukuoka and KOKO HOTEL Tsukiji Ginza in Tokyo, which were purchased in April 2021.

2. Details of Purchased assets

(1)	Subject asset name	Fino Hotel Sapporo Odori
(2)	Address	6-8-1, Minami Ichijo Nishi, Chuo-ku, Sappor City Hokkaido (Residential Indication)
(3)	Asset Overview	Trust beneficial interest (land and buildings)
(4)	Acquisition cost	We will not disclose the information under the confidentiality agreement. (※)

※ We plan to fund the acquisition by investing in the holding partnership and by borrowing from a financial institution.
Details of the borrowing will be disclosed when consummated.

3. Outline of the Counterparty

(1)	Name	ALPHACOURT CORPORATION	
(2)	Address	1-3, Minami Ichijo Nishi 7-chome, Chuo-ku, Sapporo City, Hokkaido	
(3)	Job Title/Name of Representative	Yuji Kawamura Chief Executive Officer	
(4)	Description of Businesses	Comprehensive real estate business and developer business	
(5)	Paid-in Capital	JPY0.1 bn	
(6)	Date of Incorporation	Mar. 22, 2004	
(7)	Net assets	JPY4,014 mn (as of May. 31, 2021)	
(8)	Total assets	JPY23,989 mn (as of May. 31, 2021)	
(9)	Major shareholders and percentage of shares	Alpha Holdings, Inc. 96.3%	
(10)	Relationship between us and the company	Capital relationship	There are no noteworthy items.
		Personnel relationship	There are no noteworthy items.
		Business relationship	There are no noteworthy matters between us and our counterparties. Our consolidated subsidiary, Fino Hotels Co., Ltd., has entered into lease agreements with counterparties for 2 hotels, including the hotel.
		Relevant Status to Relevant Party	There are no noteworthy items.

4. Schedule of Purchase

(1)	Purchase decision date	Dec. 10, 2021
(2)	Contract day	Dec. 10, 2021
(3)	Date of delivery of the premises	Dec. 28, 2021 (planned)

5. Overview of Subsidiaries

(1). Subsidiary to Purchase the Premises

①	Name	Tenjin Hotel Kanri LLC
②	Address	1-4, Toranomom 5-chome, Minato-ku, Tokyo
③	Job Title/Name of Representative	Representative General Partner Association Tenjin Hotel Kanri
④	Description of Businesses	Acquisition, holding and disposal of beneficial interests in real estate trusts, etc.
⑤	Paid-in Capital	JPY0.3 mn

(2) Subsidiary that Operates Hotels

①	Name	Fino Hotels Co., Ltd.
②	Address	12-3, Iwamoto-cho 1-chome, Chiyoda-ku, Tokyo
③	Job Title/Name of Representative	Chief Executive Officer President Shigeru Takakura
④	Description of Businesses	Hotel management
⑤	Paid-in Capital	JPY10 mn

6. Outlook

Upon completion of the purchase, this property will be recorded in current assets as real estate for sale in the consolidated balance sheet.

For the year ending Mar. 2022, it is currently difficult to reasonably predict the effects of the pandemic on the Group's business activities and therefore will be unable to outline our performance forecasts at this time. We will announce our earnings forecasts as soon as practicable.