

January 18, 2023

Company Name: Polaris Holdings Co., Ltd.
Representative: Atsuo Umeki, President and Representative Director
Stock Listing: Tokyo Stock Exchange, Standard Market
Stock Code: 3010
Inquiries: Satoshi Hosono, Director and CFO (TEL:03-5822-3010)

Polaris to Operate Additional Hotels in Sendai, Japan

Polaris Holdings Co., Ltd. (“Polaris”) is pleased to announce that Polaris' Board of Directors resolved today to execute a Memorandum of Understanding for Hotel Management (the “MOU”) with Star Asia Management LLC (“SAM LLC”), the Company of the parent company group “Star Asia Group”, regarding operating several hotels (the “Subject properties”) in Sendai, the largest city in Japan's northeastern region. The Subject properties are in the final stages of being acquired by Star Asia Group (the "Transaction").

1. Conclusion of the MOU

(1) Background leading to the conclusion of the MOU

Upon completion of the Transaction, the current hotel operator is scheduled to terminate the operations at each of the hotels. Polaris has entered into the MOU with Star Asia Group in order to conclude a hotel management contract for Polaris to take over the operations of the Subject hotels.

By leveraging its relationship with the sponsor, Star Asia Group, Polaris has increased the number of rooms under management from 3,109 to 7,890 rooms (Including the number of rooms planned to be operated) between the end of March 2020 and the end of December 2022.

We plan to manage the Subject hotels under a fee-based management contract. we believe that the conclusion of the contract will further contribute to lowering the break-even point and will further increase revenues.

The Subject properties are conveniently located in Sendai City, Miyagi Prefecture, the largest city in Japan's northeastern region, and are in demand for both business and tourism. All the Subject properties have around 200 guest rooms and is the ideal size to realize economies of scale in operations. As expected, these hotels will contribute to the sustainable profit growth for the Company.

(2) Overview of the Subject properties

Hotel names are undisclosed since Star Asia Group is in the process of negotiating with the current property owner.

(3) Overview of SAM LLC

① Name	Star Asia Management LLC	
② Location	251 Little Falls Drive, Wilmington, County of New Castle, Delaware 19808, USA	
③ Name and title of representative	Director: Malcolm F. MacLean IV, Taro Masuyama	
④ Business Description	Investment advisory business and investment management business	
⑤ Capital stock	US\$50,000	
⑥ Date of establishment	December 18, 2019.	
⑦ Major shareholders and their shareholding ratios	Tsuru II LLC (50%) Suzaku II LLC (50%)	
⑧ Relationship between Polaris and the company in question	Capital ties	SAM LLC has no direct capital relationship with Polaris, but it is a subsidiary of Polaris's parent company.
	Personal Relations	Malcolm F. MacLean IV and Taro Masuyama, who are Directors of Polaris, are also Directors of SAM LLC. In addition, three members of Star Asia Group, the parent company group, have also been appointed as directors of Polaris.
	Business Relationship	Polaris and SAM LLC have entered into a business alliance agreement and have formed a business partnership.
	Status as a related party	As the parent company of Polaris and SAM LLC are the same, SAM LLC is a related party of Polaris.

2. Schedule (Scheduled)

① Conclusion of this MOU	January 18, 2023
② Conclusion of hotel management contract	April 2023
③ Hotel operation begins.	Around June-July 2023

3. Outlook

With the conclusion of the MOU, the parties will look to promptly finalize and conclude the definitive hotel management contract for the hotels. Until the execution of the management contract, the impact of the MOU on our consolidated business performance is negligible. If any matter requiring disclosure arises in the future, we will promptly announce it.

NOTE: This is an English translation summary of the Company's announcement in Japanese. No assurances or warranties are given for completeness or accuracy of this English translation summary.