

FOR IMMEDIATE RELEASE

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Polaris Executes Management Agreement for 3 New Hotels in Sendai City

Polaris Holdings Co., Ltd. (hereinafter the “Polaris” or the “Company”) announced today that Fino Hotels Co., Ltd., (hereinafter the “Fino Hotels”) a subsidiary of Polaris, executed a hotel management agreement (hereinafter the “Hotel Management Agreement”) regarding three new hotels (hereinafter the “Hotel Portfolio”) in Sendai City pursuant to a Board of Directors resolution. The acquisition of the Hotel Portfolio with 590 rooms was completed by Star Asia Group, Polaris’s sponsor group, and Polaris will commence the management of the Hotel Portfolio under Polaris Group’s brand “KOKO HOTEL”. In addition, Fino Hotels entered into a Revenue Guarantee Contract (hereinafter the “Revenue Guarantee Contract”) with affiliates of Star Asia Group to secure minimum profitability related to the hotel operations of the Hotel Portfolio.

1. Execution of the Hotel Management Agreement

(1) Reasons for the execution of the Hotel Management Agreement

One of Polaris Group’s growth strategies is to continue to expand its hotel management platform. Polaris Group is focused on increasing the number of hotels managed under fee-based management and variable rent contracts, which contribute to lowering the break-even point of the Company. The Hotel Portfolio will also be managed under a fee-based management contract to further lower the break-even point and contribute to Polaris’ continued earnings growth. Polaris Group has successfully increased the number of rooms under management from 3,109 to 8,075 between the end of March 2020 and the end of March 2023, an increase of approximately 2.6x (approximately 1.8 times for domestic hotels only). In April 2023, Fino Hotels also began operating a new hotel in Kyoto City. Including the Hotel Portfolio, , the number of rooms under management will increase to 8,722, further expanding Polaris’ operating platform in terms of both the number of rooms and locations. The Hotel Portfolio is conveniently located in Sendai City, Miyagi Prefecture, the largest city in the Tohoku region and all the hotels specialize in catering to both business as well as domestic and international leisure demand. Each hotel has an average of approximately 200 rooms and is large enough to realize

efficient and profitable hotel operations. In addition to stable domestic demand, Sendai International Airport has direct flights to and from several East Asian countries, including key markets, China and Korea. The overall accommodation market in Sendai City is expected to grow with increasing inbound tourist demand.

Currently, Polaris Group operates three hotels in Miyagi Prefecture under the “Value the Hotel” brand, and the Hotel Portfolio will be the first opening in Miyagi Prefecture under the "KOKO HOTEL" brand. Polaris believes that by commencing operations of multiple hotels at the same time, it will further strengthen the brand awareness, marketing capabilities, and operational efficiency of the growing KOKO Hotel brand.

(2) Outline of the Hotel Portfolio

Hotel Name	Location	Number of rooms	Start of Operation
(i) KOKO HOTEL Sendai Kotodai Park	2-15-10, Honcho, Aoba-ku, Sendai-shi, Miyagi Japan	230 rooms	September to October 2023 (planned)
(ii) KOKO HOTEL Sendai Station West	3-8-27, Chuo, Aoba-ku, Sendai-shi, Miyagi Japan	170 rooms	
(iii) KOKO HOTEL Sendai Station South	4-7-1, Chuo, Aoba-ku, Sendai-shi, Miyagi Japan	190 rooms	
		Total	590 rooms

(3) Schedule

Date of execution of the Hotel Management Agreement: June 30, 2023

(4) Outline of the Counterparty

KOKO HOTEL Sendai Kotodai Park

(i) Name	Kotodai Hotel GK	
(ii) Address	ARK Hills Sengokuyama Mori Tower 40F, 1-9-10 Roppongi, Minato-ku, Tokyo	
(iii) Date of incorporation	March 29, 2023	
(iv) Business	Hotel Business	
(v) Outline of Managing Partner	Name	Managing Member Kirogi General Incorporated Association
	Address	ARK Hills Sengokuyama Mori Tower 40F, 1-9-10 Roppongi, Minato-ku, Tokyo
	Positions and names of representatives	Representative Member Kirogi General Incorporated Association
(vi) 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.

KOKO HOTEL Sendai Station West

(i) Name	Sendai Station West Hotel GK	
(ii) Address	ARK Hills Sengokuyama Mori Tower 40F, 1-9-10 Roppongi, Minato-ku, Tokyo	
(iii) Date of incorporation	March 29, 2023	
(iv) Business	Hotel Business	
(v) Outline of Managing Partner	Name	Managing Member Kirogi General Incorporated Association

Partner	Address	ARK Hills Sengokuyama Mori Tower 40F, 1-9-10 Roppongi, Minato-ku, Tokyo
	Positions and names of representatives	Representative Member Kirogi General Incorporated Association
(vi) 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.

KOKO HOTEL Sendai Station South

(i) Name	Sendai Station South Hotel GK	
(ii) Address	ARK Hills Sengokuyama Mori Tower 40F, 1-9-10 Roppongi, Minato-ku, Tokyo	
(iii) Date of incorporation	March 29, 2023	
(iv) Business	Hotel Business	
(v) Outline of Managing Partner	Name	Managing Member Kirogi General Incorporated Association
	Address	ARK Hills Sengokuyama Mori Tower 40F, 1-9-10 Roppongi, Minato-ku, Tokyo
	Positions and names of representatives	Representative Member Kirogi General Incorporated Association
(vi) 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 Revenue Guarantee Contract

Fino Hotels executed a Revenue Guarantee Contract with an affiliate of Star Asia Group (hereinafter the “Guarantor Company”). The Revenue Guarantee Contract is critical in order to avoid losses related to hotel management, secure management consignment fees, and strengthen profits related to hotel management.

Under the Revenue Guarantee Contract, Fino Hotels will receive "Opening Preparation Funds" of JPY 177 million from the Guarantor Company as expenses related to preparations to commence the operations of each hotel. Under the subject agreement, if the hotel sales of the portfolio fall below the operating cost in a particular month, a deposit to cover the operating cost and the management consignment fee will be paid.

(2) Schedule

Date of execution of the Revenue Guarantee Contract: June 30, 2023

(3) Outline of the Counterparty

The Guarantor Company is an overseas affiliate of Star Asia Group. Although there is no direct capital relationship

between Polaris and the Guarantor Company, the Guarantor Company is a related party of Polaris.

3. Outlook

Regarding the impact of the commencement of operations of the Hotel Portfolio and the receipt of Opening Preparation Funds on the consolidated full-year earnings forecast for the fiscal year ending March 31, 2024, Polaris is currently examining the timing of the commencement of operations and the costs associated with preparation for the opening of the Hotel Portfolio. If the amount of impact is determined and revisions to the forecast are required, Polaris will promptly announce such revisions.

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.

(Reference) Photos of the Hotel Portfolio

KOKO HOTEL Sendai Kotodai Park

Exterior



Restaurant



Lobby



Guest Room



KOKO HOTEL Sendai Station West

Exterior



Restaurant



KOKO HOTEL Sendai Station West (Continued)

Lobby



Guest Room



KOKO HOTEL Sendai Station South

Exterior



Restaurant



Lobby



Guest Room



(Note) The conditions of the Hotel Portfolio at the time of opening may differ from the photos above due to renovation works to be carried hereafter.