

December 24, 2021

FOR IMMEDIATE RELEASE

Company Name: Polaris Holdings Co., Ltd.
 Representative: Atsuo Umeki, President and Representative Director
 Stock Listing: Tokyo Stock Exchange, Second Section
 Stock Code: 3010
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Notice Concerning Asset Management Agreement

Polaris Holdings Co., Ltd. (hereinafter "Polaris" or the "Company") previously announced in the Company's press release dated December 10, 2021 titled "Notice Concerning Purchase of Fino Hotel Sapporo-Odori", the Company's consolidated subsidiary, GK Tenjin Hotel Kanri (hereinafter "Tenjin Hotel Kanri"), has entered into an asset management agreement (hereinafter the "AM Agreement") with Star Asia Asset Advisors Corporation (hereinafter "SAAA"), a subsidiary of the Company's sponsor group, to entrust the management and operation of the trust beneficiary interest in the land and building of Fino Hotel Sapporo-Odori (hereinafter the "Property") to be acquired by Tenjin Hotel Kanri. Details are as follows:

1. Overview

As announced in the Company's press release dated April 27, 2021 titled "Notice Concerning Completion of Investment in Silent Partnership and Consolidation of Special Purpose Company (Best Western Plus Fukuoka Tenjin-minami)", the Asset Management Company holds a hotel building (trust beneficiary interest in the property) in Best Western Plus Fukuoka Tenjin-minami on April 28, 2021 and entrusts the asset management business for the property to SAAA. Upon the acquisition of the Property Company, Tenjin Hotel Kanri will enter into an AM Agreement to entrust the property level asset management to SAAA.

2. Overview of Subsidiary

(i) Name	GK Tenjin Hotel Kanri
(ii) Address	5-1-4 Toranomom, Minato-ku, Tokyo
(iii) Positions and name of representative	Representative Executive Officer General Incorporated Association Tenjin Hotel Kanri
(iv) Business description	Acquisition, holding and disposition of trust beneficiary interests in real estate
(v) Capital Amount	300 thousand yen

3. Overview of SAAA

(i) Name	Star Asia Asset Advisors Corporation	
(ii) Address	18 f Atago Green Hills Tower, 2-5-1	
(iii) Positions and name of representative	Representative Director	
(iv) Business description	Investment advisory business, etc.	
(v) Date of Establishment	May 2, 2008	
(vi) Relationship between the Company and this company	Capital relations	Although there is no direct capital relationship with the concerned company.
	Human relations	The Company has received five Directors from Star Asia Group.
	Business relations	Best Western Plus Tenjin-Minami Asset management services for hotel buildings (trust beneficiary interests in the property) are outsourced.

	Applicability to related parties	The said company has the same parent company as the Company. It falls under the category of related party.
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4. Future Outlook

With the execution of the AM Agreement, Tenjin Hotel Kanri is scheduled to record approximately JPY10 million as compensation for the acquisition of the Property and approximately JPY10 million per year as compensation for the ongoing property-level asset management of the Property.

As it is difficult to reasonably predict the continued impact of the COVID-19 pandemic on the Group's business activities in the fiscal year ending March 31, 2022, the Group has decided not to disclose its earnings forecasts. The Company will announce the financial results forecast as soon as it becomes possible to disclose it.

5. Matters related to transactions with controlling shareholders

(1) Compliance with the Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholders

Since the counterparty of the Asset Management Agreement is a subsidiary of the parent company, etc. of the Company, the Transaction falls under the category of transaction with the controlling shareholder.

The Company's Corporate Governance Report disclosed on July 9, 2021 states "Guidelines for Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholders" as follows : "In the case of conducting transactions with controlling shareholders, the Company shall fully examine and implement the reasonableness of the transaction and the appropriateness of the transaction conditions in light of general transaction conditions, and shall take appropriate measures so as not to harm the interests of minority shareholders."

The Company has taken measures to ensure the fairness of the terms and conditions of the Asset Management Agreement after obtaining the opinions of the Audit and Supervisory Committee Members of the Company in advance and confirming that there are no particular objections to the conclusion of the Asset Management Agreement with SAAA. The Company believes that such measures comply with the above guidelines.

(2) Measures taken to ensure fairness and to avoid conflicts of interest

In order to ensure fairness, the conclusion of the Asset Management Agreement is in accordance with the internal rules and procedures stipulated in "(1) Compliance with the Guidelines for Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholders." In addition, as stated in "(3) Summary of Opinion Obtained from a Party Having No Conflict of Interest with the Controlling Shareholder Regarding the Fact That Such Transaction Is Not Disadvantageous to Minority Shareholders" below, the Company has obtained from a party having no conflict of interest with the Controlling Shareholder an opinion that the details and conditions of the Transaction are fair.

The conclusion of the Asset Management Agreement is subject to the approval of all Directors, including Independent Outside Directors, apart from Mr. Taro Masuyama and Mr. Malcolm F. MacLean IV, who also serve as Managing Partners in the Star Asia Group. The Company's Directors, Ryutaro Hashimoto, and Satoshi Hosono are employees of companies belonging to the Star Asia Group, and the Company's Director, Atsuo Umeki, is the Representative Director of companies belonging to the Star Asia Group. However, since both companies are separate entities from SAAA and are not able to have effective influence over SAAA, the Company believes that they do not have interests to the extent that they cannot be expected to fairly exercise their voting rights, and therefore they are included in the resolution of the Company's Board of Directors.

(3) Outside Director's written opinion states transaction is fair and reasonable for minority shareholders

On December 24, 2021, the Company received a written opinion from Outside Director, who is an independent officer of the Company and has no conflict of interest with the controlling shareholder, stating that the conclusion of the Asset Management Agreement is reasonable, that the details and conditions of the Asset Management Agreement are considered to be fair, and that the Company has taken measures to ensure fairness in the procedures for the conclusion of the Asset Management Agreement, and therefore that the Transaction is not disadvantageous to the Company's minority shareholders.

(i) Rationale for the conclusion of the Asset Management Agreement

The Asset Management Agreement will be executed with SAAA in order to transition to an owner operator model, which is one of the growth strategies of the Group's hotel business, and to entrust asset management services to Tenjin Hotel Kanri in order to manage and operate the Property. In addition, the shift to the owner operator model is expected to significantly lower the breakeven point of the Hotel, leading to higher return on equity. Also, if the liquidity of the hotel property in the transaction market returns to normalized level, the sale of the property with unrealized gains is also expected to contribute to profit.

The property is scheduled to be financed by borrowings from the same financial institutions as the time of the

acquisition of the Tenjin-Minami Hotel Property, and various covenants are set to be made with the Best Western Plus Tenjin-Minami Hotel Property. Therefore, it is reasonable to select the SAAA asset manager as the Best Western Plus Tenjin-minami Hotel Property. In addition, the conclusion of the Asset Management Agreement will contribute to the enhancement of the Company's corporate value in order to promote the Group's growth strategy, and it is believed that the purpose of the conclusion of the Asset Management Agreement is reasonable in terms of the relationship with the Company's minority shareholders as well.

(ii) Fairness and Validity of the Terms and Conditions of the Asset Management Agreement

The main terms and conditions of the Asset Management Agreement are that Tenjin Hotel Kanri will entrust asset management services to the Asset Management Company, and asset management fees are considered to be to be calculated using a fair and reasonable method.

In addition, the conclusion of the Asset Management Agreement did not impose any disadvantage on the ongoing management of the Tenjin Hotel. Therefore, the contents of the Asset Management Agreement are deemed to be fair and reasonable.

(iii) Fairness of the procedures for the conclusion of the AM Agreement

Prior to the decision on the management of the Tenjin Hotel, the conclusion of the Asset Management Agreement is scheduled to be approved by all Directors, including Independent Outside Directors, at the Company on December 24, 2021, apart from Mr. Taro Masuyama and Mr. Malcolm F. MacLean IV, who concurrently serve as Managing Partners at Star Asia Group. In addition, Directors and Audit & Supervisory Committee Members share information and ask for their opinions.

Considering cthe facts mentioned above, it can be concluded that measures have been taken to ensure the fair erdness of decision-making on management of the Company and GK Tenjin Hotel Kanri.

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.