

FOR IMMEDIATE RELEASE

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**Polaris to Sell Two Hotel Properties for Significant Gain;
Enters into New Long Term Lease Agreements**

Polaris Holdings Co., Ltd. (hereinafter the “Polaris” or the “Company”) announced today that GK Tenjin Hotel Kanri (hereinafter the “Tenjin Hotel Kanri”), a subsidiary of Polaris, executed the Purchase and Sales Agreement (hereinafter the “PSA”) to sell the trust beneficiary right (Building and Land Lease right) of Best Western PLUS Fukuoka Tenjin-minami (hereinafter the “BW Tenjin minami”) and the trust beneficiary right (Building and Land) of Fino Hotels Sapporo Odori (hereinafter the “FH Sapporo Odori”) to Star Asia Investment Corporation (Stock Code 3468; hereinafter “SAR”), whose assets are managed by Star Asia Investment Management Co., Ltd (hereinafter the “SAIM”) an affiliate of Star Asia Group, the parent company group of Polaris. In addition, Fino Hotels Co., Ltd., (hereinafter the “Fino Hotels”), a subsidiary of Polaris, entered into a new long-term lease agreement for BW Tenjin minami and FH Sapporo Odori with SAR.

1. Purposes of the execution of the PSA and the Lease Agreement

I. Purposes of the execution of the PSA

During the Covid-19 pandemic, opportunities to purchase hotels at distressed prices arose in the hotel market and Polaris was able to purchase highly competitive hotel properties at a discount to their intrinsic value. Furthermore, by utilizing an owner-operator model with Polaris as both owner and operator, Polaris was able to lower the break-even point for the hotel operations. Now that the liquidity of in the hotel property market has recovered, Polaris will generate significantly profits by crystalizing unrealized gains from these owned properties.

Prior to the acquisition of these two hotels by Polaris Group, Fino Hotels had been operating the properties by leasing them from third parties under long-term fixed-rent lease agreements, but following these acquisitions, the Company successfully lowered the break-even point significantly and secured the potential for these unrealized profits.

With the increasing normalization of the hotel transaction market, the Company intends to maximize the shareholder value by divesting of the two hotel properties at a price that significantly exceeds the original purchase price and the appraisal value. These asset sales and the expected gains on sales will further improve the financial position of Polaris as well as generate capital for future growth of its business. Fino Hotels will also enter into a long-term lease agreement with SAR to tactically secure stable operating revenues from the hotels.

Polaris is committed to maximizing corporate and shareholder value. The Company will also keep examining the effectiveness of the owner-operator model as well as the asset-light model to determine the optimal strategy for the Company.

II. Purposes of the execution of the Lease Agreement

Upon the sale of the subject properties, Polaris has agreed with SAR that Fino Hotels will continue to operate the hotels after the sale, and Fino Hotels has decided to execute the long-term lease agreement with SAR. The rent will be based on a combination of fixed and variable rents and will be linked to the operational performance of the hotels, which contributes to lower the break-even point while securing stable revenues for Polaris Group's hotel management platform.

2. Outline of the PSA and the Lease Agreement

I. Outline of the PSA

The estimated sale price of the property (Note) is as follows.

Best Western PLUS Fukuoka Tenjin-minami	JPY3,800 million
Fino Hotel Sapporo Odori	JPY4,200 million
Total amount	JPY8,000 million

Note: "Estimated sale price" is the planned sales price stated in the PSA, rounded to the nearest million yen. The estimated sales price does not include consumption tax, local consumption tax, and expenses required for the sale.

II. Outline of the Lease Agreement

i. Best Western PLUS Fukuoka Tenjin-minami

(i) Hotel Name	Best Western PLUS Fukuoka Tenjin-minami
(ii) Location	3-13-19, Haruyoshi, Chuo-ku, Fukuoka-shi, Fukuoka 810-0003, Japan
(iii) Hotel Overview	13 floors above ground, 236 rooms
(iv) contract period	September 1, 2023 - August 31, 2033
(v) Other contract details	Rent: 1st year: Fixed rent (JPY7,600,000-/month) + Variable rent (actual GOP x 85% - Fixed rent) 2nd year and thereafter: Fixed rent (JPY11,400,000-/month) + Variable rent (actual GOP x 85% - Fixed rent)
(vi) Total rental expenses	The total rent of the fixed-term lease agreement is expected to exceed 30% of the Company's consolidated net assets of the previous fiscal year, but since the rent is based on a combination of fixed and variable rents determined based on the performance of the hotel operation, the Company is unable to reasonably predict the specific amount and as such, refrain from disclosing the amount of the rent.

Note: "GOP" means the amount of hotel sales (Not including the amount equivalent to consumption tax and local consumption tax) of the property fewer operating expenses such as cost of sales and labor costs (Not including the amount equivalent to consumption tax and local consumption tax).

ii. Fino Hotel Sapporo Odori

(i) Hotel Name	Fino Hotel Sapporo Odori
(ii) Location	6-8-1, Minami 1-jo Nishi, Chuo-ku, Sapporo-shi, Hokkaido 060-0061, Japan
(iii) Hotel Overview	10 floors above ground, 145 rooms
(iv) contract period	September 1, 2023 – August 31, 2038
(v) Other contract details	Rent: 1 st year: Fixed rent (JPY4,200,000-/month) + Variable rent (actual GOP x 85% - Fixed rent) 2 nd year and thereafter: Fixed rent (JPY6,300,000-/month) + Variable rent (actual GOP x 85% - Fixed rent)
(vi) Total rental expenses	The total rent of the fixed-term lease agreement is expected to exceed 30% of the Company's consolidated net assets of the previous fiscal year, but since the rent is based on a combination of fixed and variable rents determined based on the performance of the hotel operation, the Company is unable to reasonably predict the specific amount, and as such, refrains from disclosing the amount of the rent.

3. Outline of Contract Partner

(i) name	Star Asia Investment Corporation	
(ii) Location	Atago Green Hills MORI Tower 18F, 2-5-1 Atago, Minato-ku, Tokyo	
(iii) Title and name of representative	Atsushi Kato, Executive Officer	
(iv) Business	Real estate investment business based on the Law Concerning Investment Trusts and Investment Corporations	
(v) Total amount of investments (Note)	JPY66,123 million	
(vi) Date of Establishment	December 1, 2015	
(vii) Net assets (Note)	JPY103,455 million	
(viii) Total assets (Note)	JPY208,766 million	
(ix) Major Investors and Investment Ratio (Note)	The Master Trust Bank of Japan, Ltd. 11.9%	
(x) Relationship between Polaris and SAR	Capital relationship	There are no direct capital relationships between Polaris and SAR. SAR is an investment corporation and SAIM is the asset manager of SAR. SAIM is owned by Star Asia Group, the parent group of Polaris (percentage of Polaris owned by Star Asia Group: 78.08%).
	Human relationship	There is no personnel relationship between Polaris and SAR that should be noted. Five members of the Star Asia Group serve as directors of the Company.
	Business relationship	There are no business relationships requiring special mention between Polaris and SAR.
	Related Party Status	SAR is not deemed a related party of Polaris.

(Note) Based on information as of January 31, 2023.

4. Schedule

(i) Date of resolution by the Board of Directors	August 7, 2023
(ii) Date of Execution of the PSA	August 7, 2023
(iii) Delivery Settlement Date	September 1, 2023 (scheduled)
(iv) Date of conclusion of the Lease Agreement	September 1, 2023 (scheduled)
(v) Date of commencement of the Lease Agreement	September 1, 2023 (scheduled)

5. Outlook

The amount of impact of the execution of the PSA and the Lease Agreement on the current fiscal year's business performance is currently under detailed review and will be announced as soon as the amount of impact on the business performance is determined.

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.