

September 21, 2023

FOR IMMEDIATE RELEASE

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Polaris Increases Profitability with Changes to Operational Structure

Polaris Holdings Co., Ltd. (hereinafter the “Polaris” or the “Company”) has announced today that Fino Hotels Co., Ltd. a Polaris subsidiary, will assume the status as the direct lessee now held by KOKO HOTEL Nihonbashi Hamacho GK and KOKO HOTEL Kobe Sannomiya GK under a fixed-term building lease agreements (hereinafter the “Lease Agreements”) for KOKO HOTEL Premier Nihonbashi Hamacho and KOKO HOTEL Kobe Sannomiya (hereinafter collectively the “Two Hotel Properties”). Furthermore, Fino Hotels will also change the operation of the Two Hotel Properties from the current hotel management contracts (hereinafter the “Management Contracts”) to the Lease Agreements (hereinafter the “Operational Structure Change”).

1. Operational Structure Change should increase profitability

This Operational Structure Change is expected to greatly enhance Polaris Group's profitability for the Two Hotel Properties. In light of the sustained recovery in the Japanese hotel market, Polaris believes the changes could improve EBITDA by approximately JPY124 million in the current fiscal year, and by approximately JPY270 million over a full stabilized fiscal year. The Two Hotel Properties are now currently leased by the Two GKs from a third party based on the Lease Agreements, and the Two GKs outsource the operation of The Two Hotel Properties to Fino Hotels based on the Management Contracts. At the conclusion of the Management Contracts, the Two GKs and Fino Hotels had entered into a reservation agreement that agrees in advance for the future transfer of the lessee's positions in the Lease Agreements to Fino Hotels (hereinafter the “Status Transfer Agreement”), if Fino Hotels so desires, upon payment to the Two GKs of a transfer consideration to be mutually agreed upon. In light of the hotel market’s sustained recovery, Fino Hotels has resolved to make the Operational Structure Change now to maximize the earnings potential for Polaris Group.

2. Outline of the Lease Agreements

(1) KOKO HOTEL Premier Nihonbashi Hamacho

(i) Hotel Name	KOKO HOTEL Premier Nihonbashi Hamacho
(ii) Location	2-30-4, Nihonbashi Hamacho, Chuo-ku, Tokyo 103-0007, Japan
(iii) Hotel Overview	14 floors above ground, 1 basement floor, 223 rooms
(iv) contract period	July 1, 2022 - April 4, 2048
(v) Other contract details	The rent is not disclosed because the counterparty has not given consent to disclose it.
(vi) Total rental expenses	Total rental expenses are not disclosed because the counterparty has not given consent for disclosure, but is expected to exceed 30% of the Company's consolidated net assets of the previous fiscal year

(2) KOKO HOTEL Kobe Sannomiya

(i) Hotel Name	KOKO HOTEL Kobe Sannomiya
(ii) Location	63, Naniwamachi, Chuo-ku, Kobe-shi, Hyogo 650-0035, Japan
(iii) Hotel Overview	13 floors above ground, 1 basement floor, 141 rooms
(iv) Contract period	July 1, 2022 - March 31, 2029
(v) Other contract details	The rent is not disclosed because the counterparty has not given consent to disclose it.
(vi) Total rental expenses	Total rental expenses are not disclosed because the counterparty has not given consent for disclosure, but is expected to be less than 30% of the Company's consolidated net assets of the previous fiscal year

3. Outline of the counterparty to the Lease Agreements

(i) Name	Consent for disclosure has not been obtained from the Counterparty and will not be disclosed.	
(ii) Relationship between the Company and the Counterparty	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.

4. Outline of Fino Hotels Co., Ltd.

(i) Name	Fino Hotels Co., Ltd.
(ii) Location	1-12-3, Iwamotocho, Chiyoda-ku, Tokyo 101-0032, Japan
(iii) Title and name of the representative	Shigeru Takakura, President & CEO
(iv) Business	Hotel operation
(v) Capital stock	10 million yen

5. Schedule

Execution date of the Status Transfer Agreement: October 1, 2023 (scheduled)

6. Outlook

The Operational Structure Change will result in the payment of a security deposit to the lessor based on the Lease Agreements and a consideration for the Status Transfer Agreement though the impact on business results for the Fiscal Year Ending March 31, 2024 will be minimal.

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.