

FOR IMMEDIATE RELEASE

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## **Polaris Completes Reorganization within Polaris Group and Consolidation of Subsidiaries**

Polaris Holdings Co., Ltd. (hereinafter "Polaris" or the "Company") announced today that Polaris completed the absorption-type merger of three subsidiaries, Value the Hotel Miyagi Co., Ltd., Kinuura Grand Hotel Co., Ltd. and Premier Resort Operations Co., Ltd., which was approved at the extraordinary general meeting of shareholders held on February 28, 2024. As a result, the reorganization within Polaris Group and the consolidation of a series of subsidiaries within Polaris Group ("the Restructuring"), which had been undertaken during the current fiscal year, were completed.

### **1. Purpose of Restructuring: Expedite decision making and lower costs**

Polaris Group has expanded its hotel business through M&A and investment in the past and following this Restructuring the domestic hotel operation will be consolidated to three subsidiaries, Fino Hotels Co., Ltd., KOKO HOTELS Co., Ltd., and Value the Hotel Co., Ltd. The Company believes that this Restructuring will help centralize management resources, expedite decision-making processes, and reduce management costs.

### **2. Outline of Restructuring**

#### **(1) Termination of the Tohoku Early Reconstruction Assistance Fund No.2<sup>1</sup>**

As part of the Great East Japan Earthquake disaster reconstruction assistance project, Polaris started to operate the five long-term stay "Value the Hotel" from 2012 through to the end of September 2023. Of these, the Value the Hotel Furukawa Sanbongi ("VTH Sanbongi") and the Value the Hotel Higashi Matsushima Yamoto ("VTH Yamoto") were managed as part of the Tohoku Early Reconstruction Assistance Fund 2 project, while the Value the Hotel Miyagi Co., Ltd. was established as a wholly owned subsidiary of Value the Hotel Co., Ltd., and serving as the hotel operating company for the Tohoku Early Reconstruction Assistance Fund No. 2. The VTH Sanbongi, which had been closed since November 2021 for profitability and other reasons, was finally shut down at the end of November 2023. With the termination of the trust agreement, the Tohoku Early Reconstruction Support Fund No. 2 was ended and hotel operations under the "Value the Hotel" brand were consolidated into Value the Hotel Co., Ltd.

<sup>1</sup> The Tohoku Early Reconstruction Support Fund No. 2 is a special-purpose company, Godo Kaisha Value the Hotel Fund, which makes tokumei kumiai investment in Godo Kaisha Tohoku Early Reconstruction Support Fund No. 2 and acquires and manages trust beneficiary rights of hotels (buildings) and land lease rights of VTH Sanbongi and VTH Yamoto as trust assets. Polaris has made tokumei kumiai investment in Godo Kaisha Value the Hotel Fund and acquired equity interest in Godo Kaisha Value the Hotel Fund and Godo Kaisha Tohoku Early Reconstruction Support Fund 2.

Along with the termination of the Tohoku Early Reconstruction Support Fund No. 2, the tokumei kumiai contract between Polaris and Godo Kaisha Value the Hotel Fund and the tokumei kumiai contract between Godo Kaisha Value the Hotel Fund and Godo Kaisha Tohoku Early Reconstruction Support Fund 2 in the Tohoku Early Reconstruction Support Fund No. 2 project terminated and Godo Kaisha Value the Hotel Fund and Godo Kaisha Tohoku Early Reconstruction Support Fund 2 are scheduled to be dissolved on March 31, 2024.

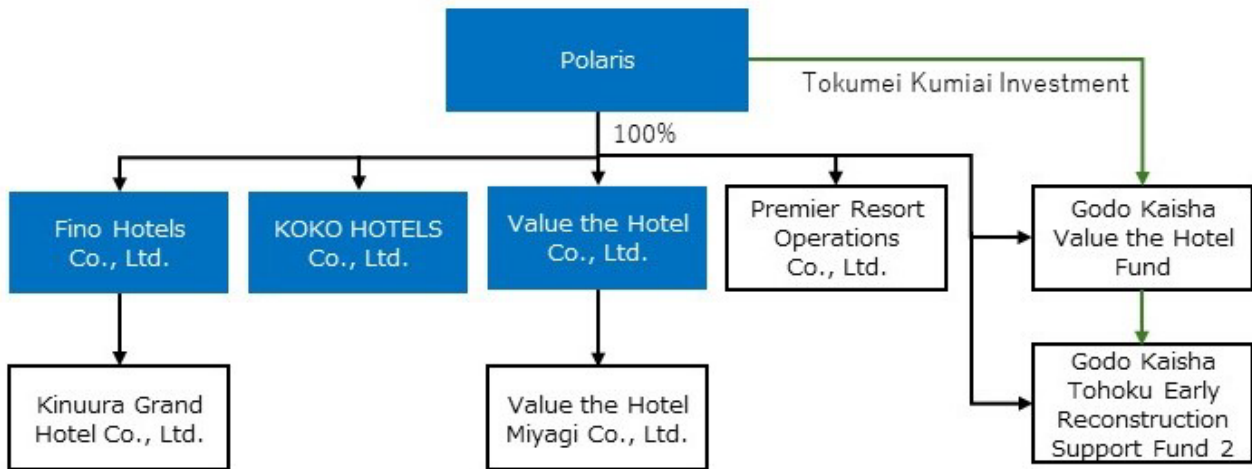
All expenses incurred in connection with the termination of the Tohoku Early Reconstruction Support Fund No. 2, including the closing and contract termination of VTH Sanbongi, the asset transfer of VTH Yamoto, and the termination of the trust agreement with the trust bank, were recorded in the third quarter of the current fiscal year.

(2) Consolidation of Subsidiaries

Polaris, as the surviving company, completed the absorption-type merger of three subsidiaries, Value the Hotel Miyagi Co., Ltd, Kinuura Grand Hotel Co., Ltd. and Premier Resort Operations Co., Ltd. The subject three subsidiaries, Value the Hotel Miyagi Co., Ltd., Kinuura Grand Hotel Co., Ltd. and Premier Resort Operations Co., Ltd., had operated hotels in Japan (Premier Resort Operations Co., Ltd. had operated hotels as well as related businesses such as bridal services). Although all three subsidiaries had terminated their original business objectives due to the closure of the hotels they operated, the company has been seeking new businesses as they still have an obligation to repay loans from financial institutions, etc. However, it was agreed to conduct an absorption-type merger with Polaris, the parent company and sponsor, as the surviving company, based on the judgement that it is preferable to concentrate management resources through the merger than to conduct their businesses independently.

## Outline of Hotel Management Structure for the Restructuring

### ■ Hotel Management Structure before the Restructuring



### ■ Hotel Management Structure after the Restructuring

