



September 30, 2020

FOR IMMEDIATE RELEASE

Company Name: KACHIKAIHATSU Co., Ltd.
Representative: Atsuo Umeki, President and Representative Director
Stock Listing: Tokyo Stock Exchange, Second Section
Stock Code: 3010
Inquiries: Satoshi Hosono, Director and CFO (TEL:03-5822-3010)

Notice of Execution of MOU to Manage Five Hotels

KACHIKAIHATSU Co., Ltd. (hereinafter, “Polaris Holdings”) announced today the execution of a Memorandum of Understanding on the Hotel Management (hereinafter, “the MOU”) in anticipation of concluding a hotel management contract, under which the KACHIKAIHATSU Group (hereinafter, “Polaris Group”) will be the new operator of the following hotels:

- UNIZO Ginza-itchome
- UNIZO INN Sapporo
- UNIZO INN Hiroshima Ekimae
- HOTEL UNIZO Fukuoka Tenjin
- UNIZO INN Express Kagoshima Tenmonkan

These hotels (hereinafter, “the Portfolio”) were acquired and are owned by Star Asia group, (hereinafter “SAG”), the sponsor of Polaris Holdings. Details are as follows.

1. Conclusion of the MOU

(1) Background

SAG has had detailed consultations with multiple hotel operator candidates since it acquired the Portfolio in July 2020. As a result of these discussions, Polaris Group and SAG have decided to execute a MOU to continue negotiations in anticipation of concluding a hotel management contract as soon as possible.

As disclosed in the “KACHIKAIHATSU Growth Strategy Plan (Fiscal Year Ending March 2021 to Fiscal Year Ending March 2022)” on August 7, 2020, Polaris Group plans to launch a new, and original brand hotel concept, that intends to use both AI and IT to achieve a highly efficient hotel management system. The Portfolio is believed to be an important new management initiative, which could constitute part of Polaris Group’s new brand. In addition, the hotels in the Portfolio are in well located areas in each market which are very convenient for guests. The addition of the Portfolio is expected to further support Polaris Group in achieving sustainable profit growth. Polaris Group is committed to executing the contract to manage the Portfolio as soon as practical.

Assuming execution of a hotel management contract for the Portfolio, Polaris Group will increase, the total number of hotels under management to 30 with 4,963 guestrooms. This transaction would strategically increase the number of properties under management by 20.0% and the number of guestrooms by 33.1%, respectively, from the levels as of September 30, 2020.

(2) Outline of the Portfolio

Hotel name	Address	Number of guestrooms
UNIZO INN Sapporo	3-3-10 Kita 1-jonishi, Chuo-ku, Sapporo-shi, Hokkaido	224
HOTEL UNIZO Tokyo Ginza-itcho	1-9-5 Ginza, Chuo-ku, Tokyo	305
UNIZO INN Hiroshima Ekimae	10-3 Kyobashi-cho, Minami-ku, Hiroshima City, Hiroshima	250
HOTEL UNIZO Fukuoka Tenjin	1-22-14 Imaizumi, Chuo-ku, Fukuoka-shi, Fukuoka	159
UNIZO INN Express Kagoshima Tenmonkan	4-24 Higashi-Sengoku-cho, Kagoshima City, Kagoshima	295

(3) Details of the MOU

(i) Contractant	Star Asia Management LLC
(ii) Date of agreement	September 30, 2020
(iii) Details of the agreement	Agreement that discussions will continue towards the execution of a hotel management contract for the hotels in the Portfolio

(4) Profile of Star Asia Management LLC

(i) Name	Star Asia Management LLC	
(ii) Address	251 Little Falls Drive, Wilmington, County of New Castle, Delaware 19808, USA	
(iii) Positions and names of representatives	Directors: Malcolm F. MacLean IV, Taro Masuyama	
(iv) Business descriptions	Investment advice business and investment management business	
(v) Capital	USD 50,000 (equivalent to JPY 5,000,000)	
(vi) Established	December 18, 2019	
(vii) Major shareholders and their shareholding ratios	Tsuru II LLC (50%) Suzaku II LLC (50%)	
(viii) Relationship between the Company and this company	Capital relationship	Polaris Holdings does not have a direct capital relationship with this company, but this company is a subsidiary, etc. of Polaris Holdings's parent company, etc.
	Human relationship	Malcolm F. MacLean IV and Taro Masuyama, directors of this company, are also directors of Polaris Holdings. In addition, three people from SAG, which is Polaris Holdings's parent company group, serve as directors of Polaris Holdings.
	Business relationship	Polaris Holdings and this company have formed a business partnership by concluding a business partnership agreement.
	Whether this company is a related party	This company is a related party because it has the same parent company as Polaris Holdings.

2. Outlook

Under the MOU, Polaris Holdings will work aggressively towards the execution of a contract to manage the hotels in the Portfolio. The immediate impact upon just the execution of the MOU on Polaris Holdings's consolidated financial results is minor until the management contract is consummated. If there are any material developments in the future, Polaris Holdings

will promptly announce it publicly.

With regards to the consolidated forecasts, Polaris Holdings has will continue to postpone disclosure at this time given the difficulty in reasonably forecasting the impact of the COVID-19 pandemic on Polaris Group's business activities for the fiscal year ending March 31, 2021. Polaris HD will promptly announce the forecast as soon as the disclosure becomes possible.