

FOR IMMEDIATE RELEASE

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**Polaris Executes Lease Agreements for 4 KOKO Hotels to Enhance Profitability and Records Gain on Distribution in the Sale of KOKO HOTEL Tsukiji Ginza**

Polaris Holdings Co., Ltd. (hereinafter the “Polaris” or the “Company”) announced today that Fino Hotels Co., Ltd. (hereinafter the “Fino Hotels”) and KOKO HOTELS Co., Ltd. (hereinafter the “KOKO HOTELS”), subsidiaries of the Company, have successfully executed fixed-term building lease agreements (hereinafter the “Lease Agreements”) combining fixed and variable rents for four properties: “KOKO HOTEL Residence Asakusa Kappabashi”, “KOKO HOTEL Residence Asakusa Tawaramachi”, “KOKO HOTEL Tsukiji Ginza” (hereinafter the “KOKO Tsukiji Ginza”), and “KOKO HOTEL Osaka Shinsaibashi” (hereinafter collectively the “Four Hotels”) with a new owner upon a change of ownership. These Four Hotels had been operated based on Management Contracts sequentially since September 2021, than which new Lease Agreements enhances the higher profitability for Polaris Group. In addition, Polaris expects to recognize approximately JPY250 million in net sales as dividend distribution from a silent partnership. This is due to the sale of KOKO Tsukiji Ginza Hotel property, held as trust beneficiary rights by a Special Purpose Company (hereinafter ‘SPC’), in which the Company has a silent partnership interest.

**1. Background and Purpose of executing the Lease Agreements**

In order to reduce the risk associated with the hotel management during the COVID, Polaris Group has been focusing to acquire the hotel management opportunities of fee-based Management Contracts with a low-risk but low-return profile, and based on this strategy, the Four Hotels, which opened during the COVID period, were operated based on Management Contracts. Additionally, on April 30, 2021, when the SPC formed by Star Asia Group acquired KOKO Tsukiji Ginza Hotel property, the Company made a JPY204 million co-investment in the silent partnership.

Since the management contracts is to be terminated upon Star Asia Investment Corporation (Stock Code 3468; hereinafter “SAR”)’s acquisition of the four Hotel properties, Polaris Group has discussed with SAR and decided to enter into new Lease Agreements for the Four Hotel properties and continue to operate the Four Hotels based on the long-term Lease Agreements. Polaris expects to receive profit distribution and refund of the subject silent partnership interest in connection with the sale of KOKO Tsukiji Ginza Hotel property.

The two “KOKO HOTEL Residence” hotels mainly target families, groups, and long-term stay customers, and are equipped with sufficient room space for 4 to 6 guests per room, a mini-kitchen, refrigerator, washer/dryer, tableware, dining table, etc.,

making them suitable for long-term stays especially for families and groups, including foreign visitors to Japan. “KOKO HOTEL Tsukiji Ginza,” and “KOKO HOTEL Osaka Shinsaibashi” are both located in close proximity to areas popular with domestic and international tourists, and with approximately 200 guest rooms, they are ideally sized for efficient and profitable hotel operations.

As stated in the “Medium-Term Management Plan (FY2024 - FY2026)” dated May 14, 2024, Polaris Group positions the increase in the number of hotel properties and operating rooms and the profitability enhancement of operating hotels as the key growth driver, and Polaris Group believes that the execution of Lease Agreements, which combines fixed and variable rents, a more profitable middle-risk middle-return profile, as well as securing long-term operating opportunities, will contribute to the enhancement of the Group's corporate value over the medium to long term.

## 2. Outline of the Lease Agreements

### (1) KOKO HOTEL Residence Asakusa Kappabashi

① Agreement parties	SAR and Fino Hotels
② Hotel Name	KOKO HOTEL Residence Asakusa Kappabashi
③ Location	3-24-2, Nishiasakusa, Taito-ku, Tokyo 111-0035, Japan
④ Number of Rooms	42 rooms
⑤ Contract period	August 30, 2024 - August 31, 2039
⑥ Other contract details	<ul style="list-style-type: none"> <li>• Rent:</li> <li>[Fixed Rent]</li> <li>Monthly: JPY 6,700,000-</li> <li>[Variable Rent]</li> <li>Actual GOP of rent calculation period (one month) x 85% — Fixed Rent</li> </ul>
⑦ Total lease expenses	The total amount of lease payments is expected to exceed the amount equivalent to 30% of the Company's consolidated net assets for the previous fiscal year. However, since the lease payments under this agreement are structured as a combination of fixed rent and variable rent determined by 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.

### (2) KOKO HOTEL Residence Asakusa Tawaramachi

① Agreement parties	SAR and Fino Hotels
② Hotel Name	KOKO HOTEL Residence Asakusa Tawaramachi
③ Location	2-8-12, Kotobuki, Taito-ku, Tokyo 111-0042, Japan
④ Number of Rooms	47 rooms
⑤ Contract period	August 30, 2024 - August 31, 2039
⑥ Other contract details	<ul style="list-style-type: none"> <li>• Rent:</li> <li>[Fixed Rent]</li> <li>Monthly: JPY 8,900,000-</li> <li>[Variable Rent]</li> <li>Actual GOP of rent calculation period (one month) x 85% — Fixed Rent</li> </ul>
⑦ Total lease expenses	The total amount of lease payments is expected to exceed the amount equivalent to 30% of the Company's consolidated net assets for the previous fiscal year. However, since the lease payments under this agreement are structured as a combination of fixed rent and variable rent determined by 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) KOKO HOTEL Tsukiji Ginza

① Agreement parties	SAR and KOKO HOTELS
② Hotel Name	KOKO HOTEL Tsukiji Ginza
③ Location	6-8-8, Tsukiji, Chuo-ku, Tokyo 104-0045, Japan
④ Number of Rooms	188 rooms
⑤ Contract period	August 30, 2024 - August 31, 2039

⑥ Other contract details	<ul style="list-style-type: none"> <li>• Rent:</li> <li>[Fixed Rent]</li> <li>Monthly: JPY 22,700,000-</li> <li>[Variable Rent]</li> <li>Actual GOP of rent calculation period (one month) x 85% — Fixed Rent</li> </ul>
⑦ Total lease expenses	The total amount of lease payments is expected to exceed the amount equivalent to 30% of the Company's consolidated net assets for the previous fiscal year. However, since the lease payments under this agreement are structured as a combination of fixed rent and variable rent determined by 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.

(4) KOKO HOTEL Osaka Shinsaibashi

① Agreement parties	SAR and KOKO HOTELS
② Hotel Name	KOKO HOTEL Osaka Shinsaibashi
③ Location	3-3-17 Minamisenba, Chuo-ku, Osaka 542-0081, Japan
④ Number of Rooms	211 rooms
⑤ Contract period	August 30, 2024 - August 31, 2039
⑥ Other contract details	<ul style="list-style-type: none"> <li>• Rent:</li> <li>[Fixed Rent]</li> <li>Monthly: JPY 11,700,000-</li> <li>[Variable Rent]</li> <li>Actual GOP of rent calculation period (one month) x 85% — Fixed Rent</li> </ul>
⑦ Total lease expenses	The total amount of lease payments is expected to exceed the amount equivalent to 30% of the Company's consolidated net assets for the previous fiscal year. However, since the lease payments under this agreement are structured as a combination of fixed rent and variable rent determined by 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)	JPY 89,316 million	
(vi) Date of Establishment	December 1, 2015	
(vii) Net assets (Note)	JPY 127,127 million	
(viii) Total assets (Note)	JPY 259,155 million	
(ix) Major Investors and Investment Ratio (Note)	Custody Bank of Japan, Ltd. 11.3%	
(x) Relationship between Polaris and SAR	Capital relationship	There is no direct capital relationship between Polaris and SAR. SAR is an investment corporation and SAIM is the asset manager of SAR. SAIM is owned by Star Asia Group.
	Human relationship	There is no personnel relationship between Polaris and SAR that should be noted. four members of 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, 2024.

#### **4. Schedule**

Date of execution of the Lease Agreements: August 30, 2024 (planned)

Commencement date of the lease based on the Lease Agreements: August 30, 2024 (planned)

#### **5. Outlook**

There will be no revision to the earnings forecast for the current fiscal year due to the execution of the Lease Agreements and the distribution of profit related to the silent partnership interest. However, if it becomes necessary to revise the earnings forecast, the Company will promptly announce such revision.

End

*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.*