

FOR IMMEDIATE RELEASE

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Polaris Executes Lease Agreements for 6 KOKO Hotels to Enhance Profitability

Polaris Holdings Co., Ltd. (hereinafter "Polaris" or the "Company") announces today that Fino Hotels Co., Ltd. (hereinafter "Fino Hotels") and KOKO HOTELS Co., Ltd. (hereinafter "KOKO HOTELS"), subsidiaries of the Company, have successfully executed fixed-term building lease agreements (hereinafter the "Lease Agreements") combining fixed and variable rents from hotel management agreements (hereinafter the "Hotel Management Agreements") for six properties: "KOKO HOTEL Sendai Station South", "KOKO HOTEL Sendai Station West", "KOKO HOTEL Sendai Kotodai Park", "KOKO HOTEL Premier Kanazawa Korinbo", "KOKO HOTEL Nagoya Sakae", and "KOKO HOTEL Premier Kumamoto" (hereinafter collectively the "Six Hotels" and their properties collectively the "Six Hotel Properties") with a new owner following a change of ownership, and the Company decided to shift the operation of the Six Hotels from a management contract model to a lease agreement model combining fixed and variable rent, aiming to enhance the higher profitability for Polaris Group.

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 Six Hotels, which opened during the COVID period, were operated based on the Hotel Management Agreements.

Since the Hotel Management Agreements are to be terminated upon transfer of the trust beneficiary rights for the Six Hotel properties from the sponsor group to a third-party owner, Polaris Group engaged in discussions with the subject third-party owner and decided to enter into new Lease Agreements for the Six Hotel properties and continue to operate the Six Hotels under the long-term Lease Agreements.

All of the Six Hotels maintains high occupancy rates and room rates, and two "KOKO HOTEL Premier" properties are a higher-class brand within the "KOKO HOTEL" brands that offer a higher grade of accommodation. They feature spacious rooms and luxurious atmosphere, making them ideal for both business and leisure travellers with family and friends. "KOKO HOTEL Sendai Station South," "KOKO HOTEL Sendai Station West," "KOKO HOTEL Sendai Kotodai Park," and "KOKO HOTEL Nagoya Sakae" are located in close proximity to popular tourist areas, both domestic and international, and each property has around 200 rooms, providing an ideal scale for efficient and profitable hotel operations.

As stated in the "Mid-Term Management Plan (2024–2026)" dated May 16, 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 Sendai Station South

(i) Agreement parties	Mitsubishi UFJ Trust and Banking Corporation and Fino Hotels
(ii) Hotel Name	KOKO HOTEL Sendai Station South
(iii) Location	4-7-1 Chuo, Aoba-ku, Sendai-shi, Miyagi, Japan
(iv) Number of Rooms	190 rooms
(v) Contract period	December 20, 2024 - December 19, 2039
(vi) Other contract details	<ul style="list-style-type: none"> • Rent: [Fixed Rent] Monthly: JPY 5,700,000- [Variable Rent] Actual GOP*¹ of rent calculation period (one month) x 85% — Fixed Rent
(vii) Total lease expenses	*2

(2) KOKO HOTEL Sendai Station West

(i) Agreement parties	Mitsubishi UFJ Trust and Banking Corporation and Fino Hotels
(ii) Hotel Name	KOKO HOTEL Sendai Station West
(iii) Location	3-8-27, Chuo, Aoba-ku, Sendai-shi, Miyagi, Japan
(iv) Number of Rooms	170 rooms
(v) Contract period	December 20, 2024 - December 19, 2039
(vi) Other contract details	<ul style="list-style-type: none"> • Rent: [Fixed Rent] Monthly: JPY 4,950,000- [Variable Rent] Actual GOP*¹ of rent calculation period (one month) x 85% — Fixed Rent
(vii) Total lease expenses	*2

(3) KOKO HOTEL Sendai Kotodai Park

(i) Agreement parties	Mitsubishi UFJ Trust and Banking Corporation and Fino Hotels
(ii) Hotel Name	KOKO HOTEL Sendai Kotodai Park
(iii) Location	2-15-10, Honmachi, Aoba-ku, Sendai-shi, Miyagi, Japan
(iv) Number of Rooms	230 rooms
(v) Contract period	December 20, 2024 - December 19, 2039
(vi) Other contract details	<ul style="list-style-type: none"> • Rent: [Fixed Rent] Monthly: JPY 7,925,000- [Variable Rent] Actual GOP*¹ of rent calculation period (one month) x 85% — Fixed Rent
(vii) Total lease expenses	*2

(4) KOKO HOTEL Premier Kanazawa Korinbo

(i) Agreement parties	Sumitomo Mitsui Trust Bank, Limited and KOKO HOTELS
(ii) Hotel Name	KOKO HOTEL Premier Kanazawa Korinbo
(iii) Location	1-2-16, Korinbo, Kanazawa-shi, Ishikawa, Japan
(iv) Number of Rooms	207 rooms
(v) Contract period	December 20, 2024 - December 19, 2039
(vi) Other contract details	• Rent: [Fixed Rent] Monthly: JPY 10,975,000- [Variable Rent] Actual GOP* ¹ of rent calculation period (one month) x 85% — Fixed Rent
(vii) Total lease expenses	* ²

(5) KOKO HOTEL Nagoya Sakae

(i) Agreement parties	Sumitomo Mitsui Trust Bank, Limited and KOKO HOTELS
(ii) Hotel Name	KOKO HOTEL Nagoya Sakae
(iii) Location	3-15-21 Nishiki, Naka-ku, Nagoya-shi, Aichi, Japan
(iv) Number of Rooms	204 rooms
(v) Contract period	December 20, 2024 - December 19, 2039
(vi) Other contract details	• Rent: [Fixed Rent] Monthly: JPY 7,425,000- [Variable Rent] Actual GOP* ¹ of rent calculation period (one month) x 85% — Fixed Rent
(vii) Total lease expenses	* ²

(6) KOKO HOTEL Premier Kumamoto

(i) Agreement parties	Sumitomo Mitsui Trust Bank, Limited and KOKO HOTELS
(ii) Hotel Name	KOKO HOTEL Premier Kumamoto
(iii) Location	3-20, Sakuramachi, Chuo-ku, Kumamoto-shi, Kumamoto, Japan
(iv) Number of Rooms	205 rooms
(v) Contract period	December 20, 2024 - December 19, 2039
(vi) Other contract details	• Rent: [Fixed Rent] Monthly: JPY 9,675,000- [Variable Rent] Actual GOP* ¹ of rent calculation period (one month) x 85% — Fixed Rent
(vii) Total lease expenses	* ²

*¹ The actual GOP (Gross Operating Profit) refers to the profit derived from the hotel operations, which is calculated by deducting operating expenses from revenue.

*² 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. Schedule

Date of execution of the Lease Agreements: December 20, 2024

Commencement date of the lease based on the Lease Agreements: December 20, 2024

4. Outlook

The lease commencement date based on the conclusion of the Lease Agreements is December 20, 2024, and the impact on consolidated financial results is expected to be minimal.

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.