

FOR IMMEDIATE RELEASE

Company Name: Polaris Holdings 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)

## **Polaris to Receive Increased Management Fees for 6 KOKO Branded Hotels**

KOKO Hotels Co., Ltd. ("KOKO Hotels"), a consolidated subsidiary of Polaris Holdings Co., Ltd., ("Polaris") agreed at its Board of Directors meeting today to enter into an agreement to receive increased management fees—in addition to the regular management fees—for the six hotels currently being operated by Polaris under an existing management contract. The increased management fees are as a result of negotiations given the continuous profit generation of these hotels.

Details are as follows:

### **1. Outline**

KOKO Hotels has been entrusted with the hotel management operations of five KOKO hotels in major cities across Japan ("five KOKO Hotels"), as was announced in our press release dated October 13, 2020, titled "Notice of Execution of Hotel Management Contracts and Revenue Guarantee Contracts for Five Hotels." As per the agreement, the hotel management and operations of the five KOKO Hotels has been underway since October 2020.

Additionally, as we announced in the April 27<sup>th</sup> release titled, "Polaris Makes Investment in Acquisition of 188 Room Tsujiki Ginza Hotel; Will Operate the Hotel Under its KOKO HOTEL Brand" we have also been entrusted with the management operations of KOKO HOTEL Tsukiji Ginza since starting operations in September 2021.

Despite the ongoing impact of the coronavirus pandemic, these six hotels have been successfully continuous posting strong profits and, therefore, KOKO Hotels began negotiations with the concerned parties, including the respective hotel management contractors, for an increase in management fees.

As a result of the negotiations with the partnership that owns the 5 KOKO Hotels in a special purpose company (SPC) and the three companies (including Polaris) that hold the SPC that owns the KOKO Hotel Tsukiji Ginza, we have formally agreed to receive an additional operating fee for the hotel management contracts. The additional compensation will be calculated and paid based on the monthly sales and hotel operation income (hotel sales less expenses related to operations) for each hotel for two years starting from May 2022.

## **2. Date of agreement**

Date of agreement: May 30, 2022

## **3. Outline of counterparty**

An investor in both SPCs is an overseas company affiliated with Star Asia Group. Although there is no direct capital relationship between the Company and the Guarantor Company, the Guarantor Company is a related party of the Company.

## **4. Outlook**

The Group has decided to postpone disclosure of its consolidated forecast due to the current difficulty of reasonably forecasting the impact of the COVID-19 pandemic on the Group's business activities for the fiscal year ending March 31, 2023. The Company will promptly announce forecasts as soon as disclosure becomes possible.

*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.*