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FOR IMMEDIATE RELEASE

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Polaris Concludes New Lease Agreement for KOKO HOTEL Residence Kyoto Nijo Castle

Polaris Holdings Co., Ltd. announced that its subsidiary Fino Hotels Co., Ltd., the operator of “KOKO HOTEL Residence Kyoto Nijo Castle, has signed a new building lease agreement with the Hotel’s new owner. This agreement changes the operating structure of the hotel, moving from a management contract to a lease contract that combines both fixed and variable rent payments.

1. Background leading to the execution

The Hotel had operated under a fee-based hotel management agreement, characterized by a low-risk, low-return profile. However, following the change in ownership, Polaris Holdings entered into discussions with the new owner and decided to enter into a New Lease Agreement, combining both fixed and variable rents and a mid-risk, mid-return profile. We believe the new agreement will provide higher profitability as well as ensuring a longer-term operation opportunity compared to the existing management agreement.

The Hotel is located within walking distance of a number of major tourist attractions in Kyoto, including the Nijo-jo Castle, a world-renowned UNESCO World Heritage Site, as well as the Kyoto International Manga Museum. The Hotel provides excellent access to Kyoto’s transport infrastructure and is only a five-minute walk from Karasuma Oike Station on the Kyoto Municipal Subway. Since the Company’s Group commenced hotel operations in December 2024, the Hotel has maintained high occupancy rates and room prices.

2. Outline of the New Lease Agreement

(i) Agreement parties	Sumitomo Mitsui Trust Bank, Limited and Fino Hotels Co., Ltd.
(ii) Hotel Name	KOKO HOTEL Residence Kyoto Nijo Castle
(iii) Location	724 Shimomatsuyacho, Kamanzadori Oike-agaru, Nakagyo-ku, Kyoto City, Kyoto
(iv) Number of rooms	36 rooms
(v) Agreement period	15 years
(vi) Total lease payment	*

* The lease payment is structured as a combination of fixed rent and variable rent determined based on the performance of the hotel operations. As it is difficult for the Company to reasonably estimate the specific amount, the Company refrains from disclosing the amount of the rent.

3. Schedule

(i)	Execution of the New Lease Agreement	December 17, 2025
(ii)	Start of Hotel Operation under the New Lease Agreement	December 17, 2025

4. Outlook

The impact of the execution of the new lease agreement on the Company's consolidated financial results for the current fiscal year is expected to be immaterial.

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.