



Polaris Holdings Co., Ltd.

Stock Code : 3010

Supplemental Explanatory Material Regarding Wholly-owned
Subsidiarization of Minacia Co., Ltd. through Share Exchange

Purpose and Significance of The Project

1 Drastic growth of operating platform

- The number of hotels and rooms under management will increase by approximately 1.8 times and 1.6 times respectively
- Achieve the targets set in the Medium Term Management Plan well ahead
- Rapid skyrocket in the Hotel Operator Ranking^(*) position from 20th to 10th

2 Pursuit of economies of scale through expansion

- Aiming to implement hotel management based on best practices by sharing operation know-how with Minacia, which operates 39 limited-service hotels in Japan
- Targeting to become the industry's leading operator that maximizes hotel revenues by benefiting from economies of scale in all aspects of sales, cost management and human resources management as well as loyalty program and branding
- Working continuously with sponsors to grow a sustainable operating platform

3 Build an earnings structure with stability and growth potential

- Further regional diversification of operating platforms and operational models
- Combination of enhanced risk resilience and earnings growth during market expansion
- Maximize shareholder value by establishing a strong profit structure

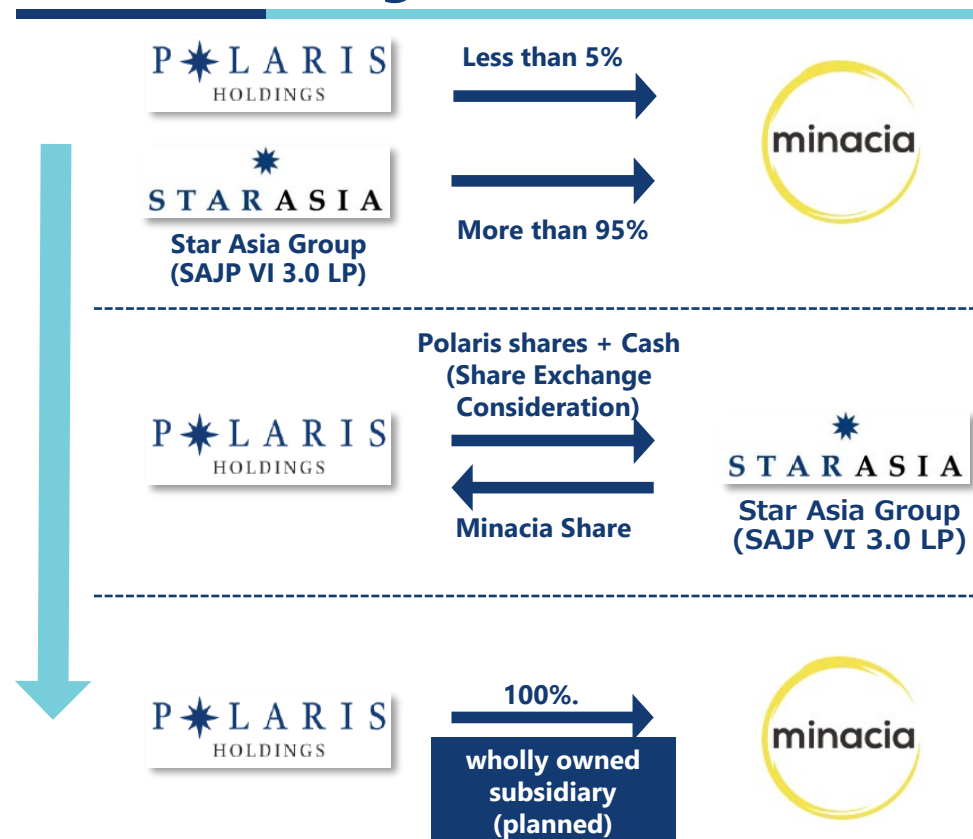
Outline of the Project

- Polaris Holdings Co., Ltd. (hereinafter the “Polaris”) and its sponsor group, Star Asia Group, jointly acquired all shares of Minacia Co., Ltd. (hereinafter the “Minacia”) in June 2024, and executed a Business Alliance Agreement.
- The sponsor group and Polaris execute a share exchange between the sponsor group and Polaris in which Polaris will become the wholly owning parent company and Minacia will become a wholly owned subsidiary in the share exchange, and Polaris will acquire all shares of Minacia to make it a wholly owned subsidiary.
- Integrated management under a stronger capital relationship, aiming to realize synergies through the business merger of the two companies.

Outline of Share Exchange

Wholly owning parent company through Share Exchange	Polaris Holdings Co., Ltd.
Wholly owned subsidiary through Share Exchange (Subject Company)	Minacia Co., Ltd.
Consideration (Cash)	Per share of Minacia share Approx. JPY 4.58
Share Exchange Ratio	Per share of Minacia share Common stock of Polaris 0.097 shares
Date of execution of share exchange agreement	October 15, 2024
Date of resolution of the Extraordinary General Meeting of Shareholders	December 12, 2024 (scheduled)
Share exchange effective date	December 27, 2024 (scheduled)

Share Exchange Structure



(Note) The Share Exchange is subject to approval of the Share Exchange Agreement by resolution at the Company's and Minacia's extraordinary general meetings of shareholders scheduled on December 12, 2024.

Outline of Minacia

- Limited-service hotel operator with 39 hotels and 5,180 rooms under management in major cities nationwide
- Evolving a unique idea of collaboration between “food” and “accommodation”, operates 32 restaurants across Japan.

Outline of the Subject Company

Item	Contents
Company Name	Minacia Co., Ltd.
Address	3F Fuundo Building, 1-2 Kanda Ogawamachi, Chiyoda-ku, Tokyo
Date of Establishment	June 1, 2001
Business Contents	Management, planning, operation and administration of hotels, restaurants and souvenir stores Hotel management consulting, etc.
Number of Employees	1,054 (including contract and part-time employees, as of July, 2024)
Capital Stock	JPY 3 million (as of today)
Name of Representative	Kazuyoshi Shimojima



Main Hotel Brand

- Number of Hotels: 25
- Standard hotels that focus on a balance between business feasibility and livability



- Number of Hotels: 8
- Design-oriented hotels that make hotel-stay a pleasure



- Number of Hotels: 4
- Highest quality and functionality hotels in WING brand



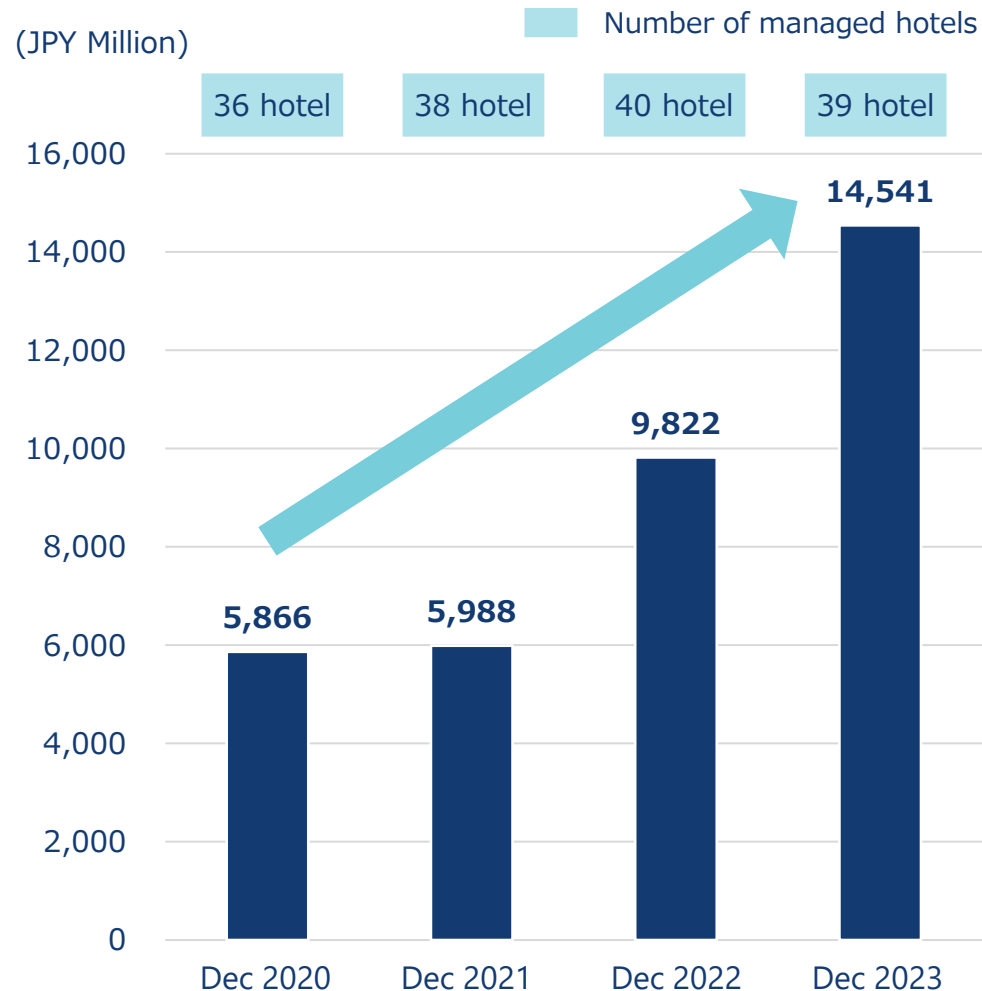
- Number of Hotels: 2
- Hotels offering best hospitality and sophisticated accommodation experience



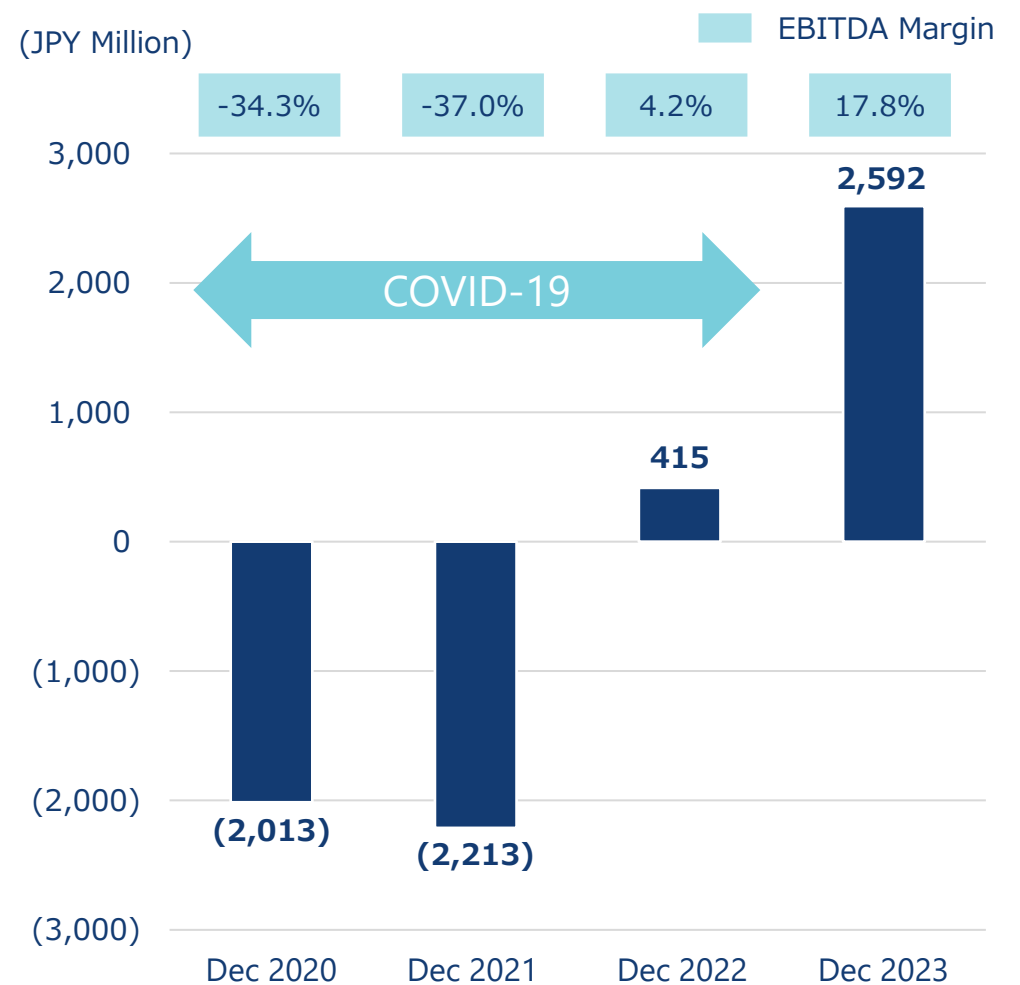
Minacia's Growing Sales and EBITDA Trends

- Minacia has now completely overcome the COVID-19 era, and sales and EBITDA are rapidly growing. Aiming to achieve further growth in the future through this Project.

Sales Trend



EBITDA Trend



Hotel Development Map of Minacia

- Opened in variable major cities nationwide, where expected to capture leisure and inbound demand in top of business demand.

39 hotels / 5,180 rooms

*As of September 30, 2024

Kansai

- Hotel Wing International Premium Osaka Shinsekai
- Hotel Wing International Premium Kyoto Sanjo
- Hotel Wing International Select Osaka Umeda
- Hotel Wing International Select Higashi Osaka
- Hotel Wing International Himeji
- Hotel Wing International Kobe Shinnagata Ekimae
- Hotel Wing International Kyoto Shijo-Karasuma

Kyushu/Shikoku

- Tenza Hotel Hakata Station
- Hotel Wing International Select Kumamoto
- Hotel Wing International Select Hakata Ekimae
- Hotel Wing International Takamatsu
- Hotel Wing International Miyakonojo
- Hotel Wing International Izumi
- Hotel Wing International Kumamoto Yatsushiro
- Hotel Wing International Hakata Shinkansen Exit

Hokkaido

- Tenza Hotel & Sky Spa Sapporo Central
- Hotel Wing International Sapporo Susukino
- Hotel Wing International Chitose
- Hotel Wing International Tomakomai
- Hotel Wing International Asahikawa Ekimae

Chugoku

- Hotel Wing International Shimonoseki

Chubu

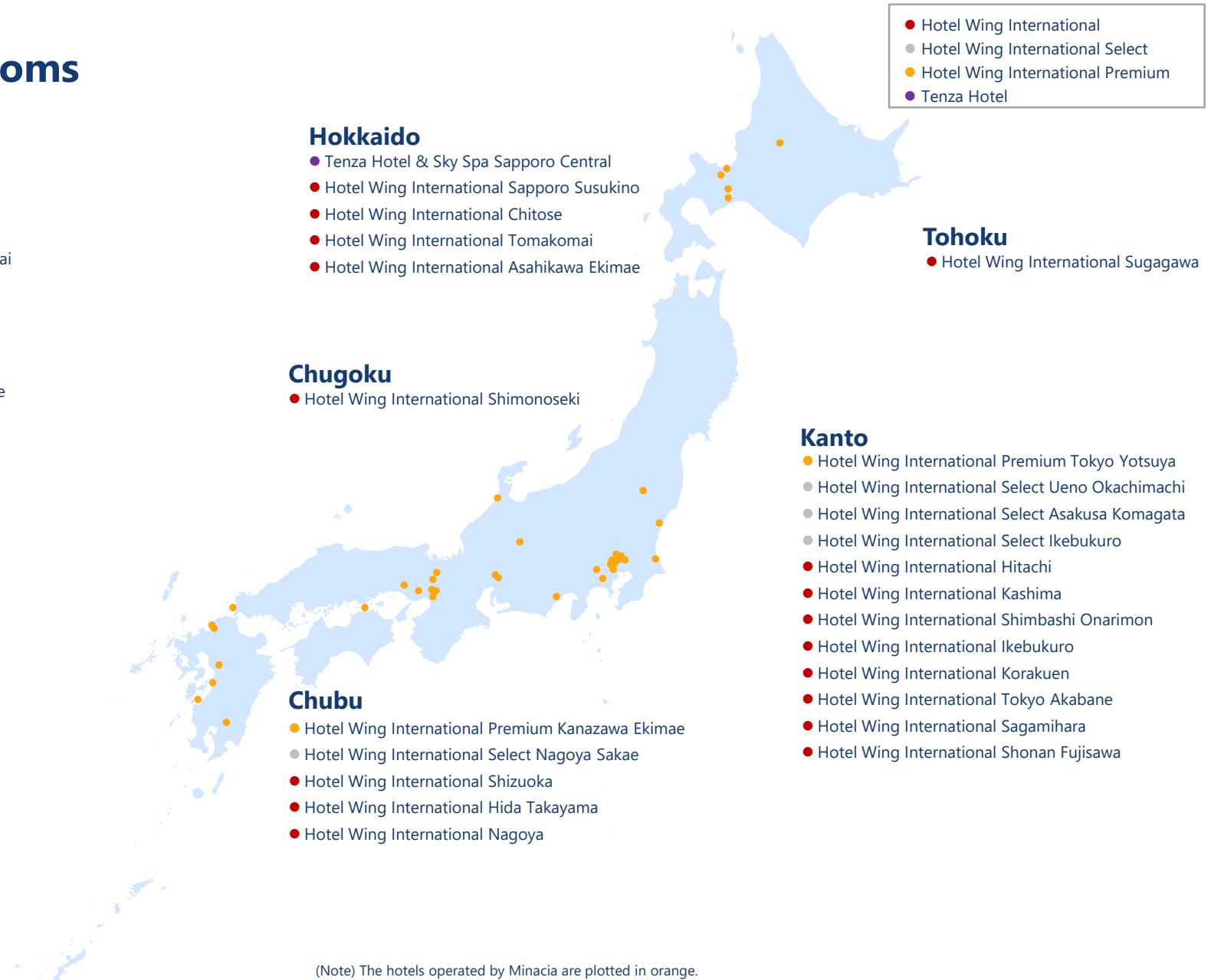
- Hotel Wing International Premium Kanazawa Ekimae
- Hotel Wing International Select Nagoya Sakae
- Hotel Wing International Shizuoka
- Hotel Wing International Hida Takayama
- Hotel Wing International Nagoya

Tohoku

- Hotel Wing International Sugagawa

Kanto

- Hotel Wing International Premium Tokyo Yotsuya
- Hotel Wing International Select Ueno Okachimachi
- Hotel Wing International Select Asakusa Komagata
- Hotel Wing International Select Ikebukuro
- Hotel Wing International Hitachi
- Hotel Wing International Kashima
- Hotel Wing International Shimbashi Onarimon
- Hotel Wing International Ikebukuro
- Hotel Wing International Korakuen
- Hotel Wing International Tokyo Akabane
- Hotel Wing International Sagami-hara
- Hotel Wing International Shonan Fujisawa



(Note) The hotels operated by Minacia are plotted in orange.

Hotel Development Map integrated with Minacia (Domestic)

- Further expansion of operating platforms in metropolitan areas where inbound demand is growing, as well as expansion of coverage in regional areas, leading the geographical diversification of the operating platform.

91 hotels / 14,226 rooms

*As of September 30, 2024 (including overseas hotels and new opening hotels)

Kansai

- KAYA Kyoto Nijo Castle BW Signature Collection by Best Western
- Sure Stay Plus Hotel by Best Western Shin-Osaka
- Best Western Osaka Tsukamoto
- Best Western Plus Hotel Fino Osaka Kitahama
- Best Western Hotel Fino Osaka Shinsaibashi
- KOKO HOTEL Kobe Sannomiya
- KOKO HOTEL Osaka Namba
- KOKO HOTEL Osaka Shinsaibashi
- KOKO HOTEL Residence Kyoto Nijo Castle (scheduled to open in December 2024)
- KOKO HOTEL Osaka Nihonbashi Namba (scheduled to open in spring 2025)
- Hotel Wing International Premium Osaka Shinsekai
- Hotel Wing International Premium Kyoto Sanjo
- Hotel Wing International Select Osaka Umeda
- Hotel Wing International Select Higashi Osaka
- Hotel Wing International Himeji
- Hotel Wing International Kobe Shinnagata Ekimae
- Hotel Wing International Kyoto Shijo-Karasuma

Kyushu/Shikoku

- Best Western Plus Fukuoka Tenjin-minami
- KOKO HOTEL Fukuoka Tenjin
- KOKO HOTEL Premier Kumamoto
- KOKO HOTEL Kagoshima Tenmonkan
- Tenza Hotel Hakata Station
- Hotel Wing International Select Kumamoto
- Hotel Wing International Select Hakata Ekimae
- Hotel Wing International Takamatsu
- Hotel Wing International Miyakonojo
- Hotel Wing International Izumi
- Hotel Wing International Kumamoto Yatsushiro
- Hotel Wing International Hakata Shinkansen Exit

Hokkaido

- KOKO HOTEL Sapporo Odori
- KOKO HOTEL Sapporo Station
- Best Western Plus Hotel Fino Chitose
- Tenza Hotel & Sky Spa Sapporo Central
- Hotel Wing International Sapporo Susukino
- Hotel Wing International Chitose
- Hotel Wing International Tomakomai
- Hotel Wing International Asahikawa Ekimae

Chugoku

- KOKO HOTEL Hiroshima Ekimae
- Wing International Shimonoseki

Chubu

- KOKO HOTEL Nagoya Sakae
- KOKO HOTEL Premier Kanazawa Korinbo
- Best Western Plus Nagoya Sakae
- Hotel Wing International Premium Kanazawa Ekimae
- Hotel Wing International Select Nagoya Sakae
- Hotel Wing International Shizuoka
- Hotel Wing International Hida Takayama
- Hotel Wing International Nagoya

Okinawa

- KOKO HOTEL Naha Maejima (scheduled to open in spring 2027)

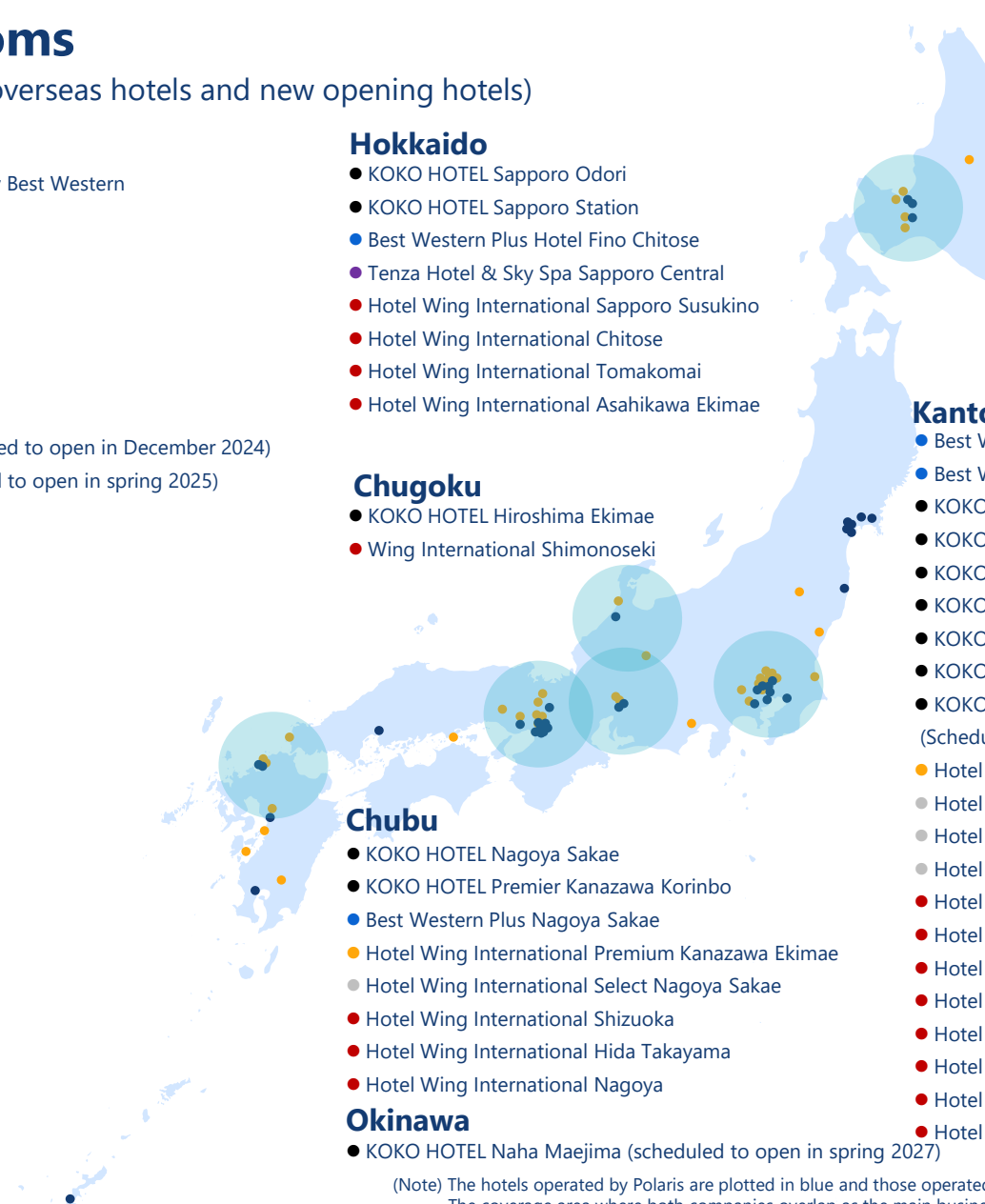
Tohoku

- KOKO HOTEL Sendai Kotodai Koen
- KOKO HOTEL Sendai Ekimae West
- KOKO HOTEL Sendai Ekimae South
- Value the Hotel Sendai Natori
- Value the Hotel Ishinomaki
- Value the Hotel Naraha Kido Ekimae
- Value the Hotel Higashimatsushima Yamoto
- Hotel Wing International Sugagawa

Kanto

- Best Western Hotel Fino Tokyo Akasaka
- Best Western Hotel Fino Shin-Yokohama
- KOKO HOTEL Residence Asakusa Kappabashi
- KOKO HOTEL Residence Asakusa Tawaramachi
- KOKO HOTEL Premier Nihonbashi Hamacho
- KOKO HOTEL Ginza-itcho
- KOKO HOTEL Tsukiji Ginza
- KOKO HOTEL Kaihin-Makuhari (scheduled to open in spring 2026)
- KOKO HOTEL Residence Ueno Shin-Okachimachi (Scheduled to open in fall 2027)
- Hotel Wing International Premium Tokyo Yotsuya
- Hotel Wing International Select Ueno Okachimachi
- Hotel Wing International Select Asakusa Komagata
- Hotel Wing International Select Ikebukuro
- Hotel Wing International Hitachi
- Hotel Wing International Kashima
- Hotel Wing International Shimbashi Onarimon
- Hotel Wing International Ikebukuro
- Hotel Wing International Korakuen
- Hotel Wing International Tokyo Akabane
- Hotel Wing International Sagamihari
- Hotel Wing International Shonan Fujisawa

● KOKO HOTELS	● Hotel Wing International
● Best Western Hotel	● Hotel Wing International Select
● Value the Hotel	● Hotel Wing International Premium
	● Tenza Hotel



(Note) The hotels operated by Polaris are plotted in blue and those operated by Minacia are plotted in orange. The coverage area where both companies overlap as the main business area after this Project is indicated by a circle.

Operator Ranking Skyrocket integrated with Minacia

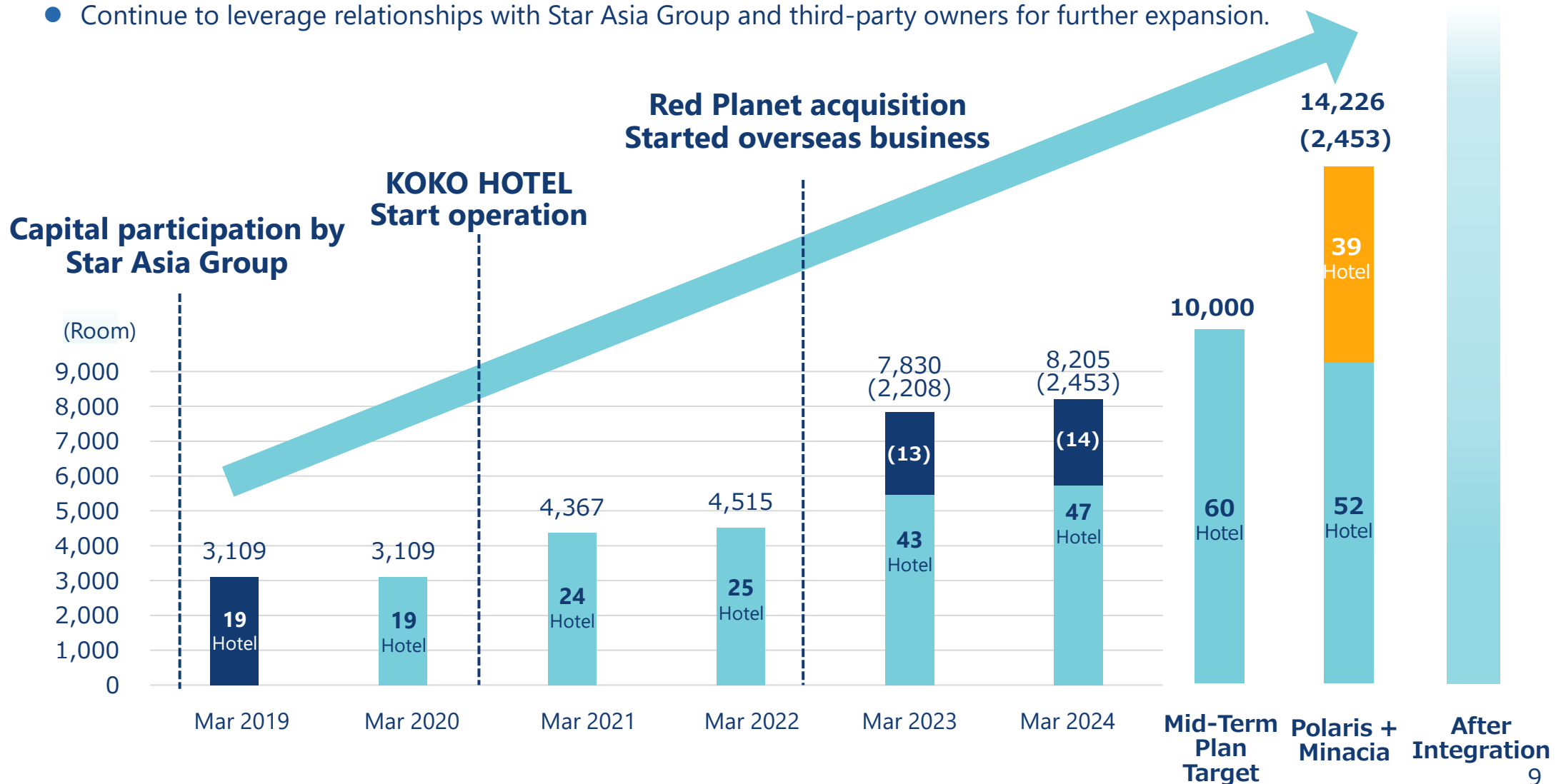
- Drastic increase in positioning as a limited-service hotel operator

No.	Company Name	Brand Name	Listed/Unlisted	Operating Hotels	
				Number of Hotels	Number of Rooms
1	Toyoko Inn	Toyoko Inn	Unlisted	335	71,303
2	APA	APA Hotel	Unlisted	273	64,631
3	Route Inn Japan	Hotel Route Inn	Unlisted	346	60,831
4	Mystays Hotel Management	Mystays / Flexstay Inn / Art Hotel	Unlisted	155	22,386
5	Kyoritsu Maintenance	Dormy Inn / Onyado Nono	Listed (9616)	137	21,367
6	Super Hotel	Super Hotel	Unlisted	173	19,793
7	Greens	Comfort Hotel / Comfort Inn	Listed (6547)	116	16,476
8	Daiwa House Realty Management	Daiwa Roynet Hotel	Unlisted	76	16,318
9	Sotetsu Hotel Management	Sotetsu Fressa Inn / Hotel Sunroute	Unlisted	81	15,802
10	Polaris Holdings (After Share Exchange)	Best Western / KOKO HOTEL / Value the Hotel / Red Planet / Wing International / Tenza	Listed (3010)	91	14,226
11	Tokyu Hotels	Tokyu Hotels	Unlisted	71	14,135
12	Hankyu Hanshin Hotels	REM / Daiichi Hotel	Unlisted	40	11,079
13	Fujita Kanko	Hotel Gracery / Washington Hotel	Listed (9722)	46	11,063
14	Livemax	Hotel Livemax	Unlisted	158	10,808
15	Hospitality Operations	Smile Hotel	Unlisted	78	10,692
16	Mitsui Fudosan Hotel Management	Mitsui Garden Hotel / Celestine / Sequence	Unlisted	40	10,076
17	JR East Hotels	Hotel Metropolitan / Hotel Mets	Unlisted	61	10,023
18	Solare Hotels & Resorts	Chisun Inn / Loisir	Unlisted	66	9,707
19	Washington Hotel	Washington Hotel Plaza / R&B Hotel	Listed (4691)	43	9,592
20	Hotel Alpha One Business Headquarters	Hotel α-1	Unlisted	48	9,548
21	Polaris Holdings	Best Western / KOKO HOTEL / Value the Hotel / Red Planet	Listed (3010)	52	9,046
22	RNT Hotels	Richmond Hotels	Unlisted	43	8,652
23	JR West Via Inn	Via inn	Unlisted	25	6,497
24	Kuretake-so	Kuretake Inn	Unlisted	54	6,230
25	Vessel Hotel Group	Vessel Hotel	Unlisted	36	5,640
26	Nishitetsu Hotels	Solaria / Nishitetsu Inn	Unlisted	21	5,626
27	Sumitomo Fudosan Villa Fontaine	Villa Fontaine	Unlisted	21	5,384
28	Hotel Monterey	Hotel Monterey	Unlisted	21	5,299
29	Tokyu Resorts & Stay	Tokyu Stay	Unlisted	31	5,192
30	Minacia	Wing International / Tenza	Unlisted	39	5,180
31	Select Hotels	Select Inn / Celecton	Unlisted	47	4,576

(Note) In order of number of operating rooms. Including domestic, overseas and franchise. Only operators that mainly operate limited-service hotels are listed. Compiled by Polaris based on the website or the April/May 2024 issue of Hotel and Restaurant Monthly.

Trajectory of Operating Platform Growth

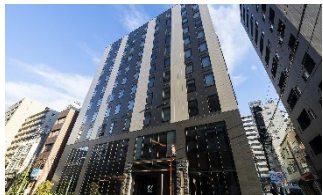
- With the support of Star Asia Group, the number of operating rooms grew by approximately 2.6 times from FY03/09 to FY03/2024.
- Number of operating rooms grew approximately 4.6 times compared to the FY03/2019 as a result of the integration with Minacia, achieving the goals of Medium Term Management Plan far ahead of schedule.
- Continue to leverage relationships with Star Asia Group and third-party owners for further expansion.



(Note) Figures in parentheses represent the number of overseas hotels and the number of rooms under management.

Pursuing Economies of Scale to Become the Industry's Best Operator

- 1 Maximize revenues from operating hotels by implementing precise sales tactics and enhancing brand awareness through marketing, sales, and revenue management practices that leverage the chain networks of both companies.
- 2 Aim to become the industry's highest level operator by sharing operational know-how, integrating back-office functions common to both companies, optimizing various operating costs, improving the efficiency of human resource development, and making strategic investments to support a growing operating platform.
- 3 Aiming for further sustainable growth of the management platform by expanding opportunities to obtain new hotel project by utilizing the networks of both companies and developing new contracts in collaboration with Star Asia Group.



Polaris Holdings

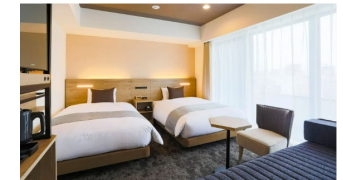
As a "TopTier Hotel Operator" becomes a "Company of Choice" among Stakeholders

- Hotel operator with four brands, including global brands
- Real estate investment and operation know-how and development strategy by leveraging strong relationship with Star Asia Group
- GOP maximization through efficient operation style
- Strong headquarter functions to support hotel operations in Japan and overseas

Minacia

Create landmarks which will be loved by the city for a long time

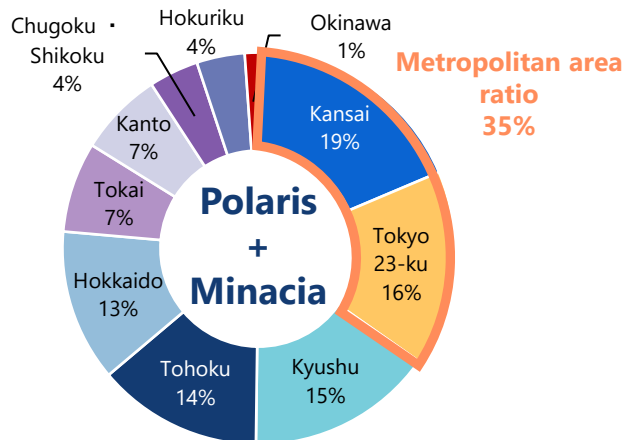
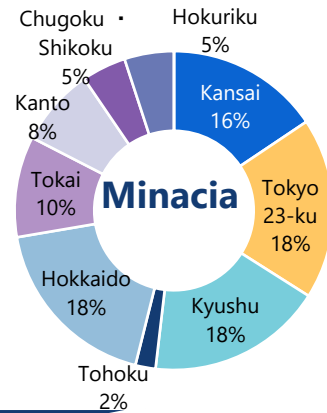
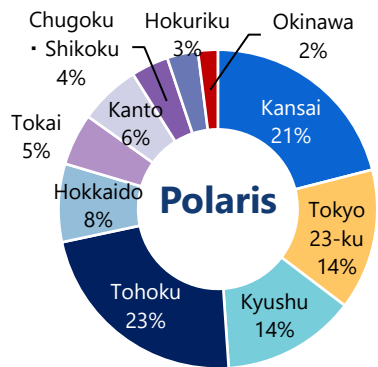
- Hotel operator with hotel brands that have been in business for more than 30 years
- Development of restaurants focusing on local food and drinks
- GOP maximization through efficient operation style
- Strong headquarter functions to support operations of 39 hotels and 12 restaurants nationwide
- Unique loyalty program



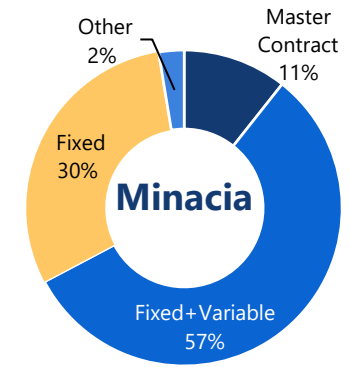
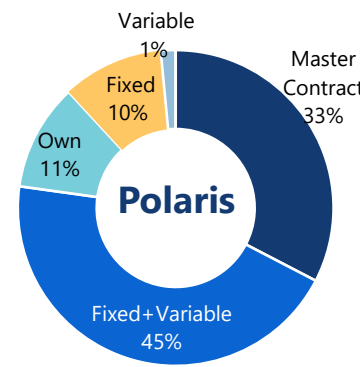
Maximize corporate value through an earnings structure with stability and growth potential

- Merger with Minacia's operating platform in major cities throughout Japan further develops regional diversification and transform the portfolio into one that can flexibly respond to the risk of fluctuations in hotel demand by region.
- Integration of Polaris, which has a larger share of fee-based and variable-rent lease contracts, and Minacia, which has relatively bigger share of fixed-rent lease contracts, will complement each other in terms of risk-return balance, establish an earnings structure with stability and growth potential, and enable hedging risks and maximizing earnings in response to market changes.

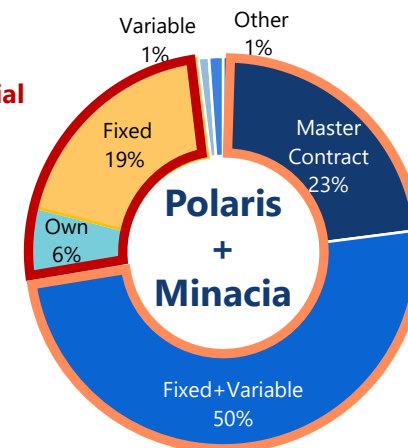
Number of Rooms by Region



Number of Rooms by Contract Types



Generating growth potential
Own&Fixed ratio
25%



Generating Stability
with Lower Risk
Master Contract·Fixed +
Variable
73%

(Note) Number of domestic operating rooms of Polaris only.

Disclaimer

This material is released for the purpose of providing information on the Share Exchange making Minacia Co., Ltd. a wholly owned subsidiary, and is not intended as a solicitation for investment.

The information in this document concerning future forecasts, strategies, etc., is based on judgments made by the Company based on information reasonably available to the Company at the time this document was prepared and within the scope of what could be expected in the ordinary course of business.

In reality, however, there are risks that could cause results to differ from these forecasts due to the occurrence of special circumstances that are not normally foreseeable or the occurrence of results that are not normally foreseeable.

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