

BEST WESTERN PLUS  
NAGOYA SAKAE



**POLARIS HOLDINGS CO., LTD. (STOCK CODE : 3010)**

**SEPTEMBER 2024 SUPPLEMENTARY MATERIAL FOR THE 151ST FISCAL PERIOD**

**NOVEMBER 13, 2024**

**P**  **L A R I S**  
HOLDINGS

# FY3/2025 2Q: Highlights of Major Strategic Initiatives

FY3/2025 2Q	<ul style="list-style-type: none"><li>■ Despite the temporary impact of a typhoon that swept throughout Japan in August and the issuance of a Nankai Trough earthquake warning following the occurrence of an earthquake centered in the Hyuga Sea in Miyazaki Prefecture, <b><u>hotel market growth continued due to higher lodging demand than in the same period of the previous fiscal year.</u></b></li><li>■ Change the hotel operational structure of four hotels from an management contract type <b><u>to a fixed + variable rent lease contract type</u></b> in order to secure long-term management opportunities and to improve profitability.</li><li>■ In FY3/2025 2Q, recognized <b><u>a gain of approximately JPY500 million in distribution profit related to TK joint investment,</u></b> while the real estate business recognized a gain on sales of real estate of approximately JPY2.0 billion in the same period of the previous fiscal year.</li><li>■ <b><u>Announced a Medium-Term Management Plan</u></b> that includes quantitative targets for FY3/2025 through FY3/2027.</li><li>■ Executed an agreement for <b><u>a joint investment to Minacia</u></b> with the sponsor group, Star Asia Group, and <b><u>a business alliance with Minacia.</u></b></li><li>■ <b><u>Comprehensive Support Agreement</u></b> with Star Asia Investment Management Co., Ltd and Star Asia Investment Corporation which has entrusted the management of its assets to Star Asia Investment Management Co., Ltd.</li></ul>
Share Exchange Agreement With Minacia	<ul style="list-style-type: none"><li>■ In October, <b><u>a Share Exchange Agreement was executed to</u></b> make Minacia a wholly owned subsidiary of Polaris.</li><li>■ After approval at the extraordinary shareholders' meeting in December, the business integration will be completed, and the number of hotels in operation is expected to grow by approximately 1.8 times and the number of rooms in operation by approximately 1.6 times compared to the current level, <b><u>achieving the targets set in the Medium-Term Management Plan significantly ahead of the plan.</u></b></li></ul>



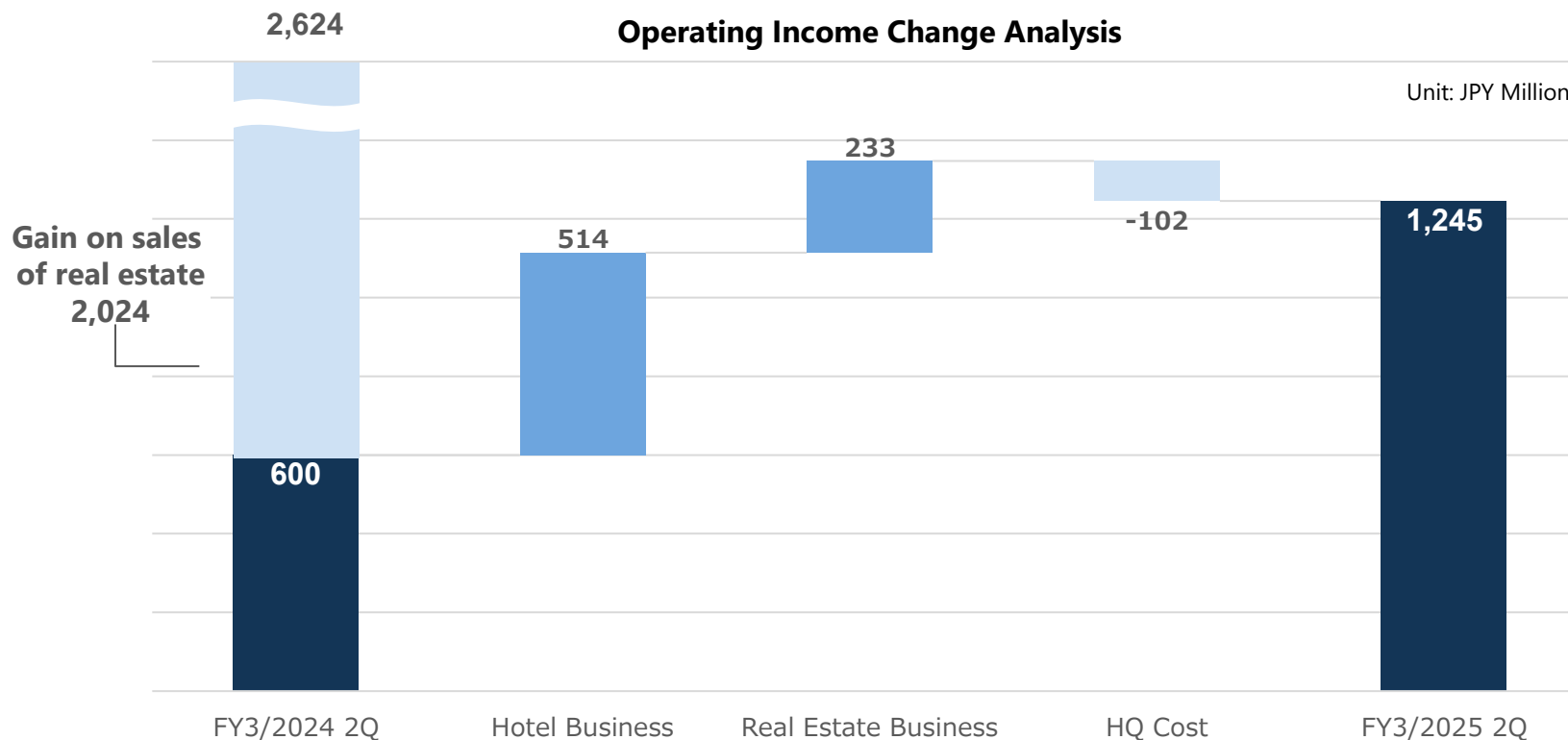
# FY3/2025 2Q: Strong Performance Drives Sales and Earnings

- In FY3/2025 2Q, both Sales and each profit **exceeded the forecast.**
- In the overseas business (Red Planet), **“Red Planet BGC The Fort”** located in the “Bonifacio Global City” area **grand opened FY3/2025 1Q and contributed to improved business performance.**
- Negative year-on-year impact is due to a **one-time gain on sales of real estate of approximately JPY 2.0 billion** resulting from the sale of Best Western Plus Fukuoka Tenjin Minami and Fino Hotel Sapporo Odori in FY3/2024 2Q.

Consolidated Unit : JPY Million	FY3/2025 2Q			Forecast (Full year)	Forecast (Full year) Progress %
	Domestic	Overseas	Total		
Sales	8,917	1,404	<b>10,321</b>	20,078	51.4%
Operating income	1,061	185	<b>1,245</b>	1,891	65.9%
Ordinary income	1,056	△94	<b>962</b>	1,315	73.2%
2Q Net Profit attribute to the Parent Company	1,052	△162	<b>890</b>	1,473	60.4%

# FY3/2025 2Q: Analysis of Changes in Operating Income

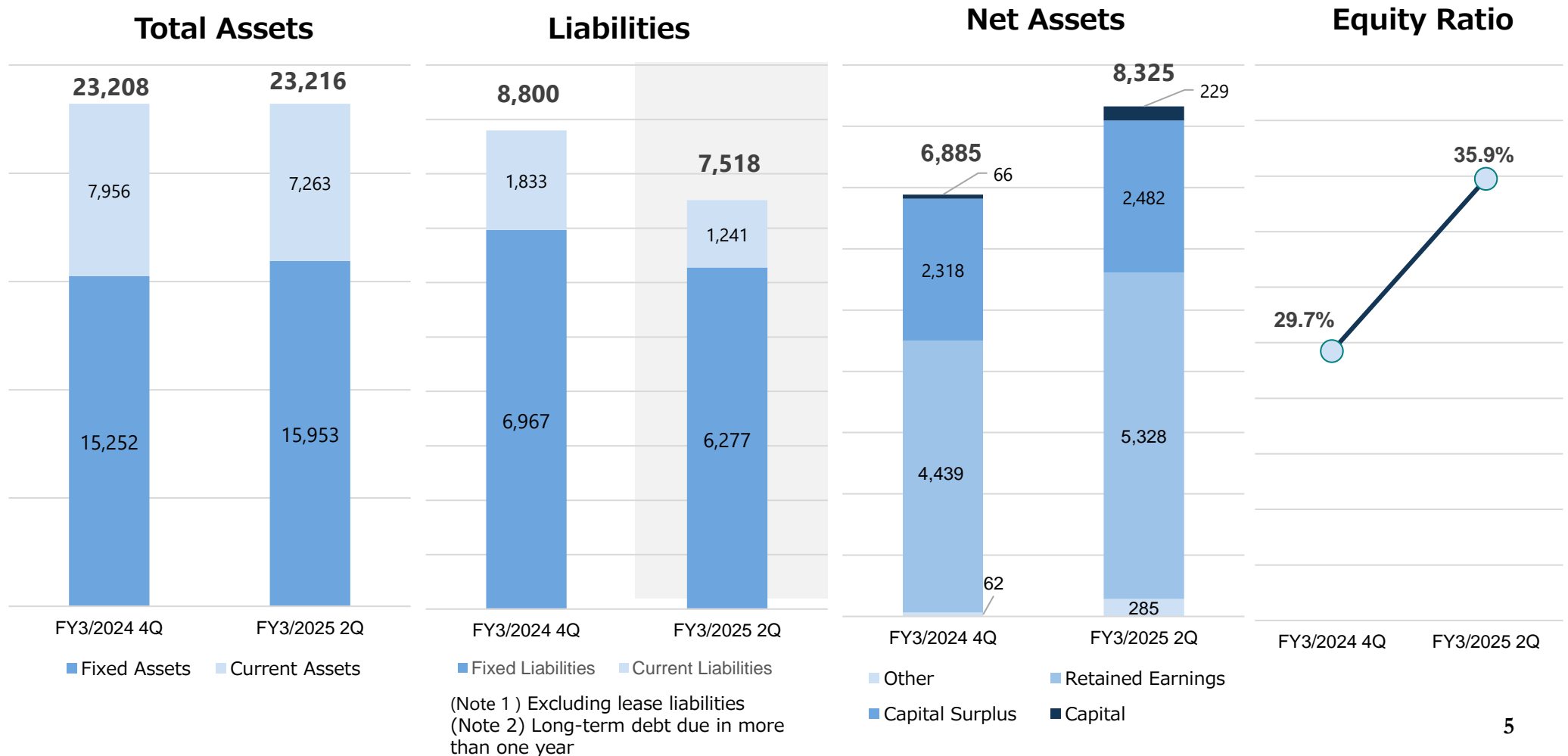
- In the hotel business, **Sales and Operating income increased year-on-year** due to an increase in the number of hotels under management and the improved performance of the overseas business (Red Planet) in a positive hotel market.
- The real estate business **recorded a gain of approximately JPY 500 million from a TK investment distribution**, mainly due to the sale of a special purpose company that owns trust beneficiary rights to the hotel property "**KOKO HOTEL Tsukiji Ginza**". (In FY3/2024 2Q, recognized approximately JPY 2.0 billion due to the sale of two hotel properties, Best Western Plus Fukuoka Tenjin Minami and Fino Hotel Sapporo Odori.)



# FY3/2025 2Q: Balance Sheet Shows Further Improvement

- New Borrowing of JPY 1.5 billion from Star Asia Group to reduce interest expenses by the prepayment of high interest rate loans from the Philippines banks, which is **expected to greatly reduce interest expenses by approximately JPY 216 million** over three years through the FY3/2027.
- **Equity ratio improved significantly** due to net income attributable to shareholders of the parent company and exercise of stock acquisition rights.

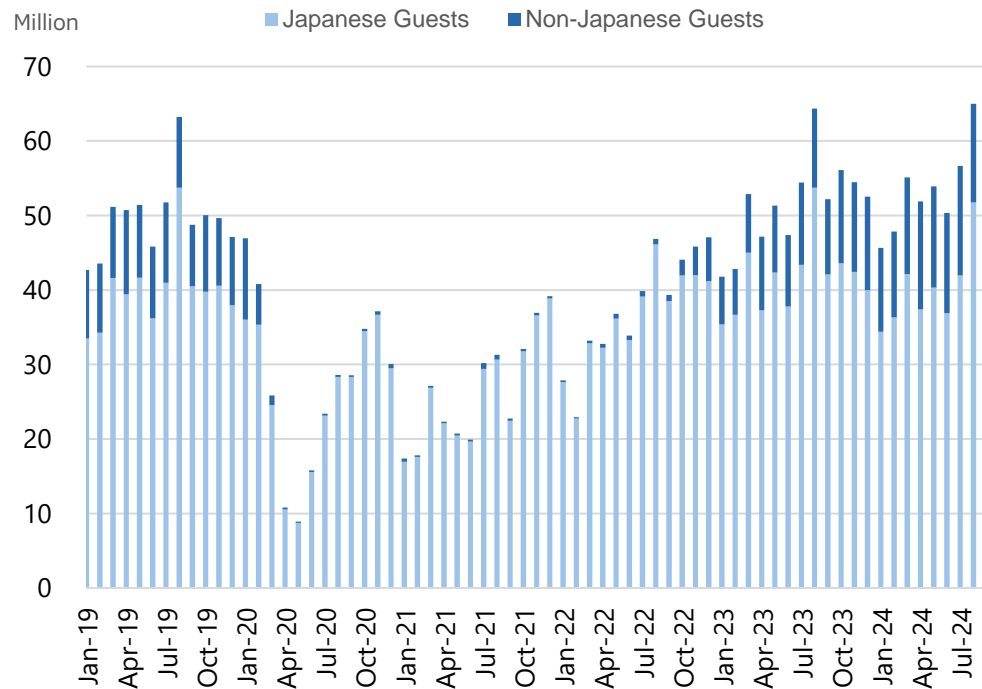
Unit: JPY Million



# Strong Recovery of Domestic Hotel Market Ahead of 2019<sup>P</sup>

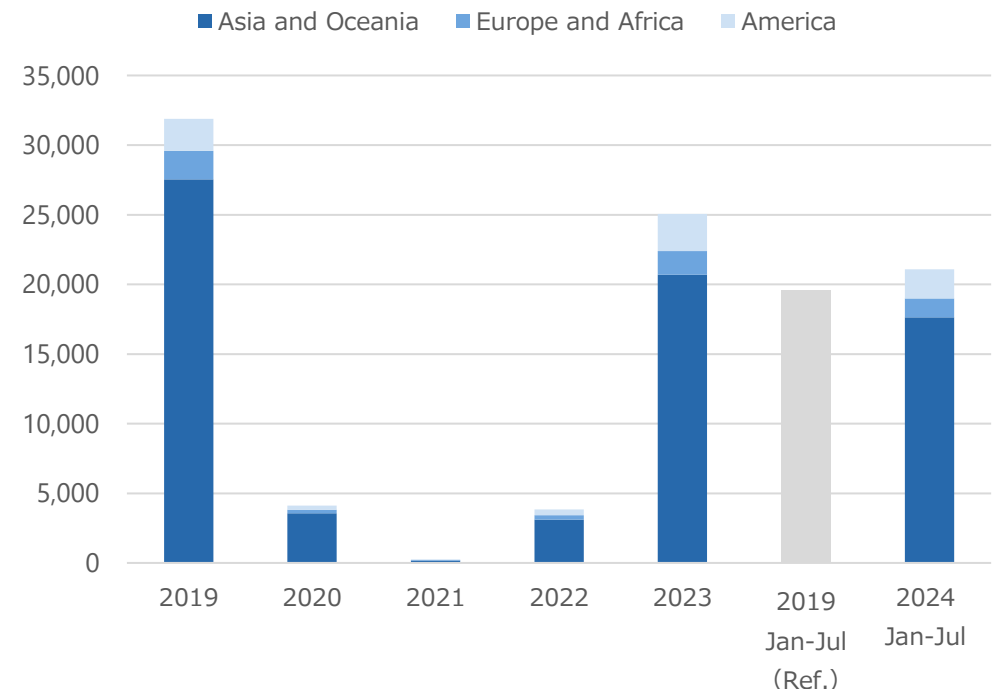
- From April to September 2024, the total number of overnight guests nationwide is **331.87 million, increased 4.7% from the same period last year**, and the total number of inbound overnight guests is **81.39 million, increased 35.2% from the same period last year**.
- The number of inbound visitors is **a record high for the eighth consecutive month through September 2024** and expected to reach a total of 26.88 million through September, exceeding the previous year's annual total of 25.07 million, with a **particularly large increase in the number of Chinese visitors of 5.25 million, showing 228.4% increase from the same period last year**.

### Total Number of Guests



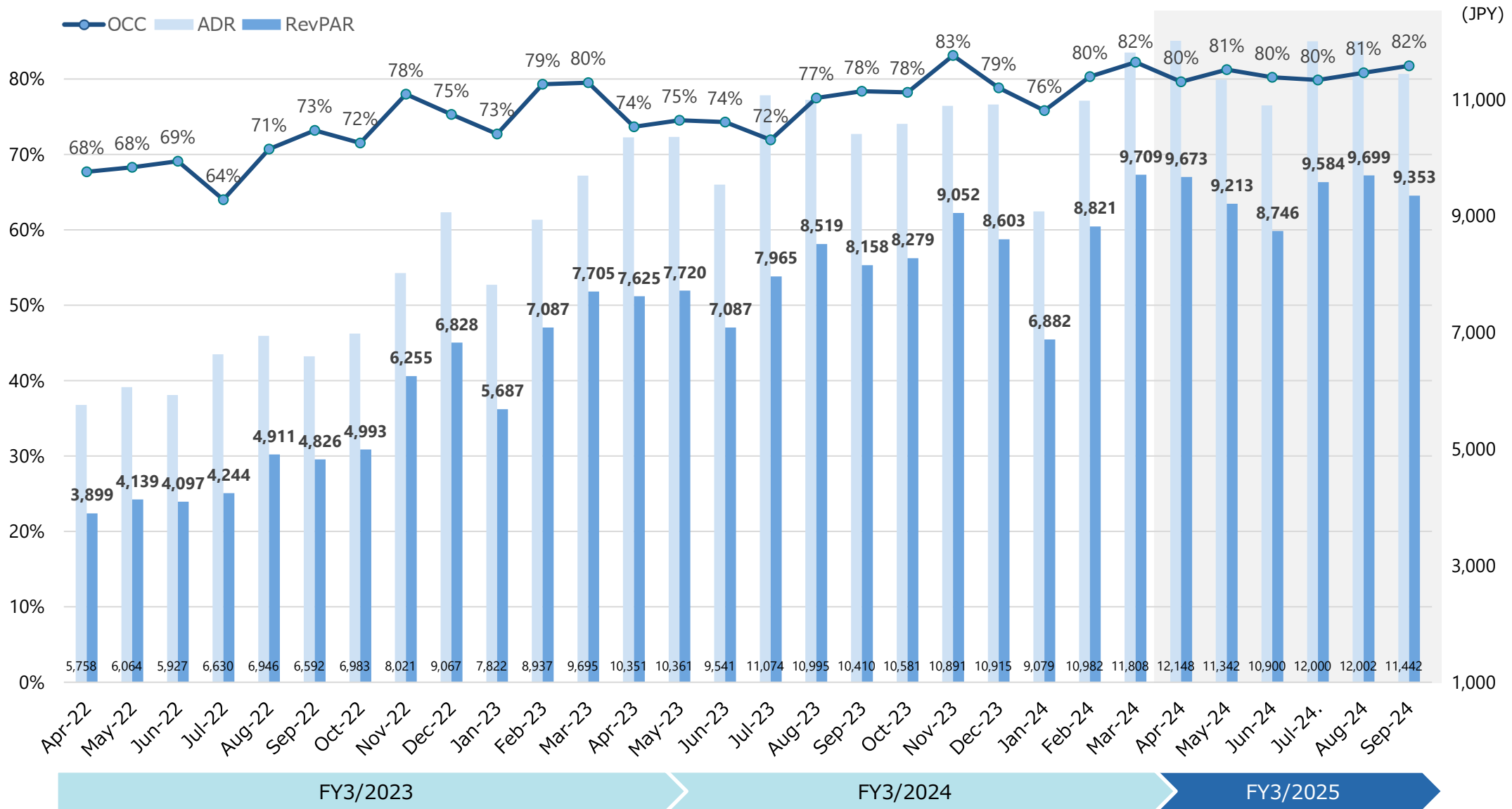
(Source: Prepared by the company based on the Japan Tourism Agency's "Lodging Travel Statistics Survey.")

### Number of Inbound Visitors by Region



(Source: Prepared by the company based on the Japan Tourism Agency's "Lodging Travel Statistics Survey.")

# KPY Monthly Trends (Domestic Hotels)



(Notes)

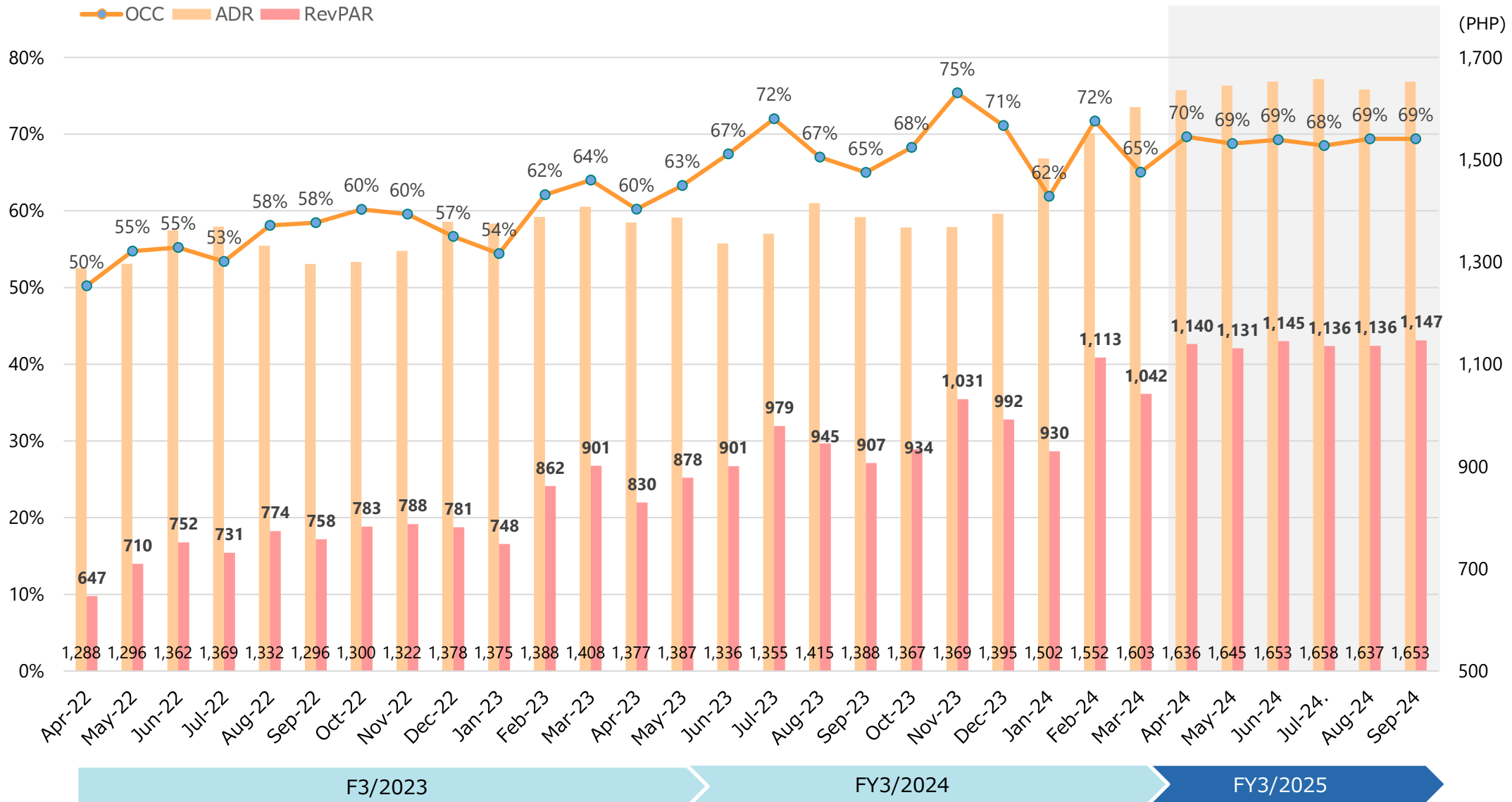
OCC (%) : Average Occupancy Ratio

ADR (JPY) : Average Daily Rate

RevPAR (JPY) : Revenue Per Available Room (OCC x ADR)

※The weighted average of each indicator for hotels that were actually in operation as of each month is shown.

# KPY Monthly Trends (Overseas Hotels)



Notes)

OCC (%) : Average Occupancy Ratio

ADR (PhP) : Average Daily Rate

RevPAR (PhP) : Revenue Per Available Room (OCC x ADR)

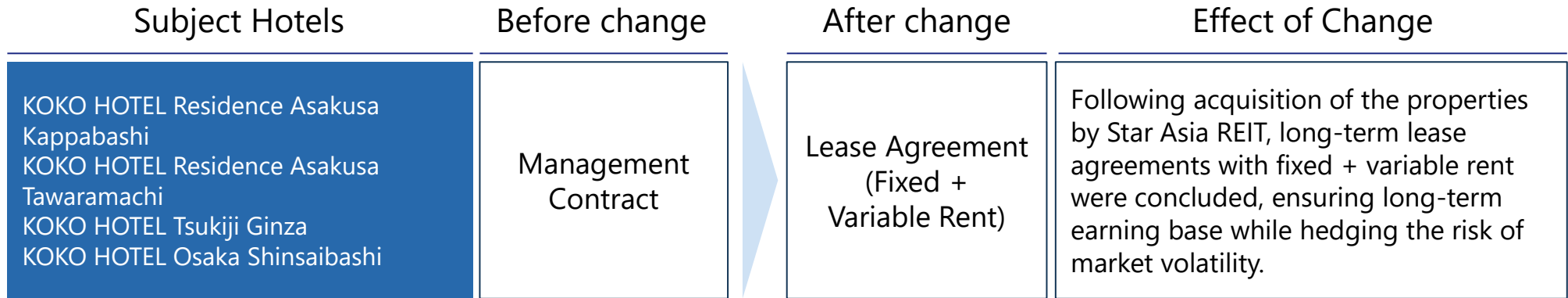
※The weighted average of each indicator for hotels that were actually in operation as of each month is shown.

※Results (overseas) are reflected in the consolidated financial statements three months earlier.

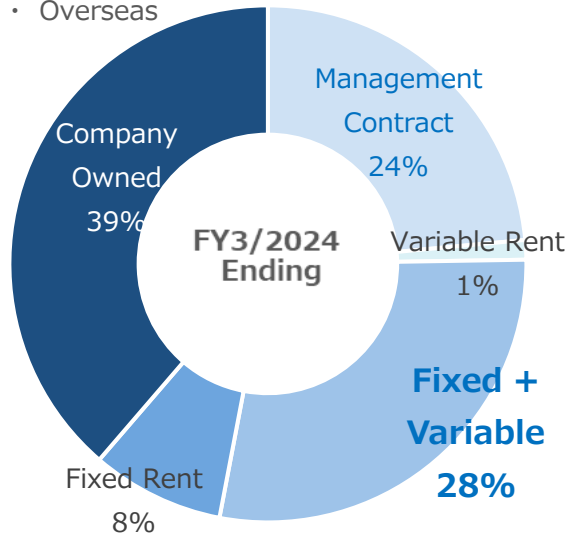


# Strategic Operational Structure Changes to Optimize Portfolio

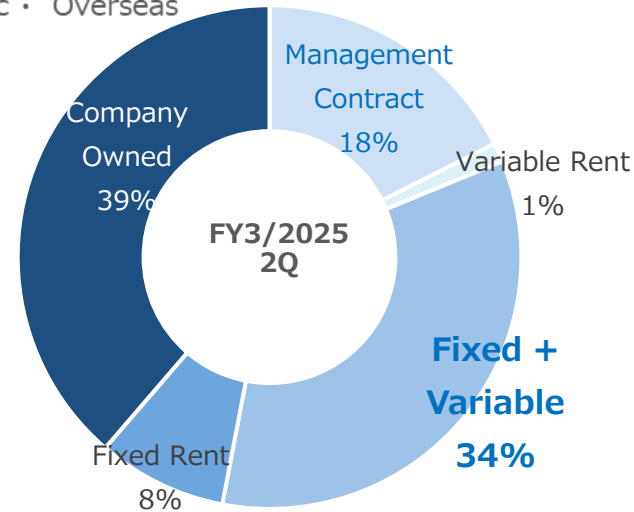
- Strategically changed to an operational structure to secure medium to long-term earnings, based on the optimal earning structure of the hotel portfolio under management, with responding flexibly to changes in the market environment.



Operation Type Ratio (based on number of rooms)  
Domestic · Overseas



Operation Type Ratio (based on number of rooms)  
Domestic · Overseas










(Note) The number of rooms above includes the number of rooms operated in the Philippines.

# Further Expansion of Operating Platform Continues

## - Planned Openings

- In FY3/2025, [KOKO HOTEL Residence is scheduled to open in Kyoto City](#) in December 2024.
- [Further nationwide expansion accelerates](#) for the operation platform under Polaris Group's proprietary "KOKO HOTEL" brand.
- The number of rooms under management is expected to grow to [9,271](#) (including hotels to be managed).

Hotel Name	Address	Number of Rooms	Operation Type	Start of Operation
<b>KOKO HOTEL Residence Kyoto (tentative)</b> 	Kyoto City, Kyoto	Undisclosed	Management Contract	December 2024
<b>KOKO HOTEL Osaka Nipponbashi Nanba (tentative)</b> 	1-Chome Sennichimae, Chuo-ku, Osaka City, Osaka	320	Management Contract	Spring 2025
<b>KOKO HOTEL Kaihin Makuhari (tentative)</b> 	2-chome, Hibino, Mihama-ku, Chiba City, Chiba	301	Management Contract	Spring 2026
<b>KOKO HOTEL Naha Maejima (tentative)</b> 	3-chome, Maejima, Naha city, Okinawa	132	Fixed + Variable Rent	Spring 2027
<b>KOKO HOTEL Residence brand (TBD)</b> 	1-chome Higashi-Ueno, Taito-ku, Tokyo	52	Fixed + Variable Rent	Summer 2027
<b>KOKO HOTEL Residence Ueno Shin-Okachimachi (tentative)</b> 	3-chome Taito, Taito-ku, Tokyo	52	Management Contract	Fall 2027
<b>KOKO HOTEL Premier Naha (tentative)</b> 	Naha City, Okinawa	173	Fixed + Variable Rent	Summer 2028

# Business Integration with Minacia

## - Outline of Minacia

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

## 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 50 million
Name of Representative	Kazuyoshi Shimojima



## Main Hotel Brand



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



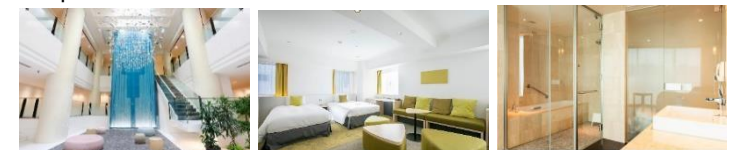
- Number of Hotels: 8
- Design-oriented hotels that make hotel-stay a pleasure



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



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



# Hotel Development Map after Business Integration with Minacia (Domestic)

- Further expansion of operating platform in metropolitan areas, where inbound demand is increasing, and coverage of rural areas at the same time, and progressing regional diversification of operating platforms.

## 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)

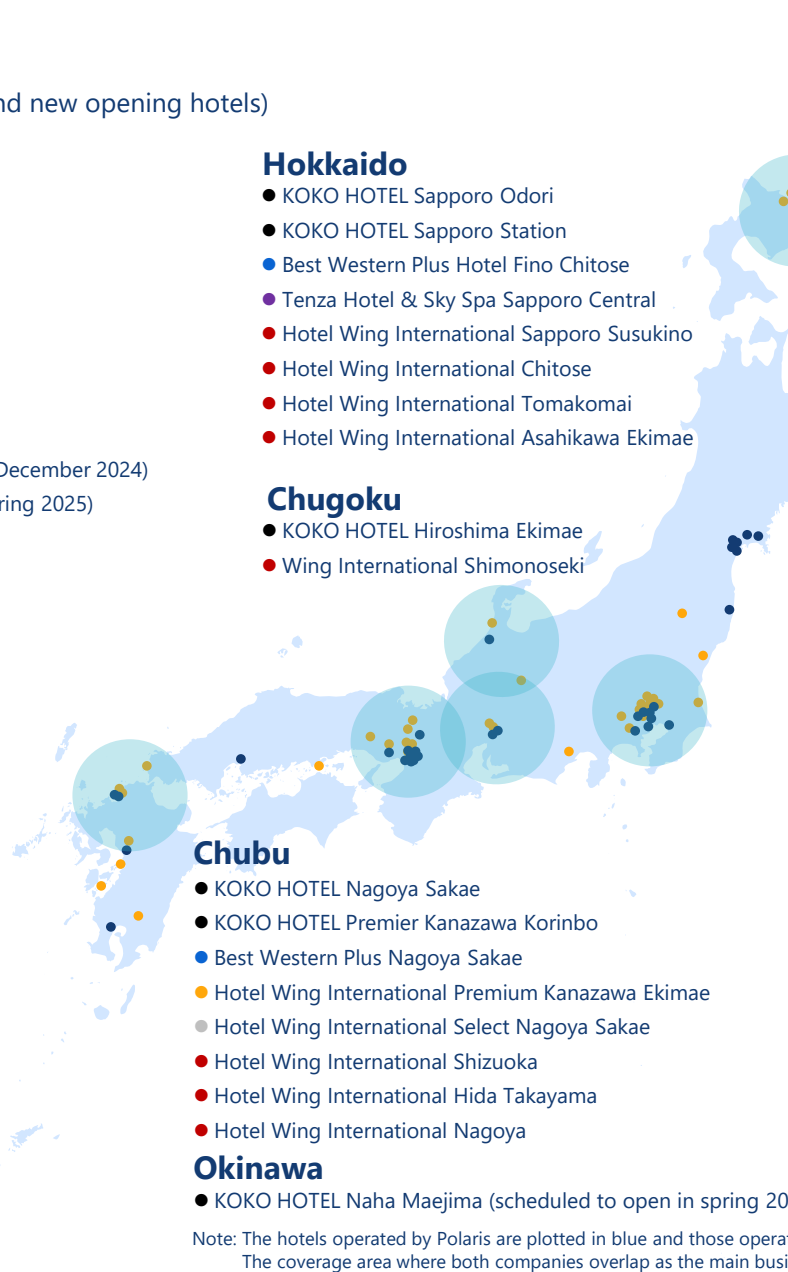
### Tohoku

- 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-itchome
- 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 Sagami-hara
- Hotel Wing International Shonan Fujisawa

- KOKO HOTELS
- Best Western Hotel
- Value the Hotel
- Hotel Wing International
- Hotel Wing International Select
- 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 after Business Integration with Minacia

## ■ Dramatic 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
<b>10</b>	<b>Polaris Holdings (After Share Exchange)</b>	<b>Best Western / KOKO HOTEL / Value the Hotel / Red Planet / Wing International / Tenza</b>	<b>Listed (3010)</b>	<b>91</b>	<b>14,226</b>
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
<b>21</b>	<b>Polaris Holdings</b>	<b>Best Western / KOKO HOTEL / Value the Hotel / Red Planet</b>	<b>Listed (3010)</b>	<b>52</b>	<b>9,046</b>
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
<b>30</b>	<b>Manacia</b>	<b>Wing International / Tenza</b>	<b>Unlisted</b>	<b>39</b>	<b>5,180</b>
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.



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For further details on this matter, please refer to the November 13, 2024 press release titled "Consolidated Financial Results for the Six Months Ended September 30, 2024 (Under Japanese GAAP)".

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