



# ODYSSEY JAPAN BOUTIQUE HOSPITALITY INVESTMENT OPPORTUNITIES

2019 (1H)

CONFIDENTIAL

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## WHO IS THE ODYSSEY GROUP

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**Odyssey Group Limited** is Asia’s leading international Alternative Asset Manager that provides differentiated and bespoke investment solutions across multiple assets classes. We have 36 staff across multiple disciplines and with combined experience of over 400 years across many continents.

Odyssey’s Private Equity Real Estate division specialises in providing our clients access to attractive real estate opportunities, including our flagship Japanese boutique luxury hospitality investment opportunities, which investors are able to access either via our Odyssey Japan Boutique Hospitality Fund or our direct syndication offerings. Our clients consist of HNW, family office and institutional investors.

Odyssey’s subsidiary, Odyssey Asset Management Ltd is licensed by the Hong Kong Securities and Futures Commission to carry out regulated activities in Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management). The Odyssey Group’s divisions include:

<b>Asset Management</b>	<b>Wealth Management</b>
<b>Real Estate</b>	<b>Managed Portfolio Solutions</b>
<b>Multi-Family Office Services</b>	<b>Hedge Fund Solutions</b>
<b>Trust &amp; Corporate Services</b>	<b>Insurance Solutions</b>



## WHY INVEST IN THE JAPAN BOUTIQUE HOSPITALITY STRATEGY?

3 compelling points



### **Right Place & Right Time for Japanese Hospitality Investments**

Strong structural demand vs.  
Undersupply of rooms.

Macro environmental factors &  
supportive government policy changes.



### **Strong Local Japanese Partners & Board of Advisors**

Extensive experience & track record in  
Japanese real estate & hospitality assets.

Top 1% of CRE players.  
Built on long-standing trust & success.



### **Great Deals With Attractive Returns**

Off-market deals.

+10% cash-on-cash yield.

+15-20% NET returns on investment.

## MARKET DATA AND STRUCTURAL DEMAND DRIVERS

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## THE RIGHT PLACE AT THE RIGHT TIME

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The Japanese hospitality market has compelling value drivers



### DOMESTIC TRAVELLERS

Strong demand from Japanese domestic travellers  
Approx. 400 Million per year since 2010  
Domestic travellers = 80% of all hotel stays



### ATTRACTIVE YIELDS

Hospitality consistently out performs  
office & residential  
Boutique hospitality offer higher returns



### OCCUPANCY RATES

Strong growth in occupancy rates &  
forecast to remain robust  
Occupancy rates rising since 2012



### INBOUND TRAVELLERS

Exponential growth in foreign travellers to Japan  
A record 30 Million visits in 2018  
Government target of 40MM inbound visits by 2020



### LIMITED SUPPLY

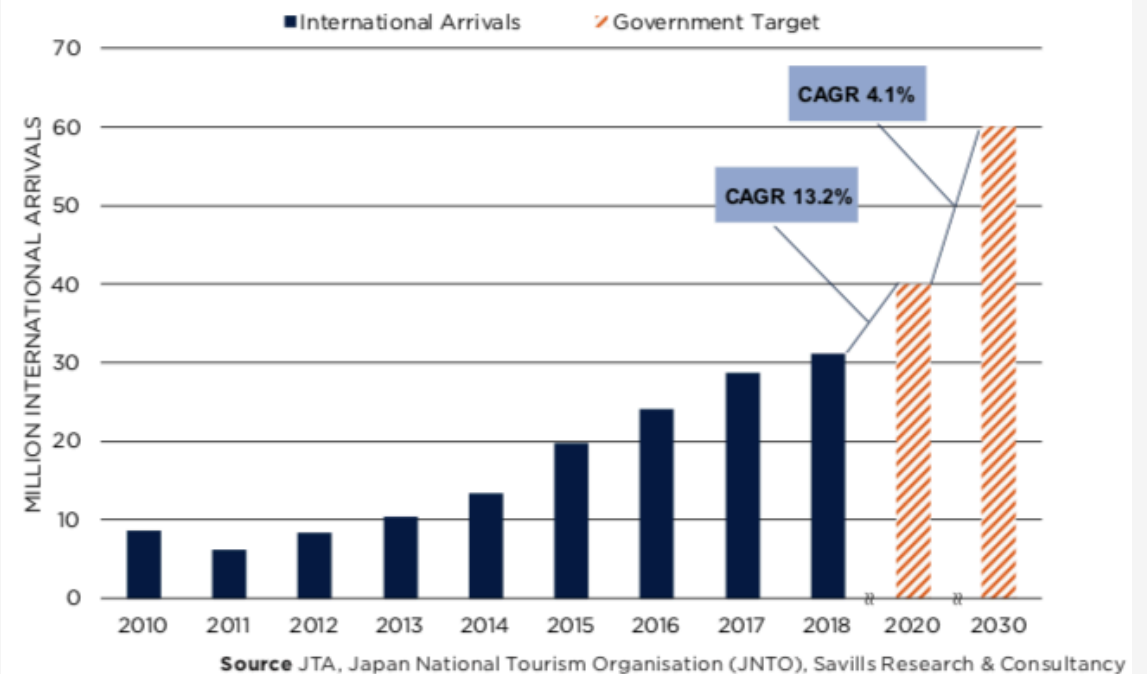
Structural shortage of hotel rooms across Japan  
Hospitality sector underinvested after the GFC (2009)  
Forecasted room shortage for 2020 Olympics

## TOURISM BOOM

Major growth engine for hospitality assets

- A booming tourism sector is driving significant growth at a macro economic level and within the hospitality sector.
- Since Prime Minister Abe came into office in December 2012, inbound tourist arrivals have risen almost fourfold (4x), from a 2012 monthly average of 697,000 to 2.7 million in January 2019 and a record 31.19 million foreign visitors to Japan in 2018
- Structural demand drivers of Tourism Growth:
  - ❖ YEN depreciation.
  - ❖ Easing of VISA restrictions for Mainland Chinese, and ASEAN based tourists.
  - ❖ Deregulation of Japanese air industry (more flights, lower landing fees, more slots for LCC carriers).
  - ❖ Government policy to support tourism sector growth.

GRAPH 1: International Arrivals And Annual Growth, 2010 to 2018



## EXCELLENT FUNDAMENTALS

### Strong demand & undersupply of available rooms

- The market was caught unprepared for the large influx of foreign tourists.
- Most of the new supply coming on-line is in the limited service, business hotel category and will not have significant impact on our niche focus on boutique luxury assets.
- The Japanese hospitality market is very binary with the two primary offerings being small and cheap business hotels or a small number of 5-star hotels which are expensive for families and multi-night stays.
- And despite new supply, a room shortage is expected for the 2020 Olympics.

	Tokyo	Osaka
New lodging rooms needed based on foreign visitor projects	39,452	26,301
Vacant rooms of existing facilities <i>(assuming 80% occupancy rate)</i>	8,320	980
Newly developed rooms until 2018 <i>(assuming 80% occupancy rate)</i>	15,200	6,800
Excess (+) or Deficit (-)	-15,932	-18,521

Source: Datastream, Japan Tourism Agency, Ministry of Land, Infrastructure, Transportation & Tourism – UBS Investment Bank, UBS Asset Management, Real Estate & Private Markets (REPM), as at January 2017



## THE JAPAN STRATEGY INVESTMENT TEAM

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## THE JAPAN INVESTMENT TEAM

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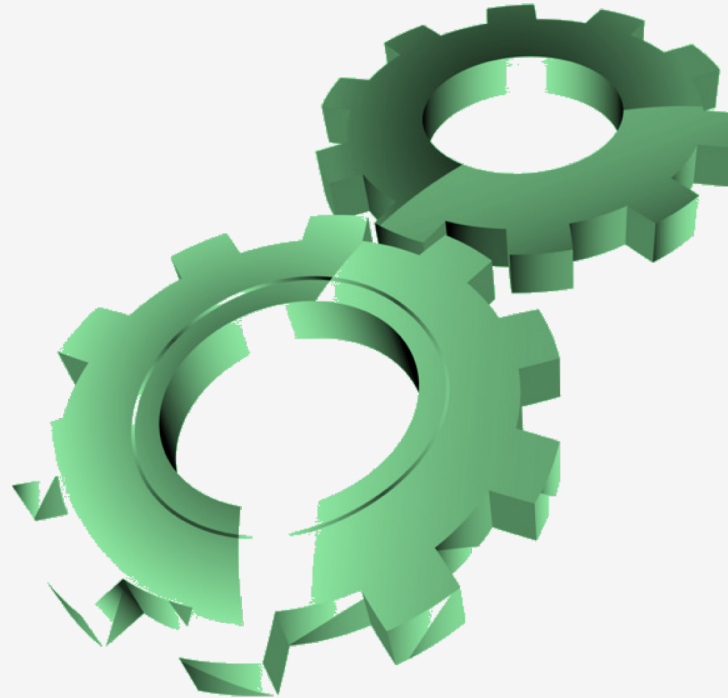
Odyssey has assembled a seasoned team of professionals in Hong Kong and Japan

### Experience

The Odyssey Japan Boutique Hospitality Fund team has over 100 years of combined execution experience with alternative assets, funds management and hospitality real estate.

### Track-Record

Our local asset managers also have compelling track records. Consistently producing +15% IRR, +8% Net Operating Income (NOI) Yields and 2x money returns.



### Industry Leaders

The Japanese Commercial Real Estate (CRE) market can be difficult to access and manoeuvre - we have solid, long-lasting partnerships with the top 1% of Japanese CRE professionals.

### Expertise

Our ecosystem of partners are all specialists in the real estate hospitality space - everyone from our lawyers to our lenders are experts in Japanese CRE.

## STRATEGIC PARTNERS

Proven execution capability in Japanese real estate & hospitality asset management.  
All our strategic partners work with us on a mandated basis and exclusive to specific projects.

### Asset Managers

エムシー・キャピタル・アドバイザー 株式会社  
MC Capital Advisory Limited



**kiraku**

**Real Capital K.K.**  
Investment & Management

 List Asset Management

### Service Partners



hashimoto yukio  
design studio



Established 1886

Sony PCL Inc.



**CBRE**

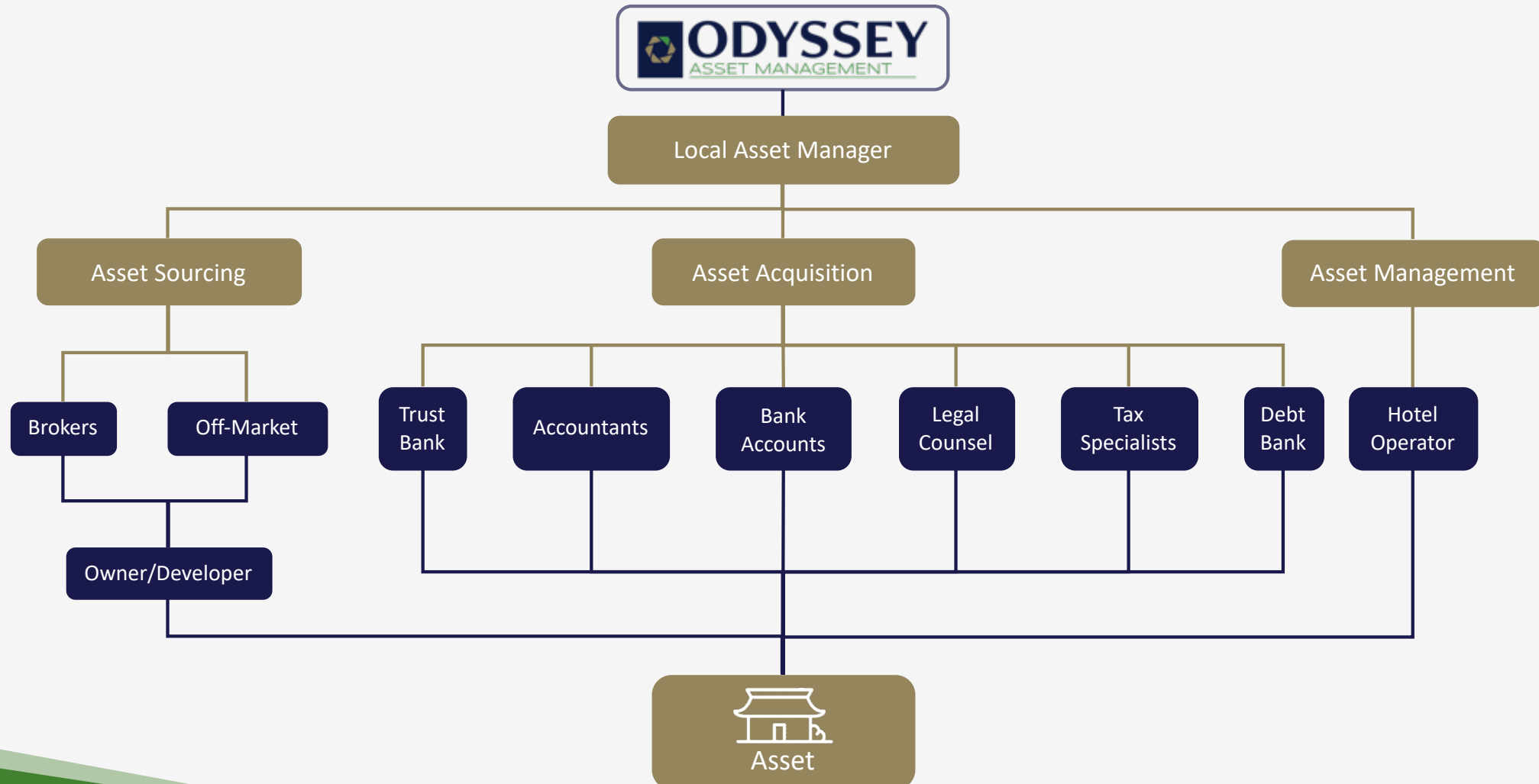


### Banking & Finance



## FUND ECOSYSTEM

Odyssey has built an institutional grade structure with clearly defined responsibilities for execution



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## ADVISORY BOARD

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### Deep experience in Japanese finance, real estate & hospitality



#### **Kiyoshi Hirasawa**

Legal & Structuring Advisor (Tokyo)

Mr. Hirasawa is the Founder and CEO of Real Capital K.K. and has been involved in the Asian private equity and real estate industry as a lawyer, advisor and fund manager since 1990. He also served as Senior Vice President with Rothschild, where he started a Private Equity Fund and made several investments.

Mr. Hirasawa worked as a corporate lawyer with one of Japan's leading law firm, Nagashima Ohno & Tsunematsu and was involved in several landmark transactions.

Mr. Hirasawa graduated with an LL.B. from the University of Tokyo and holds an MBA from the Stanford Graduate School of Business, Stanford University. He is fluent in English and Japanese.



#### **Shinji Yamauchi**

Finance & PE Advisor (Tokyo)

Mr. Yamauchi is a seasoned finance and private equity professional in Japan.

Mr. Yamauchi served as the MD of Global Private Equity for SBI Holdings for more than 10 years.

Prior to working with SBI, Mr. Yamauchi worked for Masayoshi Son (founder Softbank) and acted as the CFO to lead the IPO of Trend Micro on the Tokyo Stock Exchange.

He also worked as an M&A banker at Morgan Stanley, New York and Tokyo.

Mr. Yamauchi is a graduate of the Japan Defence Academy and earned his MBA at Columbia in New York and is fluent in both English and Japanese.



#### **John Miller**

Hospitality Advisor (Hong Kong)

Mr. Miller is a qualified Architect and has 30 years of experience in the hotel and hospitality industry, primarily in Asia.

He has worked in the design, development and project management of both green field developments, hotel acquisitions, conversion and renovation projects.

Mr. Miller has worked for major real estate and hospitality investment and development groups including Prudential Insurance, MGM Hotels, the Peninsula Group (Tokyo) and Four Seasons.

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## ADVISORY BOARD (cont.)

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### Deep experience in Japanese finance, real estate & hospitality



#### **Yutaka Matsunaga**

Advisory Services (Japan)

Mr Matsunaga is based in Tokyo, Japan, and has been managing Japanese real estate since 1999. He has over 20 years of experience in real estate investment and has established an extensive network in the property market in Japan. From 1999 to 2001, Mr Matsunaga was the chief executive officer and director of JAIC International (HK) Co., Ltd, a wholly-owned subsidiary of Japan Asia Investment Co., Ltd, one of the largest specialist private equity investment managers listed on Main Board of the Tokyo Stock Exchange.

Mr Matsunaga holds a bachelor's degree in commerce from Meiji University.

Mr. Matsunaga was instrumental in founding and listing Saizen REIT on the Singaporean exchange.

Saizen REIT originally owned a portfolio of around 166 residential properties across 14 cities in Japan, valued at JP¥39 billion (US\$350 million).



#### **Richard Lo**

Advisory services (Hong Kong)

Mr Lo has over 40 years of business experience in Japan, including engaging in distributorships of computer and related products for major Japanese corporations in China and South East Asia. Mr Lo has over 20 years of experience in real estate investment management and has invested in real estate in Japan since 1999.

Mr Lo has established a wide network of contacts in both the property and corporate sectors in Japan. Mr Lo is a founder and director of a computer and related-products distribution group of companies, but he is no longer involved in the daily operations of these companies and will dedicate substantially all his time to the Asset Manager.

Mr Lo holds a Master of Business Administration from the University of California, Los Angeles (UCLA).



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## FUND TEAM

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### Deep experience in Japanese finance, real estate & hospitality



#### **Christopher A. Aiello**

Managing Director, Real Estate - Japan

Christopher has spent more than 25 years living and working in Asia, spending 5 years in Tokyo, Japan and now in Hong Kong. Since 2001, he has been an Entrepreneur specializing in alternative investments and has managed both hedge fund and real estate portfolios for private and institutional investors.

Mr. Aiello has been involved a diverse range of real estate and hospitality projects starting in 2004 including real estate development, fund management, and real estate advisory.



#### **Sam Luck**

Associate Director – Operations

Sam is the head of operations for the Japan Real Estate team at Odyssey. He is also directly involved in working with international investors, the wealth management team and administrative staff for the fund and syndication divisions. Sam was also an Analyst at Odyssey and helped develop the firm's network in Taiwan and China. He has start-up and mature business operational experience and has worked in Sydney, Taiwan, Shanghai and now Hong Kong.

Previously an analyst for a tech start-up, Sam has been involved in systems implementation, human resource management & employment relations, staff recruitment and training. He was previously a team leader for National Australia Bank's custodial services division in Sydney.



#### **Catherine Wang**

Director – Investment Analyst

Catherine Wang has worked in the finance industry for over 10 years being based mainly in Hong Kong. She has also had experience working in Beijing and Nanjing, China. Most recently, Catherine was Vice President within Religare Capital Markets where she developed strong relationships with senior managements and industry contacts. Catherine has also worked for Citi and Macquarie Bank in research.

During Ms Wang's career she has had experience in asset management, equity research, investor relationship consulting.

Ms Wang holds a Bachelor of engineering, Department of Materials Science from Tsinghua University and a Master of Science in Financial Analysis, Department of Finance from the Hong Kong University of Science & Technology.

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## ASSET MANAGEMENT PARTNERS

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### Deal sourcing, project and asset management



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**North East Capital Management** is a Tokyo-based real estate advisory and asset management firm founded by Mr. Eiki Shibao in 2011. Prior to founding NECM, Mr. Shibao spent more than 15 years as an investment banker and principal investor specializing in real estate, hospitality assets and distressed investing. Mr. Shibao was the Head of Principal Investments at Citigroup Japan where he invested in more than US\$5 billion worth of transactions.

NECM are market leaders in boutique asset management and their directors and management team have decades of experience with leading global financial institutions including, Moto Yamashiro, the most reputable ex-banker in all of Japan and Asia, who has been advising NECM for the past 6 years.

 kiraku

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**Kiraku** is a Kyoto-based real estate advisory and asset management firm founded by Mr. Kou Sundberg in 2013.

Prior to founding Kiraku, Mr. Sundberg worked as an investment analyst and deal maker at Fortress Investment Group (Japan) specializing in real estate, hospitality assets and distressed investing. While at Fortress, Mr. Sundberg invested in more than 80 hospitality properties, including the acquisition of Mystays Hotel Management.

Kiraku continues to be a market leader, partnering on several deals that have been awarded Michelin Stars and other international accolades.



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**List Asset Management** is a subsidiary of the List Group, a comprehensive property group headquartered in Yokohama, Japan. Founded in 1991, the List Group operates in key markets in Japan, Asia, and Hawaii.

List Asset Management was founded in 2008 and provides comprehensive sourcing, project management and asset management services to domestic and international institutional real estate investors.

List remains one the largest asset management firms in all of Japan.

## CURRENT AND FUTURE ACQUISITIONS

## INVESTMENT STRATEGY

<b>FOCUS</b>	Niche assets which can be repositioned into high-yielding, income-producing boutique luxury hospitality assets which embody the beauty & refinement of Japanese design and in turn, attract the affluent domestic and international traveller
<b>STRATEGY</b>	Acquire + Renovate + Reposition + Operate
<b>PRIMARY ASSETS</b>	<p>The primary asset types we are targeting are:</p> <ul style="list-style-type: none"> <li>• Ryokan’s (traditional Japanese inns) in key tourism destinations with high demand from both domestic and international tourists</li> <li>• Historical &amp; heritage buildings which can be converted into boutique hotels</li> <li>• Machiya’s (traditional Japanese townhouses) primarily in the Kyoto region</li> <li>• Existing boutique hotel assets in key cities with growth and optimization potential</li> </ul>
<b>ASSET SIZE</b>	Target asset investment size of between JP¥ 555 million to JP¥ 5.55 Billion (equiv. of US\$ 5 to US\$ 50 million); an under-invested space allowing management to maximize value creation opportunities and returns
<b>RETURN TARGETS</b>	+15% IRR (levered), which includes an 8% preferred dividend paid bi-annually
<b>EXIT OPTIONS</b>	<ul style="list-style-type: none"> <li>• IPO the fund as a Japanese hospitality REIT</li> <li>• Portfolio sale to Japanese REIT’s and strategic hospitality investors</li> <li>• Sale of individual assets to financial and strategic hospitality investors</li> </ul>

# 1<sup>st</sup> ACQUISITION

## Project “KAGETSU” - Ryokan

Project at a Glance	
Partner	NECM
Asset Type	Ryokan
Location	Niigata
Acquisition Cost (USD Million)	3.1
Renovation Cost (USD Million)	0.5
Total Cost (USD Million)	3.6
Gross Floor Area (m <sup>2</sup> )	4,418
Number of Rooms	28
Renovation Required?	Y
Underwriting Assumptions (USD)	
Entry Cap Rate	8%
Cost Per Room/Key	128,571
Occupancy Rate	65-70%
ADR	102 - 180
Revenue Per Avg. Room (REVPAR)	66
Target Leverage (LTV %)	50%
NOI Yield	8 - 12%
IRR (levered)	15%
Cash Multiple	2.1x
Renovation Timeframe	12 months
Exit Cap Rate	7%

### Project Overview:

- Acquired an undervalued Ryokan with onsen and traditional Japanese restaurant operating since 1955.
- The property is in Niigata and has a loyal customer/guest base. 1.5 hours from Tokyo on the “bullet train”.
- The variety of weather seasons, and beautiful mountains and lakes draws guests to the property from Spring to Winter seasons assisting with good average occupancy rates.

### Thesis:

- Ryokans are undervalued and a fragmented market.
- Ryokans are predominantly family-owned assets and are undermanaged and not optimized in terms of operational and financial performance.
- Given the good reputation of this Ryokan, we see an “operational arbitrage” opportunity to create institutional operating standards and upgrade operating systems and service standards to increase the NOI of the asset and increase valuation through active management.

### Project Today:

- Odyssey has been implementing our value-add strategy which has grown GOP, NOP and increased the NOI yield from 7.5% at acquisition to now 11.8% - over 4% in only 6 months.
- We also have moved up average occupancies from historical levels of 53% to now over 68%.

This month	Actual	Budget	Previous Year	Vs Budget	Vs Previous Year
Occupancy	92.1%	84.1%	86.7%	8.0%	5.4%
Revenue (JP¥)	34,203,688	31,617,212	33,414,738	8.2%	2.4%
GOP (JP¥)	8,412,469	2,471,971	3,887,458	240.3%	116.4%
NOI (JP¥)	7,313,243	1,221,684	2,521,111	498.6%	190.1%

Mar 2018 to Date	Actual	Budget	Previous Year	Vs Budget	Vs Previous Year
Occupancy	65.2%	56.1%	54.6%	9.1%	10.5%
Revenue (JP¥)	325,528,587	303,194,072	291,533,628	7.4%	11.7%
GOP (JP¥)	48,088,731	36,224,774	32,206,130	32.8%	49.3%
NOI (JP¥)	40,732,985	27,239,480	23,708,156	49.5%	71.8%

Green (Above the budget)  
 Yellow (-10% from the budget/LFY)  
 Red (>-10% from the budget/LFY)



# 1<sup>st</sup> ACQUISITION (cont.)

## Project "KAGETSU" - Ryokan





## 2<sup>nd</sup> ACQUISITION HIGHLIGHT

### Project “FALCON” – Machiya Portfolio

#### Project Overview:

- Acquired a large 24-unit Machiya portfolio from a single Japanese seller who aggregated the individual machiya's into a single portfolio.
- This single acquisition has made Odyssey one of the largest Machiya owners in Kyoto.

**Location:** Kyoto

**Timeframe:** Acquired – have begun 15 months of renovations.

**Thesis:** Very rare and difficult to acquire a large portfolio of Machiya's like this in one single acquisition. The Machiya's are all in a single location which will allow us to create a “private gated” urban resort design concept with an ambiance of privacy and exclusivity. Discussions are already underway with “Nazuna” (3-star Michelin awards) a highly regarded boutique accommodation operator in Kyoto to operate the entire complex.

#### Investment :

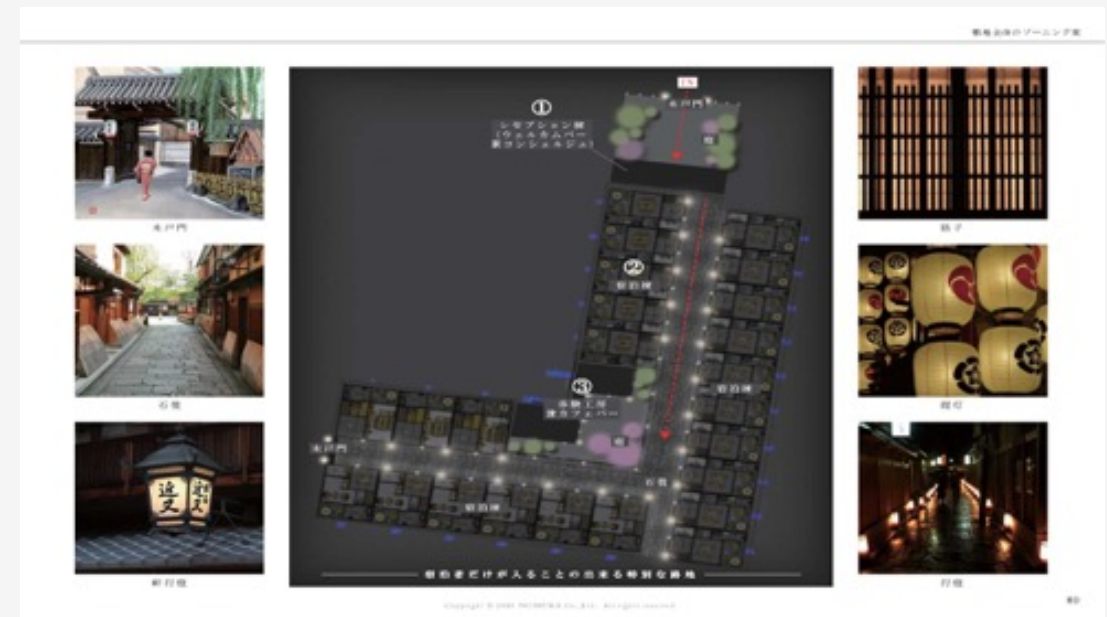
	<u>Amount:</u>	<u>Percentage:</u>
Equity:	US\$6.3 MM	40%
Debt:	US\$11.8 MM	60%
Total:	US\$18.1 MM	100%

#### Projected Returns:

IRR (Levered) :	18%
Cash Multiple:	2.3X
NOI Yield:	8%

**Targeted Stabilized Performance Metrics:** 75% Occupancy and ADR of Yen 49,000 (US\$450)

**Expected Holding Period:** 5-7 Years



## 2<sup>nd</sup> ACQUISITION HIGHLIGHT

### Project “FALCON” – Machiya Portfolio



3D Satellite Image of Machiya Portfolio



Existing Nazuna Property



Existing Nazuna Property



Renovation Mock-up

Current Condition



## PIPELINE HIGHLIGHT

### Project “MOCHI” – Heritage Building Conversion

#### Project Overview:

- A unique opportunity to convert a heritage building located in Kitakyushu into a luxury boutique hotel.
- The building is favourably situated and is only a 1-2 minute walk to the port and oceanside
- The Port area has been undergoing gentrification and urban revitalization. The Port area has 2.5 million visitors a year and a limited supply of hotels.

**Location:** Kitakyushu, Port District

**Timeframe:** 18 months

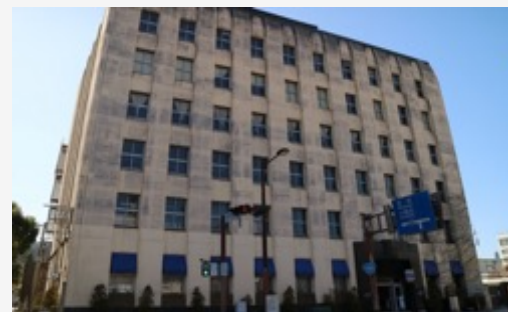
**Thesis:** A unique opportunity to partner with the Kitakyushu Municipal Government to revitalize a heritage asset and create a boutique luxury hotel, capitalizing on the beautiful architecture of the asset and its immediate proximity to the Port of Moji.

<b>Investment :</b>	<u>Amount:</u>	<u>Percentage:</u>
Equity:	US\$8.0 MM	40%
Debt:	US\$12MM	60%
Total:	US\$20MM	100%

<b>Projected Returns:</b>	IRR (Levered) :	15-16%
	Cash Multiple:	2X
	NOI Yield:	9%

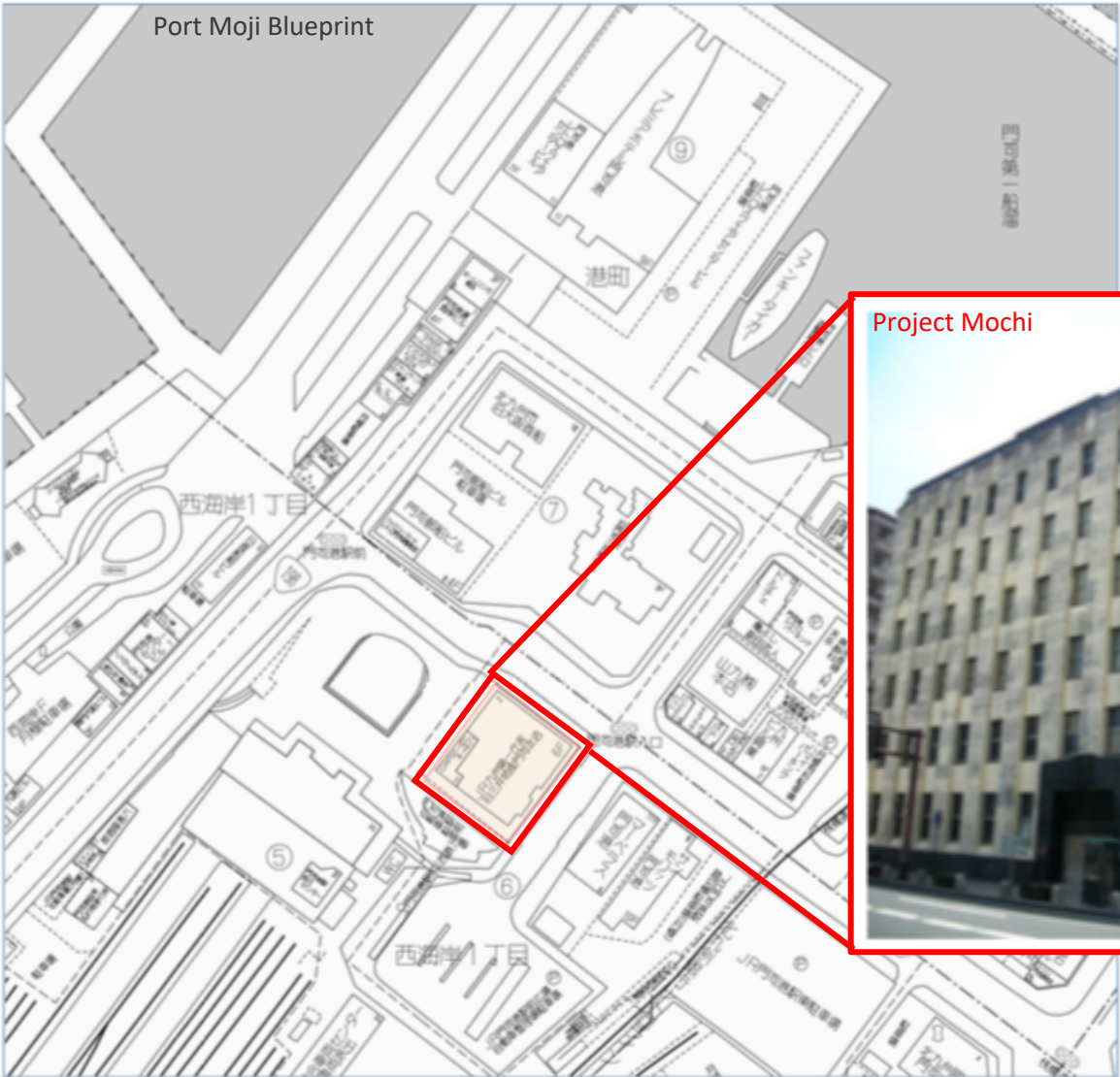
**Targeted Stabilized Performance Metrics:** 80% Occupancy and ADR of Yen 25,000/night (US\$225)

**Expected Holding Period:** 5-7 Years



PIPELINE HIGHLIGHT

Project “MOCHI” – Heritage Building Conversion

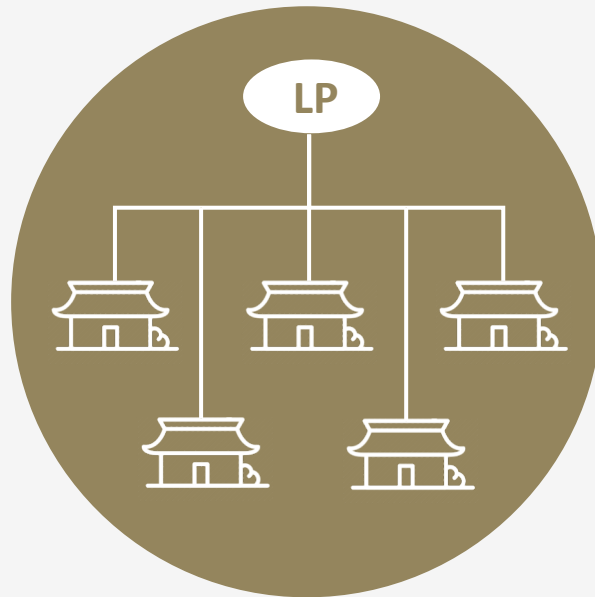


## HOW TO INVEST

## HOW TO INVEST IN THE JAPAN BOUTIQUE HOSPITALITY STRATEGY

2 ways to invest in the strategy

### The Fund



#### **Odyssey Japan Boutique Hospitality L.P.**

Invest in the fund that includes a diversified portfolio with a range of income generating assets across all different classes (Machiya, Ryokan, heritage redevelopments and Boutique hotels). Let us handle the details.

### Syndication



#### **Syndicated Single Property**

Invest in a single unique income generating asset that may be either a Machiya, Ryokan, heritage redevelopment or Boutique hotel. Simplify your active approach to investing by focusing on one deal at a time.



## FUND TERMS

<b>Target Equity Capital:</b>	Equity: JP¥11.1 Billion (equiv. to US\$100 Million), Total Fund Size: JP¥22.2 Billion (equiv. to US\$200 Million)
<b>Denomination Currency:</b>	JP¥ - All capital, distribution payments
<b>Investment Strategy:</b>	Acquire + Renovate + Reposition + Own or Acquire + Optimize + Own
<b>Preferred Dividend:</b>	8% p.a. (bi-annual distributions)
<b>Target IRR (levered):</b>	+15% (Net)
<b>Leverage:</b>	Debt capital in YEN; max LTV at 60%
<b>Expected Holding Period:</b>	5 years; with two 1-year extension options
<b>Minimum Investment:</b>	Institutions: JP¥111 Million (equiv. to US\$1 Million), Individuals: JP¥27.7 Million (equiv. to US\$250,000)
<b>Initial Soft Close:</b>	31st January 2019
<b>2nd Soft Close:</b>	30th June 2019
<b>Final Close:</b>	31st January 2020
<b>Reporting to Investors:</b>	Quarterly
<b>Valuation of Properties:</b>	Annual
<b>Structure:</b>	Closed-ended comingled offshore L.P. (Cayman) / onshore fund with TK-GK structure (Japan)
<b>Fees:</b>	Management Fee 2% (on invested Equity), Performance Fee 20% (payable at fund exit only after investor capital and all preferred dividend has been returned and paid)

## SYNDICATION TERMS

<b>Target Equity Capital:</b>	Equity: Project based
<b>Denomination Currency:</b>	JP¥ - All capital, distribution payments
<b>Investment Strategy:</b>	Acquire + Renovate + Reposition + Own or Acquire + Optimize + Own
<b>Preferred Dividend:</b>	8% p.a. (bi-annual distributions)
<b>Target IRR (levered):</b>	+15% (Net)
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<b>Minimum Investment:</b>	Institutions: JP¥111 Million (equiv. to US\$1 Million), Individuals: JP¥27.7 Million (equiv. to US\$250,000)
<b>Syndication duration:</b>	Each syndicate is anticipated to be available for 3 months before the settlement date
<b>Capital call date:</b>	Typically 1 month before settlement of the respective syndicate
<b>Reporting to Investors:</b>	Quarterly
<b>Valuation of Properties:</b>	Annual
<b>Structure:</b>	Closed-ended comingled offshore segregated portfolio company (Cayman) / onshore fund with TK-GK structure (Japan)
<b>Fees:</b>	Management Fee 2% (on invested Equity), Performance Fee 20% (payable at fund exit only after investor capital and all preferred dividend has been returned and paid), Acquisition Fee: 1%, Disposal Fee: 1%.

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## SUMMARY

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The Odyssey Japan Boutique Hospitality Strategy: a unique niche focus on the Japanese hospitality market



### **Right Place & Right Time for Japanese Hospitality Investments**

Strong structural demand vs.  
Undersupply of rooms.

Macro environmental factors &  
supportive government policy changes.



### **Strong Local Japanese Partners & Board of Advisors**

Extensive experience & track record in  
Japanese real estate & hospitality assets.

Top 1% of CRE players  
Built on long-standing trust & success.



### **Great Deals With Attractive Returns**

Off-market deals.

+10% cash-on-cash yield.

+15-20% NET returns on investment.

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## CONTACT

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#	1	2	3	4	5	6	7	8	9	10
Project	Mochi	Izu East Ryokan	Fuji View Ryokan	Ocean View Ryokan	Kyoto Boutique 1	Atami Ryokan	Stylish Boutique 1	Stylish Boutique 2	Stylish Boutique 3	Kyoto Boutique 2
<b>Project Overview</b>										
Partner	Kiraku	NECM	NECM	List A.M.	List A.M.	NECM	TBD	TBD	TBD	TBD
Asset Type	Hotel Conversion	Ryokan	Ryokan	Ryokan Hotel	Boutique Hotel	Ryokan Hotel	Boutique Hotel	Boutique Hotel	Boutique Hotel	Boutique Hotel
Location	Kitakyuushu	Izu	Izu	Nagoya	Kyoto	Atami	Akasaka-Tokyo	Ueno-Tokyo	Ueno-Tokyo	Kyoto
Acquisition Cost (USD Million)	Zero-cost Lease	3.5	3.5	9.9	12.1	2.5	29.7	40.5	28.8	11.1
Renovation Cost (USD Million)	23	0.25	0.5	0.45	0	2.5	0	0	0	0
Total Cost (USD Million)	23	3.75	4	10.3	12.1	5	29.7	40.5	28.8	11.1
Gross Floor Area (m^2)	5,770	2,117	3,250	7,162	1,287	5,000	1,974	2,480	1,876	770
Number of Rooms at Acquisition	N/A	20	25	29	28	42	40	55	39	22
Number of Rooms after Renovation	90-99	20	25	29	28	42	40	40	40	22
Renovation Required?	Y	Minor Upgrades	Y	Y	N	Y	N	N	N	N
Acquisition Timing	Q3-2019	Q2-2019	Q2-2019	Q2-2019	Q2-2019	Q3-2019	Q2-2019	Q2-2019	Q2-2019	Q2-2019
Operational Start	Q4-2020	Q2-2019	Q3-2019	Q3-2019	Q2-2019	Q4-2019	Q2-2019	Q2-2019	Q2-2019	Q2-2019
<b>Underwriting Assumptions (USD)</b>										
Entry Cap Rate	N/A	8%	8%	8%	5.5%	9%	5.1%	5.1%	5.1%	5.5%
Cost Per Room/Key	262,626	187,000	160,000	358,341	432,000	119,000	742,500	736,363	738,461	500,000
Occupancy Rate	70%	80%	75%	75%	85%	75%	85%	85%	85%	80%
ADR	180	150	150	565	160	150	342	315	315	173
Revenue Per Avg. Room (REVPAR)	127	120	112	423.75	136	112	291	268	268	138
Target Leverage (LTV %)	60%	65%	65%	65%	68%	60%	65%	65%	65%	65%
NOI Yield	9%	9%	9.5%	9.5%	8%	9%	8.5%	9%	9%	8%
Exit Cap Rate	6%	6%	6.5%	6%	4.5%	6%	4.1%	4.1%	4.1%	4.5%
Projected IRR	18.7%	15.5%	16.5%	18%	15%	17%	17%	16.7%	16.5%	17.5%