

# Uni-Asia Group Limited

Positive property business in Japan



## SINGAPORE | ALTERNATIVE INVESTMENT | SITE VISIT NOTE

11 September 2019

We were hosted by Uni-Asia Group Limited to visit their hotels and residential properties in Tokyo, Japan. We visited Hotel Vista Tokyo Tsukiji and Hotel Vista Premio Yokohama, and had a chance to look at the ALERO residential properties Staart Moto Yoyogi and ALERO Shinjuku 7.

### Company Background

Uni-Asia Group Limited is an alternative investment company. The company offers structured finance, ship charter arrangement, shipping and maritime asset management, real estate investment and other related services. In Japan, the two real estate business are: (i) Manage a hotel chain under the "Hotel Vista" or "Hotel Vista Premio" brand; (ii) Develop small residential property projects in Tokyo, named as the ALERO series.

### Site Visit Highlights

#### 1. Hotel Vista Management

- Uni-Asia's hotel business is aided by the surge in tourism due to the Rugby World Cup in 2019 and the Olympic Games in 2020. The Japanese government placed targets for tourist arrivals at 40M by 2020, as compared to 31M in 2018.
- Uni-Asia plans to ride on the influx of tourism by expanding its hotel presence in Japan. 5 new hotels are to be opened in 2019/2020 under the brands of Hotel Vista and Hotel Vista Premio, which brings to a total number of 3400 rooms with 20 properties under management (2515 rooms with 15 properties currently). Occupancy is expected to increase from 82-83% to 85% with hotel room rates expected to double during the Olympics.
- Management expects a gradual upward trend in tourist arrivals over the long-run notwithstanding the demand surge from Rugby World Cup and Olympics games. The official target for tourist arrivals in 2030 is 60M. By end 2020, Uni-Asia hotels would have coverage of all four main islands in Japan (Hokkaido, Honshu, Shikoku and Kyushu).
- The Group leases a hotel from the hotel owner and pays lease expense, which is either fixed, variable or a combination of the two. The average leasing period is 15 years, during which it earns income for operating the hotel.

#### 2. ALERO small residential projects

- Uni-Asia is able to complete 5 to 8 projects on average per year with an average IRR of 20%. The projects have a short investment period of fewer than 2 years, from start of investment such as sourcing of land to completion of a sale. The average investment amount is \$US3M to \$US5M.
- The ALERO projects are targeted towards high net worth individuals who wish to purchase properties in Tokyo. It is riding on the wave of rising population in Tokyo as citizens from other cities are moving to Tokyo. Management mentioned that the ALERO projects are able to achieve high IRR as the main criteria for the land sourcing are areas with high rental prices and convenience (less than 10 minutes from Tokyo Metro).
- ALERO also stated that there is almost 100% occupancy rate as there is little difficulty in finding high-quality tenants. As the targeted tenants are young professionals, default rate is low.
- The Group purchases suitable land, develops the ALERO project and sells for investment gain. Buyers are usually investors looking for decent rental yield. It may also earn asset management fee by helping owners post-sale with lease management.

### SITE VISIT

LAST CLOSE PRICE SGD 0.74

#### COMPANY DATA

BLOOMBERG CODE:	UAG SP
O/S SHARES (MN):	79
MARKET CAP (SGD mn):	58
52 - WK HI/LO (SGD):	0.88 / 0.6867
3M Average Daily T/O (mn):	7.65

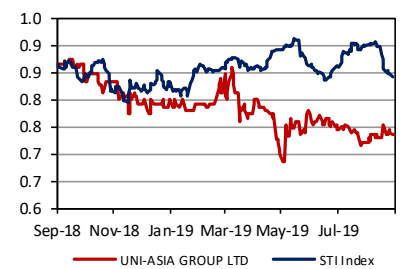
#### MAJOR SHAREHOLDERS (%)

YAMASA CO LTD	30.00
EVERGREEN INTERNATIO	8.95
Tanamoto Michio	2.23

#### PRICE PERFORMANCE (%)

	1MTH	3MTH	1YR
COMPANY	2.1%	-5.8%	-6.7%
STI RETURN	-0.1%	-0.7%	3.2%

#### PRICE VS. STI



Source: Bloomberg, PSR

#### KEY FINANCIALS

Y/E	FY 15	FY 16	FY 17	FY 18
Revenue (USD mn)	76	86	104	123
PATMI, adj (USD mn)	3.5	-12.2	8.9	3.9
EPS, adj. (cents)	5.7	-30.0	13.3	2.6
P/E, adj. (x)	18.3	12	N/A	6.6
P/B (x)	0.29	0.28	0.36	0.32
DPS (cents)	0.03	0.01	0.04	0.04
Div. Yield (%)	N/A	5.7	2.4	6.3

Source: Company Data, PSR est.

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### Site 1 - Hotel Vista Tokyo Tsukiji

Located in the Tsukiji area just next to Ginza, this area has gained popularity with tourists for its luxury shopping, dining and entertainment. A new MICE (Meetings, Incentives, Conferences and Exhibitions) hub is under construction at the previously occupied fish market. Once constructed, the MICE facility will hold conventions and business events close to the hotel.

The hotel a 4-minute walk to Higashi-Ginza station. It takes 34 minutes from the station to Haneda airport and 80 minutes to Narita airport.

Figure 1: Construction site of Hotel Vista Tokyo Tsukiji



Source: PSR

Figure 2: Hotel is located near the metro and MICE



Source: PSR

## Site 2 - Hotel Vista Premio Yokohama Minato-Mirai

Located in Yokohama Minato Mirai 21 District, the hotel is close to the Isejima Kotai Shrine and the Yokohama Cosmo World theme park. It is walking distance from the convention complex, Pacifico Yokohama, which hosts 1 convention daily. Events held in the convention centre is a strong demand factor for the hotel.

The hotel is a 5-minute taxi or 14-minute walk from the Yokohama station. The ride from Yokohama station to Tokyo station is 26 minutes and 30 minutes to Haneda airport.

Figure 3: Hotel is located near Pacifico Yokohama and Cosmo World Theme park



Source: PSR

Figure 4: Showroom – Moderate Twin Room



Source: PSR

Figure 5: Showroom - Superior Twin Room



Source: PSR

Figure 6: Showroom - Family Room



Source: PSR

**Site 3 - ALERO residential site visit**

Figure 7: Front view of Staart Moto Yoyogi, cat-friendly condo



Source: PSR

Figure 8: Your pet cat facility in the condo room



Source: PSR

Figure 9: Kitchen and cooking areas in each unit



Source: PSR

Figure 10: Front view of ALERO Shinjuku-Seven



Source: PSR

Figure 11: Outside view of ALERO Shinjuku-Seven



Source: PSR

Figure 12: Delivery Lockers for residents



Source: PSR

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