



Savannah for Heirloom

TEAM UNICORN

10/26/2018

Good Strategic Move Into Savannah



Growing RV market with opportunities for Heirloom to compete

Key external driver

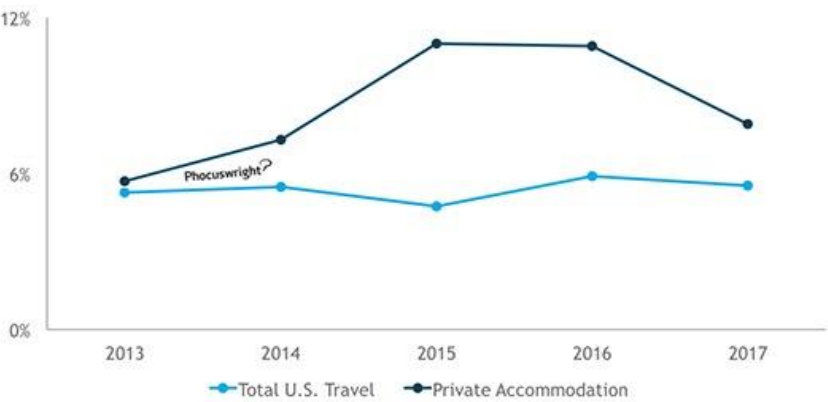
Consumer Spending

Domestic trips by
US resident

Consumer Confidence
Index

Inbound trips by
non-US residents

U.S. Total Travel Market* and Private Accommodation
Growth (%), 2013-2017



Opportunities

1. Increased internet penetration rates
2. Growing emphasis on design and quality of experiences
3. Improving efficiency through business intelligence

Vacation Rental Industry

Revenue 2018

36.6bn

Annual Growth

13-18

4.3%

Annual Growth

18-23

1.7%

Industry Checklist

Competition	High
Entry Barrier	Low
Concentration	Low
Life cycle stage	Mature
Capital intensity	High
Technology change	Low
Regulation & Policy	Medium

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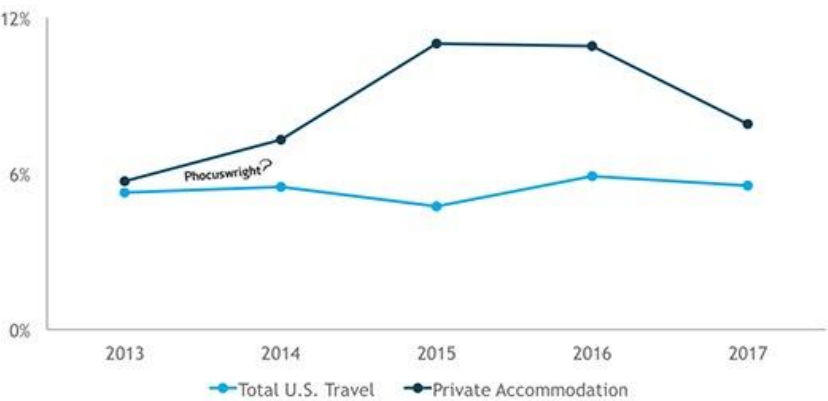
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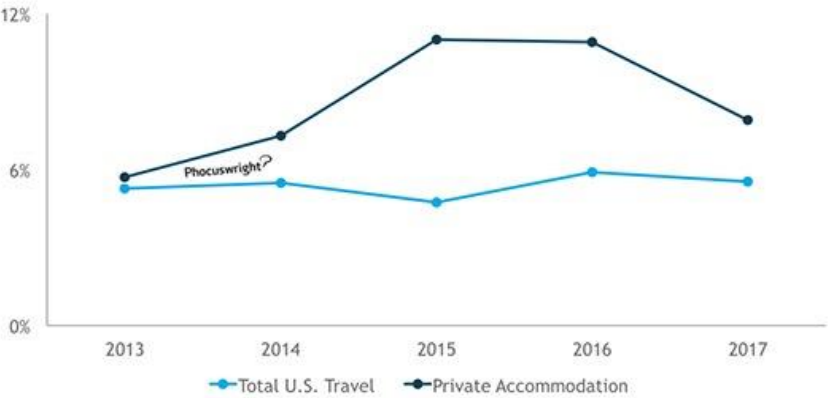
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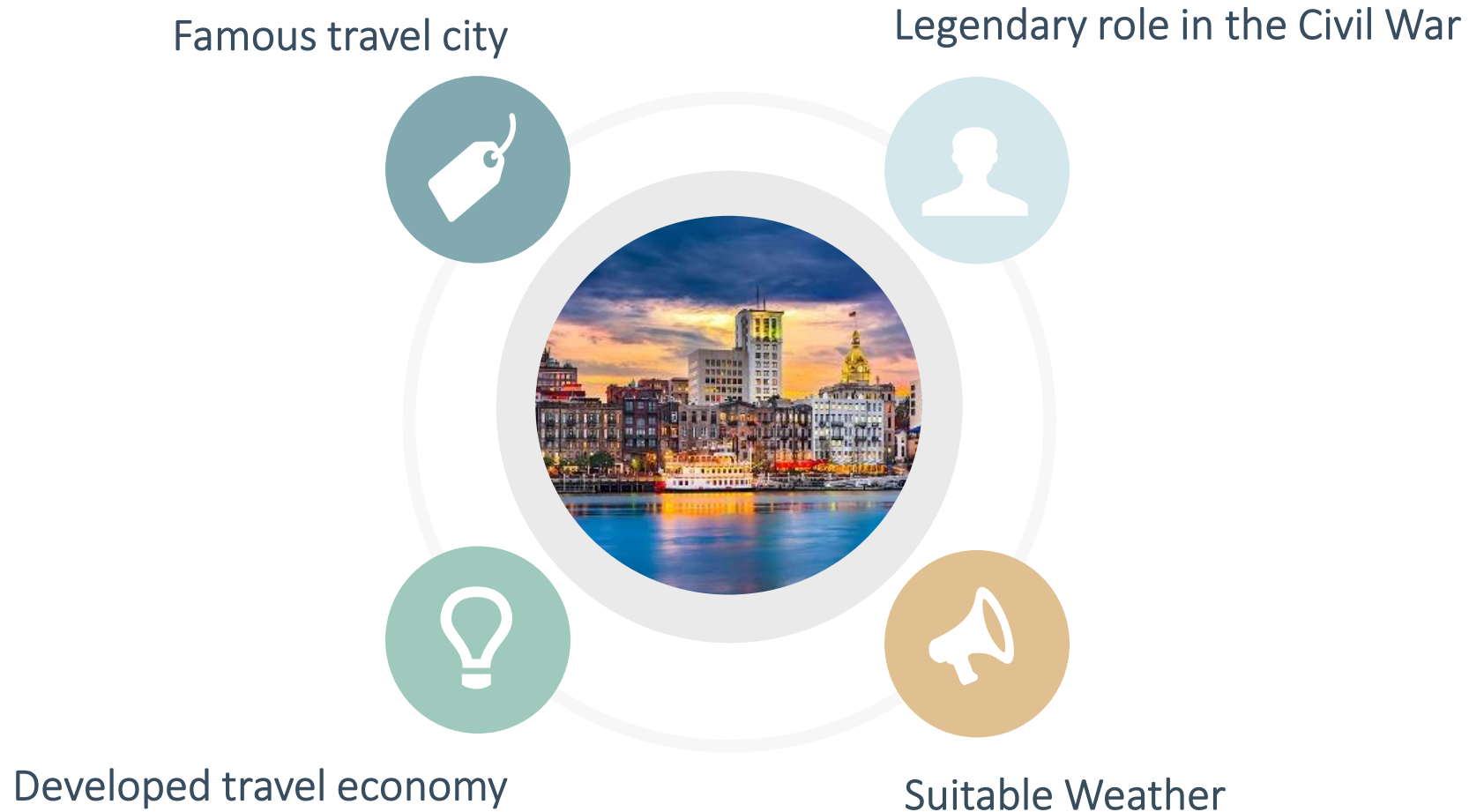
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Savannah: Dream destination of Traveler

Savannah Highlights



Savannah: Dream destination of Traveler

Seasonal Features



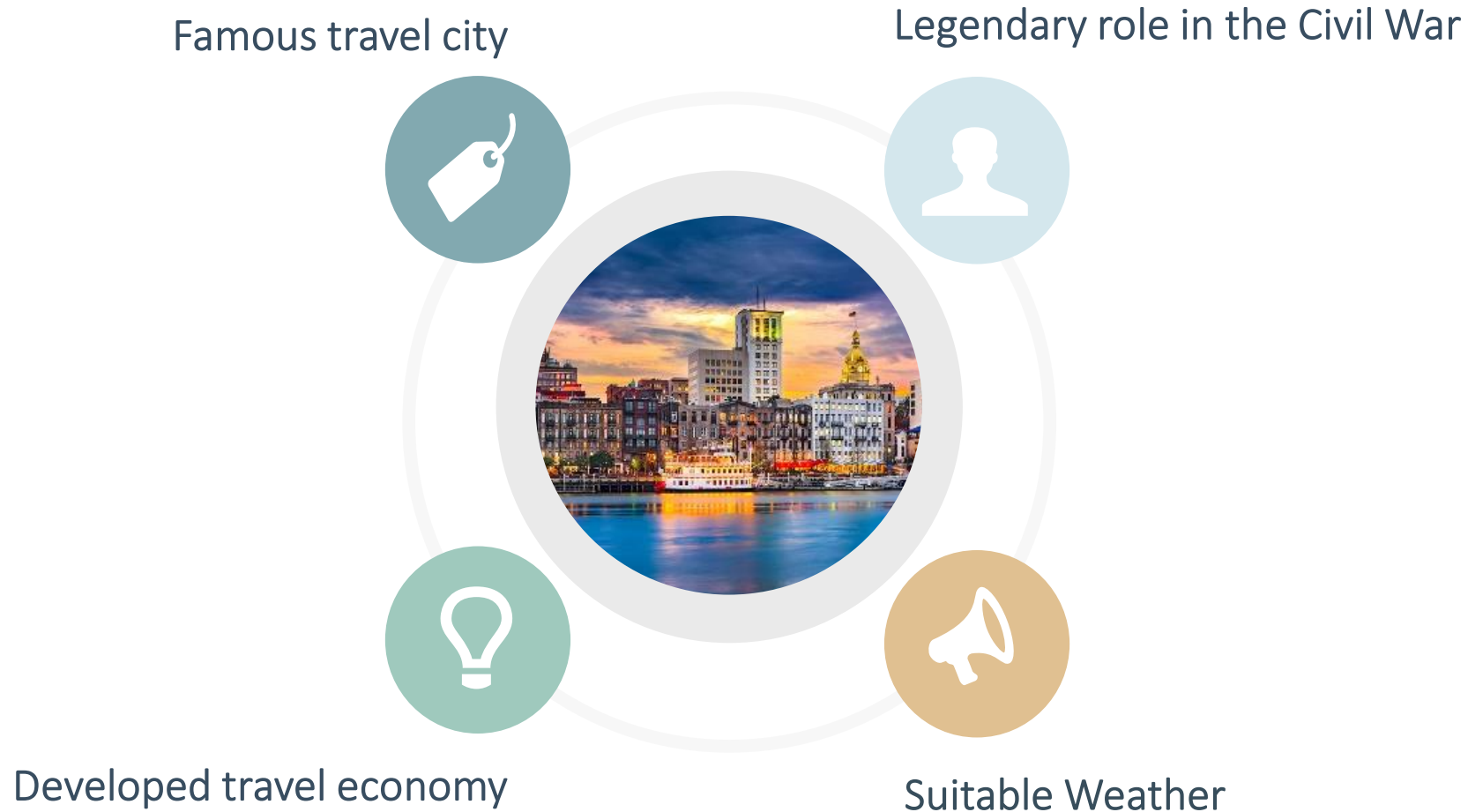
- St. Patrick's Day Parade
- Savannah Stopover Music Festival
- 17-day Savannah Music Festival
- Beach Time for Tybee Island
- Helicopter tour

- Walking tour around the city's most haunted sights
- Scavenger hunt around the city



Savannah: Dream destination of Traveler

Savannah Highlights



Criteria	Check
Rank as travel destinations	✓
Customer traffic	✓
Customer expenditure	✓
Market size & Pricing potential	✓
Seasonality of business	?
Customer resistance level	✓
Profit margin & trend	?
Up-Sell Potential	✓
Regulations considerations	?
Degree of differentiation compared to existing players	✓
Capacity and access to essential "assets"	?
Synergy with existing market	?

Market Size: Steady increasing

Supply side

HOUSE



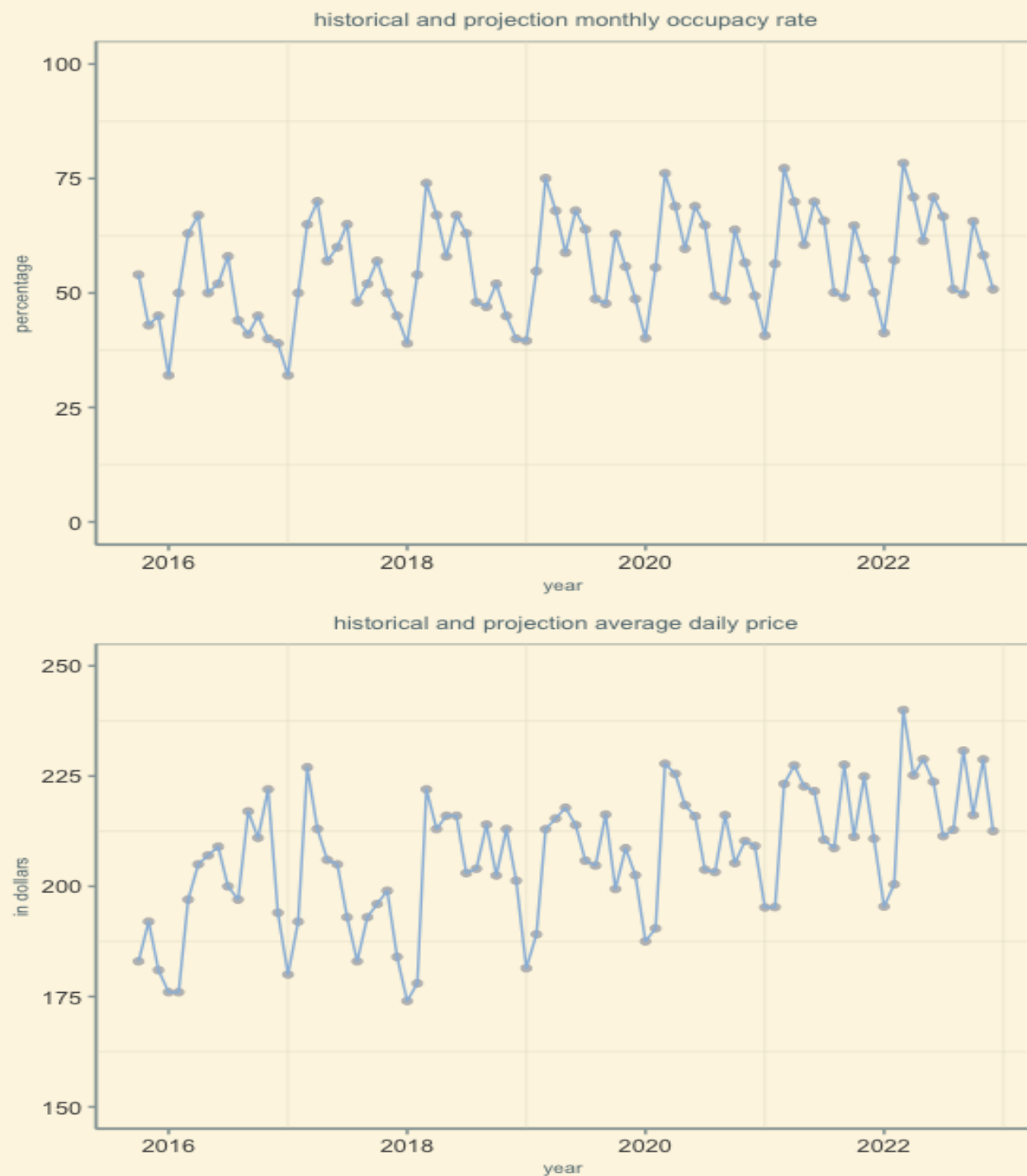
Demand side

TOURISTS

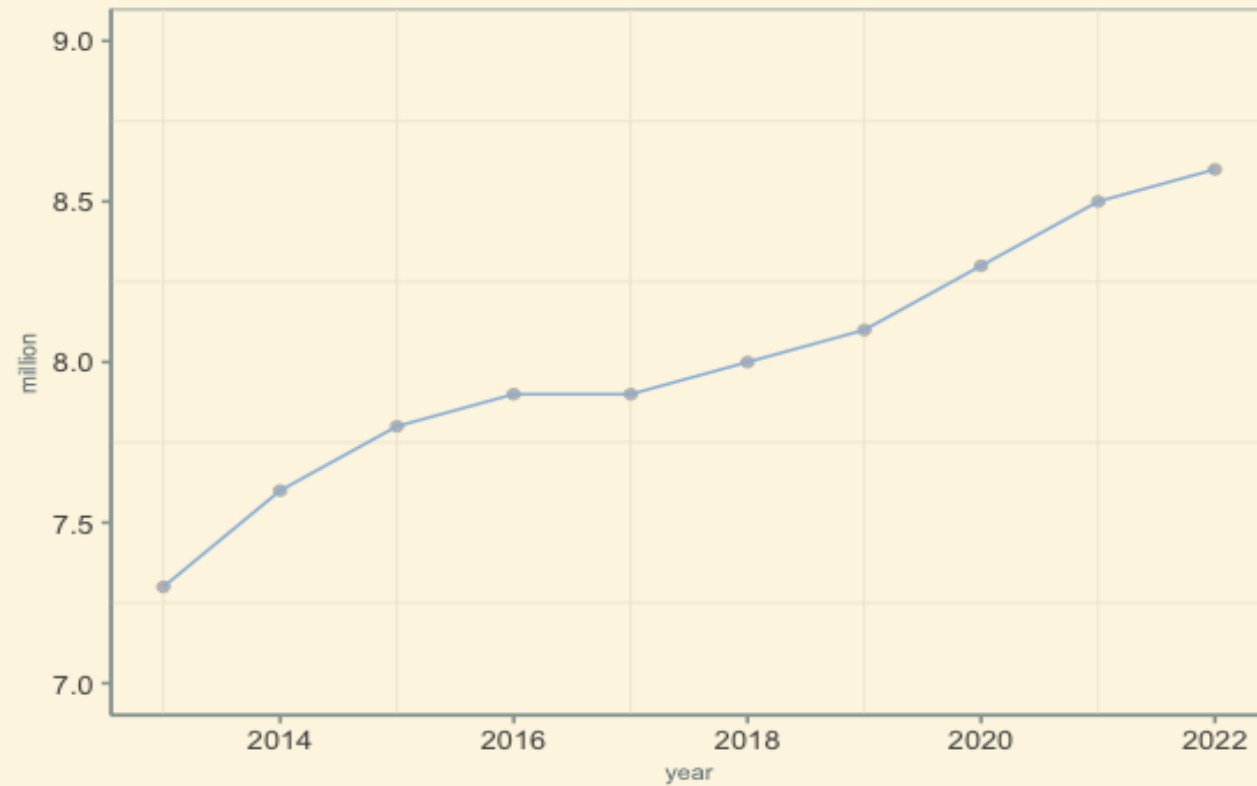
Monthly Market Size=
(Monthly occupancy rate)
×(Avg. daily price)
×(30 days per month)
×(Number of Vacation Rentalhouse in savannah)

Supply side

Year	Market size (\$mm)
2018	191.03
2019	218.85
2020	241.42
2021	266.25
2022	293.55

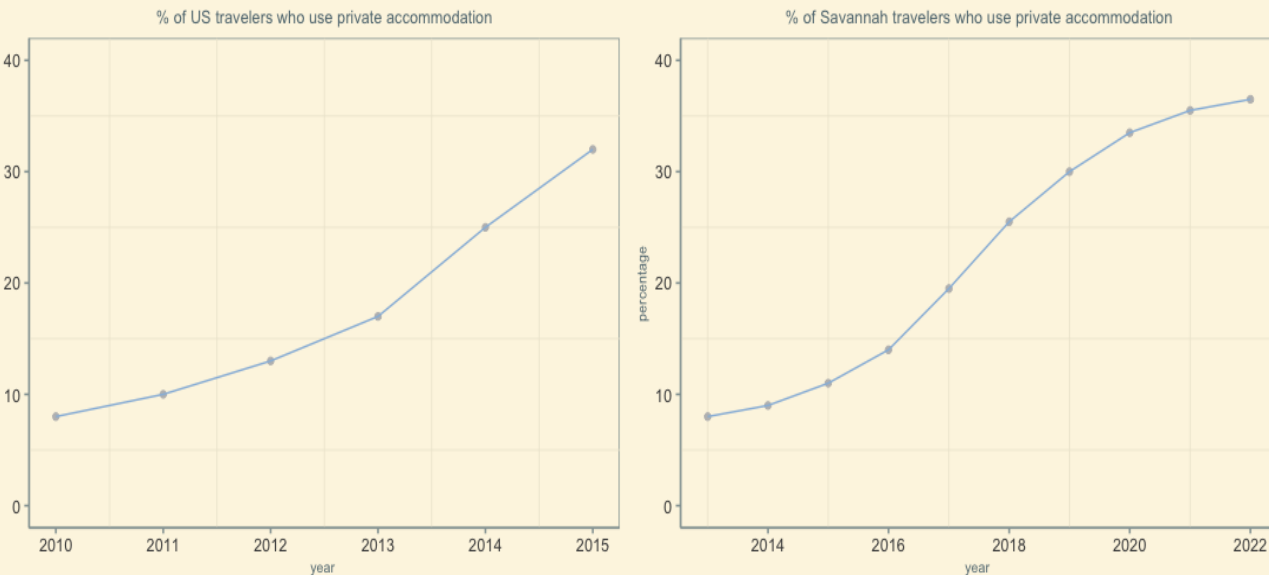


numbers of overnight visitors



$$\begin{aligned} \text{Yearly Market Size} = & (\# \text{ Overnight visitor in savannah a year}) \\ & \times (\text{overnight visitors use vacation rental } \%) \\ & \div (\# \text{ of people per house}) \\ & \times (\text{Avg. night}) \\ & \times (\text{Avg. daily price}) \end{aligned}$$

Demand side



Year	Market size(\$mm)
2018	204.35
2019	237.27
2020	298.03
2021	279.97
2022	321.75

Market Size: Steady increase
\$197.7mm in 2018 \$307.7mm in 2022

Supply side

HOUSE



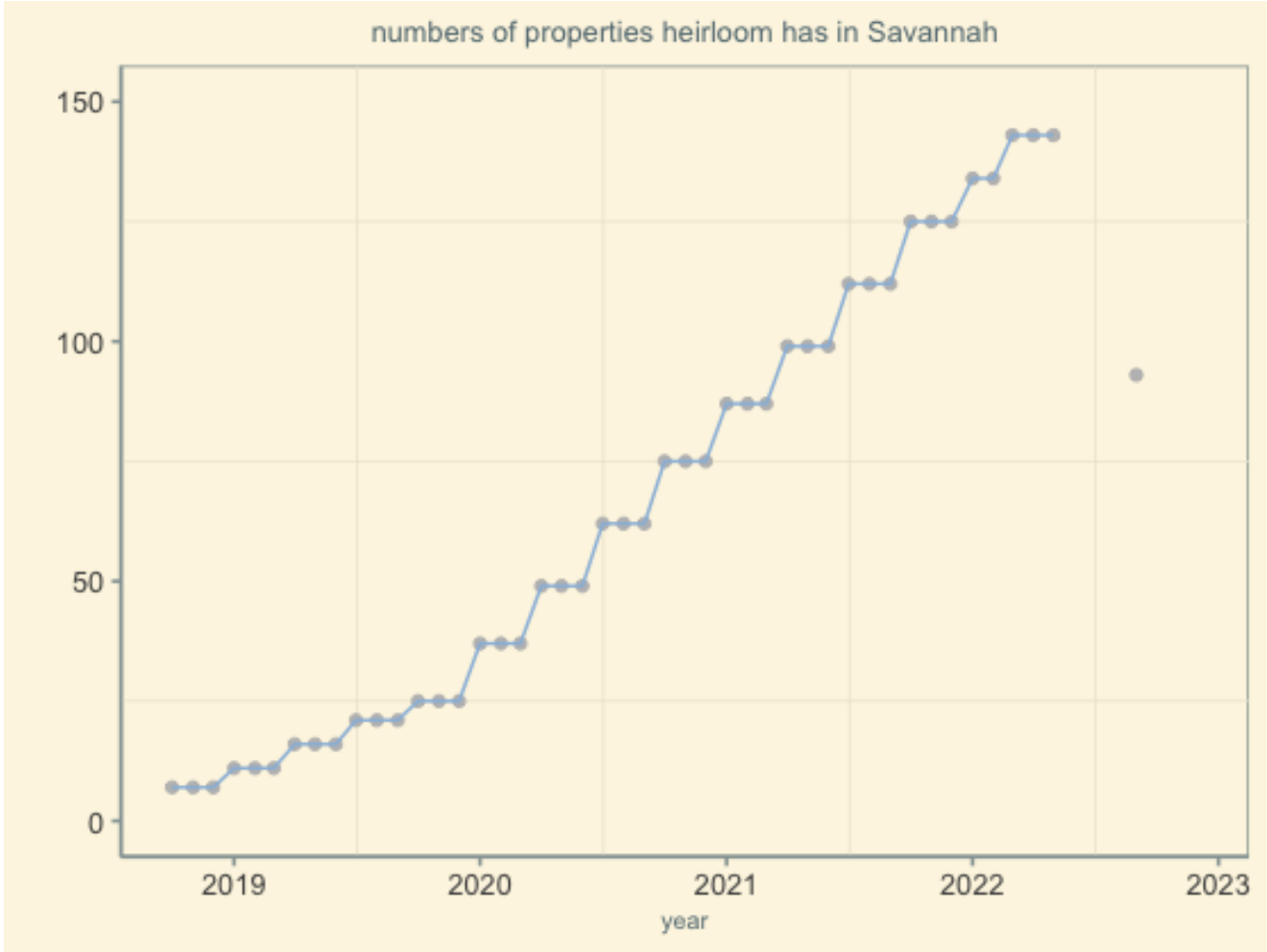
Demand side

TOURISTS

Heirloom revenue: 0.78mm in 2019 to 6.85mm in 2022

Heirloom revenue =
(Monthly occupancy rate)
× (Number of house for heirloom)
× (Avg. daily price)
× (Avg. days per month)

In \$mm	2019	2020	2021	2022
Heirloom	0.78	2.47	4.84	6.85
Savannah	228.06	269.72	273.11	307.65
Market share of heirloom	0.34%	0.92%	1.77%	2.23%



Risks embed in Fierce Competition, Strict Regulations, Economy Downturn



National Brand

All-suite hotel chains/extended-stay hotels



Property management companies



Local boutique

Property management companies



Personal rental

Multi-listing hosts in

- Location
- Occupancy
- Administrative
- Quality of life

Risk-adjusted revenue
\$271mm in 2022

11% lower than base case

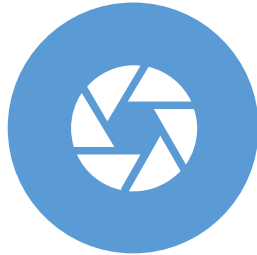
Sensitivity Analysis

		Number of Houses in Savannah					3%
		5,370	5,214	5,062	4,910	4,763	
Overnight Visitors in mm	8.9	839.41	827.91	816.75	805.59	794.76	
	5%	8.5	818.23	806.74	795.58	784.41	773.59
	8.1	798.07	786.57	775.41	764.25	753.42	
	7.7	777.90	766.40	755.24	744.08	733.25	
	7.3	758.74	747.24	736.08	724.92	714.09	

3 Phases Penetration Strategy in Savannah

New market: 3 Phase penetration Strategy

Receptivity Phase



Awareness Phase



Loyalty Phase



Pricing Strategy

01

Grasp customers with discount with high quality

Participation Strategy

02

Mater lease, Manage mix

Operation Strategy

03

**- Package offering
- Focus on core capacities building**

Exit Strategy

04

Options to terminate lease

01

Average price with premium service

02

Mainly Partner

03

**- Focus on quality of services
- Start membership program**

04

Sell to local competitors

01

Premium price with premium service

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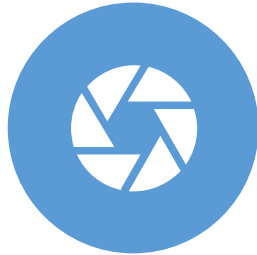
**- Value-add membership program
- Consumer insights, better segmentation, target marketing**

04

Spin off real estate properties

New market: Pricing Strategy

Receptivity Phase



Awareness Phase



Loyalty Phase



Pricing
Strategy

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Spin off real estate properties

Price between \$30-\$50, with cap of \$79

Base Price

Benchmark:

Competitors Avg. (1person 1night),off-peak, weekday

01 Different Channels

Official websites	booking.com	Airbnb
4% discount	nearly the same	\$3 higher

02 Booking lead time: Offers of last minute rates

03 Time of the year: Different month, weekend/weekday
On-peak 11.5% > off-peak; Weekends 60% > weekdays

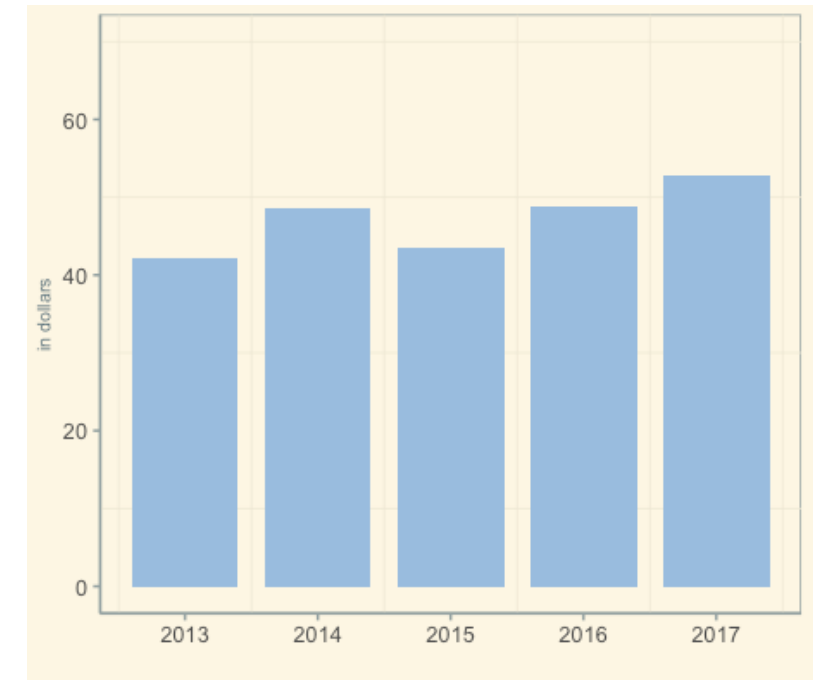
04 Average length to stay: multiple LOS promotion rates

Average spending

$= \text{Lodging spending} \times \# \text{ of tourists} \times \text{Avg. stay nights}$

2017 Avg. spending 1 person 1 night: \$52.74

5 years CAGR: 5.78%



Differentiate on Design and Service

Comparison with Competitors

	National		Local	Personal Rental	Heirloom
	All-suite hotel chains	Property Management	Property Management		
Accommodation	5-6	No limit	No limit	1-16	6-18
Price per person (off-peak)	\$70-80	\$50-90	\$30-55	\$30-52	-
Average Rating	4.5	4.8	4.5-5	4.5-5	4.9
Breakfast	Yes/ kitchen	kitchen	kitchen	kitchen	Kitchen
Local Cultural Decorations/ Experience	No/Yes	Yes	Yes	Yes	Yes
Participation Type	Mixed	Manage	Manage	Own	Mixed
Brand Awareness	Well-known	Medium	Medium	Low	-
Local support team	24-hr hotline	24-hr local team	24-hr hotline	Normal y< 1 hr	Email, text, phone
Standard Design	Yes	No	No	No	Yes

Sources: Team discussion, official website of companies, airbnb

Our Brand Image



- # Consistent, high-quality home
- # Group traveling (5-20)
- # Unique standard design style
- # Local culture related
- # Professional local support team
- # Property management

“Unique culture design”

+

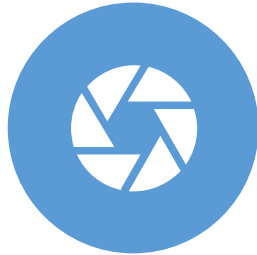
“Professional local support team”

||

Differentiation

New market: Participation Strategy

Receptivity Phase



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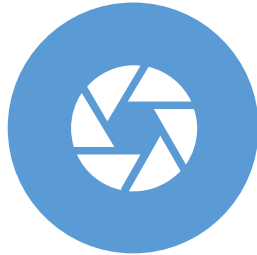
Spin off real estate properties

New market: Participation Strategy

Operation lead time	Receptivity: Management+ master lease
Initial capital investment	
Regulations	
Ease of exit	
1 st mover advantages	
Control	Awareness, Loyalty: Own + financial partnership
Design	
Profit margin	

New market: Operation Strategy

Receptivity Phase



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Loyalty Phase



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Spin off real estate properties

New market: Operating Strategy

Receptivity Phase

01 Focus on market penetration

Augmented promotion
Distribution channels

02 Attract customer

Cash Discount
Non Cash Discount



Awareness and Loyalty Phase

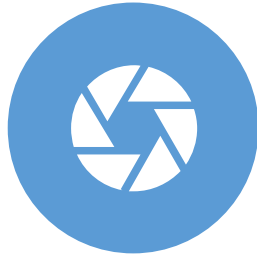
01 Customer journey one site integrated travel service provider

02 Loyalty program

02 Customer segmentation

New market: Exit Strategy

Receptivity Phase



Awareness Phase



Loyalty Phase



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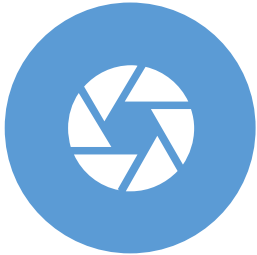
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Spin off real estate properties



Thank you for patience

TEAM UNICORN

10/26/2018

Exhibit 1: New market criteria

Criteria	Threshold	Explanations
<i>Step 1: Overall attractiveness of the Savannah market</i>		
Rank as travel destinations	Within Top 10	Attractiveness of the city for travelers
Customer traffic	High-medium	Trends of # travelers
Customer expenditure	High-medium	\$ spending by traveler trend
Market size & Pricing potential	Premium pricing potential	Total market in \$,Pricing strategy
Seasonality of business	Low-medium	How stable is the revenue
Customer resistance level	Low	How easily to attract customer
Profit margin & trend	Increasing	Profitability of the market
Up-Sell Potential	Yes	Ability to add-value
Regulations considerations	Low	How hard to comply with rules
<i>Step 2: Attractiveness of the market based on Heirloom capacities</i>		
Degree of differentiation compared to existing players	High-medium	Competitive advantages of Heirloom
Capacity and access to essential “assets”	Yes	Heirloom’s capacity to success, e.g. distribution network
Synergy with existing market	Yes	How is this fit in the existing portfolio