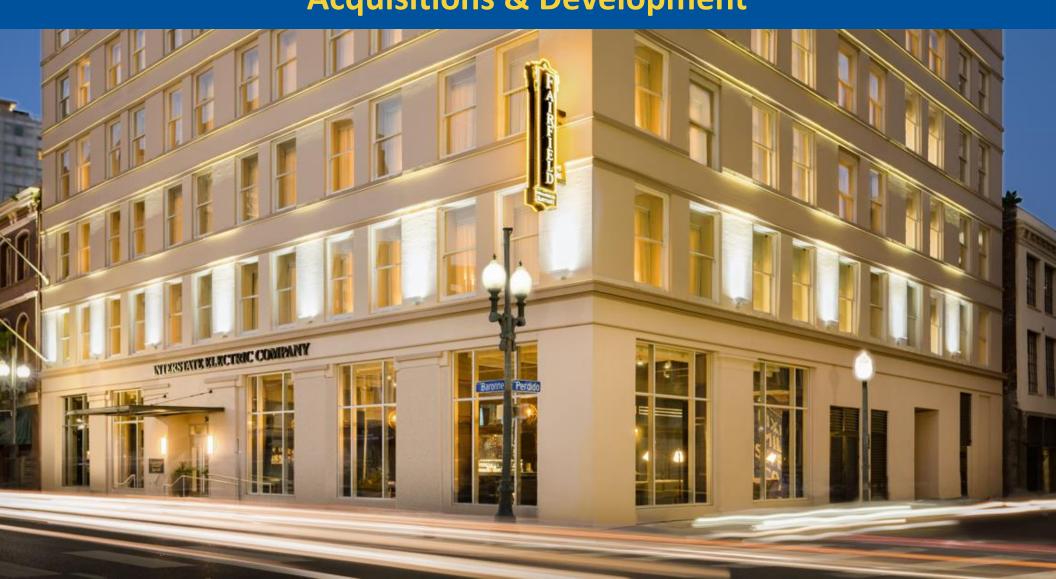
NEW CASTLE HOTELS /& RESORTS

Acquisitions & Development





Investment Strategy & Expertise

Maximize value in Upper-Midscale to Upper-Upscale hotels in Urban, Super-Suburban, or Major Resort locations

Analysis & Underwriting

- Institutional grade platform designed to analyze, underwrite and manage expenses and optimize revenue with demonstrated precision
- Identify acquisition, ground-up and conversion opportunities where our platform is best aligned to capitalize and maximize performance
- Proformas reflect what can be realistically achieved and are tracked upon opening/through disposition

Development Experience

- Array of a-la-carte services from budget and programming review to FF&E procurement and IT systems design and implementation
- Significant experience with complex development, turnaround and conversion strategies, including historic redevelopments and adaptive reuse
- Track record of over 25 ground-up hotel developments and/or conversions

Operational Expertise

- Boutique scale and pragmatic approach to growth supports a highly tailored service and direct access to the senior leadership team
- Measure and track success in four key areas: expense margin, market share, associate and guest satisfaction; share portfolio best practices
- Experience taking over from brand management and many of the top operators in the US and Canada

New Castle Hotels & Resorts Redevelopment/Ground-Up Investment Strategy



New Castle's core development projects are based on a pragmatic approach accounting for past success, deal size, capabilities, and interest of our existing and prospective partners

	Historic, Full/Select- Service Redevelopment	Compact, Full-Service Ground-Up Development	Premium, Select-Service Ground-Up Development
Strategy	Historic Repositioning	Compact New-Build	Premium New-Build
Hold Period	5 – 7 Years	5 – 7 Years	5 – 7 Years
Characteristics	 Top 100 MSAs Size: \$20 - \$75M Urban/Resort 150 - 300 keys Marriott, Hilton, Hyatt, Kimpton, Independent 	 Top 150 MSAs Size: \$40 - \$75M Urban/Resort 150 - 350 keys Marriott, Hilton, Hyatt, Kimpton 	 Top 200 MSAs Size: \$20 - \$50M Urban/Super-Suburban 125 - 250 keys Marriott, Hilton, Hyatt, Cambria
Value Creation Strategies	 Identify correct brand affiliation and market positioning Maximize re-development incentives and historic tax credits Negotiate and execute property improvement plan 	 Efficient programming Beverage-focused F&B outlets offering light fare food Compact, flexible meeting space offering 	 Dual-brand development Premium quality, brand leader Upscale amenities – Ex. Waterslide, double king beds Portfolio exit premium
Levered IRR Target	20 – 22%	18 – 20%	20 – 22%
Year 3 Cash-on- Cash Return Target	10 – 12%	8 – 10%	10 – 12%
Asset Examples	 Westin Portland Harborview Fairfield Inn & Suites New Orleans The Algonquin Resort (Autograph) 	Westin Oceanfront Jekyll IslandSheraton Tarrytown	 Courtyard/Residence Inn Syracuse Hampton Inn & Suites Jekyll Island Courtyard Boston Brookline

New Castle Hotels & Resorts Historic, Full-Service Redevelopment



Westin Harborview – Portland, Maine

Acquired: February 2011

• Re-Opened: December 2013

Partner: Rockbridge Capital

Rooms: 289 Meeting Space: 16,000 SF

• Food & Beverage: C² Restaurant, Top of the

East Rooftop Bar & Lounge

Total Basis: \$60.1M (\$208K per key)

Net of Incentives: \$45M (\$156K per key)

• Realized IRR: 19.2%

Opportunity:

- Gut renovation of existing historic, inefficient building
- Historic preservation efforts and physical plant modernization
- Expansion and launch of a premier destination rooftop bar
- Enhanced F&B experience through locally sourced menu

- Identified and secured Westin branding strategy
- Secured \$13.3M in State and Federal Historic Tax Credits
- Captured \$1.8M in Key Money through strong Starwood relationship and negotiation
- Negotiated favorable financing/refinancing terms





New Castle Hotels & Resorts Historic, Select-Service Redevelopment



Fairfield Inn & Suites Downtown – New Orleans, Louisiana

Acquisition: December 2014

• Acquisition Price: \$8.9M (\$86K per key)

• Partner: Sole owners and developer

Rooms: 103 Meeting Space: SF

• Food & Beverage: 346 BLU Bar, Breakfast

Dining Area

Total Basis: \$17M (\$164K per key)

• Targeted IRR: 20%

Opportunity:

- Premiere downtown CBD location
- Renovation and rebranding of Comfort Inn
- Historic building eligible for Historic Tax Credits

- Identifying and securing the highest and best franchise for a hotel with great intrinsic value
- Negotiating a PIP to meet brand standards while respecting the priority of owner's capital
- Implementing a historically significant renovation and maximizing historic tax credits over \$4M





New Castle Hotels & Resorts Compact, Full-Service Ground-Up Development



Westin Oceanfront - Jekyll Island, Georgia

Opening Date: April 2015

• Partner: Leon Weiner & Associates

• Rooms: 200 Meeting Space: 5,350 SF

Food & Beverage: The Reserve Restaurant,
 Poolside Bar & Café, Rooftop Lounge & Bar

Total Basis: \$41.8M (\$209K per key)

• Targeted IRR: 18%

Opportunity:

- Prime beachfront location
- Adjacent to a new 128,000 SF convention center
- Partnering with tourism authorities to re-brand the island
- Key component of a larger, beach-themed mixed-use project
- Capture Tax Credits in the form of a Room-Tax Refund

- Identified and secured Westin branding strategy
- Captured \$1.2M in key money through strong Starwood relationship and negotiation
- Work directly with the convention center to secure business
- Creator and host of the annual Whiskey, Wine & Wildlife culinary event in collaboration with Jekyll Island Authority







Courtyard/Residence Inn Armory Square – Syracuse, New York

Opening Date: July 2013

Partner: Richard Sykes

Rooms: 180 Meeting Space: 550 SF

Food & Beverage: The Bistro, Sundry Shop

Total Basis: \$31.6M (\$175k per key)

Exit Date: November 2014

• **Sale Price:** \$42M (\$233K per key)

Realized IRR: 32.4%



Opportunity:

- Dual-brand development strategy / positioning
- Urban infill opportunity with tax credit incentives
- Develop the leading hotel in an overlooked market

- Identified dual-brand opportunity and secured franchises
- Achieved a stabilized market share exceeding 150%+
- New Castle retained as manager upon sale to Apple REIT





Courtyard by Marriott - Brookline, MA

Opening Date: April 2003

Partner: BayNorth / Carpenter & Co. Inc.

Rooms: 188 Meeting Space: 987 SF

Food & Beverage: The Bistro, Sundry Shop

Total Basis: \$30.6M (\$163k per key)

Exit Date: June 2006

• **Sale Price:** \$54.6M (\$290K per key)

Realized IRR: 35.4%

COUNTARD

Opportunity:

- Develop the leading hotel in an overlooked market
- First commercial development in the Coolidge Corner section of Brookline, MA in approximately 20 years

- Identified the optimal brand for the market
- Secured the franchise agreement and financing in 2001
- Collaborated with Marriott to design what became a Courtyard prototype, adding in the first Bistro





Hilton Garden Inn - Portland, ME

Opening Date: April 2001 (expanded 2013)

Partner: Widewaters / Rockbridge Capital

Rooms: 88/124 Meeting Space: 700 SF

Food & Beverage: Restaurant & Bar

Total Basis: \$8.0M (\$91 per key)

Exit Date: July 2018

• **Sale Price:** \$19.6M (\$158K per key)

Realized IRR: 21.4%

Opportunity:

- Site located adjacent to Maine's busiest airport
- Develop the leading hotel in an underserved airport market with a superior brand amidst outdated competition

- Added an additional 36 rooms to take advantage of airport expansion
- Achieved a stabilized market share exceeding 130%+ despite additional competition







Hampton Inn & Suites – Jekyll Island, GA

Opening Date: June 2009

• Partner: Leon Weiner & Associates

Rooms: 138 Meeting Space: 462 SF

Food & Beverage: Bar

Total Basis: \$22.2M (\$161k per key)

• **Exit Date:** July 2018

Sale Price: \$26.5M (\$192K per key)

Realized IRR: 18.9%

Opportunity:

- Existing hotels on Jekyll Island outdated/run down
- New, family-oriented hotel with superior, nationally recognized Hampton Inn & Suites brand
- Site tucked into the maritime forest and bordering the Atlantic Ocean beachfront

- Secured franchise; established successful full-service bar/food operation generating over \$400k annually
- Achieved a stabilized market share exceeding 120%+



New Castle Hotels & Resorts Operational Value-Add Investment Strategy



New Castle's core value-add projects are marketed and off-market acquisitions or management takeovers that offer repositioning and/or operational value-add opportunities

	Full/Premium Select-Service Repositioning Value-Add	Full/Premium Select-Service Operational Value-Add	
Strategy	Repositioning Value-Add	Operational Value-Add	
Hold Period	5 – 7 Years	5 – 7 Years	
Characteristics	 Top 5 - 50 MSAs Urban/Super-Suburban Significant capital requirements Discount to replacement cost Under-branded, Independent 	 Top 5 - 50 MSAs Urban/Super-Suburban/Resort Leading brand affiliation Discount to replacement cost Underperforming Comp Set 	
Value Creation Strategies	 Strategic brand repositioning Significant value-add capex Weak, unfocused management Highly motivated sellers 	 Weak, unfocused management Expense savings & market share growth Strategic ROI capex opportunity Portfolio exit premium 	
Levered IRR Target	20 – 22%	18 – 20%	
Year 3 Cash-on-Cash Return Target	10 – 12%	8 – 10%	
Examples	 Hampton Inn & Courtyard Shelton Homewood Suites Arlington Deerhurst Resort Ontario 	 Hilton Lexington Downtown Marriott Racine Sheraton Smithtown Hilton Woodcliff Lake 	

New Castle Hotels & Resorts Full-Service Operational Value-Add



Hilton Downtown – Lexington, Kentucky

• Takeover: August 2011

Partner: Madison Capital

Rooms: 366 Meeting Space: 18,000 SF

• **Ballroom:** 7,000 SF

 Food & Beverage: The Triangle Grill Restaurant, The Bigg Blue Martini

 Other: Connected to Rupp Arena and the Lexington Convention Center

Opportunity:

- Property conversion into the Hilton system
- Takeover from weak, unfocused management
- Upside in expense margin and market share

- Provide the hands-on, personal oversight necessary
- Improved the hotel's image with the local community
- Lifted the property's market share over 14%
- Achieved a compound annual growth rate in gross operating profit of 15.7% between 2011 and 2014





New Castle Hotels & Resorts Full-Service Operational Value-Add



Holiday Inn – Saratoga Springs, NY

Takeover: July 2019

• Partner: JLK Fund International

Rooms: 168 Meeting Space: 8,970 SF

Food & Beverage: Bookmaker's

Other: Adjacent to Congress Park

Total Basis: \$21.8M (\$161k per key)

• **Targeted IRR:** 19.5%



Opportunity:

- Well positioned and high barriers to entry asset
- Takeover from weak, unfocused management
- Upside in expense margin and market share

- Provide the hands-on, personal oversight necessary
- Centralize various roles including accounting, revenue management, sales and digital marketing
- Lift the property's market share over 6% points
- Unlock \$600K in tangible expense savings across payroll, benefits and direct expenses







641 Danbury Road, 1st Floor Ridgefield, CT 06877 newcastlehotels.com

