

BLACK LABEL

HOSPITALITY

Office Building to Hotel Conversion



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Reinventing the hotel operations

BEING TRUE TO OUR OWN VALUES

Introduction

BLACK LABEL HOSPITALITY

Black Label Hospitality is the go-to High Trust / High Performance partner for all stakeholders and has secured Multi Site Development Agreements with the world's most renowned hotel chains. Our knowledge of real estate combined with our knowledge of hospitality and backed by one of The Netherlands most renowned investment firms makes us your preferred partner for Office Building to Hotel conversion.

Our strategic partners are: Marriott, IHG, Hilton, Accor, Hyatt and Wyndham

Preferred Partner of      

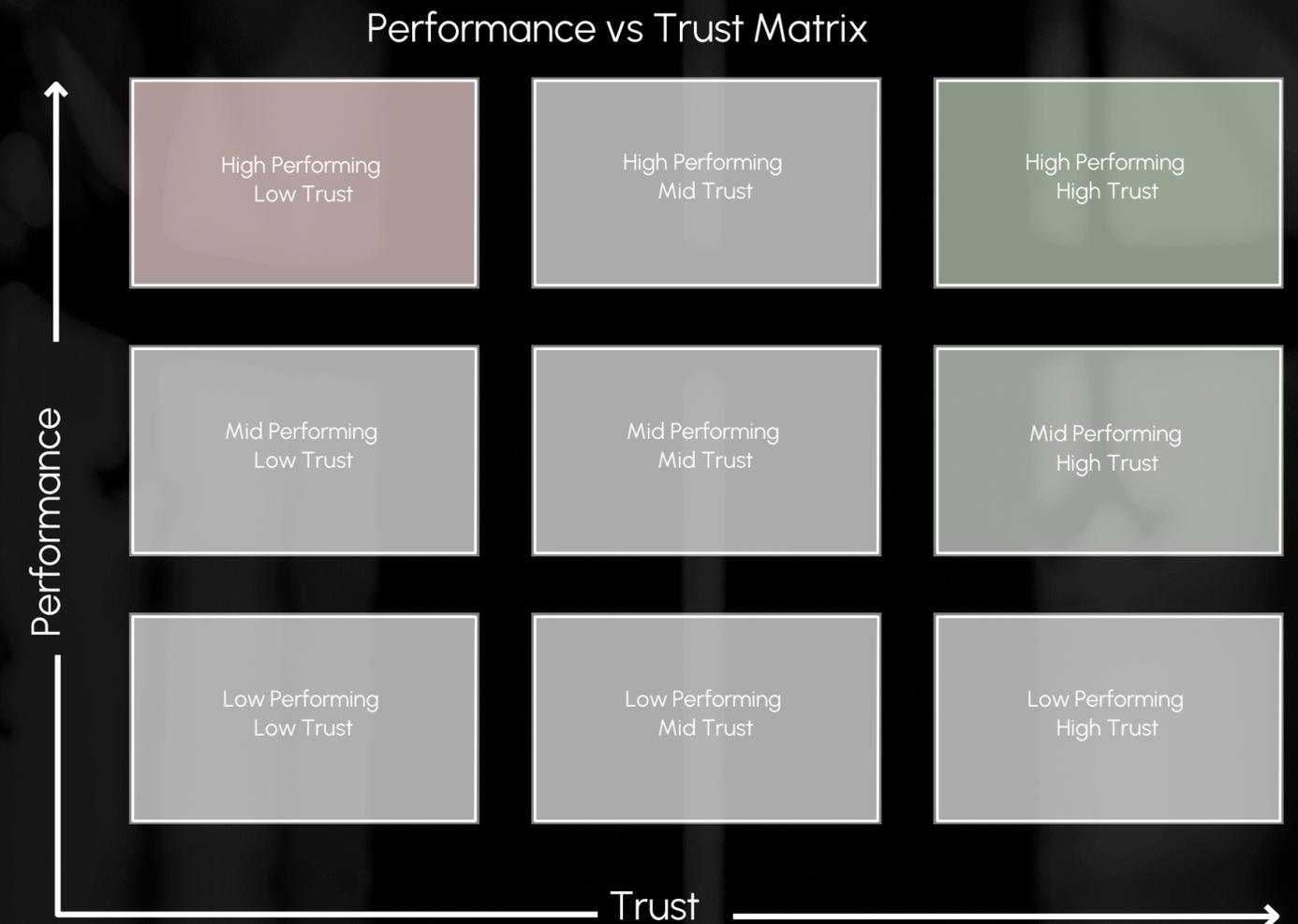
The GO TO High Performance / High Trust partner

In a business driven by long-term contracts and partnerships, trust is the key decision-making factor. Black Label Hospitality integrates trust-building and performance-enhancing solutions into its daily business model, including:

1. True hoteliers in key company positions
2. Real-time data visualization
3. A solid lease-guarantee structure
4. Landlord comfort letters for owners from hotel chains
5. A guarantee not to outsource hotel management

Black Label Hospitality will be your long-term partner, committed to:

- A. Leading the conversion of your office building into a hotel within budget and on schedule
- B. Signing a long-term lease agreement for your property





Black Label Hospitality x
Somerset Capital Partners

Black Label Hospitality x Somerset Capital Partners

Strong partners

Since February 2024, Somerset Capital Partners has been a shareholder in Black Label Hospitality Group, investing heavily in BLH's growth ambitions. Somerset Capital Partners, a Dutch family-owned investment firm, focuses on private and public companies in the real estate, energy transition, technology, automation, food, and health sectors.



“WHERE ARE WE NOW”



“BHAG”

20.000 # , crushing our competition being the Go-To Hotel Operator for all stakeholders

This straight line to our BHAG represents Black Label Hospitality's and Somerset Capital Partners partnership. We expect SCP's input to be our rocket fuel to success. Our rocket fuel is (among other things):

- Lease Guarantee structure
- Working capital and growth capita
- Dealmaking power
- Leveraging SCP's balance sheet





Market Analysis

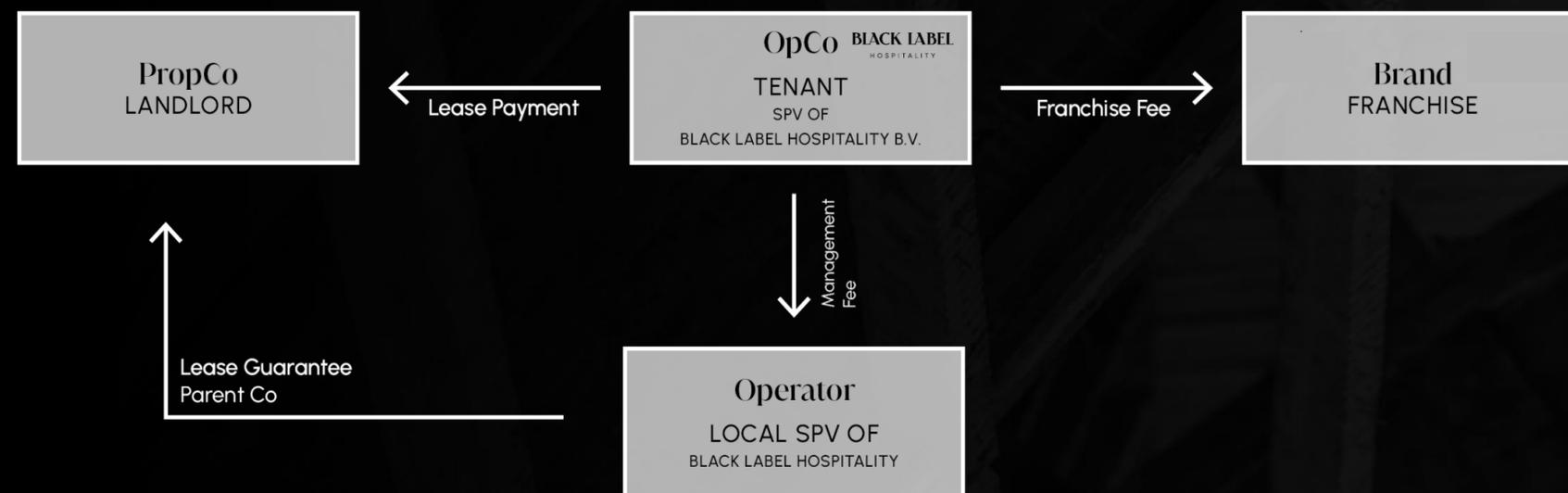
Market Analysis on office buildings to hotels conversion

Black Label Hospitality is a hotel operator and franchise partner for the most renowned international hotel chains.

Our asset-light business model is based on long-term turnkey leases, with a minimum initial term of 23 years. We offer a mix of fixed leases, hybrid leases, and variable leases.

Specializing in new-build and conversion hotels in European A and B cities, Black Label Hospitality recognizes the opportunities within the current market landscape. With numerous office buildings struggling to find lessees, there is a golden chance for transformation. Black Label Hospitality stands ready to be your trusted partner in this endeavour, adept at converting vacant office spaces into vibrant, thriving hotels.

We offer long-term leases, backed by a solid lease guarantee structure and a "step-in clause" from international chains.



Why Hotels? A strong asset class

\ Europe: 32% of the world's hotel stock



Source : Hospitality One / MKG - September 2022
Past performance is not indicative of future performance and is not consistent over time.

\ 4th largest asset class in commercial real estate



35 bn Retail
28 bn Hotel
30 bn Other
139 bn Offices
45 bn Retail

Source 2019 - Europe Real Estate Investment 2019/BNP Real Estate - January 2021

\ A diversifying asset class

	Office	Retail	Industrial	Hotel (premises)
Office	1			
Retail	0.72	1		
Industrial	0.92	0.79	1	
Hotel (premises)	0.61	0.30	0.62	1

Source : IPD 2001 - 2019, eurozone

\ Positive sustainability outcomes

EMPLOYMENT
 \ Creation of non-relocatable jobs Social
 \ mobility - equal opportunities

ECONOMY
 \ Local attractiveness increased
 \ Economic fabric revitalised

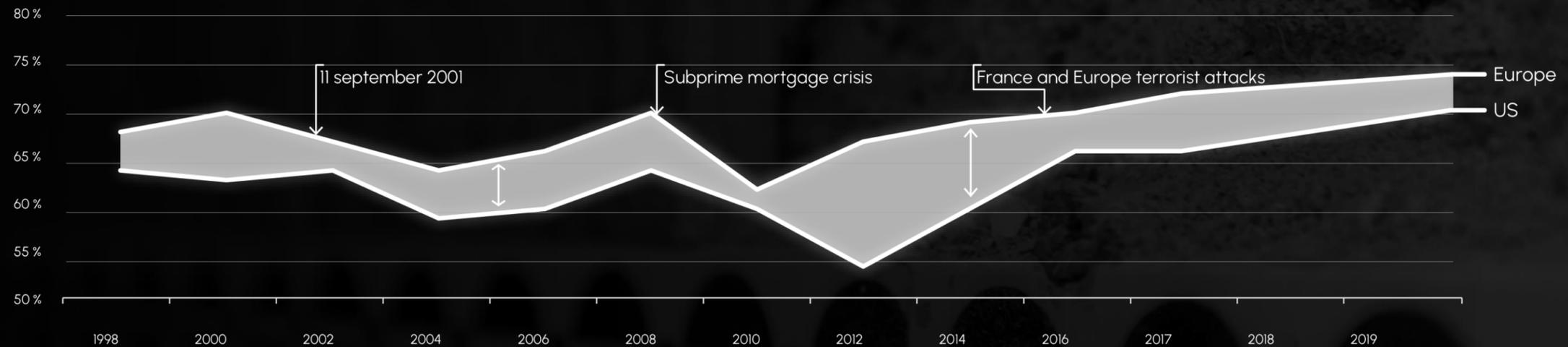
ENVIROMENT
 \ Thermal building renovation
 \ Sustainable management of energy, natural resources and waste

European hotel market: solid fundamentals and favourable mega trends for a 10-year investment horizon

Unmet demand for accommodation has led to persistently high occupancy rates

Occupancy rates: Europe vs US in the past 20 years

Source: STR-European Hotel Review - 2019

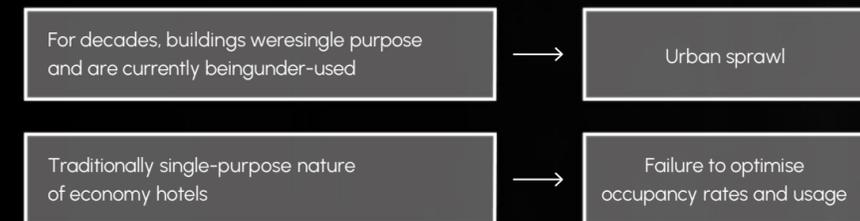


Obsolete hotel stock

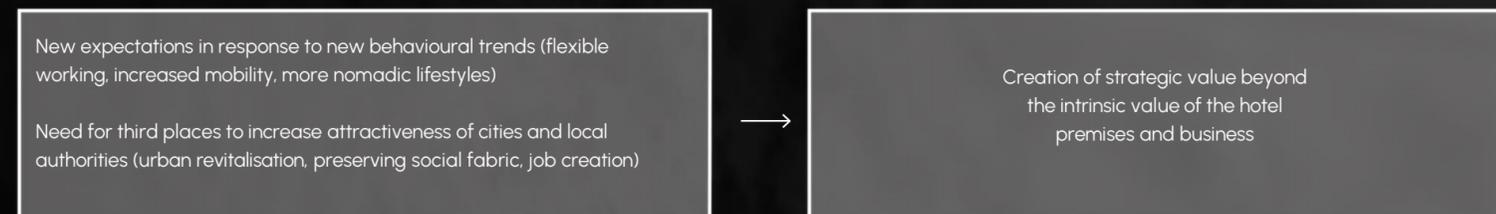
SUSTAINABLE URBAN RENEWAL REQUIRES FUNDING

Hotel real estate is often unique but obsolete and/or in need of optimisation to meet the major challenges of ecological transition

Limits on land take



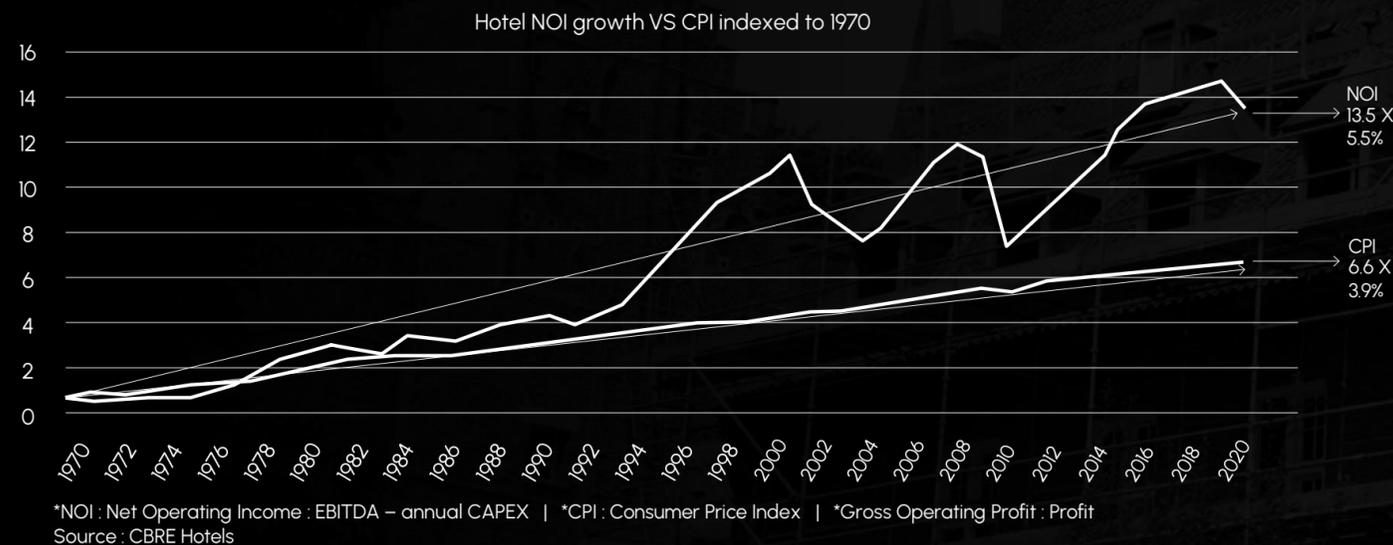
Need for new serviced accommodation mixing traditional and/or managed residential, hotel and para-hotel usage



Past performance is not indicative of future performance and is not consistent over time.

European hotel market: exposure to inflation and rising energy costs

Hotel cash flow growth typically outperforms amid inflation



- Since 1970: hotel net operating income (NOI¹) has grown 155 bps faster than inflation
- Between 1972 and 1982: annual growth of 12.3% for the NOI versus annual inflation of 8.7%, i.e. +360 bps spread in favour of hotel NOI
- Between 1941 and 1951: annual growth of 8.6% for gross operating profit (GOP²) versus annual inflation of 5.9%, i.e. 270 bps spread in favour of hotel GOP

- Active yield management (optimised rates strategy): daily room-rate revision to pass on all or part of the increase in operating expense
- Asset management: rate changes after renovation and repositioning are accepted more easily given the change in base of comparison

Impact of rising energy costs

in % of revenue (reference year 2019)	1-2 star hotels		3-star hotels		4-star hotels		Superior 5-star hotels	
	Paris	France Avg.	Paris	France Avg.	Paris	France Avg.	Paris	France Avg.
Energy costs (including water)	-	-	2.5%	3.2%	2.3%	2.6%	2.9%	2.8%
Gross operating income	-	34.4%	40%	36%	38.8%	33%	22.9%	26.6%

Source : KPMG Hospitality - October 2022

- Energy costs: marginal cost in the profit and loss statement and variable depending on actual activity and occupancy rates
- Increase in energy prices: partially or fully absorbed by the increase in average prices and the resulting increase in operating income
- Asset management: thermal building renovation and efficient energy management



BLH as a partner for conversion

Positioning & Proposition

Our goal is to become the go-to long-term, high trust, and high performance partner for all stakeholders. We offer developers and owners long-term rental proposals supported by outstanding guarantee structures.

With Black Label Hospitality's deep knowledge of the hotel industry and our comprehensive feasibility studies, we have established ourselves as the preferred long-term partner for all stakeholders.

Black Label Hospitality maintains full control over all aspects of our business. We guarantee that no operational department is outsourced to an external management company.

Our focus is on converting office buildings into hotels in A and B cities in the BeNeLux and DACH regions. Black Label Hospitality ensures a long-term lease agreement, solid lease guarantees, and provides assistance in pre-opening and onboarding before commencing operations.



Feasibility



Management
guarantee



Lease
guarantee

Lease Offering

In the world of office building leasing, the familiar norm revolves around a lease structure centered around square meterage. However, as the landscape evolves and opportunities arise, it is essential to explore innovative alternatives.

This is where Black Label Hospitality steps in. We recognize the untapped potential of vacant office spaces; we present a compelling proposition: conversion to hotels. Unlike the traditional lease per square meter, BLH introduces a lease structure inspired by the hospitality industries proven model – a lease per key per month. This shift not only opens doors to new possibilities but also aligns with the dynamic demands of the market. Furthermore, our approach is not one-size-fits-all.

With flexibility at the forefront, BLH offers the option of fixed or variable leases, allowing for tailor-made arrangements to suit the unique needs of each project. It is not just about reimagining spaces; it's about unlocking their full potential. Join us in transforming vacant office buildings into vibrant hubs of hospitality, where opportunity meets innovation. *ensuring optimal outcomes for our partners and stakeholders.*



Key per month structure



Flexible tailored lease offering



Unlocking your buildings full potential

Our roadmap to success



***1 Authority to Pursue (ATP)**
 Investment Committee commits BLH company time and expenses (LOI / MOU check by Mr. Dirk Berendsen of Solid Attorney's -> SCP cc) to pursue a lead on predefined deal parameters based on:
 A: BLH feasibility
 B: Broker or chain Investment memorandum
 C: RevPAR positioning of chain

***2 Authority to Negotiate (ATN)**
 Investment committee authorizes BLH to enter negotiations with 3rd parties.

***3 Authority to Contract (ATC)**
 Investment committee authorizes BLH to contract. Resources made available to contract
 A: Legal costs
 B: Lease Guarantee costs
 C: New Entity costs

4* Investment Case
 The full investment case (Investment Memorandum, BLH feasibility, RevPAR positioning and elaborate vision of the project) is sent to SCP for sign-off.

Monthly status report submitted for every deal identifying progress of negotiation, meetings and next steps. Investment committee can stop additional expenditure on deal pursuit between the ATP and

ATC stages.

Conversion Strategy

All our new hotel conversion projects must meet the following criteria:

Minimum number of rooms	100	Positive EBITDA in stresscase	Y
Minimum GOP %	FSY 35	Pre Opening Fee	Y
Maximum Payroll % of TR	FSY 32	TSA fee	Y
Maximum rent % of TR	FSY 30	Key money	Y
Minimum rent cover Ratio	FSY 1.30	Rent free period	Y

Our excellent knowledge of the hospitality industry combined with our data driven decision making expertise will ensure our overperformance.





Choice of Chains and Brands

Choice of chains and brands

We have strategic partnerships with the worlds most renowned hotel chains. We have signed Multi Unit Agreements of opening and securing at least 1.500 keys per chain in the next 5 years with the most renowned brands. Having more than one partner ensures us of not having a dependence on one specific chain. It also means we are assured of:

- \ Constant flow of new projects
- \ Management step in clauses for hotel owners
- \ Feasibility studies
- \ Best Distribution

Converting office buildings to hotels is a very specific section of the hotel industry. It combines the knowledge of Real Estate as well as the hotel industry. From a distribution side we need strong brands with a heavy "push" , on the other side we need a flexible brand in order to be able to fit the room design into the fixed grid of the existing property.

For this purpose, we have chosen a collaboration with chains IHG and Marriott because of their excellent distribution and flexible approach on Brand Standard implementation.





Technology: IT & Data

Technology: IT & Data

In collaboration with our strategic global IT partner, Black Label Hospitality has become the first and only operator in Europe to visualize real-time data from all the different Property Management Systems of its partner hotel chains. This real-time data visualization makes us data-driven and proactive, significantly improving our top and bottom lines.

Constantly learning from data enhances our operations, making them more efficient and profitable. This leads to higher revenues and better cost control





Management & Organization



Martin Hendricks

Management & Organistation

Hotel Management

The strongest corporate head office, specialized in hotel operations (rooms, F&B, banqueting and MICE), IT (data visualization and digitalization), finance and Acquisition & Development lead by best-in-class management team. Our decision-making process is data driven and drives our topline, lowers our bottom line and increases our guest satisfaction.

CEO – MARTIN HENDRICKS

Hotel Management School Maastricht, Acquisition & Development background at Dolce International (Wyndham Hotels & Resorts).

Winner of the 2023 "Hotello of the Year" Award. A highly prestigious award for hospitality professionals in the Netherlands.

COO – MARCEL VAN DE VIN

15 years' experience in management of Holland's largest chain.

He took them from 26 to 105 hotels.

Since 1 March 2022 the COO of Black Label Hospitality.



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Our label?
Stay exclusive

“

Reinventing
the hotel
experience

BEING TRUE TO OUR OWN VALUES

Let's connect

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