



*Evolve. Adapt. Innovate.*

 *Castle Resorts & Hotels*  
Hawaii • Micronesia • New Zealand



## *Darwin's Theory of Evolution*

ALL THINGS MUST EVOLVE,  
INNOVATE AND ADAPT  
(SURVIVAL OF THE FITTEST),  
OR BECOME EXTINCT.

*-Castle Resorts & Hotels' Business Philosophy-*

## *Evolve* IN THE PACIFIC

Castle Resorts & Hotels was founded in 1994 to provide hospitality management services for hotels and condominiums in Hawaii. Castle has evolved and now serves three geographic regions in the Pacific—Hawaii, Micronesia and New Zealand.

## *Adapt* TO OUR SHAREHOLDERS

Castle's corporate culture is "Flexibility and Focus" or "F & F" as it is internally branded. Our organization and infrastructure is designed for maximum flexibility to react to any and all marketplace dynamics and to the different needs of our stakeholders. While we adapt to each situation, we remain focused on our objectives and overall strategy.

## *Innovate* IN BUSINESS

Castle's corporate strategy is to differentiate ourselves from our competition, by focusing not only on our guests, but also our owners. Our vision is to become the leading and most innovative hotel, resort and condominium management company in the Pacific Region. We believe that quality people beget quality results. Castle hires and works with only the best personnel available, creating a dynamic and innovative work environment.



*Poipu Shores, Kauai*



## *Our Mission*

Castle Resorts & Hotels is committed to offering more value, more variety and more aloha both in and outside of Hawaii. The key to Castle's customer and stakeholder satisfaction is our entire team's belief in our corporate mission statement. Simply put, Castle's mission is to provide the very best value and guest experience in order to achieve customer and owner loyalty, and to increase stakeholder value.

## *Our Company History*

Castle Resorts & Hotels specializes in hotel and resort condominium management. Castle was founded in 1994 to provide hospitality management services for hotels and condominium resorts in the Pacific Region. The company is a wholly-owned, fully consolidated subsidiary of The Castle Group, Inc. and is one of the fastest growing management companies in the Pacific Basin.

Castle's portfolio spans a wide range of resort properties from mid-market hotel to upscale condominium resorts. Services offered include full hotel and resort management, sales and marketing, reservations, accounting and hospitality design services. Castle manages over \$2 billion in real estate assets.

Castle Resorts New Zealand was formed as a division of The Castle Group, Inc. to strategically grow and expand throughout Oceania. The New Zealand division manages The Spencer on Byron Hotel at Takapuna Beach on Auckland's North Shore, Castle's first venture into the New Zealand marketplace. Castle Resorts New Zealand provides a competent, stable and experienced management team for The Spencer on Byron Hotel and for future expansion of properties in Oceania.

## *Our Growth Strategy*

Castle is now focused on growing the number of management contracts in our hotel and resort portfolio. A strategic growth model has been adopted to aggressively dominate the regional Pacific markets of Hawaii, Micronesia and New Zealand; and eventually to Australia and select Asian markets. An experienced acquisition team has been formed to work with various hospitality development companies and capital markets to create growth opportunities and new management contracts within these key geographic areas.

## *Our Brand Strategy*

Each property we manage is individually branded in order to extract maximum value from its strengths. Our Castle brand stays in the background so that we can focus on marketing the uniqueness of each property, while satisfying the needs and expectations of our owners. Each hotel and resort we manage maintains its own brand identity and personality, while utilizing the Castle advantage of our powerful marketing resources, channel distribution, resort management expertise, industry partnerships and networks.



*Kiahuna Plantation &  
The Beach Bungalows, Kauai*



*Kona Bali Kai, Big Island*



*The Spencer on Byron,  
New Zealand*



*Poipu Shores, Kauai*

## Scope OF SERVICES

Castle's resort and property management service is built on proven business practices backed by in-depth professional understanding of Pacific Basin markets, carefully crafted strategic planning, and timely and innovative problem solving. Each management contract is customized with a combination of the following selection of services that best meets the owner's needs.

### *Prepare.*

#### PRE-OPENING TECHNICAL SERVICES

Castle's services often begin well before a property opens with a full market assessment and pre-opening review of the project that will influence profitability and operating efficiencies. These services include operating criteria and efficiencies, FF&E requirements, input on architectural/interior design and layout, maintenance, engineering and IT consulting. Our team has extensive experience in opening new hotels and resorts, enabling us to offer valuable insight to anticipate and avoid costly problems while enhancing the overall project.

### *Extend.*

#### PROPERTY MANAGEMENT

Castle provides comprehensive AOA/Body Corporate and property management services for resort condominiums. The scope of services include, but are not limited to, physical management, bulk purchasing, staffing, training, preparation and distribution of RFPs, maintenance, engineering, collection of delinquent fees, enforcement of by-laws and house rules, and conducting AOA/Body Corporate annual and board meetings. With the diversity of our product and strength in the destinations we serve, we are able to extend efficiencies, including support staff, which positively impacts any property managed under Castle's umbrella.

### *Develop.*

#### CONDOMINIUM ASSOCIATION/BODY CORPORATE AND PROPERTY MANAGEMENT

For Castle, condominium rental management is a hands-on, on-site service that is always proactive, never reactive. Our trained professional managers and staff are responsible for implementing programs including upgrade and renovation packages, repairs and maintenance, rental program acquisition and development programs, ongoing inspections, regular owner communication, extensive owner relations programs, monthly owner distribution returns, and comprehensive guest relations programs. Our breadth of experience in rental management supports our proactive approach in working with owners and/or developers to ensure we protect their assets and ensure a quality product, ultimately resulting in higher owner returns.

## Scope OF SERVICES

### *Cultivate.*

#### HOTEL & RESORT OPERATIONS

All Castle hotel and resort management services are tailored to meet individual owner needs. Castle provides a full range of hotel and resort management services to operate both limited and full service properties. The scope of services ranges from professional front office operations to complete housekeeping services, professional maintenance forces, quality food and beverage services and FF&E procurement.

### *Enhance.*

#### CASTLE DESIGN GROUP

Castle Design Group is our in-house renovation and interior design service dedicated to our owners. This department provides professional cost-effective design services, access to our bulk furniture packages and a variety of efficiencies and savings. We utilize Castle Design Group for consulting and full service management on renovation and capital improvement projects.



Hilo Hawaiian Hotel, Big Island

## Scope OF SERVICES

### Engage.

#### SALES AND MARKETING

Castle Resorts & Hotels provides comprehensive sales and marketing services handled by a team that is creative, dynamic and innovative. Our team concentrates on strategic marketing for all managed resort properties – carefully planned and researched programs targeting specific markets that are closely monitored and measured against established goals and objectives. Furthermore, each Castle property is marketed individually – building on the uniqueness, personality, location and market niche of each location. This individual spirit is then tied to our resort management expertise, networks, resources, partnerships and industry affiliations to create a total marketing package.

Castle is on the cutting edge of full service electronic marketing through its interactive web site at [www.CastleResorts.com](http://www.CastleResorts.com), offering online reservations, vacation packages and attractions and activities for its hotels and condominiums.

All Castle-generated marketing and sales activities are based on solid, comprehensive research and focus studies. Ongoing studies for each property define marketplace position, competitive and pricing analysis, growth potential, inbound visitor trends, emerging visitor segments, customer attitudes and perceptions, satisfaction levels, and brand awareness and industry positioning.

### Connect.

#### RESERVATIONS

Castle provides reservation services through our stand-alone, full service, reservation call center based in Hawaii that provides for a wide range of services from tour reservation processing and rooms control to handling group bookings to managing GDS systems and yield/revenue management. Our reservation center has direct links with major GDS systems reaching more than 250,000 travel agent terminals around the world and ADS connectivity to over 18,000 travel websites through our connectivity provider, SynXis.

### Produce.

#### ACCOUNTING

Castle provides centralized accounting services for our hotel and condominium resort properties. Services include timely and accurate financial reports, internal review of each property's financial statements to look for areas in which costs may be reduced or revenues may be enhanced, and ongoing monitoring of cost reduction and profit enhancement activities. Castle's experienced staff prepares detailed monthly explanations of variances against budgets and adapts the Uniform System of Accounts for Hotels reporting system to fit the individual needs of each property.

## Executive Management

The Executive Management team of The Castle Group, Inc. is well respected in the hotel and travel business and has more than 350 combined years of

extensive management experience in all phases of the travel and hospitality industries with strong ties in the Pacific.

### CASTLE RESORTS & HOTELS



#### Rick Wall <sup>e</sup>

CHIEF EXECUTIVE OFFICER  
CHAIRMAN OF THE BOARD

A resident of Hawaii for nearly 40 years, Wall is the founder of Castle Resorts & Hotels. He has a 12-year tenure and continues to serve on the Board of Directors of the Hawaii Visitors and Convention Bureau (HVCB), as well as its Executive Committee.



#### Alan R. Mattson <sup>e</sup>

PRESIDENT

Mattson joined Castle in 1999 as senior vice president of sales and marketing and was appointed president in 2005. He was formerly vice president of sales and marketing for Dollar Rent A Car serving Hawaii, Asia and the Pacific. He also has held senior management positions with Avis Car Rental and Hilton Hotels Corporation. Mattson is a resident of Hawaii.



#### Michael Nitta

CHIEF FINANCIAL OFFICER

Nitta joined Castle in 1993 following the acquisition of KRI Inc. where he served as secretary and treasurer. Prior to his tenure at KRI, he served as secretary and treasurer for Hawaiian Pacific Resort Hotels Inc. from 1982. Nitta was born in Hawaii and holds a Masters of Accounting degree from the University of Hawaii.



#### Jerry Ruthruff <sup>e</sup>

GENERAL COUNSEL

Ruthruff joined Castle in 2003 as general counsel after moving from his private legal practice in Hawaii. He is a graduate of the University of Washington and earned his law degree from Harvard Law School in 1972.

### CASTLE RESORTS NEW ZEALAND



#### Roger Moses

CHAIRMAN OF THE BOARD

An entrepreneur for nearly 40 years, Moses set up Australasia's first independent financial planning practice in 1972 and has played a leading role in the development of that industry in New Zealand while developing numerous other investment activities. Currently he serves as principal director for several organizations including VTL Group, Nathan Finance, Prevu Corporation, Grafton Investments Westgate, and Triceps Properties. Moses has co-authored five top selling investment books with leading Australian financial commentator Noel Whittaker.



#### John Henderson

MANAGING DIRECTOR

Henderson brings over 30 years of hospitality expertise and hotel management. Most recently, he was the principal of Henderson Resources, a hospitality-focused consulting firm and an independent director for the largest hotel company in New Zealand for the past six years. Previously, he was a senior executive for Starwood Hotels and Resorts Worldwide.

# Board of Directors

For The Castle Group Inc., several members of our executive management team also participate as Board of Directors including Rick Wall (chairman),

Jerry Ruthruff and Alan Mattson. Below are the remaining Board of Directors members that are not mentioned above:



**John Brogan**

A well-respected and recognized leader in the hotel industry, Mr. Brogan's last position before retirement was president for Starwood Hotels and Resorts - Hawaii. Previously he chaired boards including Hawaii Visitors & Convention Bureau, Hawaii Hotel Association, American Heart Association-Hawaii, Blood Bank of Hawaii, Waikiki Improvement Association and Chaminade University.



**Stan Mukai** <sup>a</sup>

A senior partner of the Hawaii-based law firm of McCorriston, Miller, Mukai, Mackinnon, LLC since 1993, Mukai is experienced in business and commercial law, health care law, business and trade, and taxation law. He is a member of the Japan Hawaii Economic Council and on the Board of Governors of Iolani School. He holds a Bachelor of Law and Doctorate of Jurisprudence from Harvard University Law School.



**Ed Calvo**

A partner in the firm of Calvo & Clark, LLC, Calvo is active in a variety of business operations in Guam and Saipan. He also has offices in San Francisco handling cross-border litigation principally with Japan and U.S.-based companies and also includes clients from Taiwan, Hong Kong and Korea.



**Motoko Takahashi** <sup>a</sup>

Takahashi's long-time business associations in Hawaii and Japan make her an invaluable member of the Castle team. She serves as principal Japanese liaison for the company, facilitating strong relationships and employing cultural protocol.



**Rick Humphreys** <sup>e</sup> <sup>a</sup>

Humphreys has more than 40 years of financial management expertise and is the former president of First Federal Savings & Loan and chairman of Bank of America, both in Hawaii. He currently is president of Hawaii Receivables Management, LLC, and serves as a trustee of Menlo College and the State of Hawaii Employees Retirement System. He is also a board member of the Bishop Museum, Pantheon Corporation, and the Cancer Research Center of Hawaii.



**Roy Tokujo** <sup>e</sup>

Founder of Cove Enterprises and Cove Marketing, Tokujo is a 45-year veteran of Hawaii's travel, restaurant and entertainment industries with strong local business ties and associations with industry representatives from China, Japan and Korea. He was a founding member of the Hawaii Tourism Authority and is managing partner of Ko Olina Activities, LLC and Ko Olina Marketing & Licensing, LLC.



**Mike Irish**

A successful businessman in Hawaii for over 30 years, Irish began his career in hotel management but moved to real estate and business acquisitions in the 1980s. He became part of the Hawaii food service industry with the purchase of Parks Brand Products in 1985, Halm's Kim Chee in 1986, and Diamond Head Seafood in 1995 where he continues to serve as president.



**Tony Vericella** <sup>e</sup>

A local tourism marketing veteran for some 30 years, Vericella served as president and chief executive officer of the Hawaii Visitors & Convention Bureau from 1997 to 2003. He has served with numerous tourism and visitor organizations across the Pacific and is a board member of the Travel Industry Association of America and the Pacific Asian Travel Association.

<sup>e</sup> = Executive Committee

<sup>a</sup> = Audit Committee

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