



Proposal

Updated Feasibility Study

Proposed Hotel
Canton, GA

Billy Peppers, ICMA-CM, EDFP, CPM
City Manager
City of Canton
110 Academy Street,
Canton, GA 30114

April 23, 2025

The Global Leader in Hospitality Consulting

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City Manager
City of Canton
110 Academy Street,
Canton, GA 30114

Dear Billy,

Thank you for the opportunity to present our proposal for updating the Feasibility Study for a proposed Hotel to be located at 10 North Street, corner of Brown & North Streets, Canton, GA. We completed a market and financial feasibility study in June 2024, and you would like us to update the study with current market conditions. Our team is committed to assisting you in reaching your desired outcomes on time and within your budget.

To the extent we have not accurately reflected your requirements, we would greatly appreciate the opportunity to modify the proposal as needed.

I. HORWATH HTL EXPERTISE

At Horwath HTL, our focus is one hundred percent on hotel, tourism and leisure consulting. Our services cover every aspect of hotel real estate, tourism and leisure development. Our clients choose us because we have earned a reputation for impartial advice that will often mean the difference between failure and success. Each project we help is different, so we need all of the experience we have gained over our 100-year history. We are a global brand with 52 offices in 38 countries, who have successfully carried out over 30,000 assignments for private and public clients. We are part of the Crowe Global network, a top 10 accounting and financial services network. We are the number one choice for companies and financial institutions looking to invest and develop in the industry. We are Horwath HTL, the global leader in hotel, tourism and leisure consulting.

Horwath HTL adds value for clients by combining hospitality and financial technical expertise with in-depth market knowledge both in established and emerging markets and unrivalled industry experience. The local Horwath HTL team involved in this assignment has over 100 years of combined experience in the hospitality, service, and tourism industry. We trust that the information provided is helpful to you and we look forward to receiving your further instructions.

In the meantime, if you have any further questions or require clarification on any point, please do not hesitate to contact me.

Yours sincerely,



Paul Breslin, CHA, CHE, ISHC
Managing Director

2. FEASIBILITY STUDY

Prior to the commencement of this study, we will set up an initial meeting to effectively ‘launch the project’ and gain a full understanding of the expectations and objectives. In addition, we will seek to ensure full comprehension of your strategic vision as well as the project itself at this stage. Following this initial meeting, we will provide the following services in connection with the Hotel Market and Feasibility Study:

2.1. Location and Site Analysis

We will consider the general location and the hotel site, both defining the demand generator profile and the hotel competition drivers. Concurrent with the launch of the project, our team will undertake a visit to the site and surrounding area in order to achieve this.

We will analyse the site of the proposed project and assess its suitability for hotel development. Specifically, we will take into consideration the following factors: accessibility with respect to transportation connections, proximity from the main tourist and business areas, the quality and profile of the vicinity, as well as the visibility of the buildings.

We will provide an in-depth analysis of the local market environment in which the proposed hotel will operate:

- We will provide a general overview of the local market with a focus on socio-economic indicators, transportation infrastructure and urban evolution.
- We will provide a summary of local travel and tourism trends in the key market segments: Leisure, Corporate and Group, and to what extent there is a business and leisure demand in the area.
- We will identify and comment as appropriate on any major or significant tourism-related or other projects and/or developments likely to have a material impact on the performance of the proposed hotel.
- We will concentrate on trends that are likely to have an impact on demand for hotel accommodations in the local area as well as demand for conference facilities, hotel food & beverage, leisure and other facilities, income levels and barriers to entry. In preparing this section, we will draw on experience gained when working on other engagements in this market.

2.2. Hotel Market Analysis

We will identify and comment on the existing supply of relevant competitors displaying similar market characteristics to the project; in so doing we will define what we consider to be the most relevant competitive set of the proposed hotel. We will also seek to identify any proposed and relevant new hotel supply in terms of projects under construction. To the extent possible we will estimate their impact on the overall hotel market performance, and especially on the proposed project. The existing competitive properties and the potential projects will be fully reviewed, detailing property information such as visibility, date of opening, physical condition, status of renovation, facilities and amenities in order to determine their competitive position in comparison with the proposed project.

In our demand analysis, we will identify the primary sources of hotel demand in the region, and, as far as possible, their historical patterns in terms of business mix, seasonality variations and historic performance trends (occupancy, average room rate). In addition, we will analyze the likely hotel demand that may be generated by the proposed development. We will then review the historical trends of the competitive set in terms of trading performances and other operational characteristics, to the extent available. We will obtain trading data for a competitive set of hotels from a third-party data provider, such as STR, Inc.

2.3. Project Development Recommendations

We will comment on the main features of the proposed scheme in order for the project to be competitive and achieve optimum profitability. Specifically, we will make suitable, market-based recommendations as to the following:

- Target markets;
- Quality/market positioning;

- Optimum total bedroom capacity;
- Number, mix and size of bedrooms; and
- Recommended in-house ancillary facilities, if any (e.g. restaurants and bars, meeting rooms, spa and leisure facilities)

We will conclude with a SWOT analysis reflecting the strengths and weaknesses of the project in comparison with the competitive environment.

2.4. Project Specific Operating Factors

To complete our overall analysis of the market and financial viability of the proposed hotel we will consider any other project specific factors which we consider may be critical to the success of the project.

2.5. Estimated Future Market and Project Trading Performance

Building on our analysis of historic market performance, anticipated new supply, current and future demand drivers and how these may be expected to change over the foreseeable future, we will prepare estimates of future competitive market occupancy performance.

Using this as a base line, we will make reasonable estimates as to likely levels of project penetration of the proposed hotel based on fair market share theory. These will take into account our independent opinion on the hotel's likely strengths and weaknesses relative the competitive environment in which it will be operating, assuming our project development recommendations are implemented. From this estimate of market penetration we will infer the estimated business-mix for the proposed hotel.

We will make recommendations as to rack rate by room type and, applying reasonable market-based assumptions as to average discount levels by main market segment, we will estimate what we consider to be an achievable average daily room rate (ADR) for the proposed hotel in a stabilized year of operation.

Finally, we will consider what levels of additional discounting (if any) may be required in its initial years of operation to ensure the hotel is able to successfully establish itself in the local market. Our approach will therefore take into account how occupancy and rate may build up from opening up to a stabilized level of performance.

2.6. Estimated Operating Results

Building on our trading (Occupancy and ADR) estimates for the proposed hotel, we will prepare detailed financial statements for the project:

- Overall revenue estimates will reflect our opinion of the likely performance of any recommended ancillary facilities based on our knowledge of relevant trends in the hotel industry and adjusted as necessary to reflect our local market research.
- Cost estimates will be prepared on a departmental basis, again based on our in-house knowledge of the hotel industry adjusted as appropriate to reflect local market conditions.

Our financial projections will be presented in accordance with the international Uniform System of Accounts for the Lodging Industry. Our report will include detailed Profit and Loss projections up to the GOP with both a PAR and POR analysis, and then to the NOI, taking into account FF&E Reserve requirements and indicative typical management fees. To complete our overall analysis of the market and financial viability of the proposed hotel we will consider any other project-specific factors which we consider may be critical to the success of the project and provide the analysis on the internal rate of return.

3. TIMING

We will commence work on this report immediately upon receipt of the executed "Instruction to Proceed" and the initial retainer payment. The inspection, assessment and production of the draft report will take approximately 3 weeks from the date all relevant information is received, and our site visit has been completed, if required. The final report will be issued 1-2 weeks after we have received your feedback to the draft report and final payment. We will confirm the timing upon instruction and will make every effort to meet your timetable.

4. FEES

Our fee for the Feasibility Study for the proposed hotel based on the scope as detailed above is \$6,000. This amount reflects a special 50 percent discount on our standard fee for similar assignments. Horwath HTL shall be reimbursed for actual costs of all travel expenses incurred in performing the site analysis services described herein. These expenses may include lodging, meals, transportation, as well as expenses incurred in obtaining the necessary market information such as STR reports (\$660 each), and other customary out-of-pocket expenses, which can be estimated and agreed with you before they are incurred, if required. ("Expenses"). You will be furnished with reasonable documentation supporting all reimbursement requests. All reasonable efforts will be made to control the amount of expenses. This fee will be invoiced according to the following payment schedule:

Market & Feasibility Study Fees	
1. Retainer upon instruction	\$3,600
2. Upon delivery of our draft report	\$2,400
TOTAL	\$6,000

All amounts due shall be payable to **Panther Hospitality LLC d/b/a Horwath HTL** upon receipt of invoice, and payment is to be made to Horwath HTL at **2472 Jett Ferry Rd Suite 400-302 Dunwoody, GA 30338**. Payments are to be made no later than 30 days of receipt of invoice, in U.S. dollars, using either a check drawn on a U.S. bank or a wire transfer of funds to the account Panther Hospitality LLC d/b/a Horwath HTL. Overdue invoices will accrue interest at a rate of 1.5% per month. If any type of action becomes necessary to enforce collection of bills rendered, Client will be responsible for all collection costs, including but not limited to, court costs and reasonable legal fees. Horwath HTL may extend the time for payment on any part of billings rendered without affecting the understanding outlined above.

4.1. Change Fees

In the event that it becomes necessary to alter the parameters of the study, Horwath HTL will be entitled to charge an additional fee based upon the hourly rate of \$475 per hour for services provided by Paul Breslin, and the hourly rate of between \$125-\$425 per hour for services provided by our Analysts.

4.2. Abortive Fees

Should the assignment be aborted after formal acceptance of our proposal no later than 5 business days after the completion of our field research, we will be entitled to 15% of the total fee, plus all out-of-pocket expenses reasonably incurred on your behalf (receipts will be provided).

If the assignment is terminated thereafter, but before submission of our draft report, we will be entitled to 50% of the total fee, or (i.e. there will be no refund on the retainer already paid), plus all out-of-pocket expenses reasonably incurred on your behalf (receipts will be provided). When the draft report has been issued, the fees will be payable in full.

5. REPORTING

Our reports are individually drafted to meet the requirements of individual clients and reflect our specific independent findings. The final signed report will be delivered to you via email in PDF format following full and final payment of all outstanding fees and expenses relating to the engagement. Upon your request we will prepare one hard copy of the report within the fee quoted.

6. GENERAL TERMS AND CONDITIONS

These General Conditions shall apply to all dealings between Horwath HTL and the Client and, for the avoidance of doubt, shall be treated as applying separately to each engagement given by a Client to Horwath HTL.

The appointment shall, unless otherwise specifically agreed, be exclusive and commence on the date the Client confirms our engagement by returning a signed copy of the letter of engagement and shall, unless otherwise agreed, continue until the delivery of our final report.

6.1. Governing Law

The General Conditions and the terms of the Engagement shall be governed and construed in accordance with the laws of the State of Georgia, USA. Horwath HTL and the Client submitting to the exclusive jurisdiction of the Courts of the State of Georgia.

6.2. Performance of the Services

Horwath HTL shall exercise all reasonable skill and care in providing the Services under the engagement and shall inform the Client if it becomes apparent that the Services need to be varied. The Client and Horwath HTL shall confirm in writing any variation of the Services to be provided under the engagement.

6.3. Assignment and Sub-Contracting

The Client shall with the prior consent of Horwath HTL have the right to assign the whole or any part of the benefit or to transfer in any way the obligation contained in the engagement, and such consent shall not to be unreasonably withheld.

Horwath HTL shall have the right to sub-contract the performance of all or part of the Services from time to time. Should this occur, Horwath HTL will nevertheless and unless otherwise specifically agreed, remain responsible to the Client for the due and proper performance of the Services.

6.4. Information provided by Client

The Client shall promptly provide to Horwath HTL all information as is necessary or reasonably requested by Horwath HTL in order to enable Horwath HTL to properly perform the Services. The Client accepts that Horwath HTL is entitled to rely on the accuracy, sufficiency and consistency of any and all information supplied by the Client. Horwath HTL accepts no liability for any inaccuracies contained in information disclosed by the Client, whether prepared by the Client or by a third party and whether or not supplied directly to Horwath HTL by that third party.

6.5. Information provided by Horwath HTL

Copyright in all material of whatever nature prepared by Horwath HTL and provided to the Client or otherwise generated in the course of carrying out the Services shall remain the property of Horwath HTL. No part of any report, document or publication may be reproduced or transmitted or disclosed in any form or by any means or stored in any database or retrieval system of any nature, without the prior written permission of Horwath HTL.

All information and advice made available by Horwath HTL to the Client is for the sole use of the Client and for the sole purpose for which it was prepared in connection with the Services.

6.6. Confidentiality and Non-Disclosure

Except where required by law or by any proper authority or where the Client has waived such rights in writing, all confidential information provided by the Client shall be kept confidential by Horwath HTL. Horwath HTL shall ensure that all persons whether employed by it or working under its direction in the course of performing the Services abide strictly by the obligation to keep all confidential information provided by the Client confidential.

All confidential information provided by the Client will be returned, destroyed or erased upon the Client's request. Save that Horwath HTL reserves the right to retain one copy of the confidential information for the purpose of compliance with professional, legal or regulatory requirements or obligations (subject always to its continuing duty to treat such information as confidential).

6.7. Third Party Liability

The Client acknowledges that, save in respect of Horwath HTL's own sub-contractors, Horwath HTL does not warrant the performance, work or the products of others and Client shall not hold Horwath HTL responsible for the inspection or supervision of the execution of such performance, work or products. This provision is not abated where the performance, work or products of others is incidental and/or inevitable to the Services provided by Horwath HTL.

Unless otherwise specifically agreed in writing neither these General Terms and Conditions of Business or the Services provided pursuant to the engagement are intended, either expressly or by implication, to confer any benefit on any third party (excepting that is as provided specifically herein to the employees and subcontractors of Horwath HTL). The liability of Horwath HTL to any third party is expressly disclaimed.

6.8. Delay

Where matters beyond the control of Horwath HTL cause delay to the performance of the Services the Client shall not hold Horwath HTL responsible for that delay.

6.9. Termination

Either party may immediately terminate the engagement in the event of the other party failing to remedy a material or persistent breach of any of the terms of the Instruction within 14 days after the service of a written notice detailing the facts that give rise to the material or persistent breach.

In the event of such a termination of the engagement, Horwath HTL shall be entitled to, and shall be paid, fees for all Services provided to that time.

6.10. Liability

Horwath HTL's liability to the Client for loss or damage shall be limited to such sum as Horwath HTL ought reasonably to pay having regard to its direct responsibility for the same and on the basis that all other third parties shall, where retained by the Client, be deemed to have provided to the Client contractual undertakings in terms no less onerous than this clause in respect of the performance of their services in connection with the instruction, and shall be deemed to have paid to the Client such proportion as may be just and equitable having regard to the extent of their responsibility for such loss or damage.

Unless otherwise agreed, the liability of Horwath HTL to the Client for loss or damage claimed in respect of any Instruction shall, notwithstanding the provisions of the paragraph above, in any event be limited to the aggregate of all professional fees paid to Horwath HTL over the course of a calendar year under this agreement. Unless, and to the extent finally and judicially determined to have been caused by fraud, willful default or negligence of Horwath HTL, the Client agrees to indemnify on demand and hold harmless Horwath HTL against all actions, claims, proceedings, losses, damages, costs and expenses whatsoever and howsoever arising from or in any way connected with the engagement or the provision of Services thereunder. Unless and until any such agreement is reached and recorded in writing, Horwath HTL will accept no responsibility or owe no monies to the Client which relate to matters beyond the scope of the Services.

The Client acknowledges that any action, claim or proceedings arising out of the Services provided under the engagement shall be brought against Horwath HTL with whom the Client has contracted and not against any employee or subcontractor of Horwath HTL involved directly or indirectly in the delivery of the Services.

The above paragraphs of this Clause do not apply to liability for death or personal injury arising out of negligence, which liability shall be unlimited.

6.11. Complaints Resolution Procedure

The Client agrees that it will not take any action or commence any proceedings against Horwath HTL before it has first referred its complaint to Horwath HTL in accordance.

6.12. Online Services

Horwath HTL may in order to facilitate delivery of the Services and/or general communication with the Client, offer and/or provide from time to time electronic systems and/or software to the Client which shall be provided on the then prevailing terms and conditions by which Horwath HTL provides such electronic systems and/or software.

6.13. Severance

Any provision of the Instruction, including any provision contained in the General Conditions, which is declared void or unenforceable by any competent authority or court shall, to the extent of such invalidity or unenforceability, be deemed severable and shall not affect the other provisions of the Instruction and General Conditions, which will continue unaffected.

6.14. Definitions

"Affiliate": means each subsidiary, associate and holding company and each subsidiary and associate of any such holding company and their respective directors, officers, employees and agents.

"Client": means the person, firm or company named in the Proposal as requiring the Services.

"Horwath HTL": means Horwath HTL whose office is located at 2472 Jett Ferry Rd Suite 400-302 Atlanta, GA 30338 together with its successors and assigns or such Affiliate thereof as may be named in the Proposal as providing the Services.

"General Conditions": means these General Terms and Conditions of Business subject only to such amendments as may be agreed with Horwath HTL.

"Instruction": shall mean the requirements of the Client as set out in the an agreement in writing between Horwath HTL and the Client as signed by both parties or as otherwise evidenced in writing and which sets out the requirements of the Client

and which shall incorporate details of the Services, Fees, Expenses and Disbursements, together with these General Conditions and conditions and/or documents expressly referred to in the Proposal, all of which shall be read as one as if set out in full in it.

“Schedule”: shall mean, where appropriate, any description of Services, Fees, Expenses and Disbursements, whether letter, list or other document.

“Special Conditions”: shall mean any conditions specifically applicable to the engagement and which, in case of conflict with the General Conditions, shall prevail.

“Services”: shall mean the services to be provided by Horwath HTL as specified in the Proposal or variations or amendments thereto agreed by Horwath HTL in writing.

“Agreed by Horwath HTL” and “consent of Horwath HTL” shall mean the agreement in writing by an authorized person in Horwath HTL (or of any successor or assign).

We request that you confirm the identity and address of the client and, if different, the party to whom we are to report, or to whom we should address the invoice.

Our reports are confidential to the party to whom they are addressed. If at any stage it is intended to include the report, or any reference thereto, in any Prospectus, Circular to shareholders or similar public document, our specific consent will be required. It would only be given following clarification of any additional liability. We may also, if appropriate, require the report to be revised to incorporate an adequate description of the terms of our engagement.

AUTHORIZATION TO PROCEED

PROPOSAL FOR FEASIBILITY STUDY - CANTON, GA

To indicate your acceptance of this proposal and confirmation to engage Horwath HTL, please complete this form and forward it to Horwath HTL at the following address:

Horwath HTL
2472 Jett Ferry Rd
Suite 400-302
Dunwoody, GA 30338
Attention: Paul Breslin, Managing Director
Email: PBreslin@HorwathHTL.com

Following is the Horwath HTL wiring information:

Receiving Bank: Renasant Bank

Routing number: 084201294

SWIFT: RNSTUS42

Bank Address: 3415 George Busbee Pkwy NW, Kennesaw, GA 30144

Beneficiary Name: Panther Hospitality LLC dba Horwath HTL

Beneficiary Account: 8013046842

I, _____ on behalf of
_____, hereby
engage Horwath HTL for the consulting services as described above, and accept the terms and conditions of this
proposal.

Signature _____

Title _____

Date _____

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