



Focused Hotel Market & Feasibility Study

Proposed Boutique Downtown Hotel
Clarkesville, GA

Prepared for: Keith Dickerson
 City of Clarkesville

Date: December 11, 2025

December 11, 2025

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Keith Dickerson
City Manager
City of Clarkesville
In Care Of
William Coppedge
Via email: wbcconsulting1@gmail.com

Dear Mr. Keith Dickerson,

Re: Proposed Boutique Downtown Hotel, Clarkesville, GA

In accordance with your request dated October 8th, 2025, Horwath HTL completed this Hotel Market & Feasibility Study for the proposed Hotel in Clarkesville, GA.

This report is based on the information provided to us by the ownership of the proposed project, brand research, and discussions with professionals in the hospitality industry in Clarkesville, GA. Furthermore, a review of tourism conditions and the status of the competitive hotel market was undertaken in order to estimate the projections for the project. All information, estimates, and assumptions contained in the report reflect what was available to us as of December 2025; the sources and basis of which are stated in their respective sections.

The estimates of this study are based on assumptions, which are subject to uncertainty and variation depending upon evolving events. Therefore, actual results achieved during the period covered by our projections may vary from our estimates. Further, we are not responsible for the effectiveness of management or the future marketing efforts and other management actions upon which actual results will depend.

We will have no responsibility to update our report and/or projections for events and circumstances occurring subsequent to the date of issuance; however, we will be available to discuss the need for such revisions if and when you so require. This report was prepared for your internal use and the information contained in the report is highly confidential. Otherwise, neither this report nor any of its content may be referred to or quoted in any registration statement, prospectus, property valuation, loan or other agreement or document unless you have received our prior written approval.

Yours Sincerely,
For and on behalf of Horwath HTL,

Paul Breslin, CHA, CHE, ISHC
Managing Director

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Section I | Executive Summary

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EXECUTIVE SUMMARY

SUBJECT OVERVIEW

Address:

Monroe St & Washington St
(Southwest of the Judiciary
Court-State of GA)
Clarkesville, GA 30523

Current Space:

- 2.37 acres

Branding:

Upscale Soft Brand

First Full Year of Operation:

2028

Proposed Facilities:

- 70 Keys
- Rooftop Bar
- 800 SF Meeting Space
- Marketplace
- Fitness Center
- Outdoor Pool
- Self Parking

OUTLOOK

Stabilized Performance (2030):

Occupancy: 63.9%
ADR: \$214.93 (Inflated)
RevPAR: \$137.25 (Inflated)

Investment Summary:

Est. Total Development Cost (excl. land): \$14,000,000
Est. Development Cost per Room (excl. land): \$200,000
Loan-to-Value: 75%
Terminal Capitalization Rate: 9.5%
IRR - Unleveraged: 10.8% (With Incentives)
IRR - Leveraged: 16.8% (With Incentives)

SUBJECT SITE



PROJECT SWOT

Strengths

There is no existing or future hotel product in the city, but only a 5-room bed & breakfast hotel. When the proposed Hotel opens, it is expected to capture the unserved demand that currently resides in hotels out of town. Additionally, a branded hotel could bring in a loyalty program guests and help establish market recognition. Over 91% of the existing hotels with Upscale and above positioning are independent. Hence, a brand affiliation will help the Hotel stand out from the homogenous competition.

The Hotel will enjoy great walkability to restaurants and bars in town. The walkability fits well with a soft-brand lifestyle hotel. Moreover, within a six-minute drive, the Chattahoochee National Forest can be easily accessed, which draws many visitors for hiking, trout fishing, and leaf watching.

The proposed Hotel is expected to receive property tax incentives. With the support from the city, along with more city-wide events and festivals, it is expected to welcome more visitors in the future. The city development plan would also add value to the experience, as it would improve the walkability and exterior design.

Weaknesses

Most of the market demand generators are leisure-driven, which leads to a relatively strong seasonality pattern, as there is not a strong base of commercial or group demand to fill up the rooms when leisure guests decrease the travel frequencies. Slow seasons are observed in January and February, and on weekdays overall. This will lead to more operational challenges to sell rooms or manage costs during slow times.

Explore Georgia data showed that 41% of visitors stayed overnight in 2024. The Hotel Site is located within a 90-minute drive from Atlanta. While there are some overnight demand drivers in the area, guests may decide to perform a day trip. The success of the project depends on keeping the guests overnight with events, attractions, and storytelling, which will require a lot of effort to activate.

Clarkesville is a small city with only two thousand residents and a median age of almost 40 years old. Most of the labor force came from nearby cities. This poses a challenge for the Hotel to hire sufficient talent as well as perform adequate training to meet the brand standards.

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Section 2 | Market Overview

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MARKET OVERVIEW

Habersham County, GA Overview

Habersham County is located in the northeast region of the state of Georgia, which encompasses part of the Appalachian Mountains and the Chattahoochee National Forest. The County is approximately a 1.5-hour drive from Atlanta. It is also at the midpoint when traveling from Atlanta to the Great Smoky Mountains National Park, one of the most visited tourist destinations in the southeastern United States and a popular destination for viewing autumn leaves. Major highways, such as US Route 23, 115, and 17, meet in the County and provide convenient access from different parts of Georgia. Clarkesville, where the proposed Hotel will be located, is the county seat of Habersham County. Annual events, such as the Mountain Laurel Festival and the Chattahoochee Mountain Fair, are held in Clarkesville. Within the County, there are also the Big Red Apple Festival and the Children's Fun Fest held annually.

POPULATION



46,948 in 2023

+8.7% from 2013

EMPLOYMENT



21,850 in Aug 2025

+26.4% from Aug 2015

UNEMPLOYMENT RATE*



3.1% in Aug 2025

-46.6% from Aug 2015

MEDIAN HOUSEHOLD INCOME



\$65,622 in 2023

+77.0% from 2013

MEDIAN PROPERTY VALUE



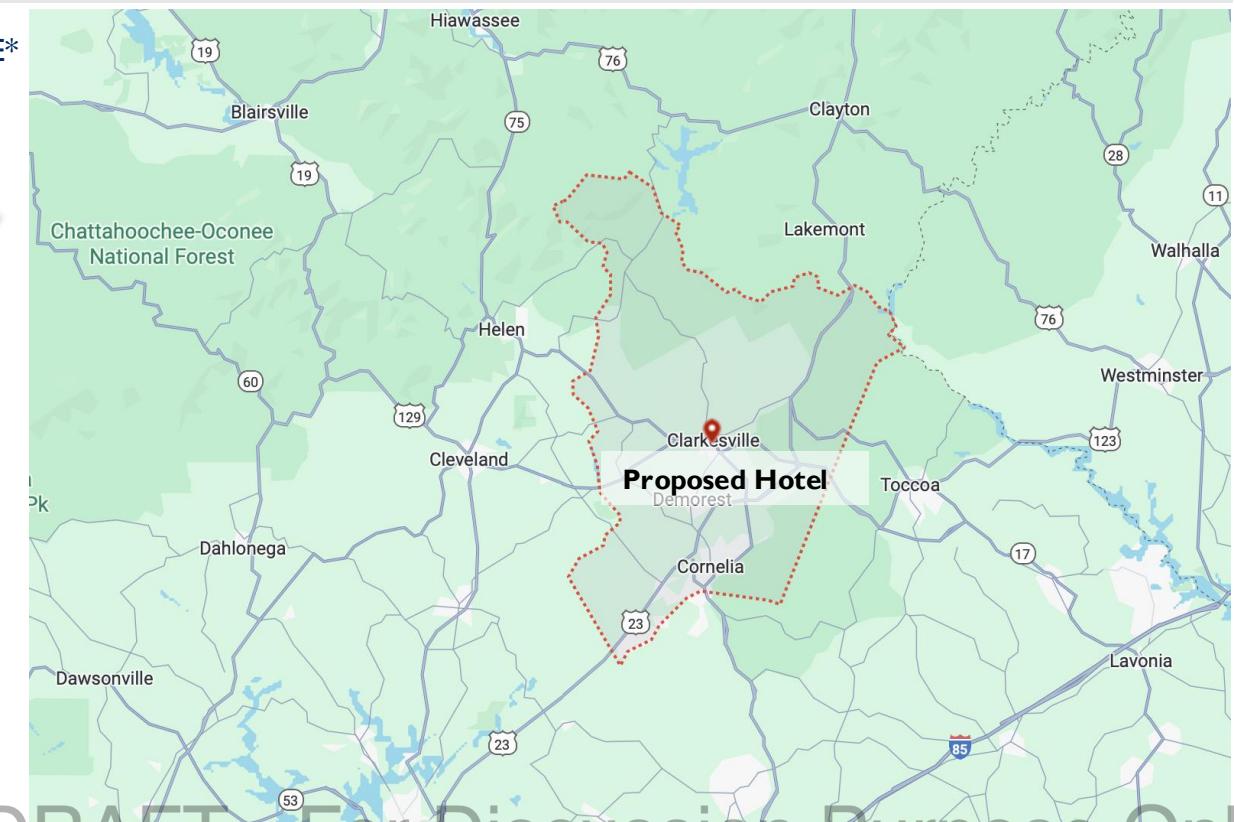
\$224,100 in 2023

+50.8% from 2013

MEDIAN AGE



39.6 in 2023



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Source: US Census Bureau
US Bureau of Labor Statistics

Source: Google Maps

Occupation Composition in Habersham County, GA



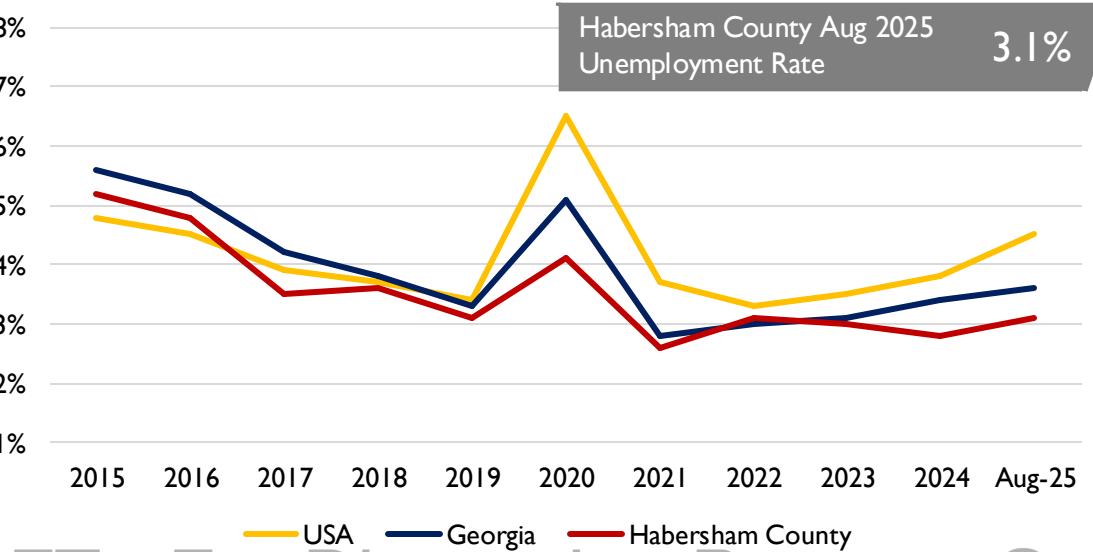
Source: US Census Bureau

Top Employers - Habersham County, GA



Source: City Provided

Habersham County, GA, USA Unemployment Statistics



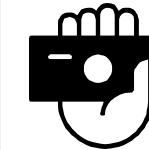
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Source: US Bureau of Labor Statistics

Visitor Statistics of North Georgia

- North Georgia welcomed over 45 million visitors in 2024, which 75% of the visitors were repeat guests. This included 18.7 million overnight visitors, which was slightly lower than in 2023, which was 19.3 million.
- The main purpose is visiting friends and family. Typically, visitors spend 3 nights in North Georgia, with an average party size of 2.9 persons. 68% of visitors chose to drive to the market, with over 18% coming from Atlanta, followed by New York, Los Angeles, and other Florida cities.
- The main purpose of the visit is outdoor and entertainment activities. Over 53% of visitors participate in outdoor activities, such as hiking, swimming, parks, and fishing, and over 64% of them participate in entertainment activities, such as shopping, sightseeing, bars, winery/brewery/distillery tour, and theme park.
- 43% of the visitors chose to stay in a hotel. The Northeast market showed an average Occupancy of 51.6% in 2024, with an ADR of \$170. Although there was a decline in Occupancy from 2023, ADR growth led to a higher RevPAR in 2024.
- Habersham County received over \$69.6 million in visitor spending in 2024, which was a 6% increase from 2023. Among the spending, lodging took the major share, representing almost one third of the visitor spending. Food and Beverage was the second, recording over \$19 million in spending in 2024.
- The average age is 42.5, which includes 25% of retired people.

Visitor Spending



\$69.6M

+6% YOY In the County in 2024

2019 – 2024 CAGR: 9.1%

North Georgia Visitor Volume
Amounts in Millions

	Day Visitors	Overnight Visitors	Total Visitors	Total Visitors % Chg.
2020	23.0	17.3	40.3	-
2021	26.2	19.9	46.1	14.4%
2022	25.5	19.7	45.2	-2.0%
2023	25.9	19.3	45.2	0.0%
2024	26.7	18.7	45.4	0.4%
CAGR ('19-'24)	3.8%	2.0%	3.0%	-

Northeast Georgia Hotel Performance



51.6%

2024 Occupancy

-3.8% Over 2023

\$170

2024 ADR

+4.6% Over 2023

Habersham County, GA Visitor Spending
Amounts in Millions

(Millions)	2019	2020	2021	2022	2023	2024	CAGR ('19-'24)
Total Spending	\$45.1	\$44.5	\$62.8	\$63.0	\$65.6	\$69.6	9.1%
Transport	\$6.5	\$6.7	\$8.9	\$8.7	\$9.1	\$9.8	8.6%
Food & Beverage	\$13.4	\$13.2	\$17.2	\$17.2	\$17.7	\$19.3	7.6%
Lodging	\$12.3	\$11.7	\$19.0	\$20.1	\$21.4	\$21.9	12.2%
Retail	\$8.4	\$8.3	\$11.4	\$11.1	\$11.3	\$12.1	7.6%
Recreation	\$4.5	\$4.6	\$6.3	\$5.9	\$6.1	\$6.5	7.6%

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Source: Explore Georgia, CoStar

Major Events – Habersham County, GA

Major Events in the County with # of Attendances

The table below shows the number of attendances for major events in Habersham County. In total, the county brings in almost thirty thousand visitors for events annually. Over 75% of the visitors came in autumn.

Name	Period	Attendance
50th Chattahoochee Mountain Fair	September	20,000
65th annual Mountain Laurel Festival	May	2,500
Red, White, and Tunes	July	2,500
Fall Festival & History Harvest	October	1,500
BIG BRAG bike ride	June	1,200
Downtown Clarkesville Christmas	December	1,000
Soque River Fine Arts Festival	October	500
TONGA Bike ride	June	300
Twin Rivers Bike Challenge	October	200
Northeast Georgia Arts Tour	November	N/A
Tackle Football & Sideline Cheer	Aug-Oct	N/A
Total Annual Attendees		29,700+
Spring (March-May)	8%	2,500
Summer (June-August)	13%	4,000
Autumn (September-November)	75%	22,200
Winter (December-February)	3%	1,000

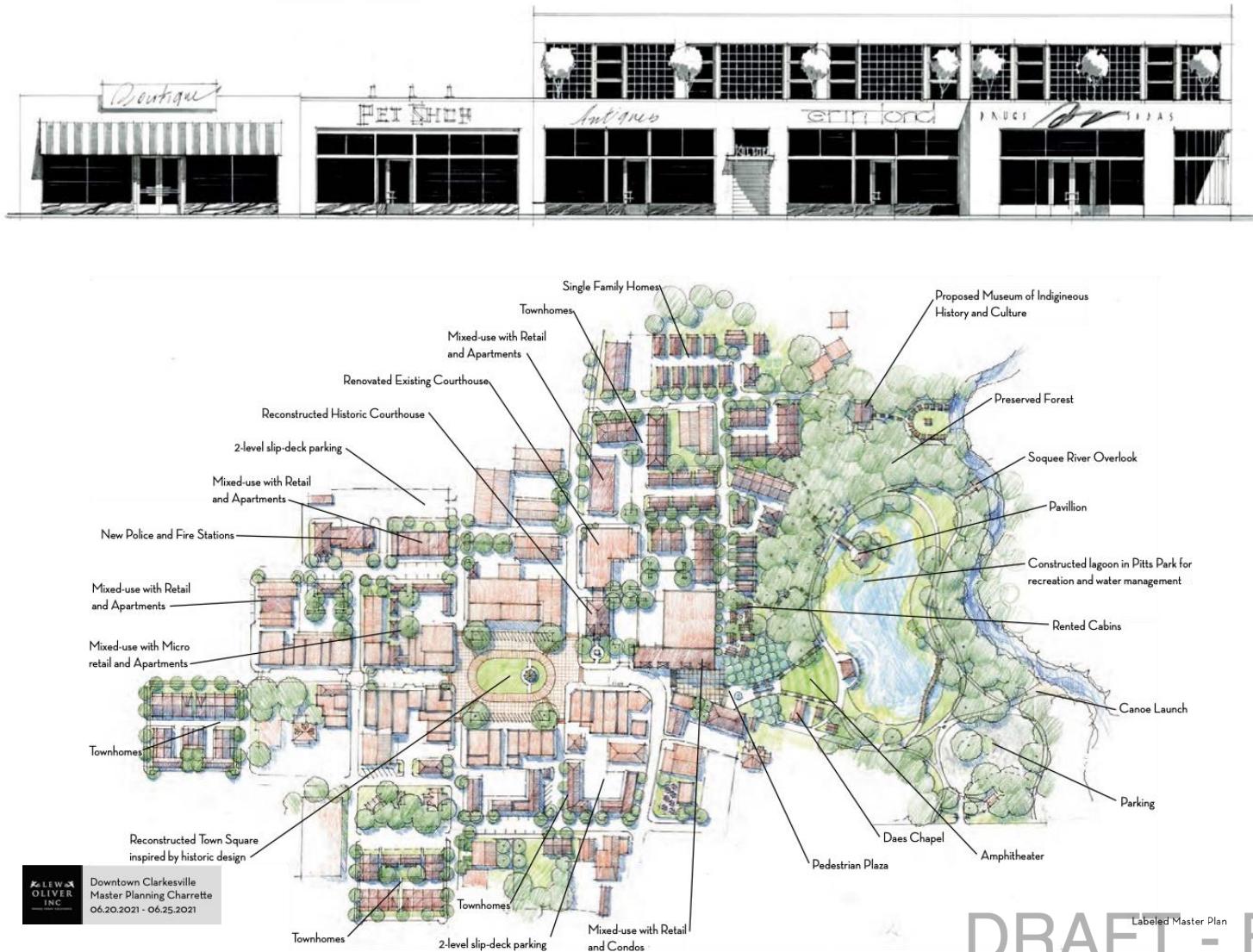
- Apart from the events listed, the county is also known for fly-fishing. Together with Blue Ridge, Clarkesville is one of the most popular fly-fishing destinations in the Georgia. In Clarkesville, there are rainbow and brown trout in the Soque River and privately managed ponds.
- National forest and the renowned Tallulah Falls are just 20 minutes away for sightseeing.
- There are a few renowned antique malls in town, including Old Clarkesville Mill Antique Mall and Elizabeth & Company. Old Clarkesville Mill Antique Mall is the largest antique mall in the state of Georgia with over 200+ vendors covering 70,000+ SF. Elizabeth & Company was voted as the Best Antique Store for Georgia four years straight from 2021 to 2024.



Source: City of Clarkesville, Explore Georgia

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City Planning of the Future Clarkesville



- The pictures on the left show the proposed design done by Lew Oliver for the future of Clarkesville, although it is partially adopted by the City of Clarkesville. The plan was inspired by Savannah's urban spaces in terms of both exterior design and layouts.
- The main purpose of the plan is to make the town more walkable, with easy access to retail and traffic control. The facade was design with historic storytelling to restore the streamline modern style in the early to mid 1900s.
- The plan also suggests more diversity in retails to create a more entertaining walking district. Along with the services, such as barbers, lawyers, banks, and local offices, to create more commercial activities on the main street.
- As the city is part of the route in the biking tours, and connectivity is essential to residents, the plan anticipates to increase the city connectivity with more trails to walk or bike to schools to improve the living experience.

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Source: Lew Oliver Inc.

Miles Through Time Automotive Museum New Campus



The Miles Through Time Automotive Museum was founded in 2017 with one car. The museum moved from an old auto dealership in Toccoa, GA, to the Old Clarkesville Mill in 2019. As it has become more popular, their needs have outgrown the 50,000 SF facility and are seeking an expansion to a 100,000 SF dedicated facility along Highway 365. The new space is currently seeking funding of \$8 million for Phase I with an undetermined opening date.

Project Components:

- 45,000 SF museum space
- 25,000 SF Vintage Garage Antiques market
- 30,000 SF museum vehicle storage facility
- Dedicated event venue and automotive research library
- RV Parking and electric vehicle charging stations
- A nature trail and outdoor pavilion
- Full-service automotive themed restaurant
- Private vehicle storage
- On-site lodging options

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Source: Miles Through Time official website

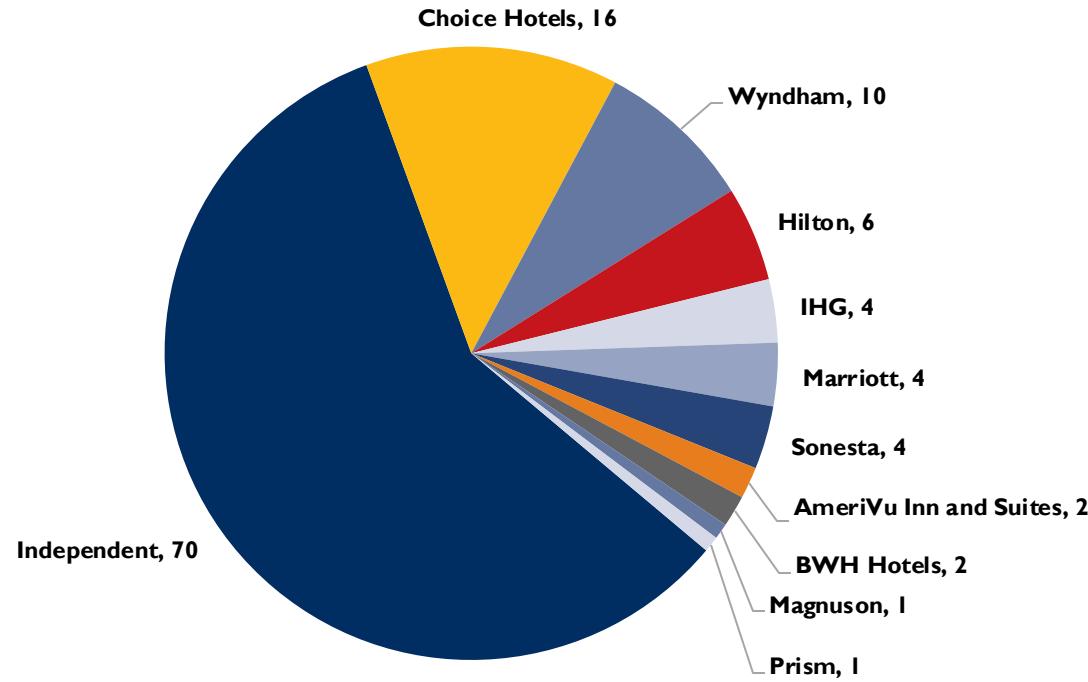


Section 3 | Lodging Market

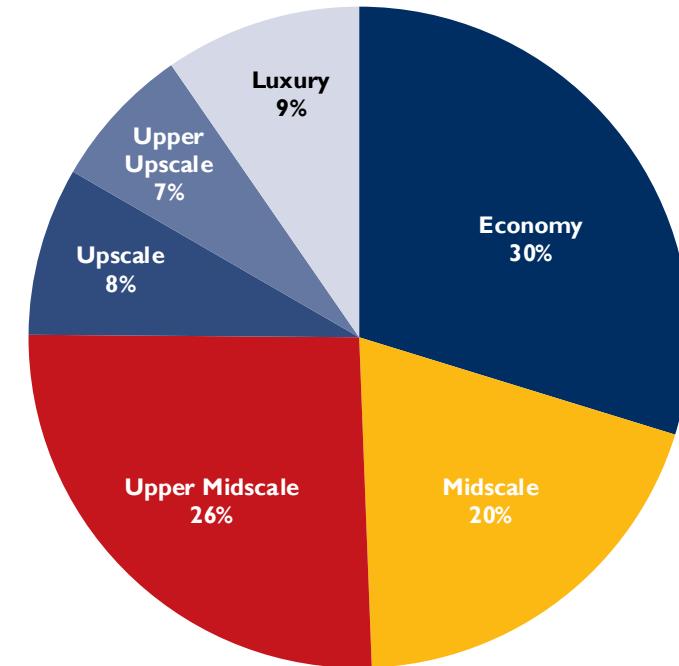
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Total Hotel Count by Parent Company and Room Count % by Chain Scale

Hotel Count by Parent Company



Room Count % by Chain Scale



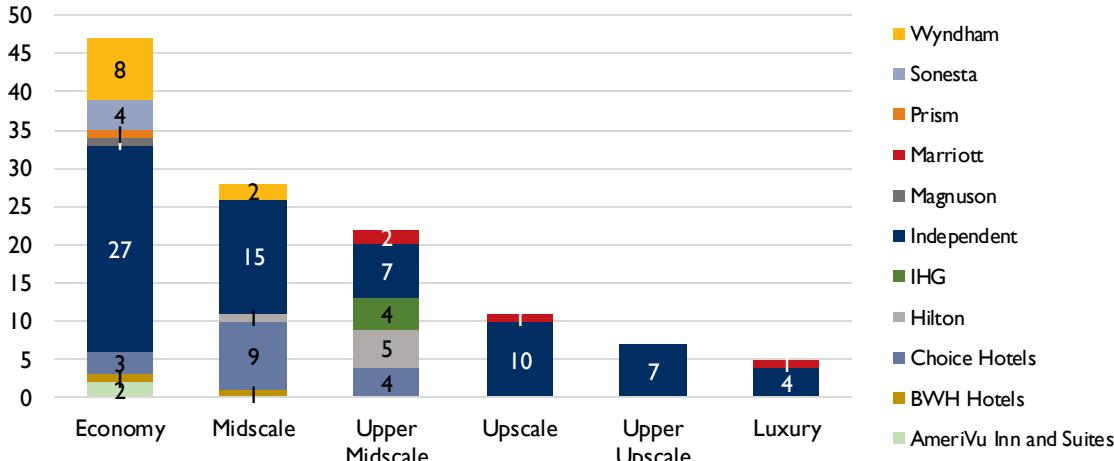
- The Georgia Northeast submarket is comprised of 120 hotels with 50 hotels affiliating with a chain and 70 independently branded hotels. While there are more independently branded hotels by hotel count, the branded hotels represented 59% of the rooms supply in the submarket as they are much larger on average.
- The room count by class indicates that the market is heavily comprised of chain classes in the lower priced segments with Economy, Midscale, and Upper Midscale representing 75.1% of the submarket in terms of rooms.

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Source: CoStar

Total Count by Chain Scale

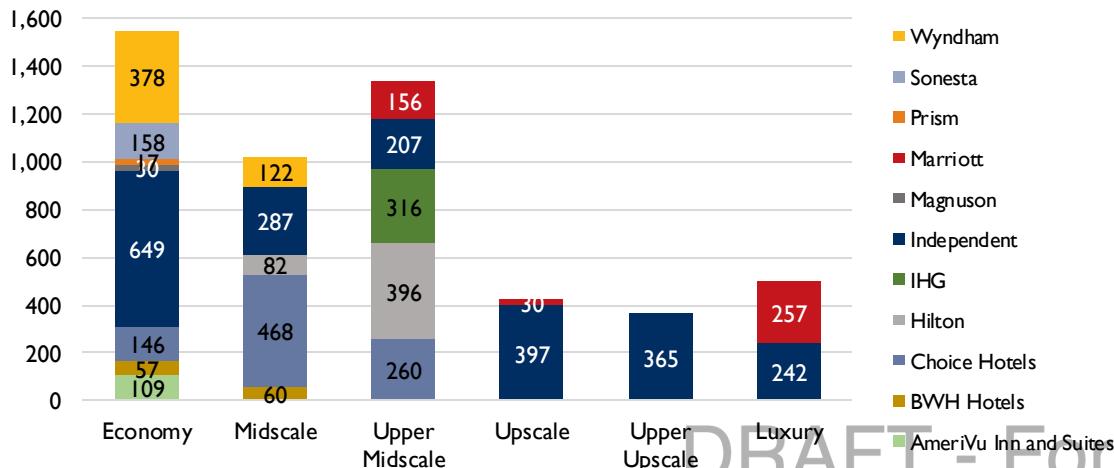
Total Hotels: 120

Largest Presence:
Economy

- Independent hotels comprise over 50% of the hotels across all chain scales except for Upper Midscale, where 68% of hotels are affiliated with a chain.

- Notably, approximately 91% of the Upscale, Upper Upscale, and Luxury chains are independent. The only two chain affiliated hotels are the Postcard Cabins Chattahoochee Outdoor Collection by Marriott (Upscale) and the Ritz-Carlton Reynolds Lake Oconee (Luxury). The Postcard Cabins previously operated through Airbnb but has now affiliated with Marriott to strengthen its distribution systems.

Total Rooms: 5,189

Most Rooms:
Economy

- Although Independent hotels comprise the largest share of hotels in the market, their average size ranges across classes from 19 to 61 rooms per hotel compared to chain hotels which average sizes range from 30 to 257 rooms per hotel. The only class where the chain hotels are smaller on average is the Upscale class, which is because of the small size of the Postcard Cabins.

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Source: CoStar

Note: Supply figures were pulled from CoStar and represent the open hotels across all segments in the submarket.

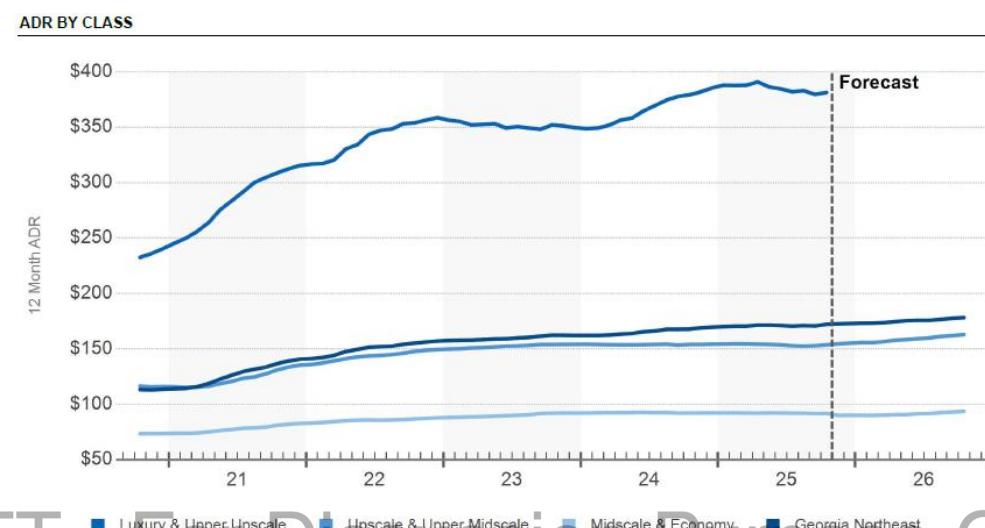
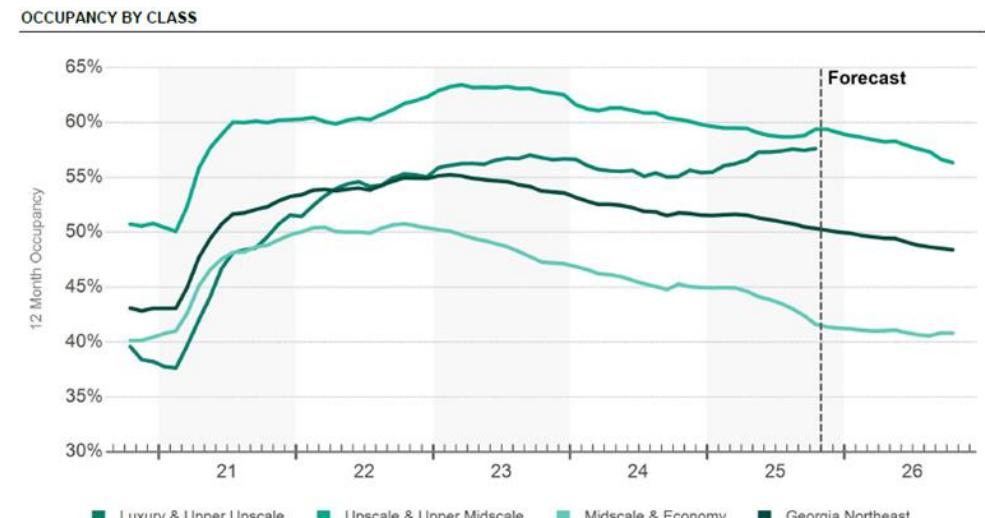
Georgia Northeast Submarket Key Indicators - Nov 2024 – Nov 2025:

Class	Rooms Available	TTM Occupancy	TTM ADR	TTM RevPAR	TTM Delivered	Under Construction
Luxury & Upper Upscale	854	56.4%	\$379	\$214	0	0
Upscale & Upper Midscale	1,747	59.4%	\$154	\$91	30	84
Midscale & Economy	2,512	41.6%	\$92	\$38	0	0
Total	5,113	50.3%	\$172	\$87	30	84

TTM – Trailing 12 Months

Note: Room supply only represents hotels who submit data to CoStar.

- **Occupancy Trends:** The occupancy for all classes rebounded as travel resumed in 2021. The submarket's occupancy peaked in early 2023 with a gradual decline in subsequent years. This is partially due to new supply in the Upscale and Upper Midscale categories. Notably, the decline in the Midscale and Economy segment is likely due to aging product and competition among independent hotels as it comprises the largest segment of hotels in the submarket. The Luxury & Upper Upscale segment appears to be enjoying minimal competition and growing demand for luxury mountain resorts.
- **ADR Trends:** Overall ADR growth for the submarket has been steady, growing from \$124 to \$172 over the period. The Luxury & Upper Upscale class enjoyed a 7.7% CAGR over the period, while the Midscale and Economy class saw only a 3.9% CAGR. The Upscale and Upper Midscale class saw ADR growth by a 4.4% CAGR with ADR forecasted to continue growing as the class stabilizes from the new supply.



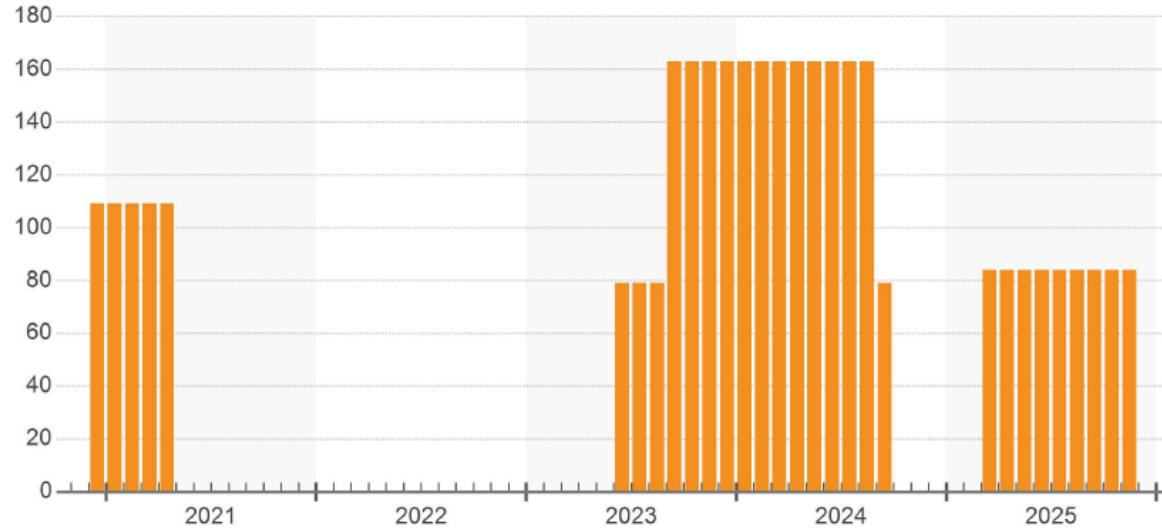
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Source: CoStar

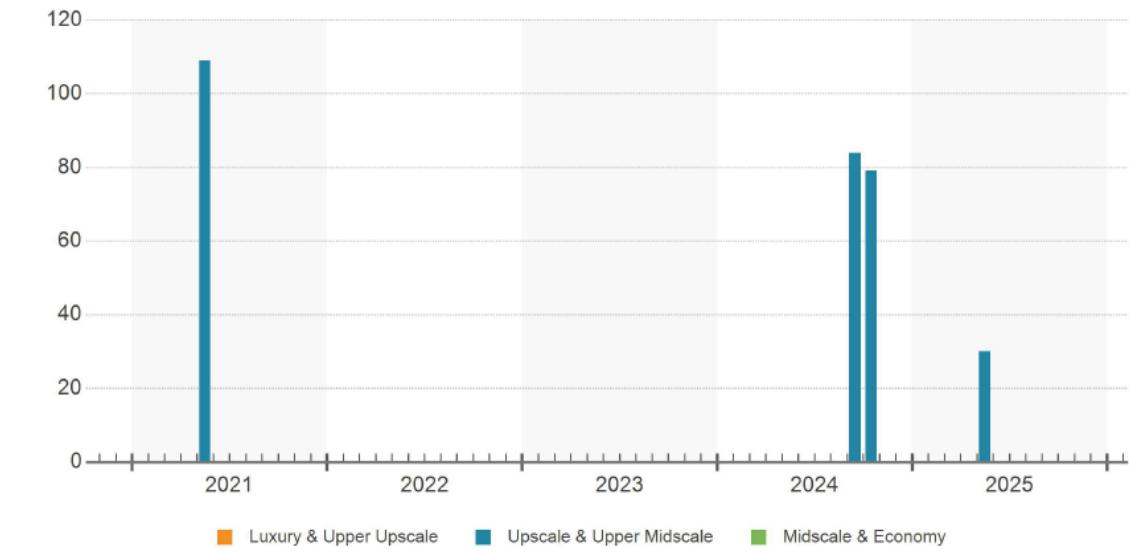
Note: The Luxury & Upper Upscale segment stopped submitting data as of October 2025 due to an insufficient data sample

Georgia Northeast Submarket Key Indicators

ROOMS UNDER CONSTRUCTION



ROOMS DELIVERED BY CLASS



- Over the past 12 months, only 30 rooms were delivered, which was the Postcard Cabins Chattahoochee, Outdoor Collection by Marriott Bonvoy in May 2025. It is worth noting that this property previously operated as non-traditional accommodations but now operates as a hotel.
- Rooms under construction in 2023 and 2024 include the 84-room Holiday Inn Express & Suite Greensboro – Lake Oconee and the 79-room Fairfield Inn & Suites Cornelia. Currently, the 84-room Home2 Suites Helen is under construction with an estimated opening date of June 26, 2026.
- Notably, the construction pipeline is comprised of Upper Midscale hotels, which currently comprises 26% of the open lodging inventory

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Source: Costar

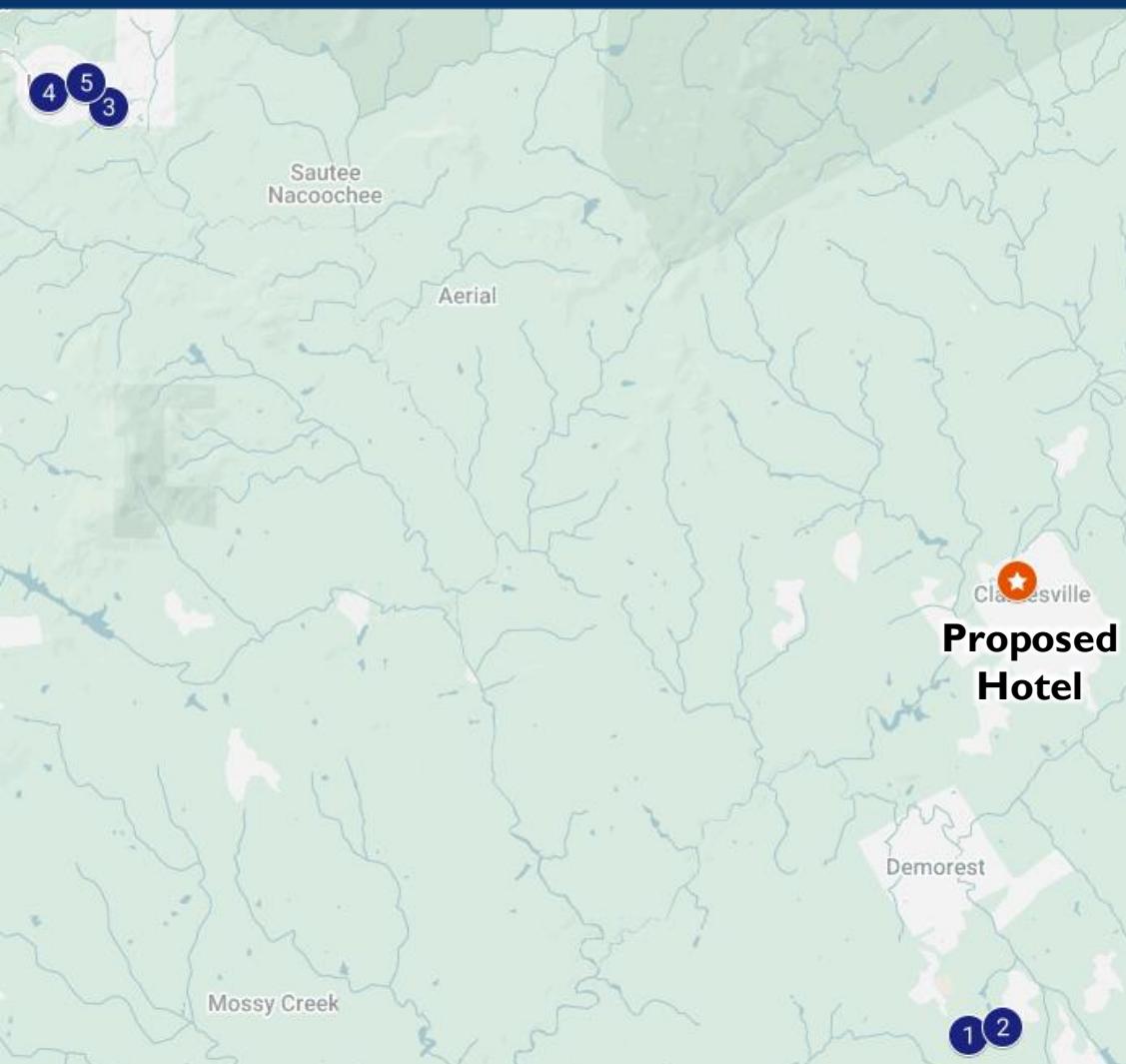
Pipeline



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Source: Google Maps, Lodging Econometrics

Competitive Set



#	Hotel	Class	Open Date	Affiliation Date	Rooms
1	Fairfield Inn & Suites Cornelia	Upper Midscale	Oct-24	Oct-24	79
2	Hampton Inn Cornelia	Upper Midscale	Aug-01	Aug-01	81
3	Fairfield Inn & Suites Helen	Upper Midscale	Jun-20	Jun-20	77
4	Hampton Inn Helen	Upper Midscale	Jan-99	May-20	67
5	Holiday Inn Express & Suites Helen	Upper Midscale	Sep-16	Sep-16	86

The map shows the location of the proposed Hotel and its competitors. The Competitive Set was chosen based on location, positioning, amenities, and mutual demand generators.

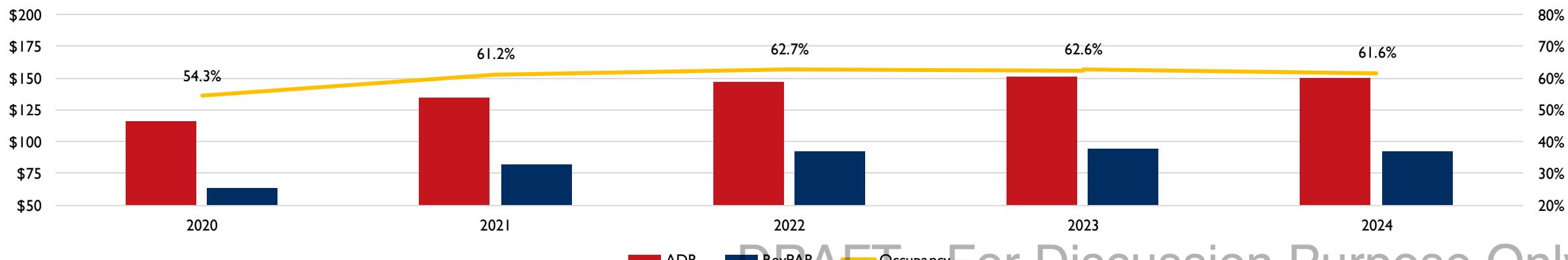
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Source: Google Maps, CoStar

Historical Performance of the Competitive Set

The global pandemic had significant impact on lodging markets around the world in 2020, which caused occupancy and ADRs to see historic declines as all travel temporarily halted. The state of Georgia was one of the first to resume business, which resulted in a spark in domestic tourism to drive-to destinations such as the Competitive Set hotel's respective markets. In 2021, the Competitive Set's performance experienced a 30.4% jump in RevPAR which jumped again by 12.2% in 2022 as the Competitive Set hotels pushed ADR and the Fairfield Inn & Suites Helen began to stabilize operations after opening in June 2020. RevPAR continued to grow until 2024 when a severe storm system flooded heavy disrupted travel to various parts of North Georgia in January and Hurricane Helen brought devastating rainfall to the region in October. Moreover, the 79-room Fairfield Inn & Suites Cornelia opened in October causing RevPAR to decline further. September year-to-date 2025 data indicates a pull back in demand, which is likely due to the ramping up of the Fairfield Inn Cornelia.

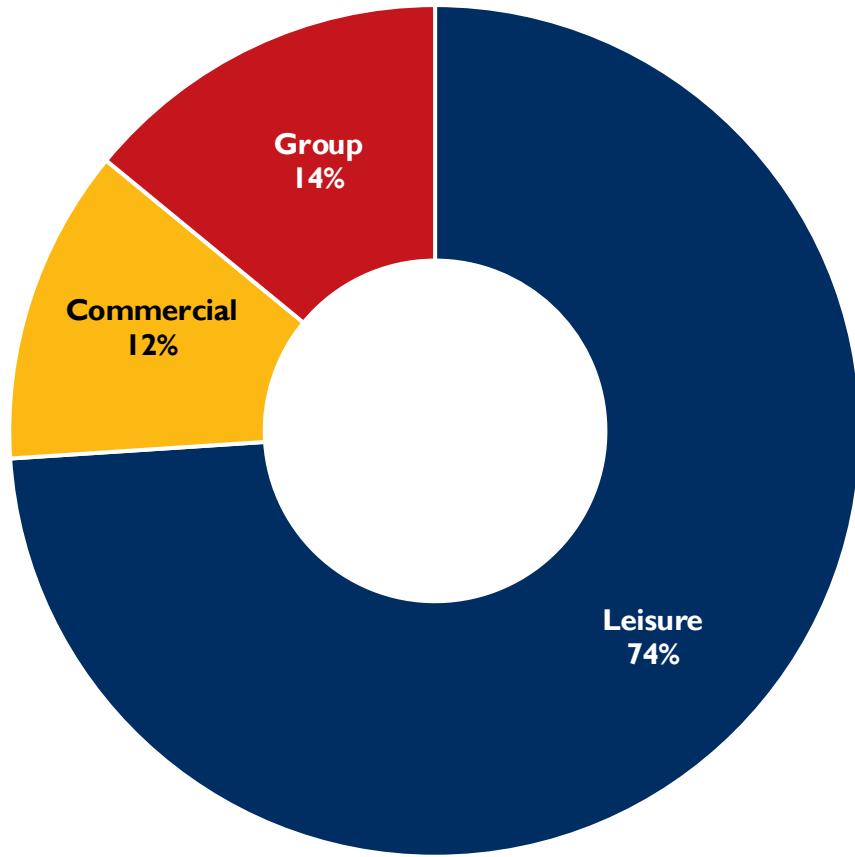
Year	Occupancy	% Δ	ADR	% Δ	RevPAR	% Δ
2020	54.3%	-	\$116.34	-	\$63.17	-
2021	61.2%	12.7%	\$134.64	15.7%	\$82.40	30.4%
2022	62.7%	2.5%	\$147.39	9.5%	\$92.41	12.2%
2023	62.6%	-0.2%	\$150.70	2.2%	\$94.34	2.1%
2024	61.6%	-1.6%	\$149.96	-0.5%	\$92.38	-2.1%
CAGR	3.2%	-	6.6%	-	10.0%	-
Sep YTD '24	61.0%	-	\$143.81	-	\$87.72	-
Sep YTD '25	60.9%	-0.2%	\$142.48	-0.9%	\$86.77	-1.1%



Source: CoStar

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Competitive Set Segmentation (2024 Base Year)

**Leisure**

The Leisure segment accounted for 74% of total room night demand, largely derived from the transient demand largely supported by visitors to the natural attractions of the North Georgia mountains and the Helen alpine village. Visitors are drawn in by Oktoberfest in Helen and other fall festivals during the autumn season. Leisure demand also comes from local athletic programs at Piedmont University, the various sports complexes, and visiting friends and family.

Commercial

Commercial demand represented 12% of total room nights, which is driven by salespersons, consultants, and medical professionals from the Northeast Georgia Medical Center Habersham. This segment is the smallest segment as there are few corporate offices and Commercial demand generators near the Competitive Set hotels.

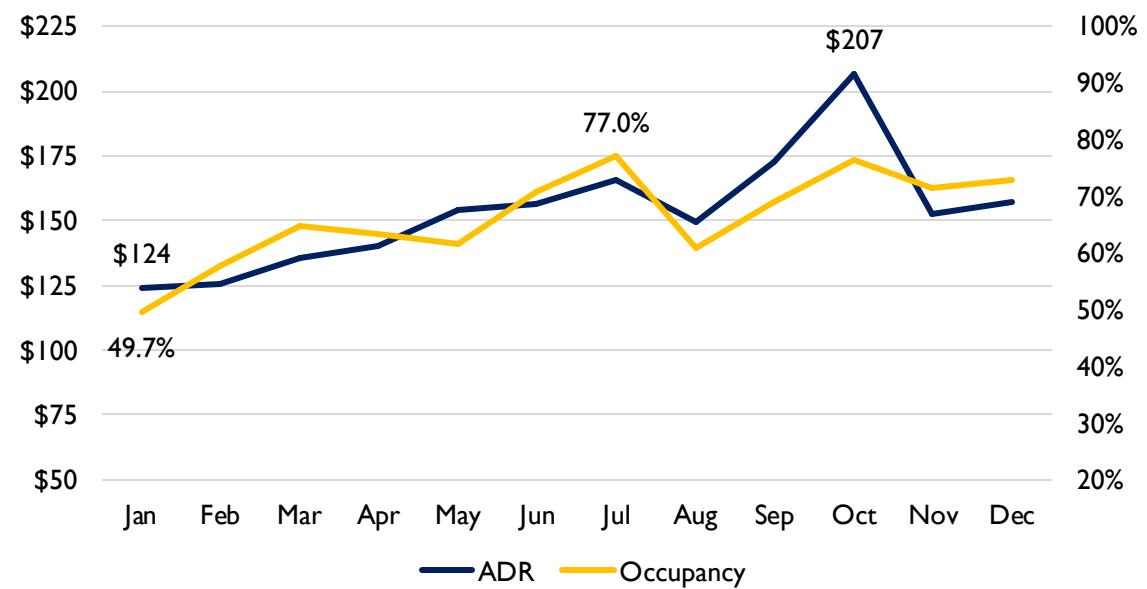
Group

The group segment accounted for 14% of total room-night demand, supported by tour groups, reunions, leisure groups, corporate retreat, art shows, athletic teams, and weddings. The Competitive Set hotels have a modest offering of meeting spaces, which can also drive Group room nights for small to mid-sized in-house groups.

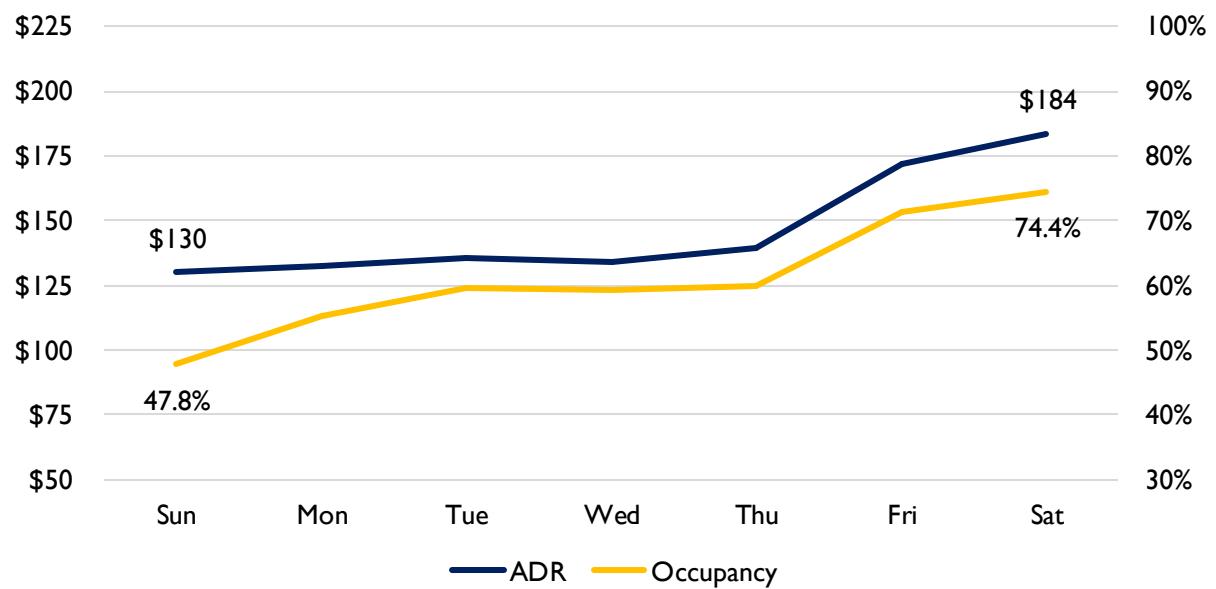
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Source: Horwath HTL's estimation

Competitive Set ADR and Occupancy Monthly Seasonality (2023*)



Competitive Set ADR and Occupancy Weekday Seasonality (Nov '24 to Oct '25)



*2023 data used as reference due to the opening of the Fairfield Inn & Suites Cornelia in October 2024.

The Competitive Set has moderately-strong seasonality with an occupancy ranging from the trough of 49.7% in January to the peak of 77% in July, a gap of 27.3 percentage points. ADR ranges between \$124 in January to \$207 in October. Notably, the Competitive Set hotels in Leisure-focused markets which rely on families traveling and is tied to the school calendar as noted by the summer months and holiday season having the strongest occupancy rates. Moreover, the fall festivities, such as the apple picking season and Oktoberfest highlight the strong performance in October.

The day of the week seasonality indicates a market driven by the Leisure segment as noted by strong average performance on Friday and Saturday. The Competitive Set hotels are located in drive-to markets with weekend travelers arriving on Friday and departing on Sunday. The mid-week performance is relatively stable, which indicates that there is some presence of Commercial and Group business to support the hotels during the slower periods of the year. Moreover, there are Leisure demand that visit the markets during the mid-week during the summer months. Nonetheless, the low occupancy and ADR on Sunday are typical but show a stark contrast from the trough to the peak.

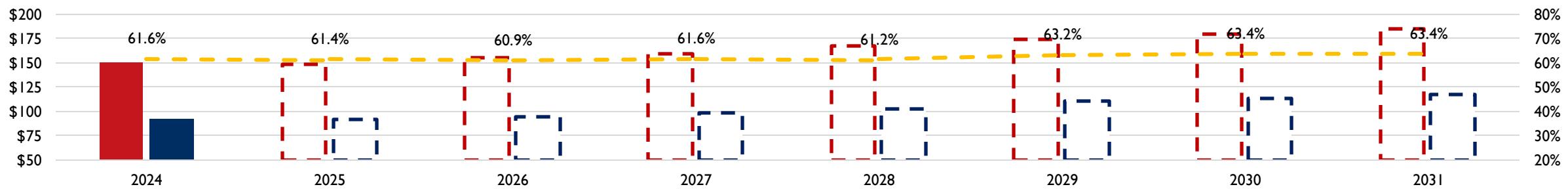
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Source: CoStar

Future Performance of the Competitive Set

The Fairfield Inn Cornelia is beginning its ramp up in operations; hence, RevPAR in 2025 is expected to decline by 1.3% over 2024. The 84-key Home2 Suites Helen is expected to open in June 2026, which will compete with the Competitive Set to varying degrees given that three of the Competitive Set hotels are located nearby. The opening of the Home2 Suites will cause occupancy to decline but with ADR growth due to the it having a rate premium over other Competitive Set hotels. In 2028, the Subject will open, causing occupancy to decline but pushing ADR as the Hotel is expected to have a higher ADR than the Competitive Set. As the Subject ramps up and builds recognition, performance is expected to grow and stabilize at an Occupancy of 63.1% with an ADR of \$179 in 2030. The addition of a boutique lifestyle hotel is expected to have a positive impact on the market overall, as guests are more likely to come and stay in the market. Moreover, North Georgia visitor volume had a 3% CAGR from 2020 to 2024 and the visitor spending on Lodging in Habersham County had a CAGR of 12% from 2019 to 2024, which outpaced the entire state's 3.9% CAGR for the same period. Both sets of data indicate a continual growth in demand and spending for the area, which will support continued rate growth for the market.

Year	Occupancy	% Δ	ADR	% Δ	RevPAR	% Δ
2025	61.4%	-0.3%	\$148.46	-1.0%	\$91.20	-1.3%
2026	60.9%	-0.8%	\$154.40	4.0%	\$94.09	3.2%
2027	61.6%	1.1%	\$159.03	3.0%	\$97.98	4.1%
2028	61.2%	-0.7%	\$166.98	5.0%	\$102.14	4.2%
2029	63.2%	3.3%	\$173.66	4.0%	\$109.77	7.5%
2030	63.4%	0.4%	\$178.87	3.0%	\$113.48	3.4%
2031	63.4%	0.0%	\$184.24	3.0%	\$116.88	3.0%



Source: CoStar; Horwath HTL estimation

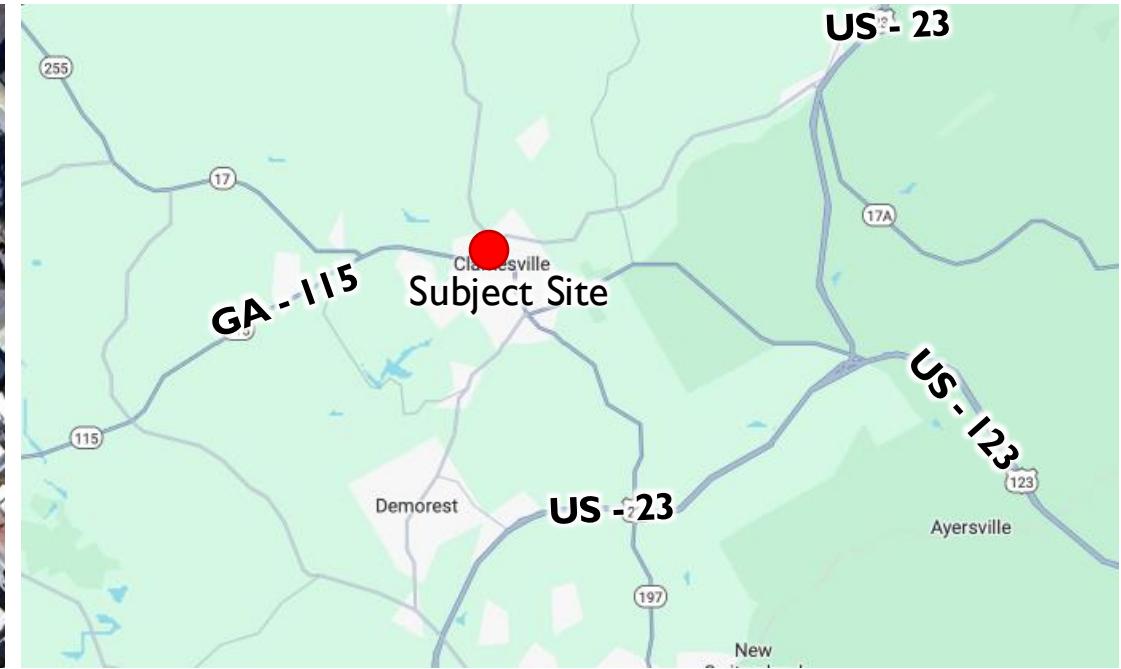


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Section 4 | Site Analysis

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Subject Site Location

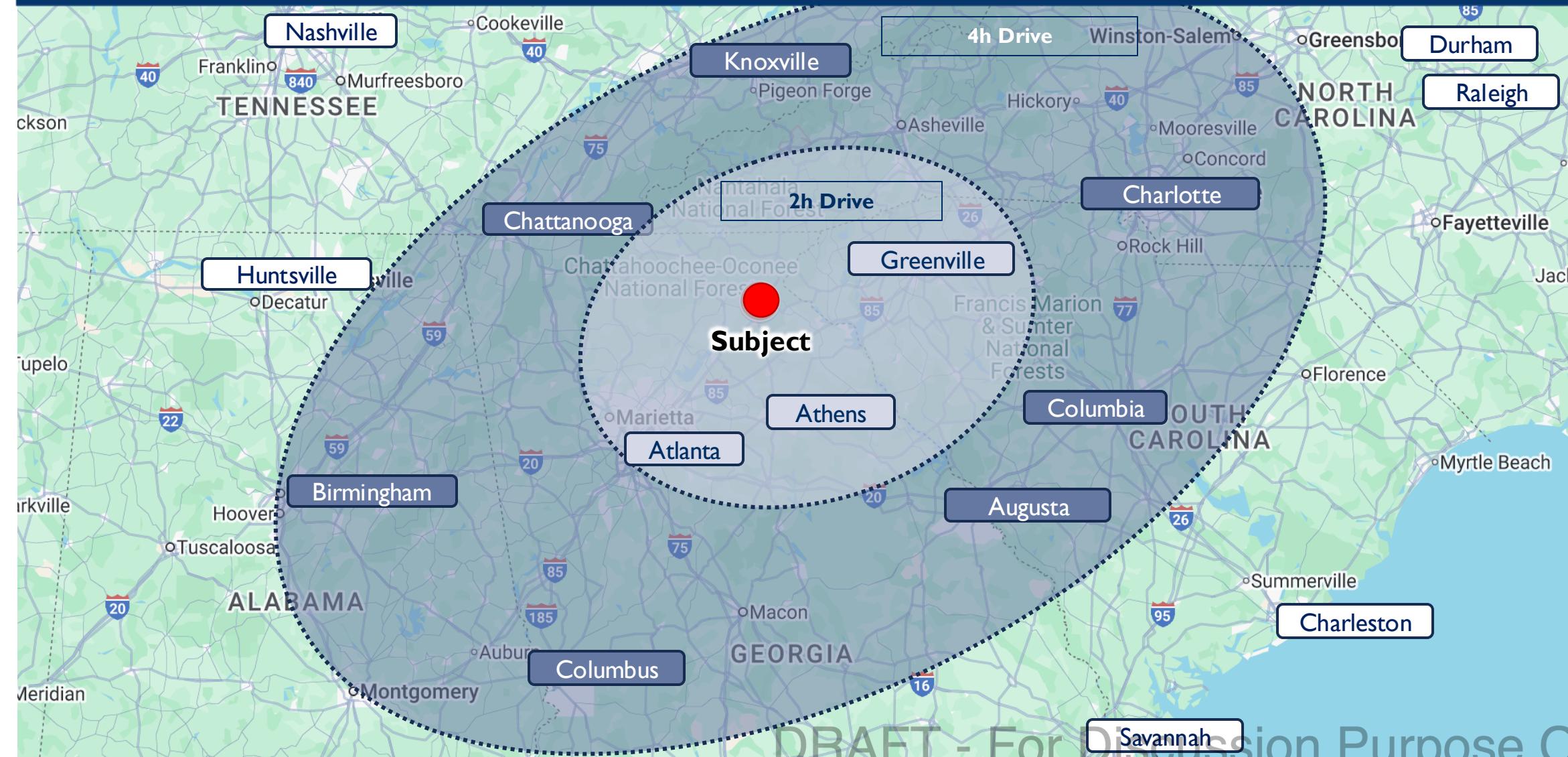
The Hotel is situated in the intersection of Monroe St and Washington St, in the city of Clarkesville.

- **Good Accessibility:** Located along the GA State Route 115, the Hotel will enjoy good accessibility by car, and Atlanta is reachable within a 90-minute drive. The Site is near the US-23, which picks up traffic directly from I-85/I-985 and connects to other regional routes traveling north. According to GDOT, the entrance of Clarkesville recorded an Annual Average Daily Traffic (AADT) of 11,900 in 2024, larger than Helen's main road at 7,350 AADT.
- **Diverse Demand Generators Across Seasons:** The Hotel is in Clarkesville, two-mile from the periphery of the Chattahoochee National Forest. During summer and autumn, tourists come to the forest for outdoor activities, such as hiking, fishing, and leaf watch. The town is filled with Christmas themed in winter, which could be a weekend getaway for an immersive experience during holiday seasons, while away from the crowds in Helen.
- **Walkable Town Center:** The Hotel is in the town center, which is very walkable to restaurants, bars, and church. The war memorial is just few steps away, and the antique malls and auto museum are within a 15-minute walk.

Source: Google Maps, GDOT

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Accessibility from Major Cities Nearby



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Note: Driving distance based on Google Maps
Source: Google Maps

Hotel Vision

This picture below shows the rendering of The Collegiate Hotel at Auburn. The Client has envisioned the proposed Hotel to be similar to The Collegiate Hotel in terms of design. For the avoidance of doubt, the rendering below is not of the Subject hotel.



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Source: The Collegiate Hotel

Southwest view of the Site



Northeast view of the Site



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Source: Site Visit

Northeast facing view away from Site



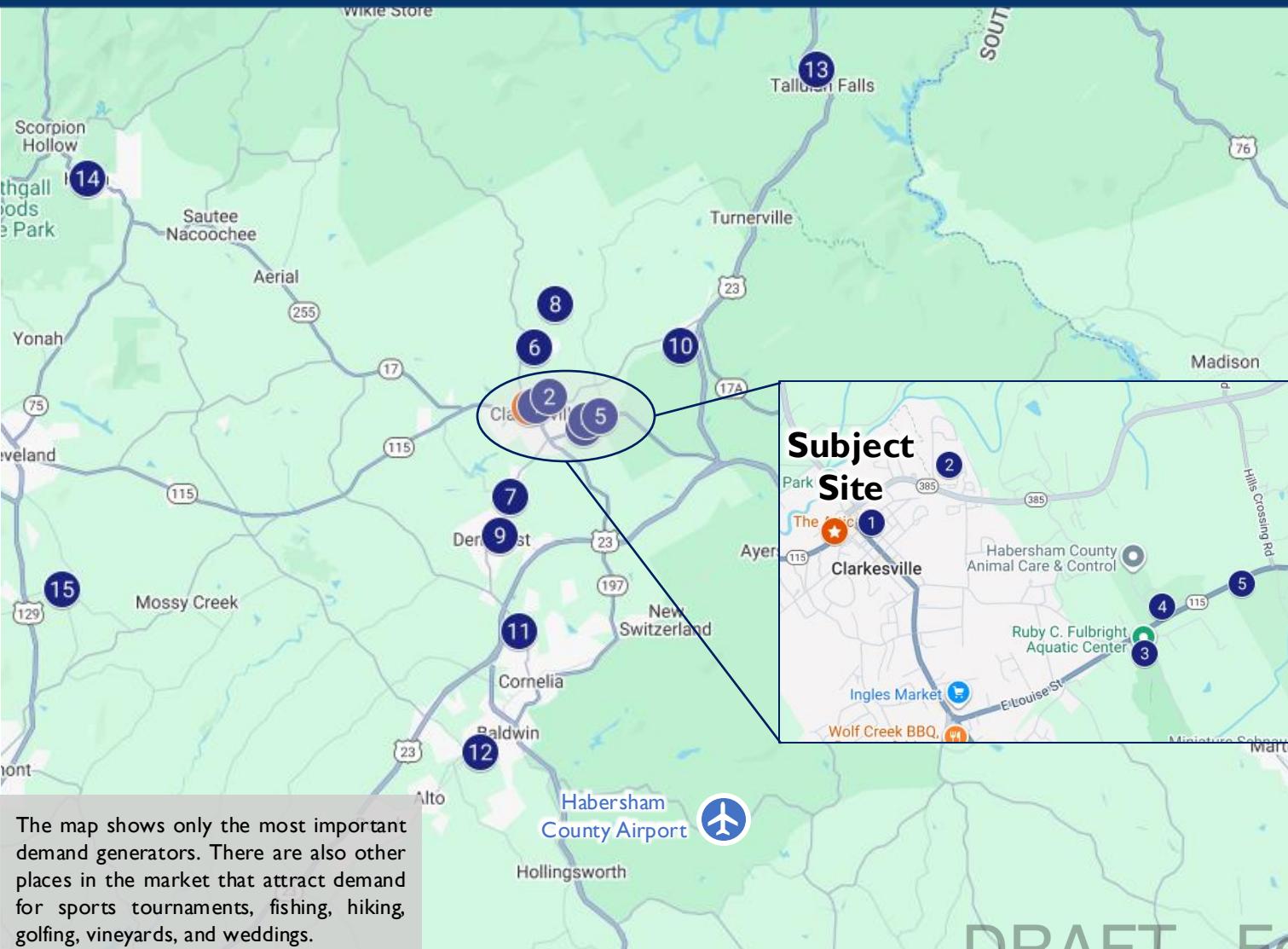
Southwest view along Monroe Street



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Source: Site Visit

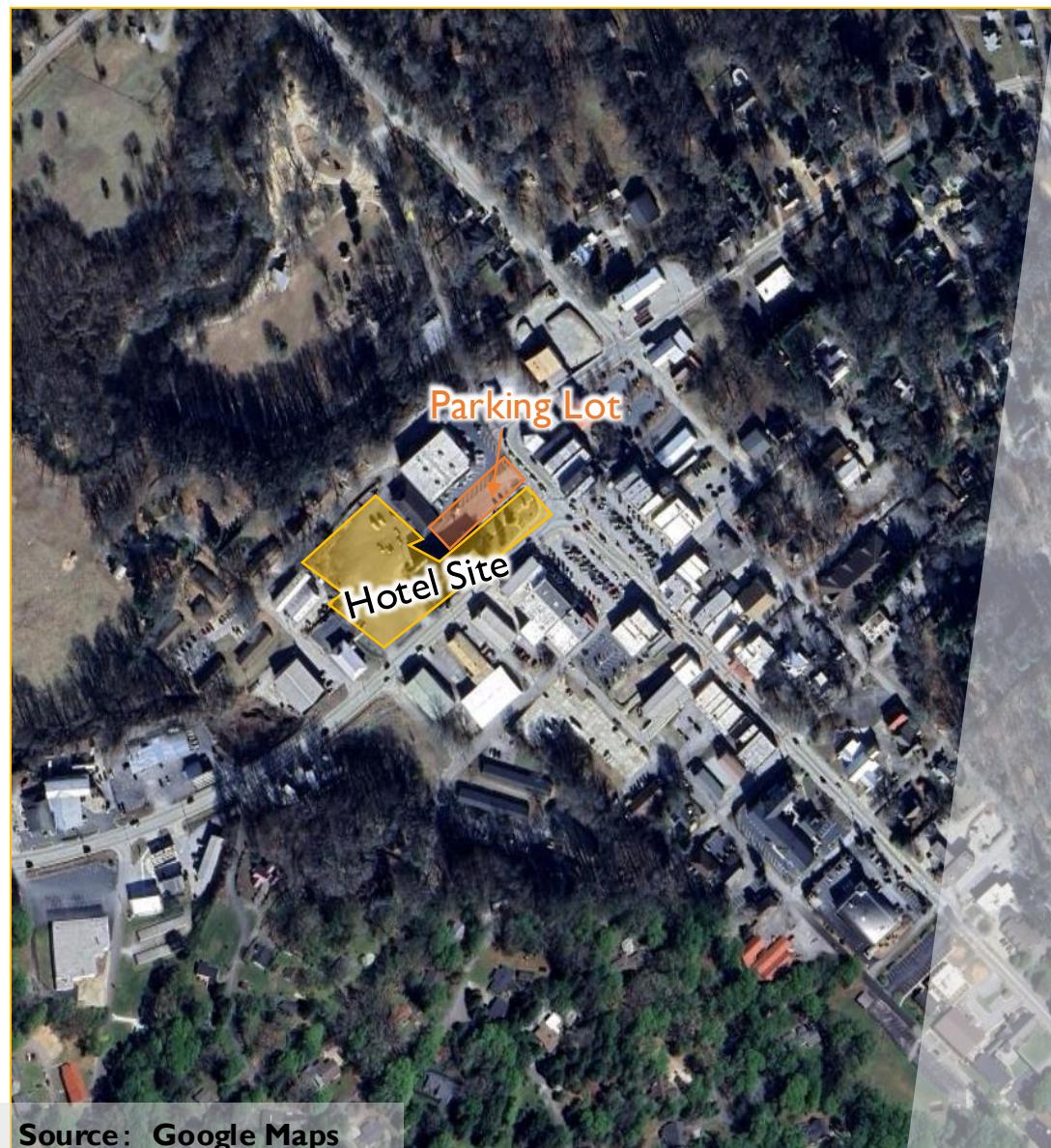
Demand Generators



Source: Google Maps. Driving time is assumed with no traffic.

#	Demand Generator	Distance from Proposed Site
1	The Mauldin House	2 mins 0.3 miles
2	Miles Through Time Automotive Museum	3 mins 0.7 miles
3	Ruby C. Fulbright Aquatic Center	5 mins 1.6 miles
4	Habersham County Fairgrounds	6 mins 1.9 miles
5	Chattahoochee National Forest (Closest Entrance)	6 mins 2.1 miles
6	North Georgia Technical College	6 mins 2.2 miles
7	Northeast Georgia Medical Center Habersham	7 mins 3.1 miles
8	Copey Creek	7 mins 3.6 miles
9	Piedmont University	10 mins 4.2 miles
10	Apple Mountain Resort & Golf Club	9 mins 5.4 miles
11	Ethicon Inc	15 mins 8.0 miles
12	Fieldale Farms Corporation	20 mins 11.6 miles
13	Tallulah Gorge State Park	20 mins 14.3 miles
14	Helen	20 mins 14.8 miles
15	Meadows at Mossy Creek	22 mins 15.6 miles

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- The Site is located 2 miles away from the Chattahoochee National Forest, which tends to attract demand for diverse outdoor activities, including hiking, fishing, and leaf watching.
- The Hotel would be the only hotel in town with no existing pipeline. Currently, there is only one small bed and breakfast lodging existing in the market, which targets a different clientele than the Hotel.
- The City owns the parking lot located between the Site and Wood's Mercantile, providing additional parking spaces for the Hotel with no additional development costs.
- The Site is located at the city center and is highly walkable in town to restaurants, events, and attractions. Besides, with the future city planning in place mentioned in the previous slides, both walkability and the sense of a historic town will be improved.
- The Barrier of Entrance is considered moderately high, as the city has control over the zoning and building permits. Additionally, parcels are occupied along the main street.

Strengths
Weaknesses

- The Site is located in a small town with two thousand population and not a lot of companies. The Hotel will need to rely a lot on leisure out of town demand to build up the Occupancy, which may require extensive marketing efforts and brand loyalty program to bring in demand.
- Based on the events listed on the previous page, January and February are relatively slow and will put pressure on the city to host events stimulating demand.
- The Site is next to a war memorial monument, which does not allow site work on the path near the war memorial monument.
- Guests traveling to the hotel heading west along Washington Street or northeast along Monroe Street may be challenged accessing the site. Moreover, the location may experience periods of high noise during peak traffic in the mornings and evenings.
- The Site is located near the Soque River, which experiences flash floods during heavy rainstorms, with notable past incidences in 2018, 2020, and 2024.

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Section 5 | Property Overview

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Target Positioning: Upscale Class

Supporting Reasoning for Upscale Class

- **Market Positioning Match**

The city's future improvement plan to enhance the city area with new mixed-use developments, greenspaces, and cultural attractions will elevate the area and possibly spur further developments. The Median Household Income for Habersham County has grown at a 5.9% CAGR from 2013 to 2023, outpacing the state of Georgia and USA rates of 4.4% and 4.2%, respectively. Commensurate with these new developments, an Upscale class hotel would offer an opportunity to be the county's highest-quality hotel and support itself to be the room rate leader in this area of the submarket.

- **Underserved Segment**

Overnight visitors must seek accommodations outside of Clarkesville due to a lack of lodging supply. The Upscale chain scale represents only 8% of the total lodging supply in the Georgia Northeast submarket. The only branded Upscale class hotel in the submarket is the Postcard Cabins Outdoor Collection by Marriott, which competes for a different clientele. In contrast, Upper Midscale and Midscale represent 26% and 20% of the submarket lodging supply, respectively. The Subject's proposed positioning would enter a segment that is underrepresented in the submarket, particularly as it relates to Habersham County.

- **Higher Quality Lodging Supply**

All four of the hotels identified as new supply are positioned as Upper Midscale chain scale with a focus on their room's product. An Upscale hotel will typically have more amenities that are of superior quality and are able to attract higher paying guests.

Piedmont University



Apple Mountain Resort & Golf Club



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Target Positioning: Lifestyle Soft Brand

Reasons For Choosing Lifestyle Soft-brand

- **Lifestyle Hotel Positioning**

The rise of lifestyle brands from the major hotel groups in the past decade are a reaction to the guest's desire to stay at boutique hotels. To differentiate from the various traditionally branded hotels in the market, the Subject would benefit from a lifestyle branded hotel which would benefit from the boutique perception of it while utilizing a brand's global distribution systems. Lifestyle hotels thrive in markets with recurring visitors as guests appreciate returning to a familiar place with identity and community, which aligns with the 75% of returning visitors to the region. Notably, Clarkesville downtown is highly walkable to various locally owned restaurants as well as shopping. A lifestyle positioning will also benefit from the southern charm of Clarkesville downtown and its cultural assets.

- **Soft Brand Over Traditional or Independent**

Soft branding is a hybrid between traditionally and independently branding a property by providing the benefits of a traditional brand's reservation systems and marketing programs but with greater flexibility in services and programming like an independently branded hotel. Moreover, aligning with certain soft brands also have lower franchise fees than a traditional brand but not requiring the self-reliance of independent branding.

- **Increasing Spend on Accommodations**

According to visitor spending data for Habersham County, total spending on Lodging reached \$21.9 million, representing a 12.2% CAGR from 2019 to 2024. This increase outpaces the other spending segments by a notable amount as all other segments increased by a 7.6% to 8.6% CAGR over the same period. This rise in consumer spending indicates that visitors have a willingness to spend more on accommodations in Habersham County, which is primarily comprised of lower rated hotels. A lifestyle soft-branded hotel can help differentiate the Subject from the submarket's hotels and achieve a higher ADR due to its uniqueness.

Helen Downtown



Miles Through Time Automotive Museum



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A Case for Lifestyle Hotels in Small Towns

As noted in the Visitors Statistics of North Georgia section of the Market Overview, visitor volume to North Georgia has been steadily increasing since 2020 with total visitors reaching 45.4 million in 2024. A significant attraction drawing visitors to the region is the small-town charm of the various cities and the awe-inspiring natural beauty of the mountains. According to the Forest Service, over 3 million people visit the Chattahoochee-Oconee National Forests each year to enjoy outdoor activities.

Research from the Outdoor Industry Association (OIA) indicates that participation in outdoor recreation increased by 3%. Notably, there were significant increases in the number of youth and seniors, as well as participants with annual incomes exceeding \$100k. Moreover, the number of outdoor recreation participants increased from 160 million in 2020 to 181 million in 2024, representing 58.6% of all Americans aged 6 and older. This data indicates that outdoor activities are expanding to a wider age range, probably led by families' outdoor activities, and the higher participation of high-income individuals indicates a less price-sensitive spending pattern. Both observations converge with the target audience of the boutique lifestyle hotels.

Habersham County has continued to see a rise in total visitor spending from \$44.5 million in 2020 to \$69.6 million in 2024, particularly with Accommodations spending increasing from \$13.2 million to \$21.9 million. The higher visitor numbers and stronger visitor spending support the addition of more hotel rooms with better amenities.

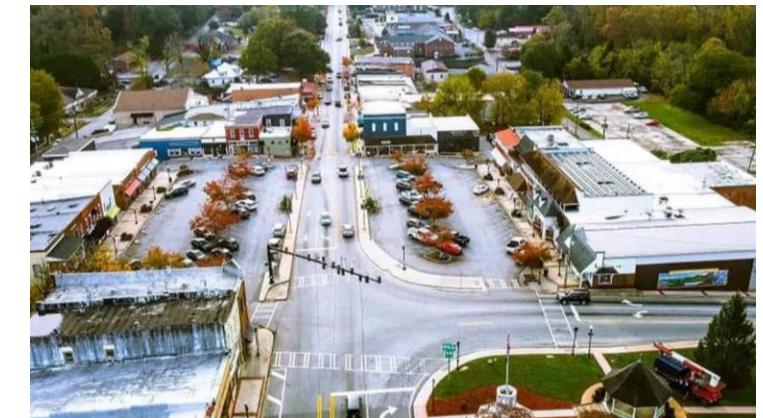
With the introduction of brands such as Outset Collection by Hilton and the boom of boutique lifestyle hotels in small towns, there is perceived opportunity and growth in bringing lifestyle hotels to smaller cities. Such positioning allows a hotel to tap into the local charm, history, and characteristics that prototypically developed hotels often alienate. In a market like Clarkesville, a lifestyle hotel makes sense, given the rising demand for its small-town charm and outdoor recreation at nearby national and state parks.



Tallulah Gorge State Park



Panther Creek Recreation Area

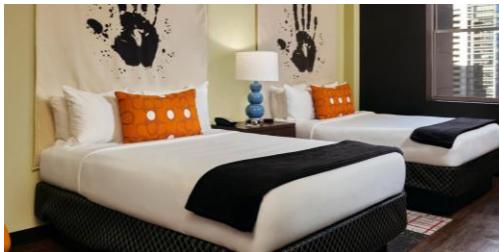


Clarkesville Main Street

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Source 1: U.S. Department of Agriculture Forest Service

Source 2: Outdoor Industry Association "Executive Summary: 2025 Outdoor Participation Trends Report"

BRAND COMPARISON		
	Hilton	Marriott
	Outset Collection by Hilton	Series by Marriott
Room Sample	 ACME Hotel Chicago, Outset Collection by Hilton	 FOUND Hotel, Santa Monica, Series by Marriott
Chain Scale	Upscale	Midscale to Upscale
Brand Launch Year	2025	2025
Market Presence (USA)	2 open, 60 in pipeline	2 open, 4 in pipeline
Franchise Application Fee (New Developments)	\$50k	\$75k plus \$500 per room above 150 guestrooms
Royalty Fee¹	5.00%	5.0% ²
Program Fee¹	4.00%	1.5% ²
Loyalty Program	210 million members	237 million members
Brand Contribution	61.2% in 2021	49.8% in 2024

Note1- Royalty and Program Fees are a percentage of Gross Rooms Revenue.

Note 2 – Series by Marriott has an 11% Bundled Services Fee which is comprised of a 5% Royalty Fee and 1.5% Marketing Fund.

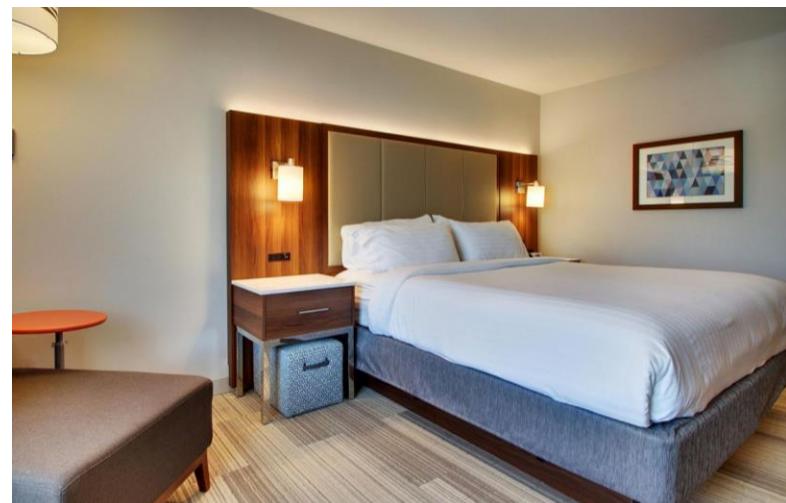
Brand Comparison Considerations

- The Outset Collection by Hilton and Series by Marriott are recent brands designed to add soft-branded hotels into their portfolios below their existing categories in Upper Upscale and Luxury.
- These brands were selected based on our understanding of the Client's desired positioning of the Hotel, the availability of such a brand for the Site, and the brand's ability to deliver the highest RevPAR without overbuilding the Hotel. It is worth noting that each hotel within these brands is unique, which either requires an existing hotel with a strong identity or a newly developed hotel with a unique identity created.
- At the time of this report, both brands had two properties open in the USA with more in the pipeline. Notably, Series by Marriott is expected to see substantial growth in India as a major investor plans to expand the brand in that market.

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Source: Respective Franchise Disclosure Document (FDD) filings for 2025
Census and Pipeline data was sourced from CoStar

Hotel Name	Total Rooms	Standard Room Type			Suites			Entry Level Size (SF)
		Count	% Total	Entry Level Size (SF)	Count	% Total		
Fairfield Inn & Suites Cornelia	79	69	87%	288	10	13%	383	
Hampton Inn Cornelia	81	80	99%	323	1	1%	484	
Fairfield Inn & Suites Helen	77	51	66%	216	26	34%	276	
Hampton Inn Helen	67	55	82%	269	12	18%	350	
Holiday Inn Express & Suites Helen	86	62	72%	370	24	28%	405	
Average	78	63	81%	293	15	19%	380	



Standard King Room
Holiday Inn Express & Suites Helen



Double Queen Room
Fairfield Inn & Suites Cornelia



Double Queen Suite
Fairfield Inn & Suites Helen

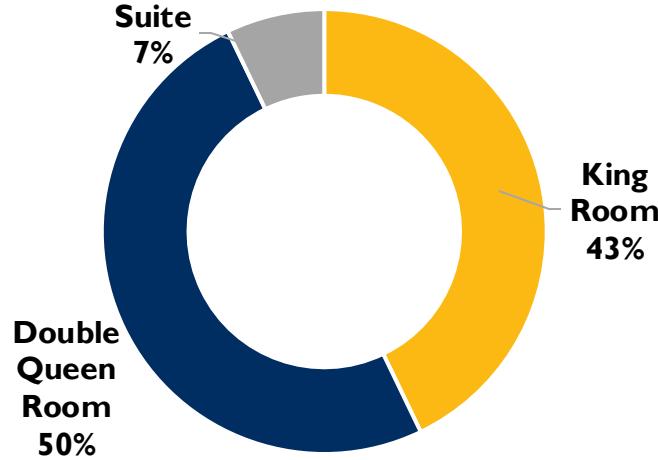
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Source: Hotel Websites; Cvent; OTA Websites

Note: Sizes, room counts and mixes were collected from hotel websites and 3rd party sources. These figures may not accurately reflect the information held by primary sources. Values were collected on a best effort basis and unobtainable values were left blank.

70 Total Keys

Room Count Breakdown



Room Types	Count	Size (SF)	% Share
King	30	300	43%
Double Queen	35	320	50%
Suite	5	420	7%
Total / Avg	70	319	100%

Source: Provided by Client

Guestroom

➤ **Room Count:** The Subject is proposed to have 70 keys, aligning with brand standards, operational efficiencies, and market demand.

- The Outset Collection by Hilton has a target key count of 60-100 keys, and an average of 80 keys and Series by Marriott has a range of 50-200 keys. The Comp Set showed an average key count of 78 keys. Hence, a proposed key count of 70 keys is considered reasonable in terms of brand standards and market average.
- In a lower-key count scenario, overhead payrolls remain constant, leading to an inefficient operational margin.
- If the Subject is built with a larger key count, the strong market seasonality may put pressure on the operational team to fill the rooms during the slow seasons and on weekdays. Group and corporate are typically used to fill those rooms, while the market is more transient and leisure than group/business-oriented.

Room Mix:

- The Subject is estimated to have 93% of standard rooms, higher than the Comp Set average of 81%. The number is still considered reasonable, as some of the Comp Set hotels tend to have more suites by nature. Moreover, suites of those hotels are slightly (30-60 SF) bigger than the standard rooms, while generally appropriate suites are expected to be around 100 SF larger.
- Given the leisure-oriented nature of the market, the Subject is proposed to feature half of the rooms as Double Queen rooms to accommodate families, along with 43% of the rooms to serve couples and individuals.
- Moreover, the Subject will also benefit from having more Double Queen rooms to accommodate the tournament groups, as well as King rooms for wedding and business groups.

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Hotel Name	Breakfast	Restaurants
Fairfield Inn & Suites Cornelia	Complimentary	High Point Bar (D)
Hampton Inn Cornelia	Complimentary	--
Fairfield Inn & Suites Helen	Complimentary	--
Hampton Inn Helen	Complimentary	--
Holiday Inn Express & Suites Helen	Complimentary	--



Breakfast Area
Hampton Inn Cornelia



Breakfast Area
Fairfield Inn & Suites Helen



High Point Bar
Fairfield Inn & Suites Cornelia

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Source: Hotel and Restaurant Websites

Note: B = Breakfast, L = Lunch, and D = Dinner

Hotel Name	Hotel Room Count	Meeting Area (ft ²)	Meeting Area per Room (ft ²)	Largest Meeting Space (ft ²)	No. of Meeting Rooms
Fairfield Inn & Suites Cornelia	79	2,392	30	1,196	2
Hampton Inn Cornelia	81	700	9	700	1
Fairfield Inn & Suites Helen	77	3,500	45	1,750	2
Hampton Inn Helen	67	676	10	676	1
Holiday Inn Express & Suites Helen	86	3,325	39	3,000	2
Average	78	2,119	27	1,464	2



Ballroom
Holiday Inn Express & Suites Helen



Ballroom
Fairfield Inn & Suites Helen



Meeting Room
Fairfield Inn & Suites Cornelia

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Source: Hotel Websites; Cvent; OTA Websites

Food & Beverage

F&B Facilities	Seats	Seats/Key
Rooftop Bar	35	0.5

The Subject is proposed to have a rooftop bar, serving both breakfast and dinner.

- It is typical for a small-town hotel to serve breakfast in house. Moreover, all of the Comp Set hotels offer breakfast in house, so it is reasonable for the Subject to provide that as well. However, the Comp Set hotels offered complimentary breakfast per brand standards, while it is expected to be paid for at the Subject Hotel. It is a general practice for a boutique lifestyle Hotel to charge for breakfast.
- Regularly serving lunch is not necessary, as travelers may go out for hiking or fishing, and thus the restaurant may not capture enough guests to maintain a profitable operation. Still, there may be an opportunity for special brunches on the weekends or holiday meals to encourage outside guests to patron the restaurant.
- Dinner is expected to serve drinks and simple food, which is perfect for guests after a long hike or outdoor activities. As there are restaurants nearby, a full-service restaurant may not be necessary at the opening, and it will incur higher risks in filling the seats. It is proposed to serve simple food options first to control the costs and build up local reputations. The bar is expected to capture certain local dine-in as well, as the rooftop feature is considered unique in town and is expected to attract local guests for visits.

Meeting Space

Facilities	Count	Meeting Area	SF / Guestroom
Meeting Room	1	800 SF	11.4

The Subject is proposed to have one meeting room with 800 SF.

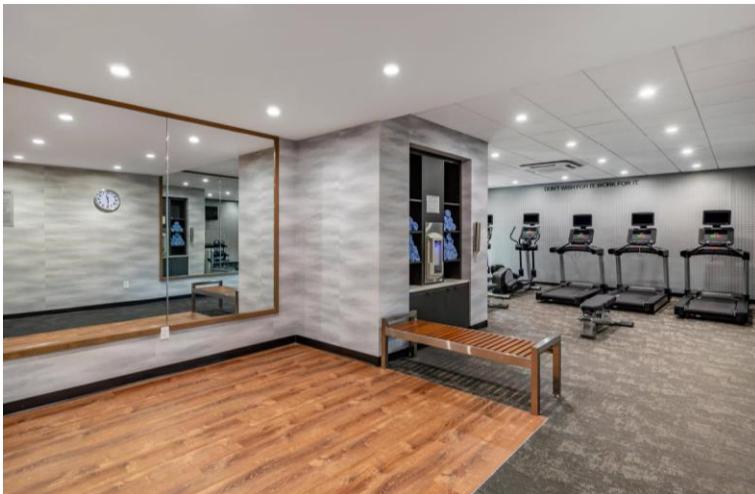
- The Competitive Set has an average of 2,119 SF of meeting space ranging from 677 SF to 3,500 SF.
- The Subject would rank 4th in terms of total meeting space and meeting space per guestroom, which would compare it to the Hampton Inn Cornelia and Hampton Inn Helen. The other Competitive Set hotels have larger meeting spaces to accommodate moderately large groups.
- The Competitive Set hotel's have a relatively small average room size of 78 rooms ranging from 67 to 86 rooms. It is unlikely they will be able to capture moderately large room blocks, which indicates they require outside business to fill the meeting space.
- Our recommendation of 800 SF should provide sufficient meeting space for in-house small groups or a private event without overbuilding event spaces.

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Source: Horwath's estimation.

Competitive Set

Hotel Name	Self Parking	Marketplace	Pool	Fitness Center	Guest Laundry	Business Center	Pet Fee per Night
Fairfield Inn & Suites Cornelia	Free	Yes	Outdoor	Yes	Yes	Yes	n/a
Hampton Inn Cornelia	Free	Yes	Outdoor	Yes	No	Yes	\$75
Fairfield Inn & Suites Helen	Free	Yes	Indoor	Yes	Yes	Yes	n/a
Hampton Inn Helen	Free	Yes	Outdoor	Yes	Yes	Yes	\$50
Holiday Inn Express & Suites Helen	Free	Yes	Indoor	Yes	Yes	Yes	n/a



Fitness Center
Fairfield Inn & Suites Helen



Outdoor Pool
Hampton Inn Cornelia



Lobby with Marketplace
Holiday Inn Express & Suites Helen

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Source: Hotel Websites; Cvent; OTA Websites

*Activities and programs exclusively for children, such as nightly story times and Camp DW programs

Other Amenities & Facilities

- A spacious lobby with spaces for guests to work outside of their rooms during the day and gather with other guests in the evenings.
- We recommend constructing a fitness center as part of the project. As a lifestyle soft branded hotel, the Subject could benefit from offering the amenity to guests which is already being offered by all of the Competitive Set hotels. Moreover, the guest profile for lifestyle hotels tend to be more focused on health and wellness, where a fitness center would be an attractive amenity for that guest.
- An outdoor pool is recommended as it is a competitive amenity in the market which families, couples, and friends traveling together can enjoy the usage of the pool during the summer months. While an indoor pool may allow the Hotel to extend its usage slightly beyond the warmer months, the additional cost to construct and operate the indoor pool may not be accretive to the rate of return.
- A marketplace shop should be included as part of the lobby area which sells light refreshments and sundries to guests. The shop be open 24 hours each day with guests able to charge directly to their rooms or by traditional means of payment.
- The hotel should only offer complimentary self-parking, which is in line with the Competitive Set since they currently do not charge for self-parking and do not offer valet parking.

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Source: Horwath HTL, Report Website



Section 6 | Financial Conclusions

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Competitive Hotel Markets Penetration Analysis

Penetration Levels by Market Segment

Year	Leisure	Commercial	Group	Total
2028	92%	90%	88%	91%
2029	97%	95%	93%	96%
2030	102%	100%	98%	101%
2031	102%	100%	98%	101%
2032	102%	100%	98%	101%

Proposed Hotel Occupancy Performance

Year	Market Occupancy	Hotel Penetration	Hotel Occupancy
2028	60.7%	91%	55.4%
2029	62.9%	96%	60.5%
2030	63.1%	101%	63.9%
2031	63.1%	101%	63.9%
2032	63.1%	101%	63.9%

Overall Performance Forecast of the Proposed Hotel

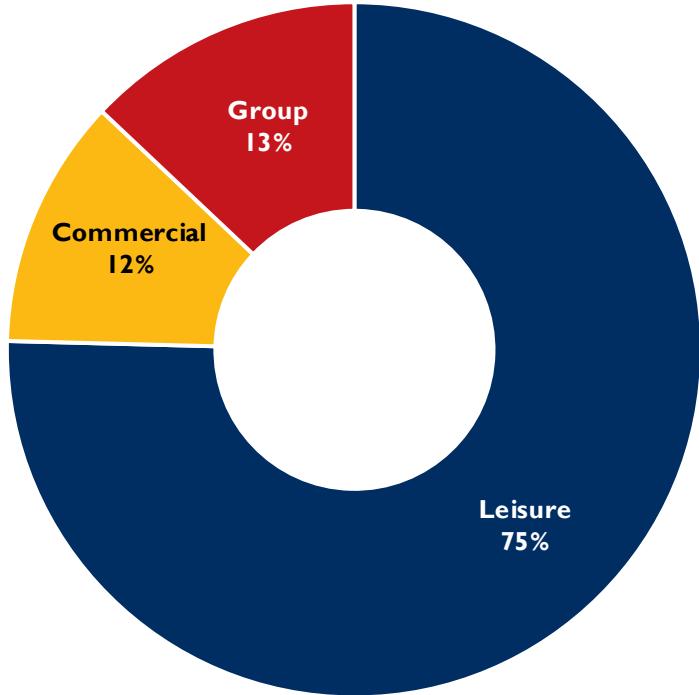
Year	Occupancy	Constant ADR	Inflated ADR	Inflated RevPAR
2028	55.4%	\$174.60	\$196.51	\$108.84
2029	60.5%	\$178.20	\$206.58	\$124.94
2030	63.9%	\$180.00	\$214.93	\$137.25
2031	63.9%	\$180.00	\$221.38	\$141.37
2032	63.9%	\$180.00	\$228.02	\$145.61

Source: Horwath HTL Projections

- **Penetration:** The proposed Hotel will achieve penetration levels of 92%, 90%, and 88% in the Leisure, Commercial, and Group segments in its first full calendar operating year, respectively, resulting in an overall penetration level of 91%. As operations stabilize, we anticipate the penetration rates will rise to 102%, 100%, and 98% in the respective Leisure, Commercial, and Group segments.
- **Occupancy:** When stabilized, the proposed Hotel will perform at 102% of its fair share in the Leisure segment, as the Hotel will be a soft brand boutique lifestyle hotel catering to leisure demand. Moreover, the Hotel will be the only one in town, with no anticipated pipeline. Unlike the Competitive Set hotels, which have nearby competitors, the Hotel is expected to capture more underserved demand that currently stays outside of Clarkesville. The Hotel is expected to achieve its fair share of the Commercial segment as the Hotel is less business-focused than hotels in Cornelia, but more business-oriented than hotels in Helen. Due to the Competitive Set seeing strong Group demand from tour groups and trade shows as well as having larger meeting and room counts for room blocks, we expect the hotel to perform below fair share in the Group segment. Overall, the Hotel is expected to achieve a penetration rate of 101%, slightly above its fair share.
- **ADR:** The Hotel is expected to outperform the Competitive Set ADR by a great extent at stabilization, as it is at a higher positioning than the Competitive Set hotels. Moreover, a lower key count than the Competitive Set average, and fewer group demand contributions will also push up the Hotel's ADR. The ADR also considered the soft-brand rate premiums, which are typical for soft-brand hotels compared to classic hotels. Nevertheless, the County's median income of above \$65k and rising visitor spending on accommodations will also support the rate premiums. Hence, the Hotel is projected to have a stabilized ADR of \$180 in 2024 value, which is around 20% above the Competitive Set's 2024 performance.
- **Stabilization:** The proposed Hotel is expected to stabilize in three years. In 2030, it is expected to stabilize with an Occupancy of 63.9% and an ADR of \$214.93, resulting in a RevPAR of \$137.25.

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Property Segmentation (Stabilized Year 2030)

**Leisure**

As the Hotel is in a tourist-driven location, the Leisure segment is expected to contribute three-quarters of demand. Leisure guests are expected to be couples and families visiting the National Forest and State Parks for outdoor activities. Additionally, there will also be some visitors coming for fishing, golfing, parents' weekend, and commencements.

Commercial

The Commercial segment is expected to make a 12% contribution to hotel demand, which will primarily be individuals visiting local businesses, such as the Fieldale Farms and Ethicon Inc. As there are also hospitals and colleges nearby, the Hotel is expected to attract some visiting professors and scholars staying at the Hotel. Furthermore, there should be some Government related room nights in this segment as Clarkesville is the county seat of Habersham County.

Group

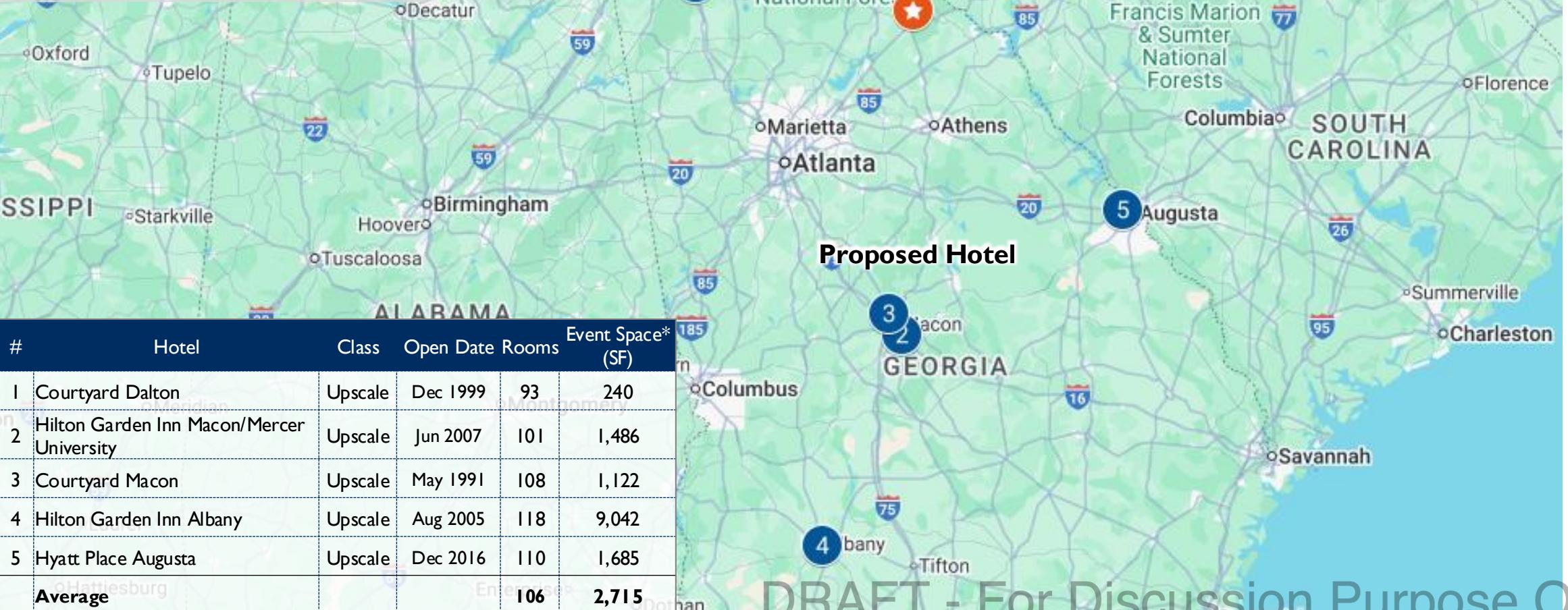
The Group segment is estimated to take 13% of the total room night demand. It mainly consists of sports groups, wedding groups, reunion groups, and SMERF groups. The Aquatic Center in town, along with some tournaments held in town, will provide the Hotel with some group reservations. Moreover, the wedding venues nearby, such as Copey Creek and Meadows at Mossy Creek, do not have lodging provided onsite, which is expected to drive some group demand to the Hotel.

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Source: Horwath HTL's estimation

CBRE BENCHMARKER SET

The map shows the location of the proposed Hotel and the selected hotels for CBRE Benchmark. The hotels were selected based on positioning, key count, amenities, closest comparable city, and data availability.



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Source: Google Maps, Hotel Websites,, CoStar

*Note: Event Space includes outdoor spaces, so the numbers may differ from the numbers shown in the property overview section.

Cash Flow Projection Assumptions, Stabilized Year of Operations

	Comparable Hotels	CBRE Benchmark	Proposed Hotel
Rooms			
Expenses Per Occupied Room (USD)	\$46 ~ \$57	\$27	\$39
Food & Beverage			
Food & Beverage Revenue Per Occupied Room	\$14 ~ \$88	\$13	\$27
Expenses % of Food & Beverage Rev.	67.5% ~ 89.6%	88.4%	78.0%
Other Operated Departments			
OOD Revenue POR	\$4 ~ \$27	\$1	\$2
Expenses as % of OOD Rev.	41.1% ~ 70.7%	58.9%	55.0%
Miscellaneous Income			
Revenue Per Occupied Room	2.2% ~ 4.9%	2.0%	2.3%
Administrative & General (A&G)			
Expenses Per Available Room	\$5,027 ~ \$7,613	\$3,613	\$4,380
Information & Telecommunications (I&T)			
Expenses Per Available Room	\$533 ~ \$909	\$626	\$700
Marketing			
Expenses Per Available Room	\$2,076 ~ \$4,771	\$1,321	\$2,070
Franchise Fees			
% of Total Revenue	1.5% ~ 3.5%	10.4%	7.6%
Property Operation & Maintenance			
Expenses Per Available Room	\$2,438 ~ \$3,771	\$1,803	\$2,310
Utility Charges			
Expenses Per Available Room	\$1,669 ~ \$2,431	\$1,499	\$1,600
Fixed Charges			
Tax Expenses Per Available Room	\$1,798 ~ \$2,412	\$776	\$1,086
Insurance Expenses Per Available Room	\$884 ~ \$1,587	\$744	\$850
Management Fee			
% of Total Revenue	3.6% ~ 4.3%	3.5%	3.0%
FF&E			
Reserves % of Total Revenue	1.8% ~ 2.8%	N/A	2.0% ~ 4.0%

Source: CoStar; CBRE; Horwath HTL

Major Assumptions

- The inflation rate is assumed to be 3.0%, derived from the annualized change in CPI from the Bureau of Labor Statistics and adjusted for current conditions.
- The ranges and benchmarks used to determine the following measures of performance were derived from 2024 CoStar Global Profitability Review data for South Atlantic, Small Metro/Town, and Upscale Class, as well as the CBRE Benchmark reports of similar properties in the region. Those CBRE Benchmark hotels are selected based on data availability, chain scale, key count, and similar amenities. Projections are adjusted according to location and hotel amenities.
- Revenue and expense accounts were projected on a Ratio to Sales, Per Occupied Room, or Per Available Room basis according to their account nature.
- Room expenses POR are between the CoStar benchmarks and CBRE Benchmark, given its higher ADR than the CBRE ones, while lower than the CoStar benchmark hotels. Moreover, the Small Metro/Town location tends to have a lower average payroll than other cities in the benchmark reports.
- Food and Beverage revenues and expenses will be generated from the rooftop bar and meeting spaces. As the rooftop will be a unique product offering with a boutique lifestyle hotel themed, it is estimated to have a stronger capture ratio than classic hotels on CBRE. The meeting/event revenues are projected to be \$78/SF, which is stronger than the CBRE Benchmark, as the Hotel is the only one in town on a rooftop. The F&B expense margin is lower than the CBRE benchmark as the Hotel will generate more beverage revenues, which typically yield higher operating margins than a restaurant, while the margin is still within the range of the CoStar comparable hotels.
- Other Operated Departmental revenues are based on the marketplace shops. The expense ratio is in line with the CoStar and CBRE benchmarks.

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Major Assumptions (Continued)

- Miscellaneous income is derived from attrition and cancellations, relevant commissions, pet and smoking fees. The Miscellaneous Income is on the lower end of the CoStar benchmark, as this line is a percentage-based revenue, with the Hotel expected to have a lower ADR than the CoStar Comparable Hotels, while stronger than the CBRE ones.
- The Administrative & General (A&G) department is assumed at \$4,380 PAR, which is lower than CBRE and CoStar benchmarks, given its Small Metro/Town location with lower labor costs. This line also includes the payroll for the General Manager, credit card commissions, and outsourcing human resources and accounting.
- Information and Telecommunications (I&T) is assumed to be similar to the CoStar and CBRE benchmarks, as the base installment and costs are comparable for hotels of a similar size.
- Sales and Marketing (S&M) Payroll is higher than the CBRE benchmark but is within the range of the CoStar benchmark, as the Hotel with a soft brand is expected to spend more in marketing to promote the Hotel. Nevertheless, being the first hotel in town will require more extensive marketing efforts in drawing in demand.
- Franchise Fee is assumed based on the Franchise Disclosure Document of the Outset Collection by Hilton, which requires a 5.0% Royalty Fee and 4.0% Program Fee, both on Rooms Revenues.
- Property Operations and Maintenance is estimated to be higher than the CBRE benchmark but in the lower end of the CoStar benchmark. This is due to the smaller key count of the proposed Hotel than the CBRE benchmark, while considered much newer than hotels in the CoStar benchmark.
- Utilities at the property have been assumed to be in line with both CBRE and CoStar benchmarks, although it is on the lower end of the CoStar benchmark. This is due to simpler hotel programming and lower utility costs in a small town.
- Management Fees are assumed to be 3%, which is in line with the industry standards.
- Property Tax was estimated at \$1,086 PAR. The number is derived from the Clarkesville's millage rate of 13.57 per \$1,000 assessed value. The assessed value is obtained by 40% of the development costs.
- Insurance was estimated at \$850 PAR, higher than the CBRE benchmark for a smaller key count, while it is in the lower end of the CoStar benchmark due to leaner business model and programming. Moreover, north Georgia experienced major rainfall and flooding in 2024, which has likely caused insurance premiums to rise.
- FF&E Reserve is estimated at 2% in Year 1, 3% in Year 2, and 4% thereafter, based on industry standards.

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Proposed Boutique Hotel in Downtown Clarkesville

Statement Of Estimated Cash Flow From Operations Before Debt Service & Taxes
(Expressed In Thousands Of Current USD)

	2028 AMOUNT	2028 RATIO	2029 AMOUNT	2029 RATIO	2030 AMOUNT	2030 RATIO	2031 AMOUNT	2031 RATIO	2032 AMOUNT	2032 RATIO
ROOMS	70		70		70		70		70	
OCCUPANCY %	55%		60%		64%		64%		64%	
AVERAGE ROOM RATE	197		207		215		221		228	
REVENUE PER AVAILABLE ROOM	109		125		137		141		146	
REVENUES										
ROOMS	2,789	83.7%	3,192	84.0%	3,507	84.1%	3,612	84.1%	3,730	84.1%
FOOD AND BEVERAGE	430	12.9%	482	12.7%	524	12.6%	540	12.6%	558	12.6%
OTHER OPERATED DEPARTMENTS	32	1.0%	36	0.9%	39	0.9%	40	0.9%	41	0.9%
MISCELLANEOUS INCOME	80	2.4%	90	2.4%	97	2.3%	100	2.3%	104	2.3%
TOTAL	3,330	100%	3,800	100%	4,167	100%	4,292	100%	4,433	100%
DEPARTMENTAL COSTS AND EXPENSES										
ROOMS	666	23.9%	714	22.4%	755	21.5%	778	21.5%	804	21.5%
FOOD AND BEVERAGE	357	83.2%	385	79.9%	409	78.0%	421	78.0%	435	78.0%
OTHER OPERATED DEPARTMENTS	18	55.0%	20	55.0%	21	55.0%	22	55.0%	23	55.0%
TOTAL	1,041	31.3%	1,119	29.4%	1,186	28.5%	1,222	28.5%	1,262	28.5%
TOTAL DEPARTMENTAL PROFIT (LOSS)	2,289	68.7%	2,681	70.6%	2,981	71.5%	3,071	71.5%	3,172	71.5%
UNDISTRIBUTED OPERATING EXPENSES										
ADMINISTRATIVE & GENERAL	331	9.9%	349	9.2%	365	8.8%	376	8.8%	388	8.8%
INFORMATION & TELECOMMUNICATIONS SYSTEMS	52	1.6%	55	1.5%	58	1.4%	60	1.4%	62	1.4%
SALES & MARKETING	161	4.8%	167	4.4%	173	4.1%	178	4.1%	184	4.1%
FRANCHISE FEES	251	7.5%	287	7.6%	316	7.6%	325	7.6%	336	7.6%
PROPERTY OPERATION & MAINTENANCE	175	5.3%	184	4.8%	193	4.6%	198	4.6%	205	4.6%
UTILITIES	121	3.6%	127	3.4%	133	3.2%	137	3.2%	142	3.2%
TOTAL	1,092	32.8%	1,170	30.8%	1,237	29.7%	1,275	29.7%	1,316	29.7%
GROSS OPERATING PROFIT (LOSS)	1,198	36.0%	1,511	39.8%	1,744	41.8%	1,796	41.8%	1,855	41.8%
MANAGEMENT FEES										
BASE MANAGEMENT FEE	100	3.0%	114	3.0%	125	3.0%	129	3.0%	133	3.0%
TOTAL	100	3.0%	114	3.0%	125	3.0%	129	3.0%	133	3.0%
INCOME BEFORE FIXED EXPENSES	1,098	33.0%	1,397	36.8%	1,619	38.8%	1,668	38.8%	1,722	38.8%
NON-OPERATING INCOME & EXPENSES										
INSURANCE	67	2.0%	69	1.8%	71	1.7%	73	1.7%	75	1.7%
PROPERTY AND OTHER TAXES	86	2.6%	88	2.3%	91	2.2%	93	2.2%	96	2.2%
FF&E RESERVE	67	2.0%	114	3.0%	167	4.0%	172	4.0%	177	4.0%
TOTAL	219	6.6%	271	7.1%	328	7.9%	338	7.9%	349	7.9%
EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION & AMORTISATION	879	26.4%	1,126	29.6%	1,290	31.0%	1,329	31.0%	1,373	31.0%

	2033 AMOUNT	2034 AMOUNT	2035 AMOUNT	2036 AMOUNT	2037 AMOUNT
ROOMS	70	70	70	70	70
OCCUPANCY %	64%	64%	64%	64%	64%
AVERAGE ROOM RATE	235	242	249	257	264
REVENUE PER AVAILABLE ROOM	150	154	159	164	169
REVENUES					
ROOMS	3,842	3,958	4,076	4,199	4,325
FOOD AND BEVERAGE	574	592	609	628	647
OTHER OPERATED DEPARTMENTS	43	44	45	47	48
MISCELLANEOUS INCOME	107	110	113	117	120
TOTAL	4,566	4,703	4,844	4,990	5,139
DEPARTMENTAL COSTS AND EXPENSES					
ROOMS	828	853	878	905	932
FOOD AND BEVERAGE	448	462	476	490	504
OTHER OPERATED DEPARTMENTS	23	24	25	26	26
TOTAL	1,299	1,338	1,379	1,420	1,463
TOTAL DEPARTMENTAL PROFIT (LOSS)	3,267	3,365	3,466	3,570	3,677
UNDISTRIBUTED OPERATING EXPENSES					
ADMINISTRATIVE & GENERAL	400	412	424	437	450
INFORMATION & TELECOMMUNICATIONS SYSTEMS	64	66	68	70	72
SALES & MARKETING	189	195	201	207	213
FRANCHISE FEES	346	356	367	378	389
PROPERTY OPERATION & MAINTENANCE	211	217	224	231	237
UTILITIES	146	151	155	160	164
TOTAL	1,356	1,397	1,438	1,482	1,526
GROSS OPERATING PROFIT (LOSS)	1,911	1,968	2,027	2,088	2,151
MANAGEMENT FEES					
BASE MANAGEMENT FEE	137	141	145	150	154
TOTAL	137	141	145	150	154
INCOME BEFORE FIXED EXPENSES	1,774	1,827	1,882	1,938	1,996
NON-OPERATING INCOME & EXPENSES					
INSURANCE	78	80	82	85	87
PROPERTY AND OTHER TAXES	99	102	105	108	112
FF&E RESERVE	183	188	194	200	206
TOTAL	359	370	381	393	405
EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION & AMORTISATION	1,414	1,457	1,500	1,546	1,592

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- Percentages of departmental expenses are to departmental revenues; all other percentages are to total revenue.
- The comments and assumptions contained in this report are an integral part of this estimated statement.
- Totals may not add due to rounding.

FINANCIAL CONCLUSIONS

INVESTMENT ASSUMPTIONS

INVESTMENT INPUTS

KEY INPUTS:

Subject Room Count	70
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First Full Operating Year	2028
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FINANCING INPUTS:

Equity Ratio	25%
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Interest (Construction)	8.00%
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Interest (Permanent)	6.75%
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Loan Period	30 years
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ESTIMATED DEVELOPMENT COST

Total Dev. Cost (excl. Land)	\$14,000,000
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Est. Cost Per Room (excl. Land)	\$200,000
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Development Cost Outlay:	
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2025	5%
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2026	30%
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2027	65%
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DISPOSITION INPUTS

Capitalization Rate:	9.5%
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Selling Costs	2.0%
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Profits Tax:	0.0%
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Major Assumptions

- The cost of land or a ground lease was not considered in this analysis.
- Leveraged IRR is calculated based on a 75% LTV ratio, which is in line with the industry standards.
- Currently, the bank utilizes the 180-day Secured Overnight Financing Rate, 4.0% in December 2025, and the spread remains high for hospitality assets. It is assumed that the project will use CPACE or SBA loan financing, which typically has a lower spread than other financing sources. It is assumed that by the time the Hotel opens, the interest rate will be applicable 6.75% for a permanent loan. The construction loan is estimated to be 125 basis points above the permanent loan rate.
- The loan period is assumed to be 30 years, which is in line with industry standards.
- Development costs are based on our estimation of experience with similar projects and are adjusted according to location, amenities, and positioning.
- A 15-year tax abatement incentives are included in this analysis, which is outlined in the following return analysis slides.
- A terminal capitalization rate of 9.5% was selected based on the Georgia Upscale Hotel rate from RCA, which was 8.4% for Q3 2025, and the 10.4% of Georgia Northeast Hotel from CoStar in December 2025. The number was adjusted according to positioning, location, and outlook.
- We have assumed 2.0% selling costs will be associated with the disposition of the Subject hotel in the year of reversion. These selling costs include fees and expenses typically incurred when a hotel is sold.
- For the purpose of this report, we have not included any profits taxes or capital gains taxes. As each investment is unique, so is each investor's tax liability. Therefore, we have not included it in our analysis.

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Major Assumptions

- Based on our conversations with the Client, there is the potential for a Property Tax Abatement for the Subject hotel which would result in no property taxes for the first 15 years of the operations. At the time of this report, the assumptions and figures presented for the Property Tax Abatement are directional and for purpose of our analysis. The inclusion of the Property Tax Abatement does not guarantee any aspect or characteristic of the program.
- In our analysis, we have included the estimated property taxes for the Hotel in the 10-year operating proforma previously presented.
- To calculate an Internal Rate of Return for the Unleveraged and Leverage scenarios, we have assumed the value of the Property Taxes will be added back as cash flow during the investment period (10 years). The property tax abatement for years 11 to 15 have been discounted back to Year 10 cash flows at the assumed rate of inflation (3%) and added back into the cash flow for that year in order to estimate the rate of return for the project including this incentive.

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
Property Tax Due	77	79	81	84	86	89	91	94	97	100	103	106	109	113	116
Property Tax Abatement	-77	-79	-81	-84	-86	-89	-91	-94	-97	-100	-103	-106	-109	-113	-116

Values in Thousands

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Source: Client provided, Horwath HTL's estimation

Proposed Boutique Hotel in Downtown Clarkesville

Investment Analysis (Excluding Land Cost)

(Expressed In Thousands Of Inflated USD)

Rooms 70

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Equity Investment	-174	-1,042	-2,284	-	-	-	-	-	-	-	-	-	-
Property Tax Abatement - 15 Year Term				86	88	91	93	96	99	102	105	108	670
Income Before Debt Service & Taxes	-	-	-	879	1,126	1,290	1,329	1,373	1,414	1,457	1,500	1,546	1,592
Loan Interest					790	781	772	762	751	740	728	715	701
Depreciation/Amortisation				2,065	420	420	420	420	420	420	420	420	420
Total				2,855	1,201	1,192	1,182	1,171	1,160	1,148	1,135	1,121	1,106
Income After Deductions				-1,976	-75	99	147	202	254	309	366	424	486
Unused Loss Carry Forward				0	-1,976	-2,051	-1,952	-1,805	-1,603	-1,349	-1,040	-674	-250
Taxable Income				-1,976	-2,051	-1,952	-1,805	-1,603	-1,349	-1,040	-674	-250	236
Profits Tax	0.0%			-	-	-	-	-	-	-	-	-	-
Debt Service				920	920	920	920	920	920	920	920	920	920
Debt Service Coverage Ratio (DSCR)				1.05	1.32	1.50	1.55	1.60	1.65	1.70	1.75	1.80	1.85
Reversion	9.5%												17,259
Less Outstanding Debt													9,934
Less Selling Costs													345
Net Cash Flow Year 10 Reversion	-174	-1,042	-2,284	45	295	462	503	550	594	639	686	734	8,667
Cash-on-Cash Return (Excludes Net Reversion)				1.3%	8.4%	13.2%	14.4%	15.7%	17.0%	18.3%	19.6%	21.0%	48.2%

ESTIMATED IRR 16.8%
 PAYBACK YEAR 2036
 PAYBACK PERIOD 9 Years

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		Change of Development Cost Per Key (USD)									
		180,000	185,000	190,000	195,000	200,000	205,000	210,000	215,000	220,000	
Change of Stabilized ADR, USD	160	12.5%	11.3%	10.1%	8.9%	7.7%	6.5%	5.3%	4.0%	2.7%	
	165	14.8%	13.7%	12.6%	11.5%	10.3%	9.2%	8.1%	6.9%	5.8%	
	170	17.0%	15.9%	14.8%	13.7%	12.7%	11.6%	10.5%	9.5%	8.4%	
	175	19.0%	18.0%	16.9%	15.8%	14.8%	13.8%	12.8%	11.7%	10.7%	
	180	20.9%	19.9%	18.8%	17.8%	16.8%	15.8%	14.8%	13.8%	12.8%	
	185	22.7%	21.7%	20.6%	19.6%	18.6%	17.6%	16.7%	15.7%	14.8%	
	190	24.4%	23.4%	22.3%	21.3%	20.3%	19.4%	18.4%	17.5%	16.6%	
	195	26.0%	25.0%	24.0%	23.0%	22.0%	21.0%	20.1%	19.2%	18.3%	
	200	27.6%	26.6%	25.5%	24.5%	23.6%	22.6%	21.7%	20.8%	19.9%	

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The projections of the market for the next ten years are based on estimates and assumptions developed in connection with the market study. The assumptions regarding projected utilization rates may not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our projections may vary from our estimates, and the variations may be material. Further, we are not responsible for the effectiveness of management or the future marketing efforts and other management actions upon which actual results will depend.

Our engagement did not ascertain the impact of energy shortages and the legal and regulatory requirements applicable to the project, including zoning and other regulations, permits, immigration policies, and licenses. Further, we did not determine the possible effect on the proposed Hotel development of present or future legislation or any environmental or ecological matters.

We hold no responsibility to update our report and/or projections for events and circumstances occurring subsequent to the date of issuance; however, we will be available to discuss the need for such revisions if and when you so require.

This report was prepared for your internal use and the information contained in the report is highly confidential. Otherwise, neither the report nor any of its content may be referred to or quoted in any registration statement, prospectus, property valuation, loan or other agreement or document unless you have received our prior written approval.

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Strategic Advice: Horwath HTL is skilled at guiding investors, lenders and owners through the complex nature of acquisition and disposal transactions.

Hotel Valuation: Horwath HTL Valuation Services have valued Hotel properties all over the globe.

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