

November 15, 2016

Horizon Hospitality Management Inc. (“HHM” herein) proposes that we, or our nominee, become a Partner in a partnership to be formed (the “Development Partnership” herein) for the purpose of securing interim financing, construction financing, long-term permanent financing, and additional equity (the “Funding” herein) sufficient to develop the City of Gainesville’s Parking Lot #10 to its highest and best use (the “Project” herein) in accordance with the following assumptions:

- 1) HHM has the sole rights to purchase the Land (the “Land” herein) to be developed located at 150 SW 2nd Avenue, Gainesville, FL 32601;
- 2) The Land consists of approximately 39,500 square feet (approximately 0.91 acres) of vacant land located at the above referenced address and is presently zoned and approved by all applicable authorities for the contemplated Project;
- 3) The Project is a proposed 12-story hotel consisting of approximately 200 keys, an approximately 25,000 SF conference center, an approximately 10,000 SF restaurant, with approximately 15,000 SF of office space and shared city parking;
- 4) The following proposed financial facts are applicable;
 

a. First Lien and Loans by lender(s) and/or third parties	<u>\$ 34,526,400</u>
b. Equity Provided by HHM	<u>\$ 3,000,000</u>
c. Equity Provided by Third Party Investors	<u>\$ 20,017,600</u>
d. Total Development Costs	<u>\$ 57,544,000</u>
- 5) HHM has invested \$ 25,000.00 in actual cash in the Project (“HHM Equity” herein) which investment shall be treated as a capital contribution the same as all other third party capital investors;
- 6) The Land is presently appraised at \$ 1,078,500.00;
- 7) HHM is securing a financing commitment from Whitlock Capital Group to fund a non-recourse loan with a completion guaranty for approximately 60 % of Total Project Costs.
- 8) In exchange for an interest in the Development Partnership commensurate with our Equity Contribution, HHM shall secure the third party investment capital over and above available debt financing and the Development Partnership Capital Contribution, if necessary, to fund any additional costs that may arise in the development of the Project;
- 9) Equity capital shall be entitled to a 10% per annum preferred return on invested capital and 85% of all distributable cash flow until all investor capital accounts are reduced to zero and thereafter 60% of distributable cash;
- 10) HHM shall act as a Co-Managing Partner & Co-Developer of the Development Partnership; responsible for development; construction; and financing. The Development Partnership shall receive a developer’s fee of 5% of ‘Total Project

Costs Before Closing Costs', as compensation for the performance of the functions stated herein.

By execution of this letter, as herein provided, HHM agree to the terms and conditions contained herein to reflect our efforts in the Project and our participation and ownership in the Project.

We shall authorize legal counsel to prepare definitive operating agreements to fully reflect our understanding, including partnership agreements and management contracts between the Parties. Although designated a letter of intent, this agreement shall be binding upon all of the Parties until such time as the operating agreements have been signed or the Parties terminate further negotiations in good faith.

Sincerely,



Horizon Hospitality Management Inc.  
Nimish Patel, Chief Executive Officer

Dated: 11/15/16