



GRAND HOTEL AND CASINO - BATUMI GEORGIA INVESTMENT OPORTUNITY

www.BatumiGrandHotel.com



PROJECT OVERVIEW

Grand Hotel and Casino Batumi is built on the coast of Black Sea in city of Batumi, Georgia. It presents a unique investment opportunity with full investment recoupment in less than seven years. The complex consists of Grand Hotel, Casino and Luxury Residences with unrestricted access to private beach providing the first truly unique luxury experience in the region.

INVESTMENT OVERVIEW

The complex's prime position makes it an immediate city landmark and is ideal for brand recognition expected from worlds leading international brands

COMPETITIVE ADVANTEGES:

- Tourism in Georgia has grown 40% over past 7 years and keeps growing 7% a year
- Georgia has emerged as one of the world's fastest growing air travel markets in the world.
- Tourism accounted for 7.1 percent of Georgia's total GDP in 2016.
- Georgia has benefitted from instability in Turkey as tourists look for other alternatives, Georgia reported a 68% increase in visitor arrivals by air in 2017



Investment Fact Sheet

- Unique opportunity to acquire the project for \$167M
- Only approximately \$55M needed to fully complete the entire project.
- Projected annual hotel revenue of \$ 27M
- Projected annual casino revenue of \$ 8M to 15M



GEORGIA OVERVIEW



- Georgia is strategically situated on important crossroads where Europe meets Asia
- Georgia has emerged as the leader in social and economical reforms after the fall of Soviet Union and its on the way of becoming “Switzerland” of the region.
- Georgia ranks as the top country in the region in terms of ease of doing business thanks to stable and transparent government.
- Rapidly growing economy and increasing foreign investment secures Georgia’s future.

BATUMI OVERVIEW

- Batumi is the second largest city in Georgia, located on the coast of the Black Sea in subtropical zone. Batumi started as a Greek colony that was later absorbed by Roman Empire only to fall under Arab rule and emerge as a part of Kingdom of Georgia in the 11th century. Such diverse history provides great settings for its current role as a regional leader.
- Much of Batumi economy revolves around tourism and gambling. It is also an important seaport with annual revenue of 500M
- Batumi tourism and gambling industry attracts mostly Central Asian and Middle Eastern market with rapidly growing European group.
- With its easy access to transportation (air and sea) the city's bright future is secure as a Pearl of Black Sea at the crossroads of Asia and Europe.

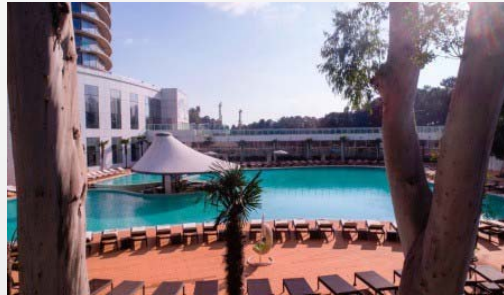


PROPERTY

Meaningful investment ultimately funded through profitable hotel and casino revenues.



Grand Hotel and Casino
232 rooms = \$33M Revenue



Pool and World Class Spa



VIP Lounges & Retail Lease
Revenue Opportunities



Batumi – Perl of Black Sea



Access to the private beach
Leased for 49 years



4 year construction completed

HOTEL & CASINO REVENUE PROJECTIONS

Hotel	#/rooms	\$/night	Annual revenue projections		Baseline		
			Days/year	292	219	146	73
			%	80%	60%	40%	20%
Standard (City view)	65	\$ 250		\$13,000	\$9,750	\$6,500	\$3,250
Standard (sea view)	125	\$ 275		\$27,500	\$20,625	\$13,750	\$6,875
Standard with Spa	4	\$ 300		\$960	\$720	\$480	\$240
Junior Suite	33	\$ 400		\$10,560	\$7,920	\$5,280	\$2,640
Superior Suite	2	\$ 500		\$800	\$600	\$400	\$200
Grand Suite	1	\$ 1,000		\$800	\$600	\$400	\$200
Presidential Suite	1	\$ 2,000		\$1,600	\$1,200	\$800	\$400
			Days/year	292	219	146	73
Revenue from hotel operation				\$55,220	\$41,415	\$27,610	\$13,805
Fixed cost			5%	\$2,209	\$2,209	\$2,209	\$2,209
Variable cost			4%	\$1,767	\$994	\$442	\$110
EBITA				\$51,244	\$38,212	\$24,959	\$11,486

HOTEL DETAILED REVENUE PROJECTIONS

	Baseline	Revenue and cost increase by 5% p.a (assumption)						
Revenue	2020	2021	2022	2023	2024	2025	2026	'20-'26
Hotel	\$ 27,610	\$ 28,991	\$ 30,440	\$ 31,962	\$ 33,560	\$ 35,238	\$ 37,000	\$ 224,801
Casino	\$ 8,000	\$ 8,400	\$ 8,820	\$ 9,261	\$ 9,724	\$ 10,210	\$ 10,721	\$ 65,136
Retail	\$ 907	\$ 953	\$ 1,000	\$ 1,050	\$ 1,103	\$ 1,158	\$ 1,216	\$ 7,386
Condos (one time)	\$ 15,120		\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,120
Condos Service	\$ 655	\$ 688	\$ 722	\$ 758	\$ 796	\$ 836	\$ 878	\$ 5,335
Operations	\$ 37,172	\$ 39,031	\$ 40,983	\$ 43,032	\$ 45,183	\$ 47,442	\$ 49,815	\$ 302,658
Sale (one time affect)	\$ 15,120	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,120
Cost	2020	2021	2022	2023	2024	2025	2026	'20-'26
Hotel	\$ 2,651	\$ 2,783	\$ 2,922	\$ 3,068	\$ 3,222	\$ 3,383	\$ 3,552	\$ 21,581
Casino	\$ 768	\$ 806	\$ 847	\$ 889	\$ 934	\$ 980	\$ 1,029	\$ 6,253
Retail	\$ 87	\$ 91	\$ 96	\$ 101	\$ 106	\$ 111	\$ 117	\$ 709
Condos (one time)	-							
Condos Service	\$ 65	\$ 68	\$ 71	\$ 75	\$ 79	\$ 83	\$ 87	\$ 528
Fixed	\$ 2,957	\$ 3,105	\$ 3,261	\$ 3,424	\$ 3,595	\$ 3,774	\$ 3,963	\$ 24,079
Variable	\$ 613	\$ 644	\$ 676	\$ 710	\$ 745	\$ 782	\$ 822	\$ 4,992
EBITA from Operations	\$ 33,602	\$ 35,282	\$ 37,046	\$ 38,898	\$ 40,843	\$ 42,886	\$ 45,030	\$ 288,707
EBITA from Sale	\$ 15,120							

CASINO DETAILED REVENUE PROJECTIONS

Casino	#/rooms	\$/night	Annual revenue projections		Baseline		
			Days/year	292	219	146	73
			%	80%	60%	40%	20%
Casino	\$20M w/ 100%			\$16,000	\$12,000	\$8,000	\$4,000
			Days/year	292	219	146	73
Revenue from Casino				\$16,000	\$12,000	\$8,000	\$4,000
Fixed cost			5%	\$640	\$640	\$640	\$640
Variable cost			4%	\$512	\$288	\$128	\$32
EBITA				\$14,848	\$11,072	\$7,232	\$3,328

CONDOS DETAILED REVENUE PROJECTIONS

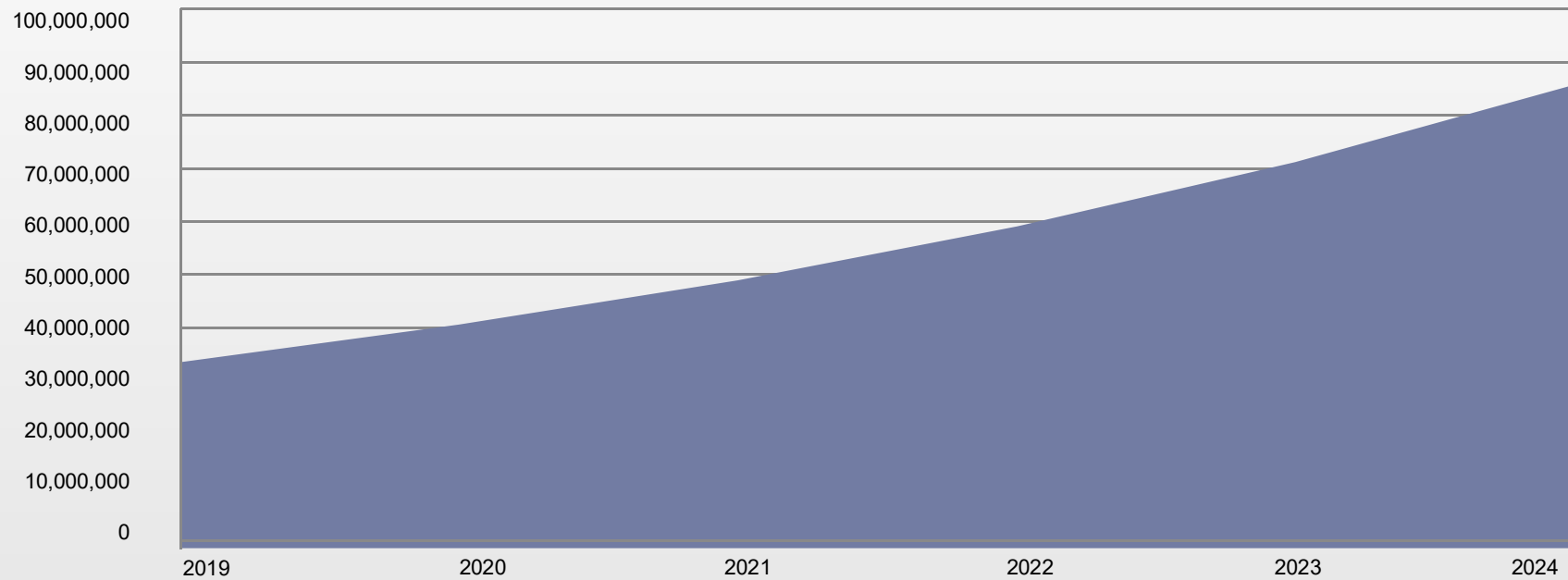
Condos	Units	Annual revenue projections			Baseline	
			100%	90%	80%	70%
Residences for sale	36	Unit price	\$18,000	\$16,200	\$14,400	\$12,600
Service Revenue	36	Serv.	\$900	\$810	\$720	\$630
Revenue from sale (one time affect)			\$18,900	\$17,010	\$15,120	\$13,230
Fixed cost (Service revenue)			5% \$45	\$41	\$36	\$32
Variable cost (Service revenue)			4% \$36	\$32	\$29	\$25
EBITA on revenue from Sale			\$18,000	\$16,200	\$14,400	\$12,600
EBITA on revenue from Service			\$819	\$737	\$655	\$573

RETAIL & SERVICES DETAILED REVENUE PROJECTIONS

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HOTEL & CASINO ANNUAL PROFIT

PROJECTION



DETAILS

- Projected average 40% occupancy rate and 5% annual growth
- Return on Investment at the above rate in 5 years
- Total Projected Net Profit of over 288.7M by the end of 2026

BATUMI – NEW WORLD DESTINATION

