

SKY INN HOTEL (BATUMI)

(PREMIUM INVESTMENT OFFER)



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SKY INN HOTEL (BATUMI): PREMIUM INVESTMENT OFFER

(Sale Price: \$3.6 Million • Full Cash • Immediate title deed)



STRATEGIC VALUE

A 4-star luxury hotel of 1,280 m² operating since 2017, located on the 25th floor of a prestigious 26-story residence (with mall access). Awarded 'Batumi's Best Project of the Year', with an annual net profit of \$135,000 and unique Black Sea views!

SECTION 1: INVESTMENT BASIS



1. UNRIVALED LOCATION & INFRASTRUCTURE Detail

Özellik	Feature	Economic Impact
Premium Location	Mall integration on the ground floor	All needs in one place for guests
Tourist Access	Batumi Beach: 4 minutes • F1 Track: 8 km	Summer occupancy rate: 95%+ • 50,000 premium guests
Critical Advantage	Coastal hotel licenses frozen until 2026!	Unrivaled location guarantee

✓ 2. SUPERIOR PHYSICAL ASSETS

Room Type	Quantity	Features
Standard (Double Bed)	10	Air conditioning, smart TV, minibar, fire safety
Standard (Single Bed)	10	Free Wi-Fi, Black Sea view
Family Room	7	Extra space, capacity for 4 people
Deluxe Room	2	Balcony, jacuzzi, priority check-in
Suite	1	80 m ² , fireplace, boutique service
Common Area	40-person cafe	Direct Access to the mall

✓ 3. FINANCIAL SUPERIORITY

Metric	Değer	Value Competitive Advantage
Annual Net Profit	285.000 \$+	45% higher than the industry average
Deluxe/Suite Revenue Premium	+30% on room rate	Unique high-segment products

✓ 4. DOCUMENTED PRESTIGE

This opportunity could be one of the last 4-star hotel sales due to the license freeze on the Batumi coast!

The investor of Sky Inn Hotel obtains;

- Award: "Batumi's Best Project of the Year" (2017) → 25% increase in brand value
- Operational History: 7 years of proven success (2017-present)
 - ✓ Guaranteed customer flow with mall integration,
 - ✓ High-income margin from Deluxe/Suite rooms,
- ✓ 30% increase in profit with the 2025 F1 Grand Prix effect. All documents are ready for title deed transfer in 45 days. Don't miss this last opportunity!

Reach for the sky with your investment!

(where luxury meets profit!)



Data Sources Georgian Public Registry, Colliers International 2024, Trip.com Analytics. F1 projections based on Batumi Municipality tourism data.

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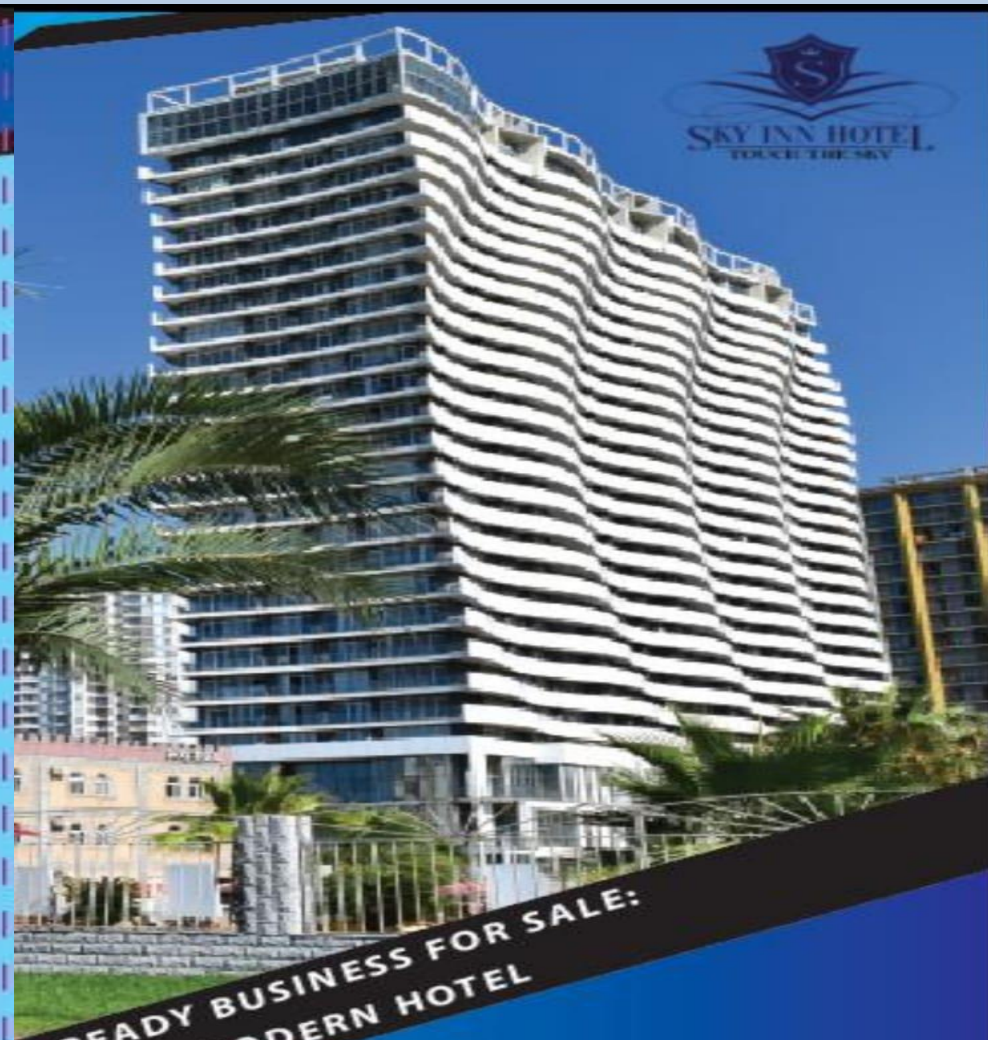
Be our guest! Reach the sky!

Building Construction Year:	2015
Hotel Commissioning Date:	September 2017
Total Area:	1280 sq.m.
Hotel Room Capacity:	30 rooms
Café:	40 seats

AT YOUR SERVICE comfortable, cozy rooms equipped with everything necessary for a carefree vacation. Modern rooms are equipped with air conditioning, fire safety, TV, Wi-Fi Internet access and minibar.

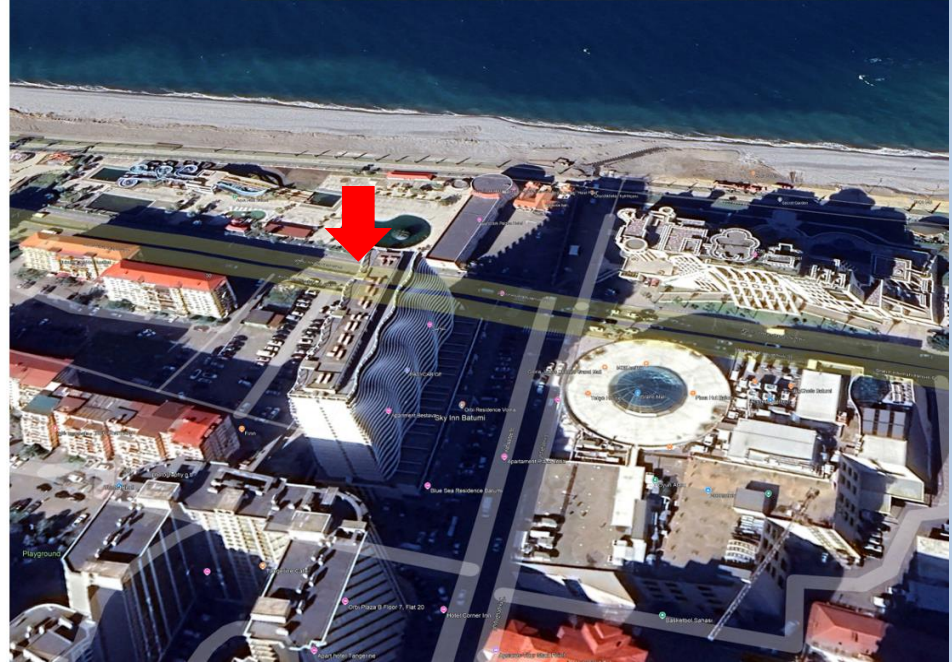
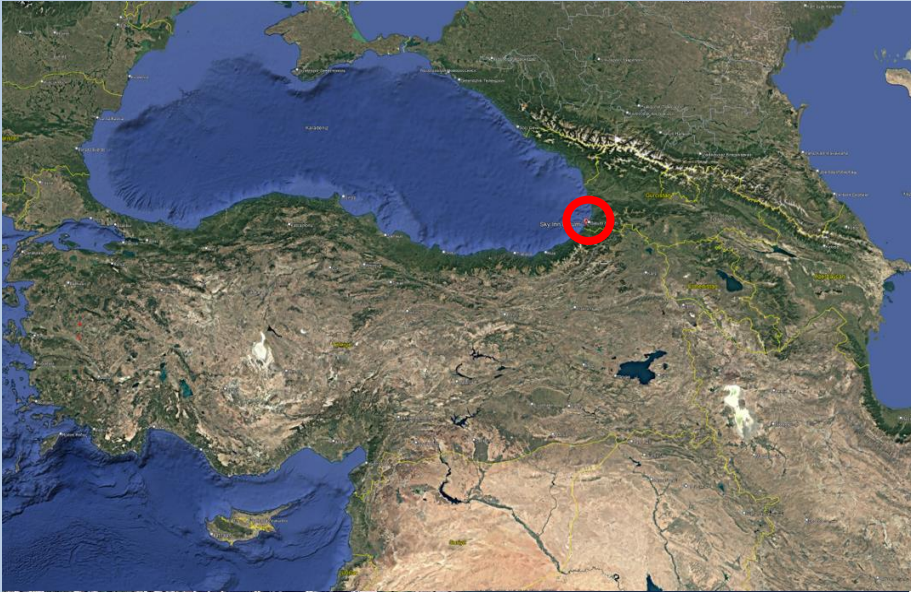
Hotel Room Capacity

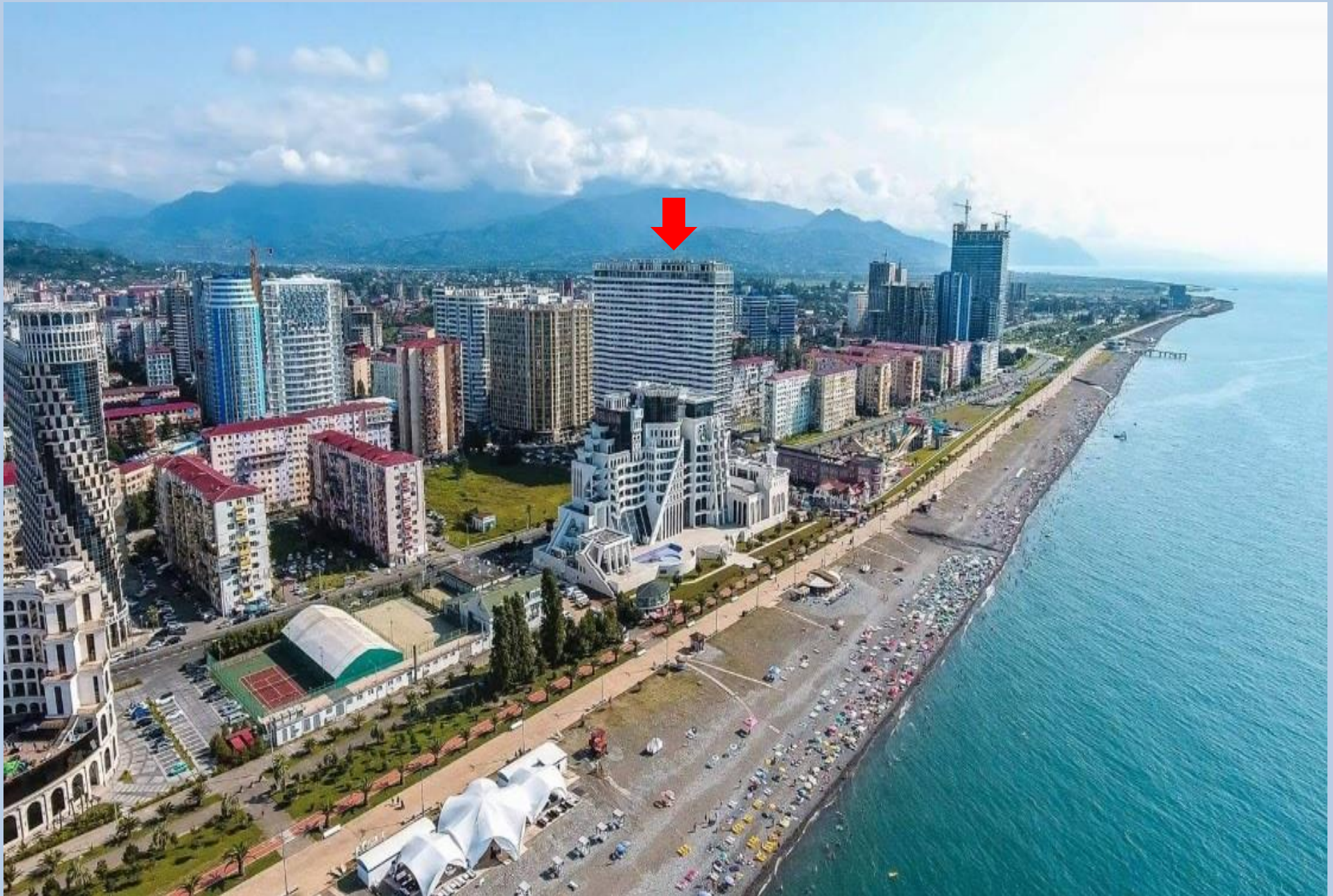
- 10 standard rooms with twin beds
- 10 standard rooms with a double bed
- 7 family rooms
- 2 deluxe rooms
- 1 suite



**READY BUSINESS FOR SALE:
NEW MODERN HOTEL**

**THE HOTEL IS LOCATED ON THE 25TH FLOOR
OF ORBI RESIDENCE BUILDING,
REMINING A SEA WAVE BY ITS DESIGN**







Be our guest! Reach the sky!

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To your attention is offered a move-in ready hotel in the city of Batumi on the first line to the sea.

The hotel, designed by the best designers, is located on the territory of Batumi Boulevard, off the Black Sea coast.

All rooms offer amazing panoramic views of the Black Sea and the picturesque mountains. Only 100 m separate the hotel from the beach, to which there is a picturesque park alley.

There are the Batumi Waterpark, restaurants, well-known brands shops and a shopping center within walking distance of the hotel complex.



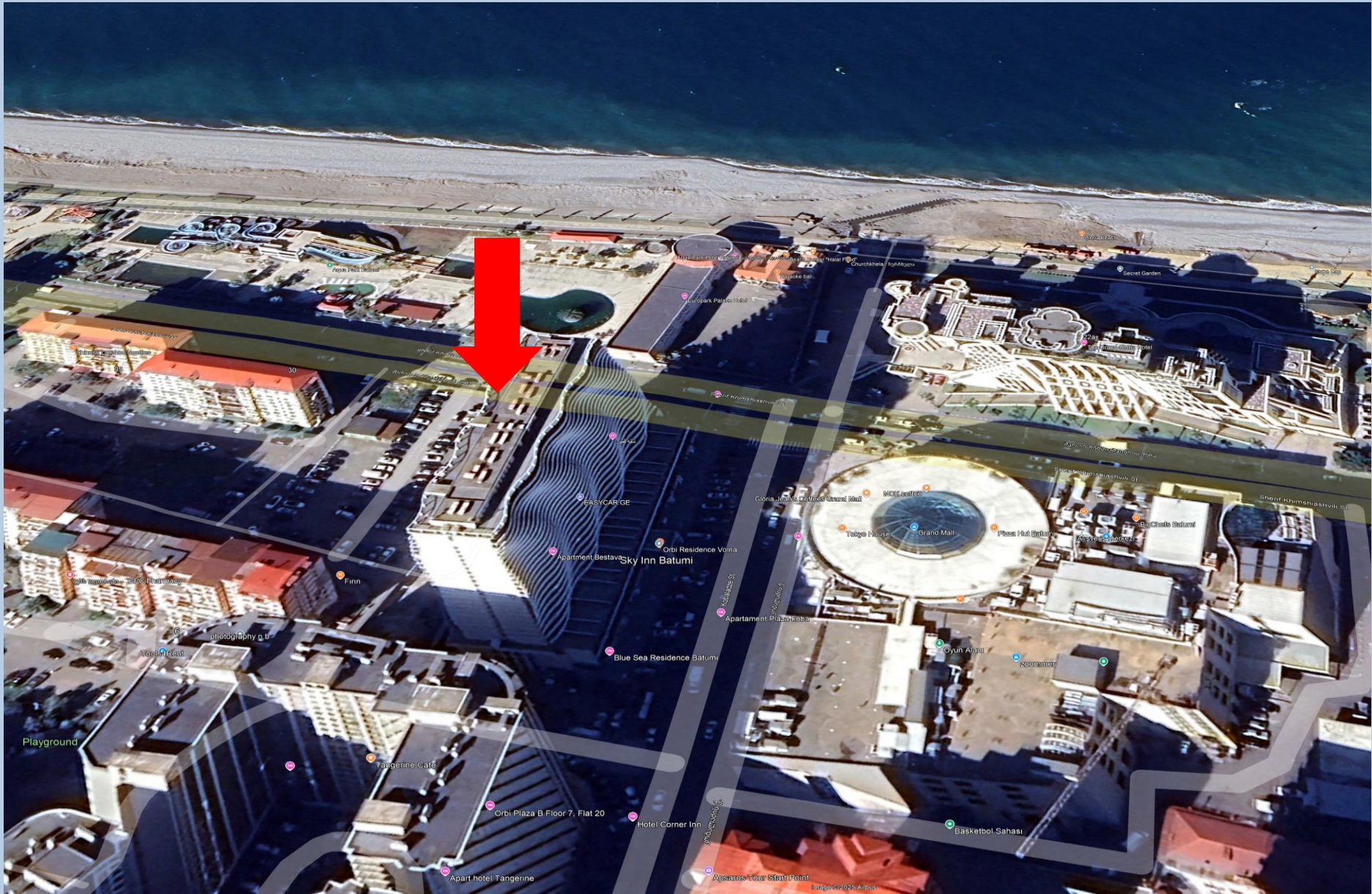
















GOVERNMENT OF GEORGIA



GOVERNMENT OF AJARA
AUTONOMOUS REPUBLIC



MINISTRY OF FINANCE
AND ECONOMY OF
AJARA AUTONOMOUS REPUBLIC

10 TOP REASONS TO INVEST IN BATUMI

Investor-Friendly Environment	Georgia-EU Association Agreement
Strategic Geographic Location	Developed Infrastructure (Physical, Financial)
Low-cost Labor Force	Diverse Investment Sectors
Flat/Low Taxes and Incentives	Liberal Economic Legislation
Preferential Trade Regimes	Abundance of Natural Resources

Sky Inn Otel (Batumi) Değerleme Raporu

1. Introduction

This report has been prepared to determine the sale value of Sky Inn Hotel located in Batumi, Georgia. The valuation process includes a comprehensive analysis of the hotel's physical assets, location, Batumi tourism and real estate market dynamics, and the hotel's 2024 financial performance.

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2. Hotel Information and Location Analysis

Sky Inn Hotel, built in 2012, occupies the entire 25th floor of a 25-story mall and residence building. The hotel is located 50 meters from the sea, in a prestigious location on Batumi's coastal road, with magnificent Black Sea views. This location is an important factor that increases the hotel's tourist appeal and potential income.

Room Types and Features:

Standard (Double Bed): 10 units, Air conditioning, smart TV, minibar, fire safety

Standard (Single Bed): 10 units, Free Wi-Fi, Black Sea view

Family Room: 7 units, Extra space, capacity for 4 people

Deluxe Room: 2 units, Balcony, jacuzzi, priority check-in

Suite: 1 unit, 80 m², fireplace, boutique service

Common Area: 40-person cafe, Direct access to the mall

With a total of 30 rooms, the hotel caters to various accommodation needs. Especially the suites and deluxe rooms have the potential to attract high-income guests. Direct access to the mall offers additional convenience and appeal for guests.

3. Batumi Tourism and Real Estate Market Analysis

Batumi, located on the Black Sea coast of Georgia, is an important tourism center that has been rapidly developing in recent years. It makes a significant contribution to the country's tourism revenues. It stands out especially with gambling tourism and coastal tourism. It is stated that 40-50 story buildings are being built in the city and tourism investments are increasing.

Tourism Sector:

Growth: The tourism sector in Georgia is growing rapidly. In 2024, 7.4 million international travelers were hosted, including 5.1 million tourists. This represents a 4.2% increase compared to 2023. It is estimated that 4.4 billion dollars in tourism revenue was obtained by the end of 2024.

Investments: Batumi attracts attention with luxury hotel constructions and tourism infrastructure investments. Large companies such as Nurol Construction have hotel projects. International tourism fairs such as EBIT 2025 are held in Batumi.

Potential: As a popular tourist destination on the Black Sea, it offers high rental income. It has a strategic location at the intersection of Europe and Asia.

Real Estate Market:

Price Increase: Price increases are observed in the Batumi real estate market. Especially in sea-view and newly built residences, **prices are rising**. The average cost per square meter is stated to be around 700-800 USD.

Investment Profitability: It is stated that buying property in Batumi is profitable, and price increases and demand show stable

dynamics. The housing market has grown by 111% since 2018.

Demand: High demand comes from white-collar workers. The increasing demand for short-term rentals makes real estate investments attractive.

The superior physical assets of the Sky Inn hotel, such as its location on the 25th floor, being within a mall and residence complex, sea view, and central location, increase the hotel's location advantage. These features are consistent with the general tourism and real estate market trends in Batumi and will positively affect the hotel's value. Especially its location on high floors and sea view are parallel to the real estate price increase trends in the region.

4. Financial Analysis and Valuation Approaches

4.1. Summary of Financial Data (2024)

Indicator	Value (USD)
Average Monthly Profit	23,782.67
Average Monthly Revenue	40,387.50
Average Monthly Expense	16,604.83
Total Annual Profit	285,392.00
Total Annual Revenue	484,650.00
Total Annual Expense	199,258.00

NOTE: The income from the hotel's 40-person cafe is not included in the financial calculations.

4.2. Valuation Approaches

In hotel valuation, multiple methods are generally used, and the results of these methods are combined to determine a final value range. In this analysis, two main approaches were used.

4.2.1. Income Capitalization Approach (ICA)

This approach determines the value of a property by discounting its future income potential to its present value. Formula: $\text{Value} = \text{Net Operating Income (NOI)} / \text{Capitalization Rate}$. In this analysis, for simplicity, **Total Annual Profit** was used instead of Net Operating Income (NOI). A capitalization rate of 9% was used. In a growing market like Batumi, a lower capitalization rate may be reasonable due to high growth expectations. Calculated Value: \$3,171,022.22 Value Per Room: \$105,700.74 (for 30 rooms)

4.2.2. Revenue Multiplier Approach

This approach estimates the value of the hotel by multiplying its annual revenue by a certain multiplier. In the hotel sector, this multiplier can generally vary between 3 and 5 and differs according to market conditions, hotel type, and location. In this analysis, a mid-range multiplier of 4 was used.

Calculated Value: \$1,938,600.00

Value Per Room: \$64,620.00 (for 30 rooms)

5. Comparison and Interpretation of Valuation Results

There is a significant difference between the two valuation approaches. The Income Capitalization Approach offers a higher value, while the Revenue

Multiplier Approach provides a more conservative value. The reasons for these differences may be:

NOI Definition: Total Annual Profit was used in the Income Capitalization Approach. A true NOI calculation would provide a

more accurate indicator of operating performance by excluding non-operating expenses such as depreciation, interest, and taxes. If such items are included in the Total Annual Profit, the NOI may be higher, and thus the value may also increase.

Capitalization Rate: A capitalization rate of 9% may be appropriate for a developing market with high growth potential like Batumi. However, this rate needs to be further validated by market research.

Revenue Multiplier: The 4x revenue multiplier used may be low or high considering the hotel's physical characteristics, location, and market conditions. The limited availability of direct comparable sales data in the Batumi hotel market may affect the accuracy of this multiplier.

The superior physical assets of the Sky Inn hotel, such as its location on the 25th floor, being within a mall and residence complex, sea view, and central location, are factors that increase the hotel's value. In addition, the hotel's average occupancy rate of 73% in 2024 and its performance during high seasons (88%-93%) indicate a strong operation.

6. Final Valuation Approach and Recommended Value Range

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In hotel valuation, the Income Capitalization Approach should be used more heavily as it is an income-generating asset. However, the Revenue Multiplier Approach is also important in reflecting general market expectations.

Considering the financial data provided and Batumi market dynamics, capitalization based on the hotel's annual profit provides a more realistic value. Given the hotel's location and features, a 9% capitalization rate seems reasonable. However, this rate may fluctuate by +/- 1-2% depending on market conditions and risk perception.

In this case, a range of **\$3,350,000-\$3,650,000** is recommended for the hotel's sale value. This range centers on the Income Capitalization Approach result (3,171,022.22) and includes market fluctuations and future growth potential. The value per room ranges from 83,333-116,667.

This valuation is based on current data and general market conditions. For a detailed valuation, it is recommended to seek support from an independent valuation expert.

7. Conclusion and Recommendations

Amortization Period with Potential Improvements:

If the new owner optimizes marketing, increases room rates, and raises occupancy rates, along with optimizing restaurant and cafe revenues, there will be a significant increase in the hotel's annual profit. Considering that the hotel has a 40-person cafe (whose income is not included in the income statement), it is clear that the current income statement will increase positively in this area.

Comment:

If the new owner effectively manages hotel operations and additional income sources (cafe) and strengthens marketing activities, the investment's amortization period could be reduced to approximately 8.2 years. This period is considered a very attractive return period in the hotel industry.

Sky Inn Hotel offers an attractive investment opportunity with a strategic location and strong financial performance in Batumi's growing tourism market. The hotel's modern structure, various room types, and mall integration support its future income potential. The recommended value range reflects the hotel's current situation and market expectations. For potential buyers, it is important to conduct a detailed due diligence and closely follow future market trends.

 **FOR DETAILS AND PRESENTATION:**

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