

INVESTINGEORGIA.ORG



INVESTMENT OPPORTUNITIES

2020

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Enterprise Georgia

“Enterprise Georgia” is a government economic development agency operating under the Ministry of Economy and Sustainable Development of Georgia.

Its ultimate mission is supporting the achievement of long-term strategic goals of the Georgian economy through three major pillars. Namely: Enterprise Georgia – **Business**, Enterprise Georgia – **Invest** and Enterprise Georgia – **Export**. The agency focuses on increasing the competitiveness of private sector, enhancing country’s export potential and promoting/supporting foreign direct investments in Georgia.

The **Business Division** of the agency aims to develop entrepreneurship in Georgia by supporting entrepreneurs, creating new enterprises and promoting the expansion or re-equipment of existing enterprises.

The **Export Division** is engaged in promoting the export potential of the country in order to increase the competitiveness of local products on international markets and the export volume of domestic products.

The **Invest Division** plays a role of moderator between foreign investors and the Government of Georgia, ensuring that the investor gets different types of updated information and has means of effective communication with the Government bodies. The aim of the Invest division is to attract, promote and develop direct foreign investments in Georgia. It serves as a “one-stop-shop” for investors to support companies before, during & after investment process.



Introduction

GEORGIA – A PLEASURE DOING BUSINESS

Located in the Caucasus region, on the coast of the Black Sea, Georgia is geographically well positioned as a gateway between Europe and Asia. The country is perfectly situated for easy access to most major European, Central Asian and Middle Eastern markets and has free trade agreements (FTAs) with most of them. In this way, Georgia already boasts majority of the preconditions required to become a regional financial and business centre.

Today, Georgia has a strong investment offer - it has liberal and free market oriented economic policy, access to 2.3 billion consumer market through its solid FTA network including both EU and China, educated, skilled and competitively priced workforce, 6 types of low and flat taxes, significantly decreased number of licenses and permissions, well developed, integrated and multimodal transport infrastructure.

Georgia is making huge amounts of investments in infrastructure and education to support tomorrow's demands of large-scale impact investments. When combined with the country's strategic location, its attractions are clear to international investors. Since regaining independence from the Soviet Union in 1991, effective reforms in economic policies and governance have earned Georgia a reputation of top regional and global reformer.

The country's ambitious objectives to be one of the best investment locations on the world map are reflected in number of different well-recognized international rankings, where Georgia maintains strong positions. For example, Georgia holds 7th position in World Bank's 2020 "Ease of Doing Business Index". Foreign-owned businesses make significant contribution to the Georgian economy and its great position for deepening links between Europe and Asia will further raise country's productivity - via the transfer of technology, by increased export-oriented investments and stronger regional competition positions.

Georgia is a great destination for companies from all around the world, whether it's to enter the regional market itself, the European market, or the broader Asian markets. It is a country full of young, dynamic and skilled people and an 'Open Door Policy' to help foreign and local companies grow in and via Georgia. The aim of this publication is to present current investment portfolio. The projects outlined demonstrate Georgia's strengths and highlight what makes this beautiful, diverse country, such an attractive destination for investment and business.

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Georgia - Facts & Figures

Area	69,700 sq. km
Population	3.7 million
Official Language	Georgian
Capital	Tbilisi
National Currency	Lari, GEL, ₾
Inflation rate (September) 2020 (YoY)	3.8%
GDP (2019)	USD 17.7 billion
GDP Real Growth Rate 2019	5.1%
GDP per capita (2019)	USD 4,763
GDP Structure (2019) (3 leading sectors)	Trade and Repair - 14.4%; Real Estate Activities - 11.5%; Manufacturing - 10.1%
FDI Inflow (2019)	USD 1.311 billion
Unemployment Rate (2019)	11.6%
External Trade Turnover (2019)	USD 13.3 billion
Total tax rate (% of profit)	9.9%
Sovereign Credit Ratings (Standard & Poor's, Fitch, Moody's)	BB Stable, BB, Ba2
Ease of Doing Business by World Bank	7 th position
Index of Economic Freedom by Heritage Foundation	12 th position
Infrastructure	3 international airports; 4 ports
Bilateral Investment Treaties	33 countries
Double Taxation Avoidance	56 countries
Currency exchange rates (average of 2020)	USD-GEL: 3.067; EUR-GEL: 3.46

Top reasons to do business in Georgia

World's leading performer - Georgia is consistently ranked as a prominent performer by international institutions:

- ➡ 7th by World Bank's Ease of Doing Business (among 190 countries);
- ➡ 12th by Heritage Foundation's Economic Freedom Index 2020 (among 180 countries).

Strategic geographic location - Located at the crossroads of Europe and Asia, Georgia is serving as a bridge and shortest route for transportation of goods.

Free Trade Agreements with 2.3 bln consumer market - Georgia has Deep and Comprehensive Free Trade Area (DCFTA) with EU, Free Trade Agreements (FTA) with Turkey, Ukraine, China (including Hong Kong), EFTA and CIS countries (including Russia, Kazakhstan etc.). Additionally, Georgia is the beneficiary of GSP regime of the following countries: USA, Japan and Canada

Fast growing economy - GDP of Georgia has permanently been increasing throughout last 4 years with around 4.4% average annual rate.

Corruption-free destination - According to the Transparency International's Global Corruption Barometer, Georgia is perceived as a corruption-free destination.

Growth-friendly tax policy - According to the 2018-2019 World Bank report, Georgia has one of the lowest taxes worldwide standing on the 3rd position with 9.9% total tax rate. In 2017, Government of Georgia implemented new tax policy. In new model of taxation system, retained earnings are free of tax - meaning profit tax is deductible only in case of profit distribution.

Young, skilled and competitively priced labor force - Georgia is inhabited by young, dynamic, multi-lingual and relatively well-educated labor, ready to take on new challenges.

REAL ESTATE & HOSPITALITY

People sometimes characterize culture as a choice between old and new, between classical or pop, great heritage or modern art. Nevertheless, in Georgia it is not one or the other, it is both.

Over recent years, Georgia has seen a dynamic growth of international visitors. Georgia received only 2 million international visitors in 2010, but in 2019, the number of visitors reached a record high of 9.4 million (7.8 % y/y growth). Taking into consideration the fact that the population of Georgia is only 3.7 million people, it is clear that the country is quickly becoming a very popular touristic destination. Due to the high demand and occupancy rates, the number of international brand hotels is rapidly growing in Georgia.

The average duration of stay of international travelers in 2019 was 6.2 nights and average spending per day above USD 641, and since a share of visitors from higher spending countries increases, average spending is expected to continue rising. The number of visits from EU countries increased by around 22% in 2019.

Over the last 7 years, the occupancy rate for all types of hotels have been approximately 65%. Growth of key performance indicators, such as Average Daily Rate (ADR) and Revenue Per Available Room (RevPAR), and hotel occupancy rates confirm the attractiveness of investment opportunities in the hospitality and real estate sector of Georgia. Unprecedented occupancy rate 77% was observed in Tbilisi during the August month 2019.

Georgia offers considerable potential to develop beach resorts, medical and wellness destinations, winter-ski resorts, and four-season destinations. To further support the growth of the sector, the Georgian Government introduced a new incentive program for the hotel industry development in the regions of Georgia. New instruments include co-financing of interest rate for new projects, franchise/management contracts, and consulting services.

Tbilisi Profile



Tbilisi is the capital of Georgia and the key destination for tourists and business travelers. The city has monuments, castles, historical houses, churches, theatres, and authentic festivals. The number of multinational companies setting up South Caucasus and CIS headquarters in Tbilisi is increasing steadily, which ensures Tbilisi's position as a regional business hub.

The city benefits from growing international, regional and local visitors. Over the last 5 years, annual hotel occupancy rates in Tbilisi have been above 70%. Following international brand hotels operate in the city: Biltmore, Radisson, Tbilisi Marriott, Courtyard Marriott, Holiday Inn, Apart'hotel Citadines, Best Western Tbilisi, Mercure, Hotels & Preference, Moxy and the upcoming projects include Park Inn by Radisson, Radisson Red, Radisson Blu Telegraph, Hilton Garden Inn, Rixos, Intercontinental, Hyatt Regency, Pullman Hotels & Resort.

Tbilisi International Airport has around 120 flights per week through 16 different airlines, including Turkish Airlines, Georgian Airlines, Lufthansa, Qatar Airways, Air Baltic, etc. Tbilisi International Airport received the largest number of travelers compared to other Georgian Airports – 1.5 mln in 2019. Additionally, in 2019, Ryanair, one of Europe's low-cost and most popular airlines, also entered Georgia and launched flights from Tbilisi and Kutaisi airports.

Georgian Public Broadcasting Building

Sector: Hospitality & Real Estate

Enterprise Georgia

Ministry of Economy and

Sustainable Development of Georgia



ENTERPRISE GEORGIA



MINISTRY OF ECONOMY AND
SUSTAINABLE DEVELOPMENT
OF GEORGIA

Project description:

The property is located in the central part of the capital city Tbilisi, near the main intersection of the Gmirta Moedani "Heroes Square", along the Kostava Street. This is the main artery of Tbilisi, which is undoubtedly a competitive project advantage.

Total area of the site adds up to 33,209 sq. m. the project feasibility study has been prepared by Cushman & Wakefield. According to the study, Georgian Public Broadcasting Property could be developed into mixed-use project with 4-star Hotel, Co-Working space, Retail area and Hostel Components, together with public and recreational gatherings space.

The location of the site in the downtown area combined with the high concentration of residential, business and educational uses in the catchment area, and relative lack of well-organized commercial facilities, makes the project commercially viable.

Designated Uses	Units/Sellable Area	Building #	Approximate (USD)	Investment
4-Star Hotel	250 Keys	Building #1	~ 33.8 mln	
Co-Working Space	2,000 sq.m.	Building #1	~ 33.8 mln	
Retail Area	33,750 sq.m.	Building #2	~ 50 mln	
Hostel	350 Beds	Building #3	~ 5 mln	



Building #	Building #1	Building #2	Building #3
IRR	19.7%	18.47%	18.51%
NPV (USD)	8,453,024	3,140,080	332,124
Payback Period	9 years	4 years	4 years



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Multifunctional Complex

Sector: Hospitality & Real Estate
National Agency of State Property,
Ministry of Economy and
Sustainable Development of Georgia

***Project description:***

The property is located within Tbilisi's Rike Park on the left bank of the Mtkvari River, which is one of the oldest district of the capital and the most visited area by international visitors and tourists.

The building is composed of two sculptural tubular elements that both open up onto the adjacent green space. Connected via a shared retaining wall, the two volumes house auditorium and an exhibition hall respectively. World's first digital architecture and design magazine Designboom has listed the property located in Tbilisi's Rike Park among TOP 10 cultural buildings of 2016.

The total size of the land area is 14,591 sq. m. the property could be developed as a new multifunctional complex that may include theatre, exhibition area, conference center, concert hall and other entertainment facilities.

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Hotel with Entertainment Facilities

Sector: Hospitality & Real Estate

National Agency of State Property,
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NATIONAL AGENCY
OF STATE PROPERTY



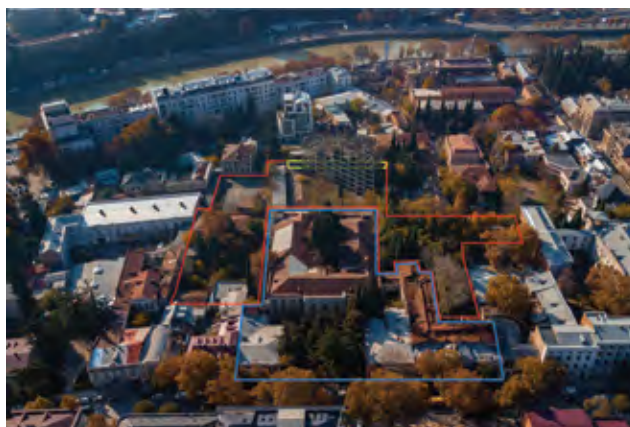
MINISTRY OF ECONOMY AND
SUSTAINABLE DEVELOPMENT
OF GEORGIA

Project description:

One of the largest properties available in the city center, the building is located in one of the most prestigious district in Tbilisi, N 60a Davit Aghmashenebeli Avenue. As one of the centers of the city's cultural and business life, district is rich with historical buildings, shops, theatres and business centers. The property provides a nice view to the Mtkvari River.

The property includes buildings of former clinical hospital. The total area is 20,633 sq. m. (cadastral codes: 01.16.05.013.049, 01.16.05.013.054, 01.16.05.013.055) and it is under 100% state ownership.

Given its outstanding site and proximity to Tbilisi's business, recreational and entertainment destinations, this property offers excellent opportunity to develop hotel and entertainment facilities. The property is situated in the area that belongs to Cultural Heritage Zone, therefore, the architectural project and the land development plan should be agreed with the Cultural Heritage Protection Council.



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Tskneti Residence

Sector: Hospitality & Real Estate
National Agency of State Property,
Ministry of Economy and
Sustainable Development of Georgia



Project description:

Tskneti Residence, the unique 89,988 sq. m. development site, is situated 700-1100 meters above the sea level in surroundings of Tbilisi. The property is just 8 km away from the city center and it several includes existing buildings and vacant land for development.

The unique combination of prestigious location, fresh mountain air, ecologically clean environment and forest area offers excellent opportunity to develop luxury residence and hotel-type cottages close to the center of the Tbilisi.



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Smart Eco City

Sector: Hospitality & Real Estate

Partnership Fund and Gino



Project description:

The idea of Smart Eco City GINO was initiated in 2009. The first stage began in 2010 and 30 million euros were invested in the construction of water park - GINO Paradise encompassing 15 hectares, which represents the biggest entertainment center in the Caucasus region. During the second stage in 2015, the master plan for the development of 25 hectares was approved by the city hall. The master plan consists of commercial, office, and entertainment centers, with a total area of 200 000 sqm. Development of the project Smart Eco Green City started in 2016.

The feasibility study for the project was prepared by Cushman & Wakefield and the master plan for the development of the whole 260 hectares and sustainability vision of the Eco Green City is currently prepared by the Danish company "RAMBOLL".

Development Company Idea City holds management. Investor, project development company Idea City together with Partnership Fund, is interested to attract debt and equity financing for the project.



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Tbilisi TV Tower Development Project

Sector: Hospitality & Real Estate

Tbilisi Municipality City Hall, Economic Development Office



TBILISI CITY HALL

Project description:

Tbilisi TV Tower located on the top of the highest mountain overlooking the city represents an iconic landmark of Tbilisi. The new development concept introduces the most favorable functional split for the structure to become the city's top tourism destination. The investment project foresees the development of a concept restaurant, visitor's center, panoramic viewing platform, and different tourism-related attractions at +70 m.

TV Tower development project has been completed with the close collaboration of Estonian KoKo Architects providing designing and site preliminary research input.

Information about the project:

- **Brief background, location:** Tbilisi, Funicular upper plateau
- **Total investment cost in USD:** USD 10 mln
- **Project's implementation period:** 42 months
- **Project objectives/desired outcome:**
 - Revenue from ticket sales/per annum: € 1 258 475
 - Revenue from Restaurants/per annum: € 1 067 797
 - Revenue from payroll/per annum: € 240 000
- **Products/services to be developed (with estimated production capacity):** concept restaurant, visitor's center, panoramic viewing platform, and different tourism-related attractions
- **Target Markets:** local residents and international visitors



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Paragraph Hotel Freedom Square
Sector: Hospitality & Real Estate
Georgian Tourism Development Fund



Project description:

Paragraph Hotel Freedom Square is located on Freedom Square, in the center of Tbilisi and is at its final stage of development. The hotel will operate under the Marriott International's "Luxury Collection" Brand.

The luxury hotel will feature 220 rooms of six different categories, with spectacular views of Tbilisi, conference rooms, meeting facilities, office areas, retail space, a spa, and fitness center with an infinity pool. The hotel will have a cable car connection with the Sololaki Raise Convention Center Tbilisi – Autograph Collection, another investment project in the fund's portfolio.

The total investment amounts to 110 Million USD. The fund is interested to discuss potential partnerships for this project.



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Paragraph Golf & Spa Resort Tabori Hill
Sector: Hospitality & Real Estate
Georgian Tourism Development Fund



Project description:

Paragraph Golf & Spa Resort Tabori Hill, Tbilisi – Autograph Collection is a multifunctional recreation complex located in Tbilisi, adjacent to the unique Tbilisi Botanical Garden.

The resort will feature a 170-room luxury hotel, a 9-hole golf course, a clubhouse, various sports facilities, restaurants, and cafes. The project will have a cable car connection with the Paragraph Convention Center and Paragraph Luxury Collection hotels, allowing visitors to access the resort from the city center in just 10 minutes using eco-friendly public transport.

The total investment is over 90 Million USD. The fund is interested to discuss potential partnerships for this project.



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Upper Upscale Hotel in Tbilisi
Sector: Hospitality & Real Estate
Cushman & Wakefield Georgia



Project description:

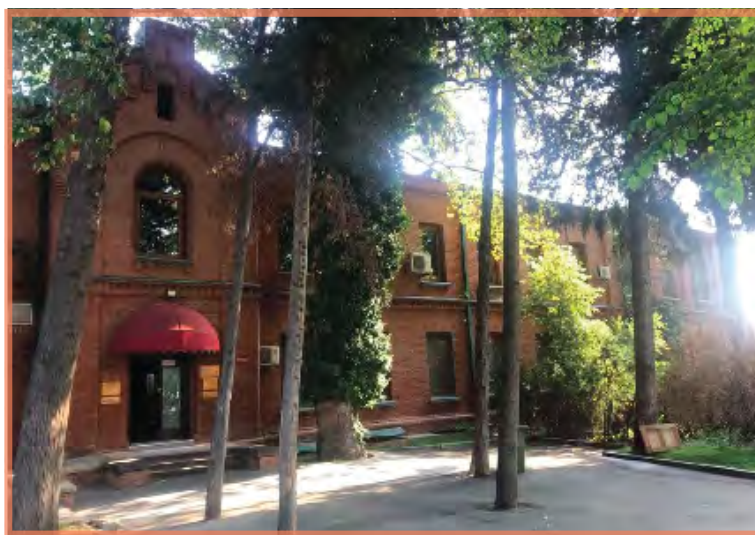
A 120-key, full-service upper upscale hotel is set to be developed at 27 Tabukashvili Street in Tbilisi, Georgia. The location is highly favorable as central yet tranquil, removed from the bustle and noise of Rustaveli Avenue (only 300m away). The main attractions of the city – both cultural and recreational – are within 10-30-minute walking distance.

The building set to be turned into the hotel is a historic and cultural heritage site dating back to the 1830s. Once redeveloped, it will feature luxury suites and F&B facilities. The hotel is also set to feature MICE and SPA facilities.

The implementation period is currently envisaged at 2-3 years. The total investment adds up to \$20.9M with a desired funding structure of 60-40 debt to equity arrangement:

Total Investment:

- \$20.9M
- Project NPV: \$2.7 M
- IRR: 12.9%
- Payback Period: 11 years



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SPA Hotel at Lisi Lake

Sector: Hospitality & Real Estate
Cushman & Wakefield Georgia



Project description:

A 70-key hotel and SPA complex is being developed on the Western shore of Lisi Lake. A popular spot in Tbilisi, Lisi Lake is widely associated with recreation and healthy living. The SPA hotel will build and expand upon this reputation, offering its guests the first-ever in Tbilisi a full-service SPA, serving both midmarket and luxury base and an open-air sulfur pool. The complex will include underground parking, banqueting and conferencing spaces, a restaurant, and a lounge bar. The structure for the hotel is already constructed and mimics the design of cultural heritage sites in Imereti – Dadiani Palace. The completion and launch of the entire complex is scheduled for 2021.

The total investment in the project adds up to \$6.5M.

- Project NPV: \$11.4M
- IRR: 21.8%
- Payback Period: 8 years



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GINO Aparthotel

Sector: Hospitality & Real Estate
Cushman & Wakefield Georgia

***Project description:***

Gino Aparthotel on the banks of the Tbilisi Sea will soon finish construction. The aparthotel is set to include 219 serviced apartments as well as a restaurant and conference facilities distributed on 8 floors. The subterranean level will be fully devoted to parking, supplying a total of 48 parking spots, while the upper levels will include apartments, a restaurant, and meeting rooms. The apart-hotel will also be served by a swimming pool and have direct pedestrian access to Gino Water Park. The project is planned for launch by 2021.

Total Investment:

- €8.6M
- Project NPV: €12.9
- IRR: 33%
- Payback Period: 3 years

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Gino Water Park

Sector: Hospitality & Real Estate
Cushman & Wakefield Georgia



Project description:

Gino Paradise Water Park is considered for sale as an operational business.

Gino Paradise in Tbilisi has been operating since the early 2010s. It is located on the shores of the Tbilisi Sea water reservoir. Gino offers 9 outdoor and indoor pools and several rides ranging from thrill rides to children's ones. There are children's play areas as well as a sports academy, where one can learn swimming and water sports. The complex is equipped with fitness and VIP Spa and Wellness centers as well as a center for birthday celebrations. There are four restaurants and six bars serving guests and the equipment available for paddleboarding in the Tbilisi Sea.

Gino's diversity of offerings is unparalleled in Georgia; it is not just a water park but a multi-functional complex. The historic demand on Gino shows both a growth and a seasonality pattern. The average annual growth rate of demand is 17%.



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GINO Outlet by Freeport Retail
Sector: Hospitality & Real Estate
Cushman & Wakefield Georgia



Project description:

Tbilisi retail scene is soon expected to feature its first-ever outlet mall. The mall is to be located in the vicinity of the Tbilisi Sea – an ideal suburban location for such a development – and will supply 7,800m² of GLA. Freeport Retail has been engaged to manage the outlet; the company operates numerous outlet malls in Europe.

Market testing resulted in strong positive feedback from the existing market players. The desired outcome is for the mall to feature both the brands that have been successful in the Georgian market and those that have yet to make landfall. The implementation period for the mall is 1 year.

Total investment adds up to €10.9M with a projected 80% debt financing.

- Project NPV: €1.7M
- IRR: 14.54%
- Payback Period: 4 years



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Axis Towers

Sector: Hospitality & Real Estate
Georgian Co-Investment Fund

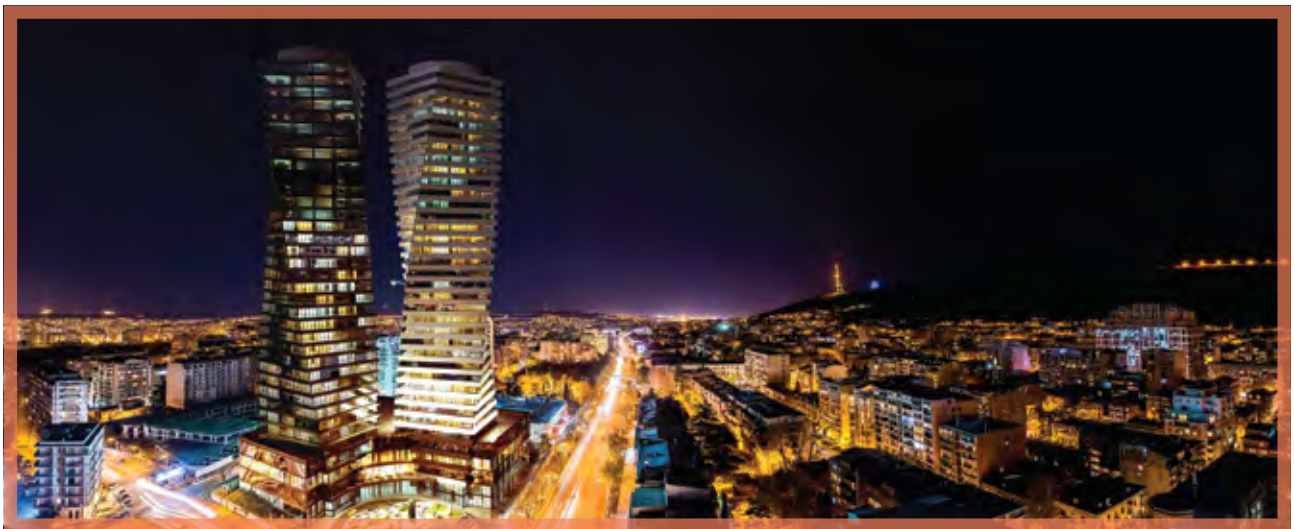


Project description:

AXIS TOWERS is the tallest skyscraper project in Tbilisi. The multifunctional complex consists of two 32-story towers standing on a 5-story pedestal. The pedestal features retail areas, restaurants, cafes, conference facilities, meeting rooms, and over 16 000m² of A-class office areas.

The top of the pedestal houses a private courtyard (over 1 000 m²) for the residential areas located in the stone tower. The building also houses a spa center, a fitness club, and a 25-meter-long swimming pool with a retractable roof. The stone tower accommodates 16 000 m² upscale residential areas, with the finest views over the city. The glass tower houses offices and a 226 room, 5-star Pullman hotel with a restaurant and sky bar overlooking the city from the 37th floor.

Georgian Co-Investment Fund holds a 39% equity stake in the property and is additionally providing mezzanine financing. The total investment amounts to 117 Million USD. The fund is interested to discuss potential partnerships for this project.



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Galleria Tbilisi

Sector: Hospitality & Real Estate
Georgian Co-Investment Fund

***Project description:***

Completed in November of 2017, “Galleria Tbilisi” is a modern, multifunctional shopping center, located in the heart of the city, on Tbilisi’s prime high street, Rustaveli Avenue. Galleria Tbilisi is a truly multifunctional project, boasting direct access from the Freedom Square underground station, the shopping mall includes five levels of retail space 6 screen cinema and a food court with up to 25 000 m² GLA. It also holds over 4 000 m² of office areas, a 78 room midscale select-service hotel, and an underground car parking with 270 car parking places.

The unique development is designed around Tbilisi’s two renowned theatres, the Liberty Theater and the A. Griboedov Russian Drama Theater which are integrated within the mall structure.

The total investment amounts to 85 Million USD. The fund is interested to discuss potential partnerships for this project.

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Sololaki Rise Convention Center
Sector: Hospitality & Real Estate
Georgian Tourism Development Fund



Project description:

Sololaki Rise Convention Center in Tbilisi is a mixed-use development overlooking Tbilisi city, located on top of the Tbilisi botanical garden. The project will feature a 190-room hotel, which will operate as a part of Marriott International's Autograph Collection and a 30 000 m² convention center, with multiple meeting rooms and conference halls, including the largest conference hall in Georgia, which will be able to host 3 000 attendants simultaneously.

The total investment amounts to 115 Million USD. The fund is interested to discuss potential partnerships for this project.



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BLACK SEA RESORTS



Due to the growing number of international visitors, hospitality and commercial real estate sectors are rapidly developing in Georgia's Black Sea resorts. Sun-Beach resorts are one of the largest and fastest-growing touristic destinations in Georgia.

Adjara Region, located in southwestern corner of Georgia, is known for its admirable seaside journeys and experiences. Adjara Region was visited by an unprecedented number of travelers in 2019 - the total amount of international tourists reached around 2 million (1,890.892) in 2019, which exceeds the figure of 2018 by 21%. Existing and upcoming international hotel brands in Adjara region include Marriott, Radisson, Sheraton, Euphoria Hotel Batumi, Wyndham, Hilton, Divan, Crowne Plaza, Best Western, etc.

Batumi, capital of Adjara Region, is the second most visited cities in Georgia. Batumi is famous with its merged historical and modern architecture, high-rise landmark buildings, stony beaches and admirable landscapes. Batumi International Airport, Railway Station and Sea Port are the main infrastructural facilities of the region.

Gonio

Sector: Real Estate & Hospitality
The Ministry of Finance and
Economy of Adjara Autonomous Republic



Project description:

Gonio is a popular historic, touristic and commercial seaside destination on the southeastern coast of the Black Sea, just 10 km away from Batumi. Gonio is one of the oldest inhabited areas of Georgia. The first settlements in Gonio appeared in VIII-VII B.C. Old Gonio territory is famous for its merged historical architecture, the Gonio fortress, stony beaches and admirable landscapes. The land plot under the cadastral code (05.36.24.476) with total area of 48 ha is located in the above-mentioned settlement. The land plot offers excellent opportunity to develop a resort with premium class villas, hotels, residential apartments, sports stadiums, yacht club and recreational zones. The development plan of the above-mentioned resort will be prepared this year.

The project's approximate implementation period: 5-7 years.



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Maltakva, Poti

Sector: Hospitality & Real Estate
National Agency of State Property,
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NATIONAL AGENCY
OF STATE PROPERTY



MINISTRY OF ECONOMY AND
SUSTAINABLE DEVELOPMENT
OF GEORGIA

Project description:

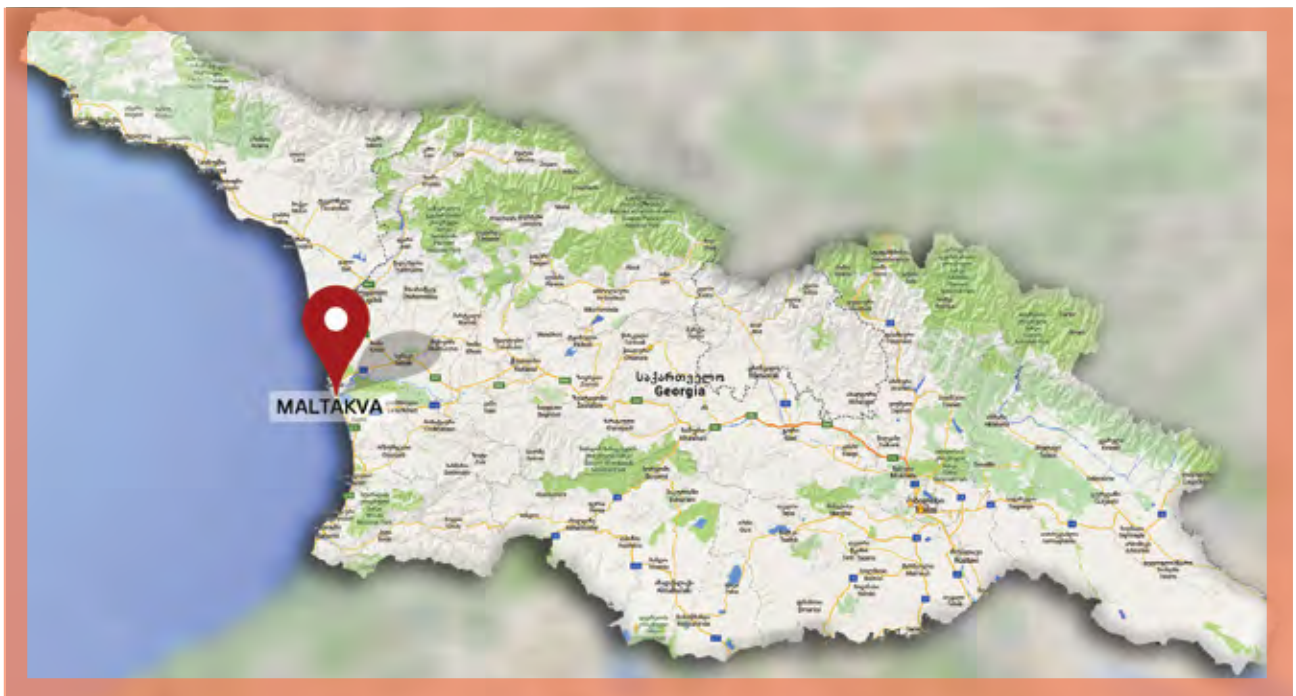
Maltakva is the summer resort located on the black sea coast, south to Poti, Samegrelo region.

Maltakva boasts a warm and humid climate. A large part of the territory covered by mixed forests. Maltakva resort is perfect for prevention of diverse diseases such as cardiovascular, respiratory and nervous system, functional disorders.

The Government of Georgia intends to select an investor to develop hotel infrastructure on the selected territory.

Total area: 40 000 sq.m

Starting privatization price: GEL 1 800 000

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Development of Chakvi and Tsikhisdziri Resort Coastline

Sector: Real Estate & Hospitality

The Ministry of Finance and

Economy of Adjara Autonomous Republic

Project description:

The Master Plan has already been developed and envisages sustainable development of the tourist and recreational zones, including: Hotels, Cottages, Premium Class Villas and relevant infrastructure. The resort will be a new location for passive and recreational leisure.

The Project envisages:

- Most efficient use of tourism, recreational, resort and wellness potential of Chakvi and Tsikhisdziri projected area;
- Development of sport and entertainment complexes on the territory of Chakvi and Tsikhisdziri projected area;
- Creating a healthy, safe and convenient living environment for population;
- Improvement of urban and ecological condition – using electric cars on the territory;



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Dreamland Oasis

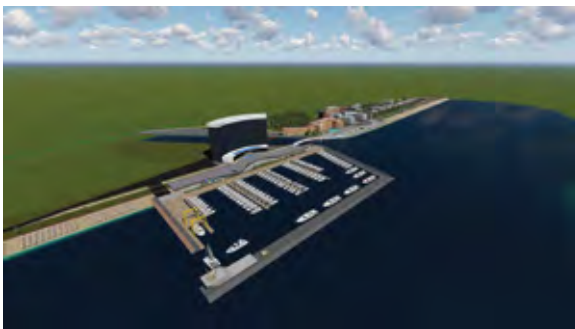
Sector: Hospitality & Real Estate
DREAMLAND OASIS LLC

***Project description:***

Dreamland Oasis is the real estate mixed-use project that includes development of several hotels, apartments, yacht club, thermo-treatment waterpark and various sport and entertainment facilities. The project is situated at Chaqvi seaside area near Batumi city. The hotel component consists of nine 3-4 star hotels with 296 rooms in total, 4-5 star hotel with 180 rooms, 5 star hotel with 223 rooms, and another 5 star hotel with 560 rooms. The number of apartments amounts to 700 units.

Total cost of the project is USD 121.5 million. Soft costs such as master planning, designing and partially construction are planned in 2020. The project includes two stages; first stage involves the construction of all the facilities of the project except 5 star hotel with 560 rooms. Operating income is planned by summer 2023. The second stage of the project is the construction of a 560-room hotel with the funds generated from the business. According to the project, the construction of the second phase will start in 2023 and will receive first operating income by season 2025. All units provided for the first stage of the project will reach maximum planned annual revenue by 2028, which is the 6th season of operating activity and the 9th season from the beginning of investment. This scenario considers quick return on investment by selling all of the units.

- Total cost of the project - USD 121.5 million
- Total operation profit and income from property sales – USD 223.2 million
- Net cash flow after 10 years – USD 101.6 million
- NPV DR=12% - USD 8.6 million
- IRR - 14.27%
- PBP -10 years

**Contact information:**

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Sheraton Batumi Hotel

Sector: Hospitality & Real Estate
Colliers International Georgia

***Project description:***

Batumi is located in the southwest of Georgia. It is the second-largest city of the country and the capital of the autonomous republic of Adjara. Due to the subtropical climate and its location on the coast of the Black Sea, Batumi is known as the capital of Georgia's summer tourism industry. Batumi is one of the most popular warm-weather destinations in the country. Batumi offers all of the charms of an elegant, 'old world' southern city with the modern benefits that come from continuously improving infrastructure and startling new architectural developments.

Sheraton Batumi is a completed and successfully operational Hotel. The owner of the project is Nurol Holding A.S. Hotel has 2020 rooms, 3 restaurants, 1 bar, 7 boardrooms, 1 grand ballroom, club lounge, spa, gym, pool, and casino. This is a great opportunity to buy the market-leading hotel in a fast-growing resort destination:

- High-quality frontline location
- Built and maintained to international standards
- RevPAR in internationally branded hotels in Batumi increased by 16% between 2016 and 2018
- Sheraton Batumi outperforms the market: in 2018, the RevPAR of the hotel was 21% higher than the market
- Further asset management opportunities available

Tenure:

Structure – Management Agreement

Operator – Marriott International

Brand – Sheraton

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Paragraph Resort & Spa Shekvetili
Sector: Hospitality & Real Estate
Georgian Tourism Development Fund



Project description:

Paragraph Resort & Spa Shekvetili – an Autograph Collection brand Hotel under Marriott International is located in Shekvetili, a fast-growing touristic attraction at the Black Sea resort area (Guria region, Shekvetili village). This project is one of the successful ones in the Fund's portfolio that was launched in 2017.

The luxury resort features 220 rooms with magnificent views over the Black Sea, a 1 600 M3 aquarium with 50 different species of fish, a 115-meter-long outdoor pool built in the sea, indoor swimming pools, an aqua park, a children's club, a winter garden, cafes, bars, restaurants, conference facilities, tennis courts, a football pitch, a spa and a recreational space featuring the magnetic sand unique to the region.

The total investment amounts to 120 Million USD. The fund is interested to discuss potential partnerships for this project.



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Paragraph Resort Ganmukhuri
Sector: Hospitality & Real Estate
Georgian Tourism Development Fund



Project description:

Paragraph Ganmukhuri will operate under the Marriott International's Tribute Collection brand. It is a 160-room hotel located on the Black Sea shore near Anaklia, (Samegrelo-Upper Svaneti region, village Ganmukhuri). The hotel will feature indoor and outdoor swimming pools, a spa and fitness center, sports facilities, restaurant, lounge bar, and additional spaces for business meetings and massive conferences.

The project will be located on 35,000 square meters of land. It is notable that among the other places of the Black Sea coast, the Ganmukhuri village is least humid.

The total investment amounts to 45 Million USD. The fund is interested to discuss potential partnerships for this project.



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SPA & WELLNESS RESORTS



Georgia has a big history of Spa & Wellness tourism being a top destination in former Soviet Union. Taking into account Georgia's location and unique natural resources, such as balneal waters, mud resources and mountainous landscapes, the country has great potential to become one of the most significant SPA & Wellness destinations in the region.

Tskaltubo, Borjomi, Sairme, Likani and Akhtala are among the top Spa & Wellness destinations in Georgia.

Tskaltubo, located in Imereti region, west part of Georgia, is a famous spa brand in CIS countries. Vast reserve of mineral and thermal waters with unique therapeutic qualities, subtropical climate and rich nature make it the unique balneal and spa resort in the region. The city is just 9 km away from Kutaisi International Airport.

Borjomi, a resort town in south-central Georgia, is famous for its volcanic origin mineral water, which is over 1,500 years old. With its mineral water, an array of stunning landscapes, lush and wild flora, and protected areas, Borjomi is a unique spa and four-season destination.

Tskaltubo Spa and Wellness Resort
Sector: Hospitality & Real Estate
National Agency of State Property,
Ministry of Economy and
Sustainable Development of Georgia



Project description:

Tskaltubo is a Spa and Medical Resort destination, located in western Georgia (15 Km to Kutaisi International airport). Tskaltubo was one of the most famous spa resorts in USSR with more than 5,800 bed supply. Tskaltubo is known for the vast reserve of mineral and thermal waters with unique therapeutic qualities - best for treating problems of locomotor system, heart, bronchial asthma, digestive, diabetes, nervous systems, hypertension, gynecological, musculoskeletal system

15 former sanatoriums in the city of Tskaltubo are ready for re-development. Sanatoriums is owned by government

- 70 ha unique park, 9 bathing facilities, 15 former Sanatoriums
- Several private owned hotels operate currently in Resort
- Project includes development of 15 Hotels, MICE facility, Various touristic attractions
- Convenient location to access a number of Georgia's most popular tourist destinations and 'must-see' sightseeings



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Borjomi Likani**Sector: Real Estate & Hospitality****JSC Partnership Fund*****Project description:***

5 Star multi-functional touristic complex including spa, fitness and healthcare facilities is located on the territory of well-known international resort Borjomi-Likani (150 km from Tbilisi). Hotel is adjacent to one of the largest European national parks ("Borjomi Kharagauli National Park"). The Romanov Palace is located in close proximity to the hotel (150-200m). The Hotel was opened in 2015 and consists of 151 luxurious rooms and provides a broad range of medical procedures.

Partnership Fund is currently seeking investors interested to purchase hotel and adjacent territory of 15 hectares.

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Shovi Resort

Sector: Hospitality & Real Estate

Simetria



Project description:

Unique opportunity to invest in mountain spa, wellness and balneology resort development. Distinguished with its healing climate, rich mineral water sources (16 thermal and cold springs) and beautiful nature, Shovi is year-round climatic mountain resort with a potential of balneology, ecotourism and untouched nature in Racha, the mountainous region of Georgia. Located on the south slope of Caucasian Range at the elevation of 1500-1600 meters above sea the level, Shovi is 330 km from Tbilisi and 55 km from nearest airport of Ambrolauri. The resort is well known for its healing effect and positive impact on body's cardiovascular, immune, respiratory and digestive systems.

Project considers development of 30 ha diversified year round luxury resort, with wide range of accommodation facilities featuring world class balneology and SPA Center, eclectic gastronomic services, MICE and event center, infrastructure for a number of sport and leisure activities.

- Total investment - USD 35 million
- Implementation period - 4 years
- Financing structure - 40% / 60% debt & equity
- Project equity required - USD 12.5 million
- Project IRR - 12%
- Equity IRR - 15%
- Payback period - 13 years



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Wellness & Spa Resort, Mtsvane Kontskhi
Sector: Hospitality & Real Estate
Georgian Tourism Development Fund



Project description:

Wellness and Spa Resort on Mtsvane Kontskhi (Green Cape), an Autograph Collection brand Hotel under the Marriott International, is a luxury spa resort development project located in the Adjara region. The resort is situated on the Green Cape, next to the unique Batumi Botanical Garden that was built in 1892 will be overlooking the Black Sea shore.

The luxury hotel will feature 120 rooms, a wellness center spa and a fitness center, restaurants, and sports facilities. The project will also include serviced apartments a separate outdoor swimming pool, spa, fitness center, restaurants, lounge bar, tennis & football fields, recreational area, and additional spaces for business meetings and massive conferences.

The total investment amounts to 70 Million USD. The fund is interested to discuss potential partnerships for this project.



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Paragraph Wellness Resort & Spa, Abastumani
Sector: Hospitality & Real Estate
Georgian Tourism Development Fund



Project description:

A 5-star hotel under the Marriott International's Autograph Collection brand will be built in Abastumani, Georgia. The project will feature a 150-room hotel with spectacular views over the coniferous forest, facilities include a spa, a swimming pool, restaurant, conference hall, and a rooftop terrace with 360° aerial panorama. Surrounded by coniferous forests, the hotel will be located on 20,000 square meters of land, and its total construction area will be 30,000 square meters.

Famous for its curative climate, mineralized springs, and thermal waters, the Abastumani region is believed to flourish as a climatic-balneological resort, both within the domestic and international markets.

The total investment amounts to 46 Million USD. The fund is interested to discuss potential partnerships for this project.



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MOUNTAIN RESORTS



Mountains occupy 80% of Georgia's territory, providing plenty of opportunities to develop four seasons mountain resorts. Most of Georgia's mountain resorts have 5-6 months of permanent snow and elevations of ranging from 1,400m to 2,196m above sea level and are brimming with rare wildlife, flowing rivers, mineral waters, lakes and majestic alpine plateaus next to UNESCO heritage sites. Almost all resorts are within 2-hour drive from International Airports and are easily accessible. Georgia's primary mountain resorts include Gudauri, Bakuriani, Goderdzi, Tetnuldi, Hatsvali, Racha and Gomarduli.

Combining natural qualities with rapidly developing infrastructure, Georgia could become prominent mountain and ski tourism destination. According to the EY research, mountain resorts in Georgia have a capacity to attract at least additional 1.5 mln visitors compared to current numbers.

Goderdzi Mountain Resort Development
Sector: Hospitality & Real Estate
The Ministry of Finance and
Economy of Adjara Autonomous Republic



Project description:

The main goal of the “Goderdzi Resort” project is to develop modern, efficient, and competitive resort clusters in Highland Ajara. It will serve as a four-season destination. Goderdzi Resort is located within 2 hours drive (109 km) from Batumi, at an elevation of 2000m above sea level. Goderdzi is snow-covered from November to April.

633 ha territory is available for tourism infrastructure development. The maximum capacity of the resort is 7000 skiers. The development plan of Goderdzi Resort was prepared by the following companies: HOK Group, Geographiki, Arsi, Arup, King Sturge, and Ecosign. The plan aims to boost the potential of the site as a year-round resort.

Goderdzi Resort is planned to offer different accommodation types, such as rental apartments, forest cabins, and a luxury spa hotel. Each will be located in an optimum position to meet the interests of all stakeholders. The construction of 19 hotels is in process. There are several land plots available for privatization.



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Gomarduli Resort

Sector: Hospitality & Real Estate

The Ministry of Finance and

Economy of Adjara Autonomous Republic

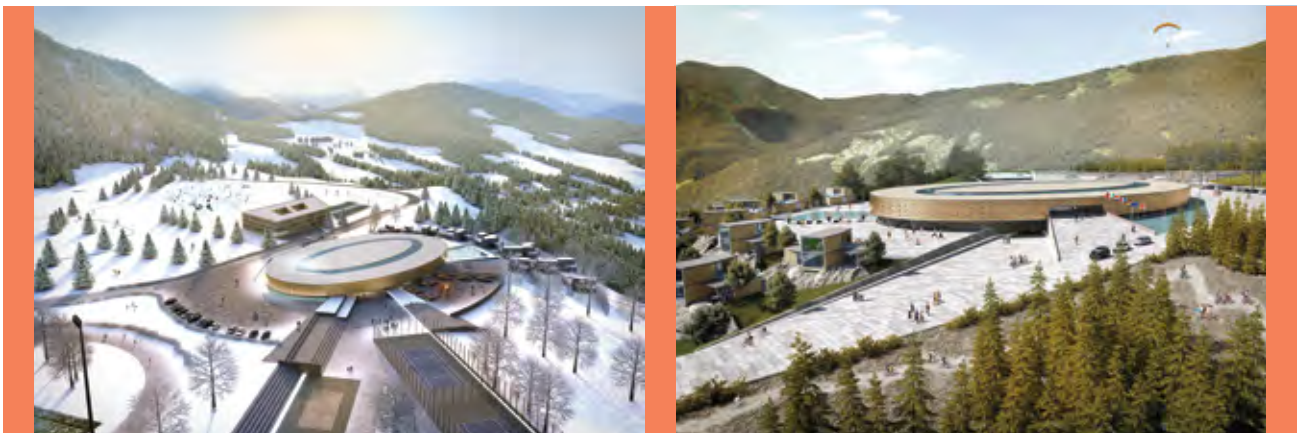


Project description:

Gomarduli Resort is located just 72 km away from Batumi in Shuakhevi Municipality. Unique nature and climatic conditions create attractive environment for the investors to develop a four seasons resort focused on sports tourism and training camps. The land plot (the cadastral code 24.08.24.034) with total area of 40 Ha is 1100 meters above sea level. The development concept of the selected location has been prepared last year by the international German company "Pro Project". The concept considers developing a High-Performance Training Centre (HPTC) for individual sport (Wrestling, Weightlifting, Martial arts) and recreational use in Gomarduli. Based on the analysis, Gomarduli Investment amount for the project is USD 28.5 millions.

The project will consist of three phases:

- Phase 1: High-Performance Training Centre (HPTC) with 48 rooms, sports and recreational facilities for the purpose of year-round operation
- Phase 2: Expansion of the overnight accommodation capacities of the HPTC to 72 rooms; Development of an additional hotel with 100 rooms
- Phase 3: Further increase in overnight accommodation capacity; Development of a third hotel and an additional campsite



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Rural Hotel Chain Development Project
Sector: Hospitality & Real Estate
JSC Partnership Fund



Project description:

Racha-Lechkhumi region is located in the northwestern part of Georgia on the southern slopes of the Central Caucasus. The region possesses a highly attractive natural environment, diverse flora and fauna, unique wines, water and mineral sources. The project aims to create a Rural Hotel Chain in Georgia by developing an innovative Hotel Management Company and Brand.

The concept is based on the Italian “Scattered Hotel Model”. The goal is to convert empty houses into guestrooms and apartments that converge around a central lobby and café area. Architectural and design concepts of the Georgian Rural Hotel models are based on historical Georgian wooden houses (Kolkhetian Oda). The project model includes 60 hotel rooms and 30 apartment rooms.

Location: Baji village, Racha Lechkhumi and Kvemo Svaneti region, Georgia.

Financial Highlights:

- Investment- \$2 million
- NVP- \$1.6 million
- Payback period-4
- IRR(10 year)-29%

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Racha Resort Development

Sector: Hospitality & Real Estate
JSC Partnership Fund



Project description:

Racha, located in the northwestern part of Georgia on the southern slopes of the Central Caucasus, is famous for its mountains, mineral waters, "Khvanchkara" wine region, and cultural monuments. Racha has three main tourism destinations: Shovi, Utsera and Shaori.

Unique Selling Proposition of Racha region:

- Mineral and Spa waters
- Picturesque Lake
- River and Mountains

Feasibility Study (Market analysis, Development concept, Investment breakdown) was prepared by BDO.

Current status: the government is in the process of infrastructure development and other investment promoting activities in the region.

The total investment size is 60 Million USD.

The state-owned investment fund, Partnership Fund considers participation in PPP Format.



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Four Points by Sheraton Bakuriani
Sector: Hospitality & Real Estate
Simetria



Project description:

Project land is located in Bakuriani, a four season mountain resort in the Borjomi region at an elevation of 1,700 meters above sea level. Cristal clean air of high mountains, predominantly coniferous forest is best known at treating wide range of respiratory disorders. The resort is one of the most visited holiday destinations in Georgia both, for summer and winter periods, with split between the seasons of almost 55%/45%.

The project envisages the development of a 116 room Hotel in a four-season mountain resort Bakuriani, under the brand name of Four Points by Sheraton. The Hotel will be managed by Hotel Collection International - Spanish hotel management company which is authorized by the following large international hotel chains:

Hilton, IHG, Marriot, Accor to be a qualified manager of properties operating the selection of portfolio of brands belonging to the named international chains.

- Total investment - USD 11 million
- Implementation period - 2 years
- Financing structure - 50% / 50% debt and equity
- Project equity required - USD 4.5 million
- Equity IRR - 15%
- Payback period - 8 years



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Hotel in Signagi, Kakheti
Sector: Hospitality & Real Estate
Georgian Tourism Development Fund



Project description:

Located in Signagi, Kakheti region, The four-star hotel is at its final stage of development. The project will feature a 130-room hotel with various on-site facilities, such as spa and fitness centers, indoor and outdoor swimming pools, wine bar, wine cellar, high-class restaurant, a large ballroom, and roof lounge with a spectacular 360° aerial panorama of the city and Alazani Valley. The project will be located on 50,000 square meters of land.

It is notable that Signagi is a town in Georgia's easternmost region of Kakheti and although it is one of Georgia's smallest towns, it serves as a popular tourist destination due to its location at the heart of Georgia's wine-growing regions, as well as its attractive landscapes, pastel houses and narrow, cobblestone streets. Located in this beautiful village, the Hotel overlooks the Alazani Valley, with the Caucasus Mountains visible at a distance.

The total investment amounts to 22 Million USD. The fund is interested to discuss potential partnerships for this project.



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COASIS Resort Kakheti

Sector: Hospitality & Real Estate
Coasis Resorts



Project description:

COASIS Resort Kakheti is the investment project regarding development of a four-star hotel resort in Kakheti, Georgia. The resort consists of 129 rooms, together with a variety of restaurants and bars, pool club, wellness center, indoor and outdoor sport facilities as well as a conference center and administrative buildings. It will be built using repurposed shipping containers, resulting in an edgy contemporary design and low environmental footprint. COASIS offer is formatted to meet needs of Millennials - the group with highest spendings on leisure travel - by introducing guests to a variety of experiences making their stay unique and entertaining while also providing comfort and high quality of service.

Business rationale

Market with growing demand, limited and undersupplied competition in 4* segment

Business-friendly environment with favorable tax

4th safest country in the world (by Numbeo crime index)

Perfect timing for optimizing development with lower costs and better access to qualified staff

Launch planned for post-COVID growing tourism market with reduced supply

The proposal

The project is seeking a \$5 million equity investor to finance equity part of the total \$13 million of planned investment.

Project key metrics

- 20% EBITDA
- 20% IRR
- 129 rooms
- \$116 ADR
- \$118 TRevPar
- 60.4% Avg. occupancy



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Machakhela National Park

Sector: Hospitality & Real Estate

Agency of Protected Areas of Georgia

WWW.APA.GOV.GE



დასავლითი ტერიტორიების სააგენტო
AGENCY OF PROTECTED AREAS

Project description:

Machakhela National Park is located in Khelvachauri Municipality and is 30 km away from Batumi. The main goal of creating the park is to maintain the unique biodiversity and ecosystems of Colchic forests.

Project Details:

- Project objectives are to develop eco-touristic infrastructure, to support growing touristic flow, and sustain Machakhela National park's ecosystem
- The total investment cost of infrastructure development is 3.5 Million USD
- The project implementation period is 2 years
- The project is supposed to have an exhibition area, museum of Protected Areas of Georgia, souvenir shops, catering facility, library, and lounge area
- The Investor will have an opportunity to develop and manage the park on BOT terms



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MANUFACTURING & AGRIBUSINESS

Strategically located at the crossroads of trade and commerce routes between East and West, Georgia is ideally positioned to access markets of Asia and Europe, as well as the Middle East and the CIS countries. Cost-competitive and business friendly environment along with tariff-free access to 2.3 billion market make Georgia the right place for the next manufacturing plant as the global challenges have put forward the need to explore new locations where lower costs are matched with reduced risks.

The food, metals and non-metallic mineral products provide the largest industrial base for Georgia, while apparel, electronics and automotive are the fastest growing industries. Thus, the country offers plenty of opportunities within the manufacturing industry.

Georgia enjoys Deep and Comprehensive Free Trade Area with the EU, Free Trade Agreements with Turkey, EFTA countries, China (including Hong-Kong), CIS countries and Ukraine as well as Generalized System of Preferences (GSP) with the USA, Canada and Japan. It means that by entering Georgia, companies can benefit from growing regional market and access to over 2.3 billion potential customers without customs tariffs.

Georgia offers young, skilled and competitive talent pool. Average monthly salary in manufacturing sector in 2019 was 427 USD including white and blue-collar workers. 48% of workforce is 45 years old or younger, which means that young workforce is available on the market.

Furthermore, Georgia's strong Education System generate competitive professionals equipped with advanced knowledge and skills. Georgia has 64 higher educational institutions and 66 Vocation Education Institutions. Kutaisi International University, which will be the largest universtiy complex and regional education and technology hub in Caucasus, is receiving the first wave of students in September 2020. On the other hand, modern Vocational Education and Training (VET) system has already been developed in Georgia ensuring delivery of industry-relevant qualifications and technical skills in line with EU practices.

Up to 80% of power is generated via hydro and wind power plants, leading to greener and cheaper energy. 1 kWh of high voltage electricity costs around 6.6 USD cents.

Low tax rates and transparent tax system make Georgia the most attractive tax regime in the region. Georgia is the 3rd least tax-burden country in the world (World Bank). Reinvested profit is free from profit tax - companies pay Profit Tax only on distributed earnings. 80% of goods are free from import tariff in Georgia. Additionally, Georgia has 4 Free Industrial Zones (FIZs) in Poti (sea port), Kutaisi (second largest city) and Tbilisi (capital city). Businesses registered in Free Industrial Zones benefit from certain tax exemptions: If a company produces goods for export in FIZ, it is exempt from all taxes except Personal Income Tax (20%), which is paid from employees' salaries.

Investment opportunity of manufacturing Footwear and Bags in Georgia

Sector: Manufacturing and Agribusiness

LEPL Enterprise Georgia

Ministry of Economy and Sustainable Development of Georgia



ENTERPRISE GEORGIA



MINISTRY OF ECONOMY AND
SUSTAINABLE DEVELOPMENT
OF GEORGIA

Project description:

Georgia has a rich history of manufacturing apparel and leather products. Nowadays factories in Georgia produce apparel for international brands such as Moncler, Tommy Hilfiger, Nike, Adidas, Mexx, HM, Zara, Puma, Autograph, Lebek, Hawes & Curtis, M&S etc. Footwear and bags manufacturing sector has emerged recently as local manufacturers started to export their products to different international markets.

According to KPMG, Georgia has a potential to produce footwear, bags and accessories for international brands. Products can be exported to EU, CIS and Middle East. It is possible to source part of raw materials locally, as well as import them easily from neighboring countries. Leather production is also developing in Georgia and currently Georgian leather is exported to Italy and Turkey.

Based on KPMG investment proposals, leather and sports footwear, as well as bags and accessories manufacturing factories can deliver 6-8 million pairs/units annually, which can meet 1%-5% demand of EU, CIS and Middle East markets. Potential investor can select state-owned land plot on the territory of Georgia and privatize it in the framework of "Produce in Georgia" program for the factory project. Taking into consideration workforce availability and well-connected transport infrastructure, 7 locations were pre-selected for these factory projects in the regions of Imereti (Kutaisi, Zestaponi, Samtredia), Guria (Lanchkhuti, Ozurgeti) and Kvemo Kartli (Rustavi, Gardabani).

Proposal 1: Manufacturing of leather footwear

Investment cost: USD 33 743 000

Capacity, units: 8 446 000 pairs

Annual maintenance OPEX: USD 1 687 000

Project NPV: USD 8 135 000

IRR: 15.2%

Payback Period: 9

Proposal 2: Manufacturing of sports footwear

Investment cost: USD 34 618 000

Capacity, units: 8 665 000 pairs

Annual maintenance CAPEX: USD 1 687 000

Project NPV: USD 8 107 000

IRR: 15.9%

Payback Period: 8.8

Proposal 3: Manufacturing of bags and accessories:

Investment cost: USD 23 918 000

Capacity, units: 5 987 000 pairs

Annual maintenance CAPEX: USD 1 196 000

Project NPV: USD 9 063 000

IRR: 17.1%

Payback Period: 8.1

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Investment opportunity of manufacturing Automotive Parts in Georgia

Sector: Manufacturing and Agribusiness

LEPL Enterprise Georgia

Ministry of Economy and Sustainable Development of Georgia



ENTERPRISE GEORGIA



MINISTRY OF ECONOMY AND
SUSTAINABLE DEVELOPMENT
OF GEORGIA

Based on KPMG's analysis, Automotive parts such as Brake Pads, Air Bags, Air conditioners and Radiators have greater investment potential for manufacturing in Georgia due to the following reasons:

- **Georgia's preferential trade regimes and access to 2.3 billion market without customs duties:**
Georgia benefits from zero import tax to EU, EFTA, Turkey, CIS, Ukraine, China (including Hong-Kong) for automotive parts, that otherwise amount up to 4.5% for EU, EFTA and Turkey, up to 10% for Ukraine, up to 30% for CIS and up to 25% for China and Hong-Kong. In case of imported materials, manufacturing requires only commodity sub-code change so as to fulfill the criteria for obtaining rules of origin and export from Georgia to other markets without customs duties;
- **Low Labor cost in the Auto industry:**
Average gross salary in the Auto industry ranges between USD 268 –USD 741, however, the actual starting level of average gross salaries for auto industry amounts to only USD240. Moreover, when average gross salary in Georgia's auto industry is USD 491, it amounts USD 1,560 and USD 1,213 in Turkey and Romania respectively;
- **Availability of raw materials in Georgia and/or neighboring countries:**
Georgia itself may not be the producer of some of the key raw materials in sufficient volume terms, however advantageous location of Georgia gives ability to import materials from countries with which Georgia has 0% import tax;
- **Availability of customized trainings:**
Trainings for specialist in auto industry are available in different cities of Georgia: Tbilisi, Kutaisi, Batumi, Poti, Kobuleti, Akhaltsikhe and Gurjaani. The average length of courses is 10-11 months. Most training centers can provide special short-term training courses per investor's request and the terms and cost of training vary upon the requirements. The programs are mainly financed by the Government;
- **Size of secondary markets in Georgia and neighboring countries:**
Big potential to be sold in secondary markets in Georgia and neighboring countries.

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ENTERPRISE GEORGIA

Investment Proposal 1: Manufacturing of Air Bags

Project description:

Based on KPMG's analysis, Georgia has a good potential to produce air bags and access EU market. The global air bags market is expected to grow by 9.4% CAGR to reach USD 34.1 billion by 2022. Potential share of import from Georgia to EU and selected countries of CIS Could be 3% to 10% of the total imports. Main raw material for Airbag manufacturing is woven nylon, which is available and can be imported with 0% tax rate from all of the Georgia's neighbor countries-Turkey, Russia, Azerbaijan and Armenia.

Project Highlights:

Investment Volume: USD 34,407,000

Capacity: 454,000 Units

Number of Employees: 646

Annual maintenance OPEX: 1,268,000

NPV of the project: 17,624,000

IRR: 19 %

Payback period: 8

Investment Proposal 2: Manufacturing Of Radiators

Project description:

Based on KPMG's analysis, Georgia has a good potential to access EU market and Georgia might potentially take up some share of the imports of Russia and Azerbaijan. Global automotive radiators market is expected to grow by 5.2% CAGR to reach USD 13.5 billion by 2022. Potential share of import from Georgia to the EU and selected countries of CIS Could be 3% to 10% of the total imports. The radiators are made of copper and brass tubes. Copper ores and concentrates are available in Georgia, Armenia, Turkey and Kazakhstan.

Project Highlights:

Investment Volume: USD 36,024,000

Capacity: 931,000 Units

Number of Employees: 531

Annual maintenance OPEX: 1,328,000

NPV of the project: 15,416,000

IRR: 20 %

Payback period: 7

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ENTERPRISE GEORGIA

Investment Proposal 3: Manufacturing of Air Conditioners

Project description:

Based on KPMG's analysis, Georgia has a good potential to access EU market. Global automotive air conditioners market is expected to grow by 5.2% CAGR to reach USD 26.2 billion by 2022. Potential share of import from Georgia to EU could be 5% of the total imports. Main air conditioner components are made of copper and aluminum. Copper ores and concentrates are available in Georgia, Armenia, Turkey and Kazakhstan. Import tax rate in Georgia for both copper and aluminum raw materials is 0%.

Project Highlights:

Investment Volume: USD 36,459,000
Capacity: 501,000 Units
Number of Employees: 537
Annual maintenance OPEX: 1,328,000
NPV of the project: 6,916,000
IRR: 16 %
Payback period: 9

Investment Proposal 4: Manufacturing Of Brake Pads

Project description:

Based on KPMG's analysis, Georgia has a good potential to access EU market. Automotive brakes market is expected to grow by 4%. Global 66% CAGR by 2022. Potential share of import from Georgia in EU Could be 5% of the total imports. Brake pads are mainly made of iron, copper and steel, that are mixed and bonded together to form the pad material. Copper ores and concentrates are available in Georgia and its neighboring countries – Armenia and Turkey. Iron and steel are available in Azerbaijan, Ukraine, Kazakhstan, Turkey and Russia. Secondary market in Georgia and neighboring countries for Brake pads is big enough to be produced and sold primarily for the aftermarket.

Project Highlights:

Investment Volume: USD 6,932, 000
Capacity: 1,199,000 Units
Number of Employees: 90
Annual maintenance OPEX: 256,000
NPV of the project: 1,380,000
IRR: 16 %
Payback period: 8

Contact information:

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Silk Production

Sector: Manufacturing and Agribusiness
JSC Partnership Fund



Project description:

The largest producers of silkworm cocoon and dye thread are China, India, Uzbekistan, Vietnam and Brazil. The world demand on silk products, as well as the prices and production are constantly increasing. Even though the silk production is increasing all over the world, exported volumes are decreasing. The reason behind this is the significant increase of local demand in producer countries

Stage 1 (formation of experimental farming)

- Mulberry plantation - 100 ha.
- Feeding houses for silkworms- 17,000 m²
- Silk-weaving - 13.5 tons of thread annually

Stage 2

- Development of state promotional program for cooperatives, farmers and companies
- Location – West Georgia, Khoni Region
- Final Products:
 - Dye thread
 - Raw silk
- Target market:
 - Local sewing factories
 - European and Caucasian markets
- Annual production quantity - 13,5 tons

Financial highlights:

- Investment - \$ 5.1 million
- Payback period - 5.5
- NPV (10 years) - \$ 0.5 million
- NPV (10 years) - \$ 1.4 million (Under subsidized loan)
- IRR (10 years) - 8.8%

Contact information:

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Fabrics Manufacturing Company
Sector: Manufacturing and Agribusiness
JSC SavvY



Project description:

Georgia has a growing textile and apparel market. New Georgian clothing manufacture brands are entering the market and demand on apparel and technical textile is rising year over year. However, since Georgia does not have production facilities of textiles and fabrics, existing apparel factories have to import all textiles. Thus, they are not able to make personalized orders and have a deficit of individualized, different patterns of fabrics.

The investment proposal offers a solution for the problem by creating fabrics manufacturing company in Georgia (B2B structure). Within the scope of the project, an agreement was established with German manufacturer of high-technology knitting machinery STOLL GmbH, who is willing to transfer technology in Georgia. The entire flat knitting production chain is featuring a fast picture-to-knitting program, individualized grading and patterning, and optimized production management system. The manufacturing company offers flexibility in production as it covers a production from yarns to cut goods on fully fashioned to complete articles in different patterns with personalized structure, size and color variations.

Fabrics manufacturing company will give to Georgian apparel and technical textile designers and manufacturers unparalleled possibilities for creation of new end products.

Advantages/strengths:

- Personalized and customized product range
- Flexible manufacturing process
- High level of automation

Financial Information:

- Total Capital Investment: \$ 1.1 Million
- NPV: \$ 1.6 Million
- IRR: 48%
- Payback Period: 2.18



Contact information:

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Production of Starch and Starch Derivatives

Sector: Manufacturing and Agribusiness

JSC Partnership Fund



Project description:

The world market for industrial starch has reached 90 million tons in 2015. The CAGR forecast for upcoming years is 3.8% and by the year 2022, the market will reach \$100 billion (120 million tons). The demand for starch derivatives has been growing strongly for many years. Particularly, the popularity of gluten is increasing, mainly due to its broad applications in the food industry. During the last 5 years, gluten's consumption has increased by 22%. Low-quality wheat is used to produce starch and starch derivatives. In Georgia, 50% of locally produced wheat is low quality thus can't be used as a food additive and can only be used as a raw material in this production process.

The project aims to establish an enterprise in western Georgia that will produce starch and starch derivatives. The factory will use low quality wheat as a raw material and produce natural starch, modified starch, gluten and animal feed. Annual sales will be approximately USD 50 million; the enterprise will employ over 350 employees and supply the world market with high quality, competitive products. Currently, there is no similar production in Georgia. Launching this project will also motivate local farmers to produce wheat.

Project Highlights:

Location - Poti, western Georgia

Final products:

- ☐ Natural starch
- ☐ Modified starch
- ☐ Gluten
- ☐ Animal feed

Target market: Turkish, Indonesian and Russian markets

Annual production quantities

- ☐ Natural starch: 2,040
- ☐ Modified starch: 3,000
- ☐ Gluten: 810
- ☐ Animal feed: 6,330

Financial Highlights:

- ☐ Total investment - \$ 79 million
- ☐ 10 year NPV - \$ 57.9 million
- ☐ Payback period - 3.1
- ☐ 10 year IRR - 30%

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Turkey Meat Production

Sector: Manufacturing and Agribusiness
JSC Partnership Fund

Project description:

The purpose of the project is to develop the waste-free turkey meat production facility in Georgia. The implementation of this project will result in replacing imported frozen meat with locally produced fresh, high quality turkey meat.

Location – Lagodekhi, Kakheti region or Mukhrani, Kartli Region

Project Highlights includes:

- Construction of buildings for the production of turkey meat, including poultry houses for growing and fattening turkeys, providing a production capacity of 6,000/3,000/1,500 tons of turkey meat per year
- Construction of slaughter house with the capacity of 300 units per hour
- High quality refrigerators for freezing or cooling
- Construction of turkey feed production plant
- Construction of modern incubator for hatching
- Construction of modern meat processing plant that will produce additional meat products
- Purchase of high - quality hatching eggs from Hungary, United States or Canada
- Target Markets - Local market
- Annual production quantity - 1,500 tons

Financial Highlights:

- Investment - \$ 8 million
- NPV (4 years) - \$ 10.1 million
- Payback period - 3.6
- IRR (10 years) - 40%

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Milk Processing Plant

Sector: Manufacturing and Agribusiness
JSC Partnership Fund



Project description:

There are many small household farms in Georgia, managed by individuals. Because of the lack of modern and efficient approaches in milking and dairy production, many remain as small-scale household productions.

The demand for dairy products in the country is increasing. This investment opportunity aims to create a milk processing plant, which will produce skimmed milk powder, butter and three different types of cheese.

During peak season (April – September) plant will produce only milk powder and butter. Cheese will be produced only during offseason (October – March)

The plant will be located in Southern Georgia, where milk production is highly developed compared to other regions of Georgia. Plant will entirely process local milk from raw material.

Plant location - Kakheti, Georgia

Final products - Milk powder, butter, cheese

Target markets - Local and foreign markets

Production Capacity:

- Milk powder - 1,600 tons
- Butter - 700 tons
- Georgian cheese - 600 tons
- European cheese - 600 tons
- Factory cheese for Georgian market - 600 tons
- Potential technology providers - WELKO, REDA, EGLI, KALT.

Financial Highlights:

- Investment - \$ 14 million
- NPV- \$ 5.8 million
- Payback period - 4.0
- IRR (10 years) -21%

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Biorefinery for Cellulose Fiber Production
Sector: Manufacturing and Agribusiness
JSC SavvY



Project description:

There is a growing demand for cellulose in the global market. Biorefineries have been proposed as promising technological schemes to obtain cellulose fiber as well as by-products and energy. However, business performance of biorefineries was challenging, because of the failure of the multiple projects at the commercial stage.

The investment proposal offers the newly developed technology of biodegradation, which is based on organic acidulous reactions and makes earlier unreached high yield possible. Within the scope of the project, an agreement was established with the world's leading biorefinery company Chempolis, Finland, which is willing to transfer the biorefinery technology in Georgia.

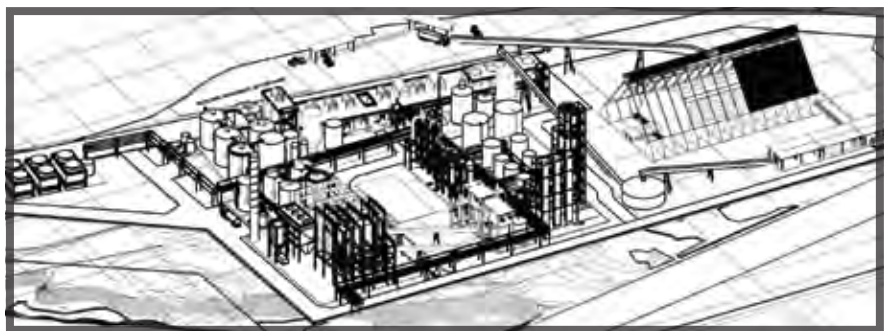
In Georgia, there are more than 300,000 tons of raw material annually, such as waste from wheat, barley, corn etc., which are concentrated in east and west Georgia. Thus, the investment proposal is developed for Qvemo Kartli region with a capacity of producing about 25,000 tons of high quality cellulosic fiber per annum.

Progressive biorefinery in Qvemo Kartli has following benefits:

- The cost advantage of raw material
- The cost advantage of human resources
- High demand on internal and external market on cellulose

Financial Information:

- Total Capital Investment: \$ 25 Million
- IRR: 30%
- Payback Period: 3.5 years



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BUSINESS PROCESS OUTSOURCING AND IT

Global BPO market has been growing at a rate of 4% CAGR for the past three years, surpassing USD 1 trillion in 2017. According to Gartner, growth is forecasted to continue at 5% CAGR through 2022. With its young and educated workforce having optimal mix of technical and linguistic attributes, competitive business-operating costs and the country's strategic location on the crossroads of Europe and Asia (GMT+4), Georgia is becoming a rising eastern European outsourcing destination. Talent availability and financial attractiveness with much lower business operating costs in Georgia is notable compared to central and eastern European countries. According to Everest Group, Georgia offers significant cost savings across IT&BP functions which is 75-80% lower than Croydon, UK's tier 2 location and 55-60% lower than Warsaw, Poland's Tier 1 location.

The recent growth of Georgia's BPO market has been evident. The turnover of the IT and business services sector in Georgia reached 113.14 million USD in 2018 and export amounted to 84.5 million USD. The number of employees engaged in offshore IT&BS activities is around 5000. Several international businesses & IT services providers and prominent local small and medium-sized companies are already serving international clients including Fortune 500 brands from Georgia. The most common services provided from Georgia are multilingual voice and non-voice business process services, IT, architecture, design, and engineering services (ADE). Some of the leading IT&BS providers include Majorel, Georgian Service Group, Evolution Gaming, CMX Solutions, Base 4, Asseco, Olmait, Flat Rock Technology, Wandio, and more.

Literacy rate in Georgia is 99.4%. 92% of population have at least secondary education. There are 62 higher education institutions, 66 vocational education centers and over 150 language centers in Georgia. During past 5 years, over 118 000 students graduated from HEIs and Vets. Vocational training course fees are mostly financed by the government of Georgia. English is the primary language taught in most of HEIs, however, 10-20% of students are choosing German and other European languages as their secondary option. Due to the sizeable multilingual talent pool, existing BPO providers serve their clients in more than 10 languages.

The government of Georgia has prioritized developing a knowledge-based and innovation-driven economy, high value-added industries, startup ecosystem, and to raise the competitiveness of local enterprises. In this regard, significant progress has been achieved through institutionalizing the support to startups, innovation transformation, and R&D commercialization. For incentivizing ICT sector, training programs have been initiated for ICT specialists in highly demanding specializations and a "Virtual Zone Entity" concept was introduced in tax code, which means that if a company exports ICT services from Georgia, it can be granted with the status by the Georgian tax authority and be exempt from VAT and Profit Tax.

Investment proposal of CRM/Contact Center
Sector: Business Process Outsourcing and IT
Enterprise Georgia,
Ministry of Economy and
Sustainable Development of Georgia



ENTERPRISE GEORGIA



MINISTRY OF ECONOMY AND
SUSTAINABLE DEVELOPMENT
OF GEORGIA

Project description:

Multilingual customer relationship service (CRM) is the most developed segment of BPO in Georgia. Existing market players serve clients in over 10 languages. Vast majority of young population has knowledge English and Russian, German is the 3rd most widely spoken foreign language. Over 150 language education centers and 62 HEIs deliver courses in European Languages. According to Deloitte's BPO&SSC investment potential research, 5 biggest cities of Georgia has multilingual talent pool amounting 574K persons to be employed in the field of multilingual CRM services.

Compared with the competitor countries in CEE, Georgia has one of the lowest wage levels and cost per FTE. Average gross monthly salary in CRM is 450 USD.

Average cost per FTE in USD



According to Deloitte, investment projects of CRM delivery centers in Tbilisi, Batumi and Kutaisi are feasible due availability of workforce, developed infrastructure and accessibility. Financial projections have positive performance indicators:

Business case:	CRM center in Tbilisi	CRM center in Batumi	CRM center in Kutaisi
Amount of full time employees (FTE)	200	100	100
Initial capex	560 000 USD	300 000 USD	300 000 USD
NPV	1 300 000 USD	680 000 USD	554 000 USD
IRR	26%	27%	20%
Payback Period	4 years	4 years	4 years

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Investment proposal of IT outsourcing center
Sector: Business Process Outsourcing and IT
Enterprise Georgia,
Ministry of Economy and
Sustainable Development of Georgia



ENTERPRISE GEORGIA



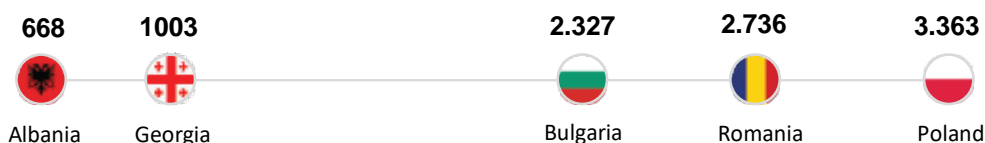
MINISTRY OF ECONOMY AND
SUSTAINABLE DEVELOPMENT
OF GEORGIA

Project description:

IT outsourcing segment has increasing demand for fresh graduates and experienced specialists. Georgian market has the highest labor supply in IT support and infrastructure specialists followed by system administrators and developers mostly working in Java, .NET and PHP. According to the survey results, there are more than 24,000 specialist working in the sector within 20-45 age range and 5000 developers among them. According to Deloitte's BPO&SSC investment potential research, it is estimated that 67% of IT professionals have working knowledge in English and 60% have working knowledge in Russian.

Georgia has competitive position among the benchmarked countries with one of the lowest salaries for IT Support Specialists and comparatively low costs per FTE. Entry-level salaries for junior developers and IT support specialists start from 500 USD.

Average cost per FTE in USD



According to Deloitte, investment projects of application development and IT support centers in Tbilisi in are feasible. Financial projections have positive performance indicators:

Business case:	IT outsourcing (app. development) center in Tbilisi	IT support center in Tbilisi
Amount of full time employees (FTE)	30	200
Initial capex	400 000 USD	1 100 000 USD
NPV	713 000 USD	1 400 000 USD
IRR	30%	22%
Payback Period	4 years	4 years

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Investment proposal of F&A outsourcing center
Sector: Business Process Outsourcing and IT
Enterprise Georgia,
Ministry of Economy and
Sustainable Development of Georgia



Project description:

Financial and accounting services segment has a steady workforce supply. Existing service offerings are mostly focused on the local and regional market. Higher education in F&A is available in almost all regions of Georgia. There are 22 HEI's providing F&A courses in Tbilisi, Kutaisi, Batumi, Telavi, and Zugdidi, with an average of 3,500 graduates annually. There are more than 900 ACCA and 200 CFA students registered in Georgia. According to Deloitte's BPO&SSC investment potential research, 50% and 66% of F&A specialists have working proficiency in English and Russian.

Georgia is competitively ranked for senior-level staff position wage levels and sits at the top of the countries that have low costs per FTE.

Average cost per FTE in USD



According to Deloitte, investment projects of F&A outsourcing centers in Tbilisi and Kutaisi are feasible due availability of workforce, developed infrastructure and accessibility. Financial projections have positive performance indicators:

Business case:	F&A outsourcing center in Tbilisi	F&A outsourcing center in Kutaisi
Amount of full time employees (FTE)	100	50
Initial capex	330 000 USD	470 000 USD
NPV	540 000 USD	829 000 USD
IRR	25%	31%
Payback Period	4 years	4 years

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Investment proposal of HR outsourcing center
Sector: Business Process Outsourcing and IT
Enterprise Georgia,
Ministry of Economy and
Sustainable Development of Georgia



ENTERPRISE GEORGIA



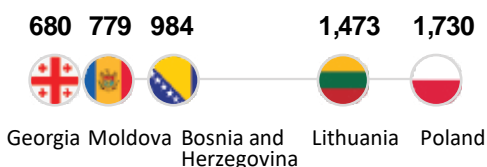
MINISTRY OF ECONOMY AND
SUSTAINABLE DEVELOPMENT
OF GEORGIA

Project description:

HR outsourcing segment is relatively nascent in Georgia, existing service offerings are mostly focused on the local market. Specialists working in HR mostly hold diplomas from Law or Social Science programs and there are 75,000 specialists within the range of 20-45 years, mostly concentrated in Tbilisi, out of which 20,000 are employed.

According to Deloitte's BPO&SSC investment potential research, 54% and 68% of HR specialists have intermediate knowledge of English and Russian. Georgia has a distinct competitive advantage in terms of average cost and senior-level human resources personnel wage levels.

Average cost per FTE in USD



According to Deloitte, investment project of HR outsourcing center in Tbilisi is feasible. Financial projections have positive performance indicators:

Business case:	HR outsourcing center in Tbilisi
Amount of full time employees (FTE)	54
Initial capex	400 000 USD
NPV	481 000 USD
IRR	20%
Payback Period	4 years

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Investment proposal of ADE services delivery center
Sector: Business Process Outsourcing and IT
Enterprise Georgia,
Ministry of Economy and
Sustainable Development of Georgia

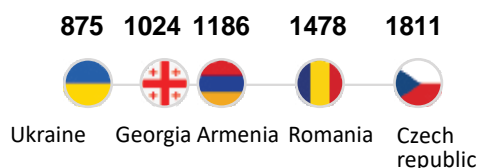


Project description:

Architecture, design and engineering (ADE) is one of promising service areas. Existing ADE companies already service USA and EU clients from Georgia. There are 23,000 people employed in ADE sector mostly concentrated in Tbilisi and Batumi with 12,000 and 7,000 employees respectively. 8 universities and 7 VET & Certification institutes offer various courses in ADE in Tbilisi and in Batumi. English and Russian are the most widespread languages among ADE specialists.

Georgia has a distinct competitive advantage in terms of operating costs and wage levels.

Average cost per FTE in USD



According to Deloitte, investment project of ADE services delivery centers in Tbilisi and Batumi are feasible. Financial projections have positive performance indicators:

Business case:	ADE delivery center in Tbilisi	ADE delivery center in Batumi
Amount of full time employees (FTE)	30	30
Initial capex	113 000 USD	100 000 USD
NPV	275 000 USD	352 000 USD
IRR	28%	31%
Payback Period	4 years	4 years

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TRANSPORT & LOGISTICS

One of the top priority sectors for Georgia is transport and logistics since it represents the lifeblood of a country's economy. Being an entry gate into the region, Georgia is a natural transport and logistics hub and the country is a reliable corridor for trade flows between Europe and Asia.

Georgia is an active member of the International Transport Corridors such as TRACECA, Middle Corridor, Lapis Lazuli, Black Sea–Caspian Sea International Transport corridor, etc., which contributes to the revival of the historical Silk Road. Notably, the shortest route from Europe to China passes through Georgia. Traditional sea route takes up to 45 days while the new Railway freight route takes only 10-15 days.

Along with major country reforms to improve the business climate and governance, Georgia has successfully implemented a series of fundamental reforms and interventions in the transportation and logistics sector over the last decades. The country has radically improved its value proposition as a transit country by modernizing its transport infrastructure, improving border clearance procedures and liberalizing the provision of services in many key sectors that ensure better international connectivity with global markets.

Highly developed and vibrant transport and communications network makes Georgia well connected internationally through land, sea and air. The country has four seaports Batumi (BIH), Poti (APM Terminals), Kulevi (Socar), Supsa (BP) and three international Airports in Tbilisi, Kutaisi and Batumi, as well as developed railway system and rapidly improving road network. It is very important that Georgia is constantly renovating and expanding its transport infrastructure. Georgia undertakes such important projects as the East-West Highway, modernization of the existing railway system and the construction of Baku-Tbilisi-Kars new railway line.

Development of Logistics Centre in Kutaisi based on Public-Private Partnership

Sector: Transport and Logistics

Ministry of Economy and Sustainable Development of Georgia



MINISTRY OF ECONOMY AND
SUSTAINABLE DEVELOPMENT
OF GEORGIA

Project description:

As part of the East-West Highway Corridor Improvement Project financed by the World Bank, the Consultant company ("Dornier Consulting International") of the Ministry of Economy and Sustainable Development of Georgia (the "MoESD"), carried out a feasibility study for the creation of logistics centers in Georgia. The future Logistics Centre will be situated about 30 km in the south-west of the city of Kutaisi and about 2 km in the west of Kutaisi International Airport. There is no direct railway access, but the railway main line (Poti – Tbilisi – Baku) is directly adjacent to the northern land plot boundary of the future Logistics Centre. The area will have direct road access to the adjacent Kutaisi International Airport as well as the city of Kutaisi and Samtredia. Total investment cost of the project is 72.5 mln USD.

Project objectives/desired outcome:

- Future development of a modern and state-of-the-art Logistic Centre in Kutaisi as a nucleus and logistics cluster;
- Capability of this Logistics Centre to position itself as a logistics hub for West Georgia, as well as the South Caucasus Region;
- Settlement of local and international logistics companies, as well as logistics-intensive trade and industries in accordance with the planned two development stages;
- Attraction of capable investors, operators and financiers;
- Strengthening and support of the further regional economic and social development of the country.

Products/services to be developed (with estimated production capacity):

forwarding facilities, temperature guided warehousing, refrigerated and chilled warehousing, bonded warehouse, hazardous goods warehouse, settlement of logistics-intensive production or processing facilities, LC management, administration, control and communications, gas station, garage, restaurant and hotel.

Capacity:

Stage 1:

- Building area size: 41,800 sqm, from which:
- 41,800 sqm dedicated for logistics service facilities;
- 37,600 pallet places;
- Throughput Capacity - 298,000 t/a

Stage 2:

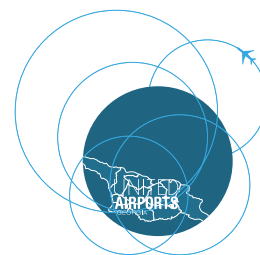
- Building area size: 92,600 sqm, from which:
- 40,400 sqm dedicated for logistics service facilities;
- Throughput Capacity - 672,800 t/a



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MRO Hangar at Kutaisi International Airport

Sector: Transport and Logistics

United Airports of Georgia

Project description:

Commercial aircraft maintenance, repair and overhaul (MRO) is an essential requirement to ensure that aircraft is maintained in pre-determined conditions of airworthiness to safely transport passengers and cargo. Airlines based in Caucasian region have to address MROs in Europe or Middle East, even for component and airframe maintenance.

Kutaisi International Airport can be the ideal location for MRO Hangar as it can overcome the difficulties that some carriers face, namely:

- High costs on MRO services in Europe
- MRO service price range in Asia is more affordable, however, long flight distance makes overall costs higher

Advantages of Georgia:

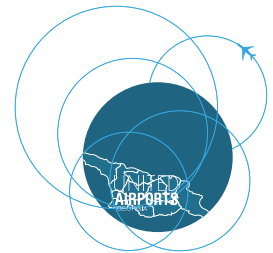
- Cost saving on professional staff, lower taxes and thus cost efficient service
- Cost saving on flight distance

216 ha land is available for future development, ideally located within direct access to airside, landside and central highway.

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Cargo Terminal at Kutaisi International Airport

Sector: Transport and Logistics
United Airports of Georgia

Project description:

Georgia's strategic location, being based on historical Silk Road, serves as an entry gate to the Caucasus and Central Asia and transit point between Central Asia and Europe. Central logistical location of Kutaisi Airport and absence of cargo terminal in western part of Georgia, makes the project potentially feasible for business. Apart from being in close proximity to main highway and seaports, Kutaisi Airport is within 3 km from central railway.

Cargo terminal at Kutaisi International Airport can be transformed into main sorting and redistributing hub as connecting point between Europe, Middle East and Asia.

Market access can be gained to EU countries, as Georgia is part of European Common Aviation Agreement. This will minimize the permission granting timeframe and create competitive cargo market at the Terminal.

216 ha land is available for future development, ideally located within direct access to airside, landside and central highway.

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ENERGY & MINING

The energy and mining sector of Georgia is attractive in terms of huge untapped natural resources, developing infrastructure, increasing local and regional demand and liberal market and regulations.

Electricity

Domestic consumption of electricity, which is growing faster than the GDP, is expected to almost double by 2030, from current consumption of 12.8 TWh. So, without additional Power Plants Georgia's generation capacity will not be sufficient to meet domestic demand in the long term, as per capita electricity consumption continues to grow. Estimated deficit by 2025 is more than 3 TWh.

Starting from 2008 Georgia has liberalized and deregulated energy market. All new renewable projects are based on Build-Own-Operate (BOO) principle. Investor is free to choose buyer on open market and negotiate the price. No fee is required for the connection to transmission grid. No license is required for export and new HPPs have priority access to the capacity on the new interconnection to Turkey. Generation and export activities are exempted from VAT tax. HPPs smaller than 13 MW do not require generation license and HPPs smaller than 2 MW do not require environmental impact assessment either. Georgia is member of The Energy Community, which means Georgian internal energy market rules and principles will in line with the EU market rules, leading to an integrated pan-European energy market

Georgia has well developed transmission grid infrastructure. Whole territory of Georgia is covered with over 4,380 km of high, medium and low voltage lines and about 100 substations. There are plans to expand current transmission lines by year 2022, about 1,700 Km of new lines and 5,000 MW substation will be added to grid. Georgia will also upgrade cross border transmission capacity, reaching 5,000 MW by 2022.

Currently, there are around 100 ongoing renewable projects on the different stages of development with total investment cost of over 6 bln. USD, but majority of economically viable energy potential is not yet exploited (Approximately 30 TWh)

Oil and Gas

Crude oil has been produced in Georgia since 1930. There are number of mature oil fields as well as new areas that are currently being studied and explored. The Georgian territory is divided into license blocks for exploration and production activities. General licenses for the use of oil and gas from such blocks are issued by the Agency for National Resources following an international open tender process. Exploration and production activities are conducted pursuant to Product Sharing Agreements which provide favourable regime for investors, allowing exemption from almost all taxes and customs duties.

Mining

A large-scale program for mining licenses has been initiated by the Ministry of Economy and Sustainable Development of Georgia and the National Agency of Mines. Within the framework of the program, commercially attractive deposits have been selected around different regions of Georgia and prepared to be auctioned.

Gardabani Thermal Power Plant

Sector: Energy & Mining
JSC Partnership Fund



Project description:

The implementation of the Gardabani 230 megawatts Combined Cycle Power Plant (CCPP) project started in 2013 and was successfully finished in 1.5 years. The investment cost of the project was about 230 mn USD. The investment was made by JSC Georgian Oil and Gas Corporation and JSC Partnership Fund and constructed by a leading Turkish company - CALIK ENERJI.

Technical Specifications:

- Installed Capacity: 231.2 MW
- Annual Generation: c. 1.6 bn kWh
- Efficiency rate: 55.5%
- Estimated Fuel Expense per kWh: 0.18 m3
- Plant Configuration: 2 + 2 + 1 (Gas Turbines + HRSGs + Steam Turbine)
- OEMs for Major Equipment: GE GTs, Nooter Ericsson HRSGs, Doosan Skoda ST, Atlas Copco Gas
- Compressor, Hyundai Transformers, ABB 6KV Switchgear, SPIG Cooling Towers

Guaranteed Capacity Source Status:

- By Government of Georgia, on 14 Sept. 2015, until 2040
- The two-tier tariff set by the regulator
- Guaranteed Capacity Fee: USD 161K per day (16.4% ROA guaranteed by
- Implementation Agreement with GoG currently in force)
- Generation Fee: USD 0.033383 per kWh (all COGS covered basis)

Partnership Fund is currently seeking investors interested to purchase 49.9% shares owned by the Fund.



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Underground Gas Storage Project

Sector: Energy & Mining

JSC "Georgian Oil and Gas Corporation" (GOGC);
Ltd "Georgian Gas Storage Company" (GGSC)



საქართველოს
გაზსაცავის კომპანია



საქართველოს ნავთობისა და გაზის კორპორაცია
GEORGIAN OIL & GAS CORPORATION

Project description:

An underground gas storage facility is planned to be developed in Georgia on a base of Samgori South Dome (SSD) depleted oil field (Block #XI). JSC "Georgian Oil and Gas Corporation" (GOGC) has been assessing the possibility of depleted SSD oil field transformation into an underground gas storage facility with the main goal to fulfil an important role in balancing seasonal gas consumption process and ensure the capacity for strategic storage will be developed in the country.

A feasibility study of the project prepared by the French consulting company "GEOSTOCK SAS" in 2016. Subsequently, the International Tender for EPIC (Engineering Procurement Installation Commissioning) contract was launched by starting with the pre-qualification of the applicants and followed by the invitation of short-listed pre-qualified bidders to submit technical and financial proposals.

An assessment of the impact on the natural and social environment of the underground gas storage project of Samgori South Dome (SSD) carried out by the "Royal Haskoning DHV" was completed.

An environmental permit obtained this year and international tender has completed. Tender evaluation procedures are underway. In this fall a contract will be drawn up and the main work will start.

- **The implementation period of the project:** 2020-2024
- **Total Investment cost of the project in USD:** USD 300 million and it is intended to be financed by the international financial organizations. Particularly, in 2019 the Loan Agreement for 150 ML EUR was signed between GOGC and "German Credit Institute for Reconstruction" (KfW)
- **Partners / key stakeholders of the project:** GOGC, GGSC, GNERC, GGTC, KfW and The Ministry of Economy and Sustainable Development of Georgia.



Contact information:

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Merisi Gold, Copper-Polymetallic Deposit

Sector: Energy & Mining

LEPL National Agency of Mines,

Ministry of Economy and

Sustainable Development of Georgia



MINISTRY OF ECONOMY AND SUSTAINABLE
DEVELOPMENT OF GEORGIA



ნაიპო
პროექტი სამინისტრო

Project description:

Spheres of use: Jewelry, Non-ferrous Metallurgy, Heavy Industry

Location: Keda municipality, village Shuakhevi

Area: 11 190 ha

Starting price: 5 mln GEL

License term: 30 years

Resource: Gold, Silver, Copper, Lead, Zinc

Volume: 16 613 000 tons

Investment liabilities:

- Employment 50 people for first 3 years, then 500 people continuously
- Investment 30 mln GEL



Contact information:

Mr. Irakli Gelashvili

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Churchuto-Chikheli Bentonite Clay Deposit

Sector: Energy & Mining

LEPL National Agency of Mines,
Ministry of Economy and Sustainable
Development of Georgia



MINISTRY OF ECONOMY AND SUSTAINABLE
DEVELOPMENT OF GEORGIA



ნაწილი
გამრეცხი საბადო

Project description:

Spheres of use: Light Industry, Mechanical Engineering, Agriculture

Location: Adigeni municipality, village Benara

Area: 28 ha

Volume: 16 613 000 T.

Starting price: 14 291 763 GEL

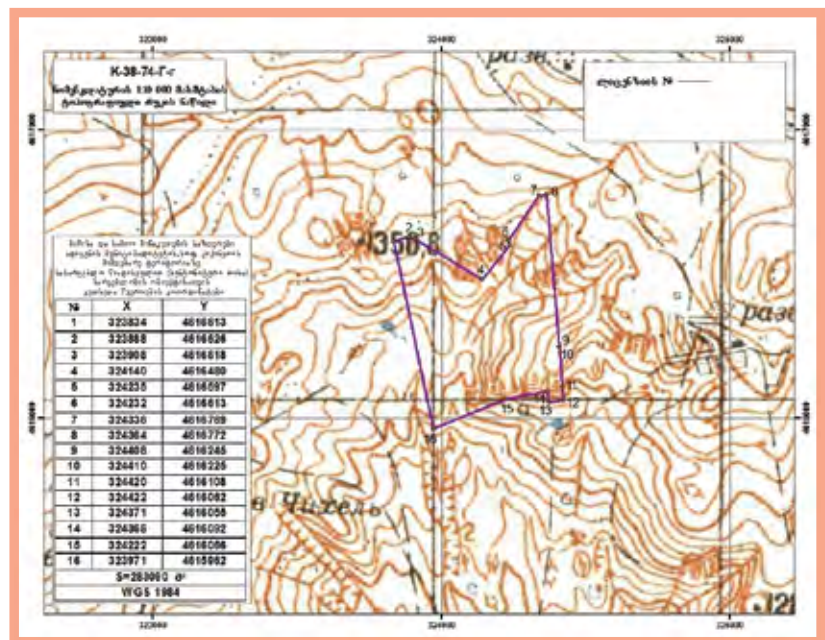
License term: 20 years

Resource: Bentonite clay

Volume: 16 613 000 tons

Investment liabilities:

- Employment 50 people
- Investment 5 mln GEL



Contact information:

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Pansheti Mineral Water Deposit

Sector: Energy & Mining

LEPL National Agency of Mines,
Ministry of Economy and Sustainable
Development of Georgia



MINISTRY OF ECONOMY AND SUSTAINABLE
DEVELOPMENT OF GEORGIA



Project description:

Location: Kazbegi municipality, village Pansheti

Area: 0,07 ha (per each borehole)

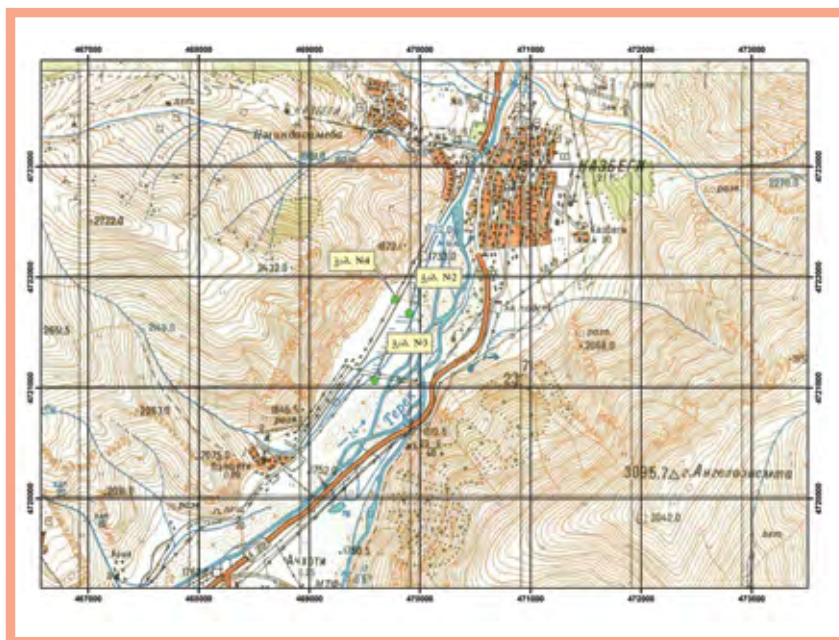
Volume: 416 100m /per year

Starting price: 7 665 737 GEL

License term: 25 years

Investment liabilities:

- Employment 30 people
- Investment 5 mln GEL



Contact information:

Mr. Irakli Gelashvili

E-mail: info@nam.gov.ge

Development of HPP Projects

Sector: Energy & Mining

Ministry of Economy and Sustainable Development of Georgia



MINISTRY OF ECONOMY AND
SUSTAINABLE DEVELOPMENT
OF GEORGIA

Project description:

It is a top priority for the Government of Georgia to attract new investments in potential renewable projects, mainly in hydropower and develop east-west and north-south energy transportation infrastructure to increase export and transit capacity of the country. There are 128 ongoing HPP projects, divided by following categories:

- **95 projects up to 15 MW** – Total installed capacity 492 MW and approximately USD 793 million investment
- **33 projects from 15 MW** – Total installed capacity 2,899 MW and approximately USD 6.9 billion
- **Total installed capacity:** 3,391 MW
- **Total investment volume:** USD 7.7 billion

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Exploration Block III

Sector: Energy & Mining

LEPL State Agency of Oil and Gas,
Ministry of Economy and Sustainable
Development of Georgia



Project description:

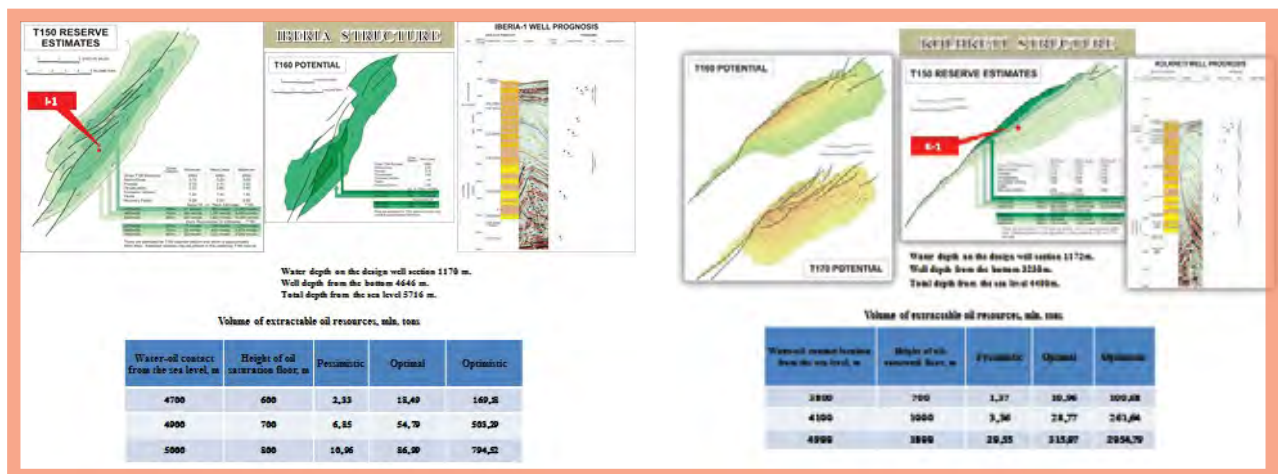
Brief background, location: The block is located in the Black Sea. The total area of the Block is 3468 km². Based on works carried out in 2000-2008, the company "Anadarko" revealed four prospective structures in the southern part of the Georgian offshore. Two local structures (Iberia and Kolkheti) were considered to be the most attractive for exploration drilling

Total investment cost in USD: for an initial period (4-5 years) 300 mln

Products/services to be developed (with estimated production capacity): Resources (optimistic) - 2 850 mln

Project's implementation period: 25 years may be extended for an additional 5 years

Projected financial targets: IRR – 30%, NPV – 474 757 621 USD (in case of discovery of 1% of recourses)



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Mr. Giorgi Tatishvili

E-mail: g.tatishvili@saog.gov.ge

Exploration Block VIIA

Sector: Energy & Mining

LEPL State Agency of Oil and Gas,
Ministry of Economy and Sustainable
Development of Georgia



Project description:

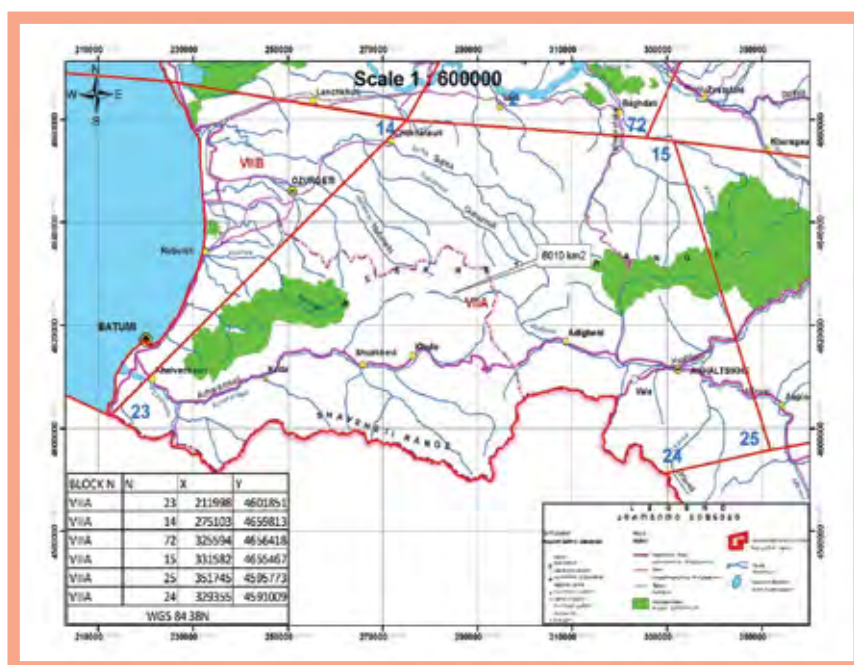
Brief background, location: The total area of VIIA License Block equals to 6010 km². The Block includes Borjomi-Kharagauli and Mtskheta-Mtianeti National Parks as well as Borjomi and Kintrishi State Nature Reserves. Conducted works include seismic works with a magneto-telluric survey method (37 points).

Total investment cost in USD: for an initial period (4-5 years) 40 mln

Products/services to be developed (with estimated production capacity): Resources - 100 million tons of oil

Project's implementation period: 25 years may be extended for an additional 5 years

Projected financial targets: IRR – 30%, NPV – 474 757 621 USD (in case of discovery of 1% of resources)



Contact information:

Mr. Giorgi Tatishvili

E-mail: g.tatishvili@saog.gov.ge

A large concrete dam with a road on top. Several cars are driving on the road. The dam is set against a dark, rocky background. The water is visible on the right side of the dam.

ACCESS TO FINANCE & INCENTIVES

ENTERPRISE GEORGIA

Enterprise Georgia is the state agency in Georgia mandated to encourage the creation of new enterprises, enhance the country's export potential and promote foreign direct investments in Georgia.

In order to support the establishment and growth of new business entities, Enterprise Georgia offers several incentives, namely "Produce in Georgia", "Host in Georgia", and "Film in Georgia".



PRODUCE IN GEORGIA

Co-financing of Bank Loan Interest Rate

The program's objective is to promote an entrepreneurial culture throughout the country by stimulating the establishment of new enterprises and supporting the expansion of existing operations.

Support Mechanisms:

- Interest Rate Co-financing on the loan or the leasing subject for the first three years
- Co-financing of bank loan interest rate for the first 36 months: Refinancing rate + 3% (Currently 11%)
- Technical Assistance: Co-financing of consulting services, export market diligence, business matching, skills development, quality management, standardization, etc.

Eligibility:

- Loan amount should be in range of GEL 50,000 – 10,000,000
- Leasing project value should be in range of GEL 50,000 – 10,000,000
- Manufactured and product should be on the program priority list approved by the Program mandate

Credit Guarantee Mechanism

Purpose of the Credit Guarantee Scheme is to improve access to finance for small and medium businesses, which lack the opportunity to meet the requirements of the loan provision.

Support Mechanisms:

- Loan security provision – up to 90 % of the loan amount
- The maximum term of the guarantee – 10 years

Eligibility:

- Loan amount – up to GEL 5 000 000
- Program directions – production and processing; Hotel industry, Electricity generation; Educational activities, Training centers, Export of services, Research and Development
- Beneficiaries of Credit Guarantee Scheme and each co-borrowers should meet the following criteria: average turnover over the past year shall not exceed GEL 20 million and total liabilities (at the moment of taking credit) shall not be more than GEL 12 million

HOST IN GEORGIA

To facilitate the development of regional tourism in Georgia, the agency offers program “Host in Georgia”, which targets and supports the local hotel industry.

Co-financing of Bank Loan Interest Rate

Support Mechanisms:

- Interest Rate Co-financing on the loan or the leasing subject for the first three years
- Co-financing of bank loan interest rate for the first 36 months: Refinancing rate + 3% (Currently 11%)
- Technical Assistance: Co-financing of consulting services, export market diligence, business matching, skills development, quality management, standardization, etc.

Eligibility:

- Loan amount should be in range of GEL 50,000 – 4,000,000
- Ownership of the land plot designated for the hotel
- Hotel must not be located in the administrative territories of Tbilisi and Batumi

Development of International Brand Hotels

Support Mechanism:

- Co-financing franchising/royalty fees in case of franchise agreement with international brands (up to GEL 300,000 annually)
- Interest rate co-financing on the loan for the first three years
- Co-financing of bank loan interest rate for the first 36 months: Refinancing rate + 3% (Currently 11%)
- Technical Assistance: Co-financing of consulting services, export market diligence, business matching, skills development, quality management, standardization, etc.

Eligibility:

- Loan amount should be in range of GEL 50,000 – 10,000,000
- Ownership of the land plot designated for the hotel
- Hotel must not be located in the administrative territories of Tbilisi and Batumi



ENTERPRISE GEORGIA

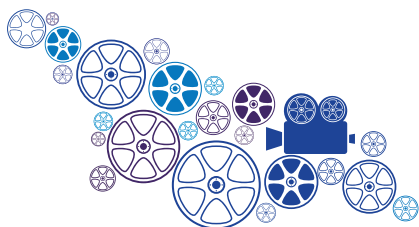
FILM IN GEORGIA

Film in Georgia offers 20-25% cash rebate on qualified expenses incurred in Georgia. The program aims to support the development of local film industry, attract international filmmakers to the country and position Georgia as emerging Eastern European Filming Destination.

SUPPORT MECHANISMS:

- Cash rebate on qualified expenses incurred in Georgia;
- Location scouting;
- Assistance in attaining of permits;
- Coordination and communication with various stakeholders;

Products Eligible for Cash Rebate	Min. Local Expenditures	Audience Coverage Requirements (any type of agreement)
Feature Film	GEL 500.000 / ~USD 200.000	N/A
Series, mini series (including pilots)		In at least 1 country outside Georgia
Documentary	GEL 300.000 / ~ USD 120.000	N/A
Animated Film		N/A
Commercials		In at least 1 country outside Georgia
Reality Show		In at least 1 country outside Georgia
Music Video		In at least 1 country outside Georgia



FILM IN GEORGIA

ENTERPRISEGEORGIA.GOV.GE

INVESTINGEORGIA.ORG

FILMINGEORGIA.GE

TRADEWITHGEORGIA.COM

AGRICULTURAL AND RURAL DEVELOPMENT AGENCY (ARDA)



Rural
Development
Agency

RURAL DEVELOPMENT AGENCY (RDA) – The agency implements large-scale projects to facilitate further development of the agriculture sector in Georgia. The aim of the Agency is to create an environment that will contribute to the increased competitiveness, higher and sustainable production of high-quality goods and introduction of the international food safety standards in agriculture sector. Currently, the programs/projects of RDA include:

- 1. Preferential Agrocredit** – supports primary production, processing and storage-realization processes through providing cheap and available monetary resources.
- 2. Agroinsurance Program** – supports development of insurance market in agricultural sector to reduce risk and preserve incomes.
- 3. Program Plant the Future** – supports effective application of agricultural land plots of Georgia through planting of perennial cultures and afterwards replacement of imported products with local products and increase of exporting potential.
- 4. Co-financing of Agro - Processing and Storage Enterprises** – supports creation of new processing & storage facilities in municipalities and rehabilitation of inactive industries.
- 5. Georgian Tea Plantation Rehabilitation Program** – supports increase of local tea production State Program of co-financing of Agricultural Machinery.
- 6. State Program of Technical Assistance** - Strengthening and supporting the field and directions provided by the projects/programs implemented/to be implemented by the Agency.
- 7. State Programme of Dairy Modernization and Market Access (DiMMA)** - The aim of the program is to promote sustainability and flexibility for small dairy producers.
- 8. State Program for Support of Agricultural Production** - The aim of the program is to promote the primary production of annual and perennial crops.
- 9. Improving Rural Development in Georgia** - The program aims to promote rural economic and environmental activities through co-financing.
- 10. Facilitating Programmes for Development of Agricultural Cooperatives:**
 - Development of Hazelnut Production Through Agricultural Cooperation
 - State Programme for Rational Use of State-Owned Pastures in Highland Regions
 - State Program for Promotion of Viticulture Agricultural Cooperatives
 - State Program for the Support of Dairy Producer Agricultural Cooperatives'
 - State Program for Implementation International Standards and Branding in Agricultural Cooperatives
 - State Program for Unified Production Support of Beekeeping Agricultural Cooperatives.



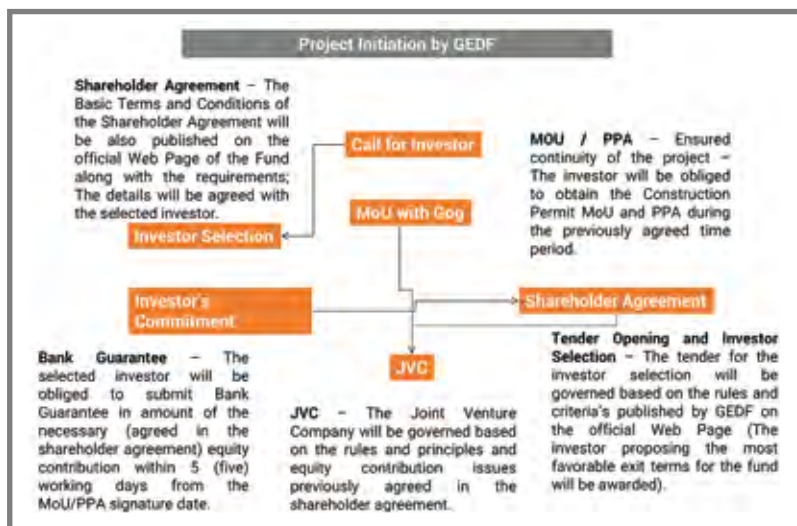
JSC “GEORGIAN ENERGY DEVELOPMENT FUND”

JSC “Georgian Energy Development Fund” is a joint-stock company, which was founded by Ministry of Economy and Sustainable Development of Georgia in December 2010. 100% of Fund’s shares are in the state ownership. JSC “Georgian Energy Development Fund” is managed by the Ministry of Economy and Sustainable Development of Georgia.

Mission of JSC “Georgian Energy Development Fund” is to promote realization of country’s energy potential, retrieval of appropriate funds, by developing projects and their effective implementation.

Core activities of Georgian Energy Development Fund:

- Identification and analysis of potential “greenfield” sites including river-basin planning – and investigation of other renewable energy projects;
- Finance initial costs related to the development of identified energy projects;
- Jointly – with a private investors – develop projects with an exit option for the Fund at various stages of development;
- Support developing energy projects;
- Facilitate project investment promotion;
- Support potential financing arrangements with international financial institutions and/or private financial entities.



GEORGIA'S INNOVATION & TECHNOLOGY AGENCY (GITA)



The aim of the agency is to stimulate innovation ecosystem, facilitate commercialization and usage of R&D, support innovative start-ups and their competitiveness growth, and facilitate cooperation between the representatives of scientists and businesses.

Georgia's Innovation and Technology Agency (GITA) was established under the Ministry of Economy and Sustainable Development as a main coordinator and mediator of the innovation processes in the country. In order to encourage innovation services, GITA runs bootcamp, pre-accelerator and internship programs to help the early stage startups transform their ideas into business projects.

Beyond the formal education, Government promotes the vocational education to strengthen the skills of the workforce, to meet the demand of the private sector and to ensure that workers are globally competitive. Additionally, GITA announced the project to train 3,000 IT specialists in highly demanded professions.

Government provides the pre-seed and seed stage financing for startups, covering the risks and enhancing their skills for further investment opportunities. Through the World Bank support program and competitive selection process, which is done by the Silicon Valley and other international expertise, Government has already financed more than 200 high-growth potential, globally scalable startups in EduTech, HealthTech, AI/VR Tech, GreenTech, FinTech directions.

In the framework of inclusive digital economy development, Government has established Technological Parks in Georgia, operating on one-stop-shop-principle and promoting innovation and entrepreneurship through access to physical co-working space, high technology equipment for prototyping, business incubation and acceleration programs.

Georgia's Innovation and Technology Agency together with @workfromgeorgia launched the Digital Nomads' attraction campaign in Georgia. Within the initiative, the first ever-virtual co-working platform has been created. The virtual joint co-working space www.workfromgeorgia.com is a free of charge platform, where any Georgian company/organization can be registered as a host and Digital Nomads can book the working space through it. In addition, companies can elaborate their special offers for the Digital Nomads within the platform.

To promote R&D commercialization, GITA together with Trust Fund has started the TechTransfer program, identifying highly potential research projects with commercialization opportunity and bringing them to the industry.

JSC PARTNERSHIP FUND



JSC Partnership Fund is Georgia's state-owned investment fund established in 2011 that, together with the private sector, invests in commercially viable projects. It is an entity that supports projects in 5 key sectors in Georgia: energy, manufacturing, logistics, agribusiness, real estate and tourism.

Its mission is to:

- Support investors by providing different financial instruments
- Share project related risks with investors
- Explore and promote new investment opportunities

PF is managed by Supervisory Board that consists of 4 Ministers (Economy & Sustainable Development, Environment Protection & Agriculture, Finance and Justice) and is chaired by Prime Minister of Georgia. All projects implemented by PF need to be approved by the Supervisory Board. Mandate and goals of Fund are determined by the Government of Georgia.

As of May 2020, PF's projects total USD 2.5 billion, and the fund's portfolio is up to USD 300 million.

Main investment criteria:

- Commercially viable project
- Fund's participation - up to 49% of the project's total equity
- Experienced partner or availability of an operator

Investment Mandate:

- Main financing mechanism is equity
- Greenfield and brownfield projects
- Stable mid-to-long term financing (5 to 7 years)
- Predetermined exit strategy with fixed IRR expected at the exit. Buy-out of PF shares should take place latest at the period of predefined exit. However, it can take place anytime earlier at the request of investor (without any early repayment fees)
- Project initiation starts with Business Plan and/or Feasibility Study presented by the interested investor.



TBILISI FREE ZONE (TFZ)

TBILISI FREE ZONE

Tbilisi Free Zone (TFZ) is the only free industrial zone situated in East Georgia, in its capital city Tbilisi. The territory of the Zone occupies 17.0 ha land, which is divided into several individual plots. The entire campus enjoys direct access to the largest labor pool of Georgia, as well as immediate proximity the main cargo transportation highway, Tbilisi International Airport (30 km) and the city center (17 km). TFZ is an ideal tenancy destination for international and local companies uniquely combining the benefits of the capital city location, tax-free environment and low operational costs.

TFZ seeks to attract international tenant companies to locate their export-oriented businesses in the bonded tax-free area, in order to benefit from advantage of Georgia's tax free and bilateral free trade treaties with EU countries, CIS countries, Turkey and China. Tbilisi Free Zone offers various business solutions and is prepared to welcome companies from diverse fields of businesses, including trade, industrial manufacturing, pharmaceutical and household manufacturing, logistics, warehousing and other.

Our Free Industrial Zone offers flexible tenancy terms from long term land lease to turn-key development solutions customized to individual client needs.

The land plots, with the smallest unit of 750 sq.m, may be leased individually or collectively for up to 45 years. Its unique configuration gives the opportunity to merge several land plots without restricting access to the road and communications. TFZ is a competent provider of value-added services in the field of warehouse. In order to increase flexibility and efficiency of our tenant companies, we offer the complete range of turn-key warehouse solutions, which enables our clients to concentrate fully on their business core tasks. Therefore, TFZ offers class A warehouses from 100 sq.m to 450 sq.m. size.

Establishment and development of export oriented companies is the main focus of our state, for the years to come, especially in the post corona virus period, therefore we are looking forward to welcome companies from all over the world willing to relocate or establish their production/warehousing facilities to Tbilisi Free Zone, where they can fully exploit all the benefits of tax free operations as well as other incentives offered by government of Georgia.

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POTI FREE INDUSTRIAL ZONE



Poti Free Industrial Zone is the first TAX FREE area in Georgia and the Caucasus region, which is a dynamically developing as regional trade and manufacturing hub. Poti FIZ is the only free zone in the country where the Georgian Government holds a nominal share.

The strategic location of Poti FIZ, expressed in proximity to the Poti Sea Port, with direct access to the international rail and highways and along the ancient Silk Road, gives Poti FIZ the unique advantage of being a hub connecting international trade corridors, which in turn promotes the rapid movement of cargo in the region.

With tax benefits granted to Poti FIZ, companies registered within Poti FIZ successfully run trade/manufacturing business, including import / re-export / export procedures. Companies in Poti FIZ produce and distribute various types of goods, which are supplied to Georgia, EU, CIS regions, and international markets.

Manufacturing companies enjoy Free Trade Agreements signed between Georgia and different countries, allowing them to obtain preferential certificates of origin "Made In Georgia", including EURO1 and ST1 for goods produced for various markets in Poti FIZ.

We offer you quick registration of the company, Licenses – according to the business activity, long-term warehousing and land lease, modern infrastructure and 24/7 custom services with "Single Window" concept.

Poti FIZ team is constantly developing services and infrastructure, which are aimed to establish Poti FIZ as a attractive trade and industrial hub in the region.

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www.potifreezone.ge



საავტონომიო მდებარეობის ზონა
HUALING FREE INDUSTRIAL ZONE

HUALING FREE INDUSTRIAL ZONE

Free Industrial Zone (FIZ) is the type of a special economic zone envisaged by the Tax Code of Georgia where the business-friendly regulations, favorable tax, and customs system apply. FIZ is open for production, processing, trading & import/export of any goods.

Hualing Free Industrial Zone, located in Kutaisi, the second largest city in Georgia, has been functional since 2016. Throughout this period the Free Zone has attracted dozens of SMEs from various industries from all over Eurasian continent, among which are wood processing, furniture manufacturing, stone processing, building materials, ferroalloys, pharmaceuticals, solar panel modules, ethanol, textile, plastics, end-user product trade, and more.

Total area of FIZ - 36 hectares

Logistic Advantages - 95 km from Poti Sea Port;

19 km from Kutaisi International Airport;

4 km from the main highway;

Key benefits for entrepreneurs:

- Fast and easy registration of the company in one day, with/without physical presence of the owner/director.
- Tax-Free Operations - Full Tax Exemption in Free Zone & Free Trade Agreements of Georgia with EU, China, CIS and Turkey, preferential trade with other countries.
- Wide variety of ready buildings and facilities of various sizes and shapes, with solutions like integrated offices, installed cranes, ramps, as well as land areas & offices - the most competitive tariffs guaranteed..
- Smart Offices - Hualing FIZ provides Smart Office/Legal address solution for companies not in need of any physical premises/facilities in Hualing FIZ.
- Efficient operations through low cost utilities & cost effective labor.
- Rapid custom brokerage and transport-logistic services, short-term and long-term storage of goods, etc.
- Various on-site operational & consulting services, predominantly free of charge.

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www.hualingfiz.ge

KUTAISI FREE INDUSTRIAL ZONE



Kutaisi Free Industrial Zone operated by Georgian International Holding LLC was established in Kutaisi on the territory of the famous Kutaisi auto- building plant in 2009. With its 27 hectares of land and 128 000 m2 of industrial, administrative and storage facilities Kutaisi Free Zone offers reliable Infrastructure; Low rental prices; Easy company set-up, turn-key solutions; Low licensing costs and simplified regulatory procedures and Facility management services.

Kutaisi Free Zone has its railway lane connected to the main railway . This way manufacturers in our FIZ have easy logistic access for importing and exporting goods and various materials. With the help of the gas pipes connected to the main gas distribution tube manufacturers in Kutaisi industrial zone have access to high pressure and conductivity gas which simplifies their manufacturing activities.

The Holding is focused on attracting international companies- tenants to carry out their export-oriented business activities in a tax- free zone. We welcome companies operating in various business sectors: technology, trade and services, light industry, logistics, warehousing, etc.

Today, Kutaisi Free Industrial Zone GIH cooperates with large foreign organizations that specialize with a wide range of industries. Holding provides flexible lease terms and an individual approach to each company. We are actively working and developing our infrastructure to meet all the needs and requirements of our customers.

**Contact information:**

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THE GEORGIAN CO-INVESTMENT FUND (GCF)



The Georgian Co-Investment Fund (GCF) is one of the leading Georgian investment firms, providing international investors with exposure to the fast-growing sectors of the Georgian economy. By utilizing a private equity structure, the fund creates a positive economic impact for the country and provide long-term value to the investors and partners.

Currently managing assets in excess of US\$2 billion, the firm has made numerous investments in the Georgian economy within the sectors and industries which significantly contribute to the development of the Georgian economy, including Energy and Infrastructure, Hospitality and Real Estate, Agriculture and Logistics, and Manufacturing.

The Georgian Co-Investment Fund considers investments in both Greenfield and Brownfield projects as well as in distressed companies. The Fund's minimum IRR threshold for investment in projects is 17% and it intends to invest 25 – 75% of the total equity investment, with a minimum size of USD\$5m.

The Fund is expected to retain its ownership interest in the Portfolio Companies for up to seven years, extendable to a maximum of nine. During that period, the Fund will exit from its investments through sale of its ownership interest through any of the following routes:

- Sale to existing co-owners or partners of the project;
- Sale to external third parties;
- IPO on local and international stock exchanges.





GAZELLE FINANCE LLC

GAZELLE FINANCE

Gazelle Finance is the Fund Manager of Gazelle Fund LP ("the Fund"), a multi-country investment fund that invests in high-growth potential small and medium enterprises ("SMEs") in Eurasia. In 2017, Gazelle Finance closed its first fund, Gazelle Fund LP (the Fund), with a \$31M in total capital commitments.

PRODUCTS (EQUITY, TERM LOAN, INCOME PARTICIPATION LOAN)

Three types of financial products can be provided by Gazelle to its clients: equity instruments, income participation loans and fixed interest loans.

TARGET SECTORS

Gazelle Finance works with SMEs across all industries and sectors and in all business growth stages. Small and medium sized enterprises (SMEs), are defined as companies with annual revenues typically between USD 200,000 and USD 15 million. Gazelle Finance is open to all business sectors, with an emphasis on agribusiness, light industry/manufacturing, healthcare, education, hospitality, tourism, IT, services and energy efficiency.

DESCRIPTION OF FINANCIAL SERVICES

Gazelle Finance offers growth capital and risk financing to SMEs, with each investment ranging from \$200,000 to \$3.0 million. It targets SMEs that possess high-growth potential ("gazelles") but that do not necessarily have the collateral or sufficient historical cash flows that banks require for lending purposes. Gazelle Finance is an active investor and takes a partnership approach to how it invests in and manages its long-term relationship with its portfolio companies. Investments will take the form of partially collateralized and/or subordinated income participation loans, whereby interest will take the form of a fixed interest rate plus a participatory percentage share in the company's revenues over the life of the loan. Equity investments will include pre-agreed buyback terms, also tied to the company's revenue performance.

SELECTION CRITERIA AND TECHNICAL ASSISTANCE AVAILABLE

Gazelle Finance is a double bottom line, impact investor that targets and incubates the primary employment generators in small illiquid countries like Georgia and Armenia, which are a sub-segment of an SME known as a gazelle. Gazelles are fast growing SMEs that have the potential to accelerate sales by 20% or more per year for more than a four-year period. Gazelles constitute only 5% to 10% of all private companies, yet in a typical year they create 50% to 80% of all net new jobs. Gazelle Finance seeks companies with strong, dedicated management and owners, proven performance, and a clear and justified growth strategy.

In parallel, Gazelle manages a Technical Assistance Facility (the subject of this manual) to support its investees and that operates in parallel to the Fund. With this facility, Gazelle Finance can help its portfolio companies to secure technical expertise, usually financed in the form of a zero-interest loan, that will have the maximum impact to accelerate the growth curve and impact of the company. Such targeted interventions include but are not limited, to engage a: consultant to provide a sales and marketing strategy, an IT or SAS firm to design a sector specific ERP or IT/MIS system, an auditor to complete the company's first third-party audit, or an accreditation firm to secure a first-time certification/license such as ISO, GMP, HAACP.





INVEST IN GEORGIA

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investingeorgia.org



INVEST IN GEORGIA