



Georgia

EUROPE

ASIA

CHINA

● GEORGIA

INDIA



Georgia

- Easy to Make Business Ranking: 16th out of 189 Countries (World Bank, Doing Business - 2016).
- According to the doing Business report (www.doingbusiness.org) Georgia is in the World's top ten countries in: Registering Property (3rd place), Starting a Business (6th place), Getting Credit (7th Place).
- Global Competitiveness Index 2015-2016: Number of Procedures to Start Business – 3rd among 148 countries, Number of Days to Start Business 2nd among 148 countries.
- 2017 Economic Freedom index by Heritage foundation – 13th, between the UK and Luxembourg, ahead of Netherlands, Denmark and Sweden. In 2016 Georgia was on 23rd place.
- Anti-Corruption index - 1st place among the 19 countries of Eastern Europe and Central Asia: (Transparency International Corruption Perception Index 2014 - only 4% of respondents admitted having paid a bribe).



Georgia

- Georgia moved from Lower-Middle income group to Upper-Middle income grouping (World Bank Gross National Income study, in 2015).
- Georgia will feature the fastest economic growth out of 21 countries of Eastern Europe and Central Asia :World Bank outlook in 2017-2018;
- In 2012-2016 Georgia improved its positions in world rankings in the fields of Labor Market Efficiency, Education and Training, as well as Effectiveness of the Business-related Legislation and corruption control.
- According to the World Bank in 2014 the Government of Georgia has been the most efficient and transparent in last 18 years.
- Georgia is 3rd safest countries worldwide - Crime Index for Country 2016 Mid Year.



Georgian Market is Free, Transparent and Inclusive

- Independent judiciary system.
- Alternative settlement mechanism for commercial disputes - the Georgian International Arbitration Centre.
- Efficient institute of business-ombudsman.
- Investors Council chaired by the Prime Minister of Georgia and supported by the EBRD.
- Minimized bureaucratic burden: Free access to 300 services in a single Public Service Hall (psh.gov.ge), including but not limited to the company registry, land and property registry and other services - Company registration in one day.
- In 2017 the “Governmental Front-office” based on one window principle will be operational - the office where businessmen will be able to consult with representatives of all relevant ministries and agencies (to avoid visits to line ministries).



Georgia

Simple Taxation

- Georgia is 4th least tax-burdened country after Qatar, UAE and Hong Kong (Forbes Business and Financial News, 2015).
- Since 2004 up to date the number of taxes has been reduced from 21 to 6:

VAT	18%
Income tax	20%
Profit tax	15%
Social tax	NO
Capital gains tax	NO

- No New Taxes or Tax Rate Increase, without a nationwide referendum (The Georgian constitution clause)!
- Georgia has Double taxation avoidance treaties with 52 countries, including Greece.
- From January 1st 2017 Georgia abolished the Corporate Tax on Profit in case of Reinvesting. The incentive concerns retained or reinvested undistributed profits.

Stabile and modernized Banking system

19 commercial banks in Georgia, including 14 foreign banks, such as:

ProCredit Bank (Germany)

Societe Generale (France)

Terabank (UAE)

Ziraat Bank (Turkey)

VTB Bank Georgia (Russia)

Halyk Bank (Kazakhstan)

The Bank of Georgia and the TBC bank are Georgian banks listed in the London stock exchange.



Georgia

Liberalized Trade with World Markets

- Free trade - with the European Union, European Free Trade Association (EFTA) countries (Norway, Iceland, Switzerland and Liechtenstein), CIS countries (former Soviet Republics) and all neighbors, including Turkey – almost 1 billion customer's marketplace.
- In the first six months of the Free Trade Agreement with the European Union Georgian exports to the EU increased by 12%. EU exports to Georgia have remained stable. In 2012-2015 Georgian export to the EU increased by 83%. In the same period, share of the export to the EU in overall export from Georgia increased from 15 % to 30%.
- The European Union is the main trade partner of Georgia with 32.6% of its trade, followed by Turkey (17.2%) and Russia (8.1%).
- In 2016 Georgia concluded agriculture-focused Free Trade agreement with China.
- Canada and the US are priority target markets to have the free trade with.

FDI and GDP growth

- In 2014 and 2015 FDI increased by 87% compared to 2013.
- In 2016 FDI increased by 103% compared to 2015.
- GDP per capita increased from 8,002 USD in 2012 to 9,630 USD in 2016.
- Real GDP growth in Georgia:
(The World Bank Forecast)

2013	2014	2015	2016	2017 (F)
3.4%	4.6%	2.8%	3.0%	4.5%



Free Industrial Zones in Georgia

Since the establishment of the Free Trade of with the European Union Free Industrial Zones in Georgia acquired even greater importance. The government offers:

- Developed Infrastructure
- Corporate Income Tax – 0%
- Value Added Tax – 0%
- Property Tax – 0%
- Import/Export Customs Taxes – 0%



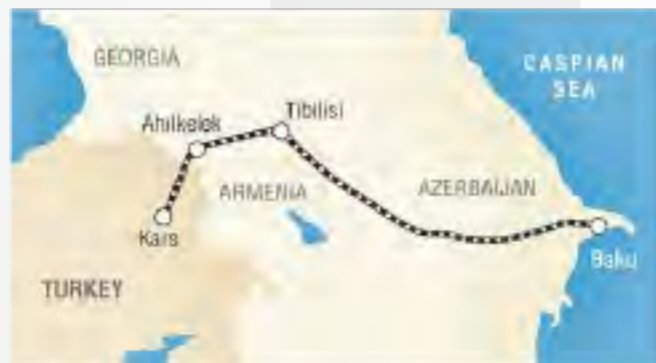
Georgia is the key link in the shortest transit route between Western Europe, Central Asia, China and India.

- On December 13, 2015, the first transit train from China towards Europe arrived in Georgia, marking the re-opening of the historic “Silk Railroad.” Cargo arrived in 14 days. Transportation by sea takes 45 days.
- On January 15, 2016 the first test train departed from Ukraine to China and reached the destination station – “Dostyk” (Kazakhstan-China border) on January 31.

Georgia's location triggers its participation in large-scale regional transport and energy projects



BAKU-TBILISI-KARS Railway Project



Georgian Railway Modernization Project



East-West and North-South Highway modernization



Oil & Gas Pipelines

South Caucasus Pipeline (also known as Baku–Tbilisi–Erzurum Pipeline)

Gas pipeline - 692 kilometers length, capacity 8.8 billion cubic meters. Second stage of the Shah Deniz development capacity 25 billion cubic meters (about 5-6% of EU consumption)

North-South Pipeline

Gas pipeline - Capacity 20 billion cubic meters per annum

Baku–Tbilisi–Ceyhan pipeline

Oil pipeline - 1,768 kilometers long, capacity 50 million metric tons per annum

Baku–Supsa Pipeline (also known as Western Route Export Pipeline and Western Early Oil Pipeline)

Oil pipeline - 833-kilometers long, capacity 52 million barrels annum, with proposed upgrades to between 110 million to 215 million barrels per annum





Georgia

Ongoing Large-Scale Projects

SEAPORT “ANAKLIA”

A New deep-sea port “Anaklia” will be constructed for PANAMAX and Post-PANAMAX type vessels, with the capacity of 100 million tons turnover annually. The project budget is 2,7 billion USD. The construction works will start in 2016. The port will be built by the consortium of the Georgian “TBC Holding” and American Investment Holding “Conti International”.



NENSKRA HPP

The South Korean giant “K-Water” is building 280 Megawatt Nenskra HPP, with annual 1.2 billion kilowatt capacity. The budget of the project is 1.08 billion USD.

- 300 out of 26,000 rivers in Georgia have a potential for the green energy production. Currently, Georgia utilizes only 20% of its total hydro potential;
- At www.energy.gov.ge you can find detailed project proposals (installed capacity, hydrology, topographic map, construction cost, return rate, payback period, etc.) for building HPPs in Georgia.



Georgia

Projects in Energy field

- Construction of the “Black Sea Energy Transmission Line” Akhaltsikhe 500/400/220 KV substation and 400 KV high voltage transmission line that connects Georgian and Turkish power systems was finalized in 2013. The MoU for additional 154 KV line to Turkey has also been signed;
- On October 11, 2014, the “Paravani” hydroelectric plant was opened. Budget of the 87-megawatt power plant was 200 mln. USD. Built by Turkish "Anadolu Group”;
- On March 19, 2015, the investment agreement was signed with the Indian giant “TATA Power” on construction of “Shuakhevi” HPP. The projected investment is 400 mln. USD;
- On July 16, 2015, the Ministry of Energy of Georgia signed MoU with Feri LTD (UK) on building and operating of the Oni HPP Cascade, with installed capacity of 172.2 Megawatt (MW). The estimated project budget is 330 mln USD. Duration of the construction is 6 years. Feri LTD, Georgia co-investment Fund and the “Robbins company” (US) are implementing the project;
- On April 15, 2016, the feasibility study for the Underground Gas Storage Project on “Samgori South Dome” was finalized. The facility will store up to 280 million cubic meters of gas .



Power Plants Commenced in 2012-2016

Total Installed Capacity - 420 MW; Total Investment - 540 Mln. USD

Project	Company	Region	Installed Capacity (MW)
Bakhvi 3 HPP	LLC "BAKHVI HYDRO POWER"	Guria	10
Aragvi HPP	LLC "ENERGO ARAGVI"	Mtskheta-Mtianeti	8.5
Shilda HPP	LLC "ENERGIA"	Kakheti	5
Larsi HPP	LLC "ENERGIA"	Mtskheta-Mtianeti	19
Akhmeta HPP	LLC "GEOENERGY"	Kakheti	9.1
Kazbegi HPP	LLC "KAZBEGIHESI"	Mtskheta-Mtianeti	6
Paravani HPP	LLC "GEORGIA-URBAN ENERGY"	Samtskhe-Javakheti	86.54
Pshavela HPP	LLC "STORI POWER"	Kakheti	1.95
Alazani 2 HPP	LLC "GEORGIAN INTERNATIONAL ENERGY CORPORATION"	Kakheti	6
Khadori 2 HPP	LLC "PERI"	Kakheti	5.4
Racha HPP	LLC "GEORGAIN INTERNATIONAL ENERGY CORPORATION"	Racha-Lechkhumi and Kvemo Svaneti	11
Kazreti HPP	LLC "WATER ENERGY"	Kvemo Kartli	2.5
Shakshaketi HPP	LLC "Medgroup Georgia"	Shida Kartli	1.5
Debeda HPP	LLC "HYDRO ENERGY"	Kvemo Kartli	3
Gardabani TPP	JSC "PARTNERSHIP FUND" and JSC "GEORGIAN OIL & GAS CORPORATION"	Kvemo Kartli	231.2
Tkibuli TPP	LLC "Saknakshiri"	Imereti	13.2



7 HPPs Have Become Operational in 2016

Total Installed Capacity of 7 Projects is 422.7 MW with Investment volume of 710 Mln USD.

Project	Company	Region	Installed capacity (MW)	Investment
Dariali HPP	JSC DARIALIENERGY	Mtskheta-Mtianeti	108.0	105 Mln. USD
Shuakhevi HPP	LLC ADJARISTSQALI GEORGIA	Achara	187.0	400 Mln. USD
Kirnati HPP	LLC ACHAR ENERGY-2007	Achara	51.3	90 Mln. USD
Khelvachauri 1 HPP	LLC ACHAR ENERGY-2007	Achara	47.8	70 Mln. USD
Kintrisha HPP	LLC HYDRO DEVELOPMENT COMPANY	Achara	6.0	8 Mln. USD
Nabeglavi HPP	LLC AE-SGI Energy I	Guria	1.9	2.8 Mln.USD
Kartli Wind Power Plant	LLC KARTLI WIND POWER PLANT“	Shida Kartli	20.7	34 Mln. USD



Tourism

- 22 microclimate zones, including subtropical marshes, semi-deserts, alpine zones and snowy peaks, all within hundred kilometers from each other;
- In 2013, the "Best value destinations" ranked Georgia among the 10 top value destination countries;
- Travel & Tourism Competitiveness Report 2015: Georgia ranks 71st among 141 Countries.
- UN World Tourism Barometer: in 2012 Georgia registered 57 % growth of number of tourists. Up to date we have significant growth in numbers of tourist every year. In 2016 Georgia hosted 6 Mln visitors;



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Incentives in Tourism Sector

- Law of Georgia on free touristic zones of 26 October, 2010: Any interested party which invests at least 500 000 USD in a hotel construction, a plot of land will be offered for the symbolic 1 GEL. The investor will be free of paying the profit tax (15 %) for 15 years.

- Georgia has two Free Tourism Zones in Anaklia/Ganmukhuri and Kobuleti (on the Black sea shore). Government offers:
 - Free Land;

 - Fully provided utilities network and outdoor infrastructure;

 - Profit and Property Tax Exemptions for 15 Years;

 - Free Casino License for a Hotel with 80 Rooms.



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Produce in Georgia: an incentive for stimulating production sector

- Credit program: Annual interest not more than 13%, the Government co-funds 10% - the entrepreneur pays not more than 3% annual interest. Same benefits apply to the Leasing program for purchasing fixed assets.
- Access to infrastructure: the interested entity is offered the Government-owned non-agricultural land for symbolic 1 GEL, under the certain investment conditions:
 - Launching of production within 2 years.
 - Volume of investment: in the Capital Tbilisi: 6-times market value of the real estate. Outside the Capital 4-times market value of the real estate.
 - First year 25 % of total investment; Second year - remaining 75 %.
- Up to date the “Produce in Georgia” program supported 139 business enterprises with the investment value of 360 mln GEL. It created 6700 jobs throughout the country.
- In frames of the infrastructural support 59 state-owned properties were handed to businesses for free.
- Through the Micro and Small business support project up to 1500 entrepreneurs were financed, 3843 new jobs have been created.
- In frames of the “Produce in Georgia” program Commercial banks issued loans for up to GEL 118 mln since 2014, with state co-financed interest rates.



Program “Produce in Georgia” Partner Commercial Banks

TBC Bank

Capital Bank

Terabank

Liberty Bank

Bank of Georgia

VTB Bank

Bank Republic

Procredit Bank

Basis Bank

Progress Bank

Halyk Bank Georgia

Cartu Bank



Georgia

Agriculture in Georgia

- 48 different soils
- 22 micro-climate zones
- 2400 springs of mineral water
- Cheap agro credit: Annual Interest rate is not more than 15%, 12% is covered by the Government - a farmer pays not more than 3% of the loan.
- As a result, almost 1 bln GEL. have been distributed to build 150 new enterprises and 700 enterprises have been upgraded/expanded.
- Agro insurance issued 30 000 policies in 2014-2015.
- Small farmers spring works assistance – almost 700 000 farmers benefited in 2013-2016:
2013 - 190 mln GEL; 2014 - 70 mln. GEL; 2015 - 50 mln. GEL; 2016 - 40 mln. GEL
- Wine-making: almost 100 mln. Bottle is exported annually; mainly to Russia, the EU, Ukraine, China.



State-owned JSC “Partnership fund”

www.fund.ge

- Fund Owns: Georgian Railway - 100%, Georgian Oil and Gas Corporation (GOGC) - 100%, Georgian State Electrosystem - 100%, Electricity System Commercial Operator - 100%, JSC Telasi - 24.5%.
- Fund portfolio is over 1 bln USD.
- Spheres of activities: Agriculture, Energy, Infrastructure, Production and Tourism (in cooperation with its partners the fund recently completed Hotel Rixos Borjomi - 48 mln USD, Hotel Gino Wellness Spa - 5 mln USD, Hotel Royal Batoni - 3 mln USD, Hotel Best Western - 3 mln, to be completed in 2017).
- Completed projects: Sairme Resort – 10 Mln. USD, Hotel Rixos Borjomi - 48 Mln USD, Hotel Gino Wellness Spa - 5 Mln USD, Hotel Royal Batoni - 3 mln USD, Blueberry Plantation and Processing Plant “Vanrik Agro” – 6.7 Mln. USD, Rukhi Multifunctional Trade Center – 15 Mln. GEL, etc.
- Ongoing projects: HPP on the river Kasleti - “Kasleti 2” (opening date 2017), HPP on the river Lukhuni - “Lukhuni 2” (opening date 2018), Hotel Hyatt Regency (opening date 2018), etc.



Georgian Co-Investment Fund

www.gcfund.ge

- 6 bln USD private investment fund (Dhabi Group, Ras Al-Khaimah Investment Authority - both United Arab Emirates, State Oil Fund of Republic of Azerbaijan, Çalık Holding A.Ş - Turkey)
- The Fund has allocated capital in the following sectors:
 - Energy - up to 3 bln USD
 - Hospitality and Real Estate - up to 1 bln USD
 - Agriculture and Logistics - up to 0.5 bln USD
 - Manufacturing - up to 1.5 bln USD
 - Other - up to 0.5 bln USD
- Fund participates in business projects with 17% Minimum Rate of Return
- The Fund may finance up to 75 % of a project
- The fund may reserve its right to sell its shares in 7-9 years



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Few recent projects

- “Galleria Tbilisi” project, which envisages development of a modern, multifunctional shopping centre on Rustaveli Avenue, Tbilisi. Project budget is USD 77 Mln. The project will be completed in September 2017;
- On May 18, 2016, HeidelbergCement Caucasus, Georgian Co-Investment Fund and Hunnewell Partners, LLP announced joint investment project of USD 120 million to upgrade HeidelbergCement’s existing cement and concrete facilities in Georgia.
- Mktvari HPP project - 53.3 MW hydro power plant project on the river of Mtkvari; total investment value is 98 mln USD. In addition, the fund participates in construction of five hydroelectric power plants with a combined investment of over 750 mln USD. The total annual expected energy generation is in the range of 2,000 GWh.
- “Panorama Tbilisi” project - 0.5 bln USD, spread across 270,000m² - one of the biggest ever real estate developments in Georgia’s history.
- In the agriculture sector: 45 mln USD invested in the development of a dairy farm and processing plant with leading Dutch dairy development company “Friesien”; 40 mln USD greenhouse project with French co-investor “Richel Group”.



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Thank You!