

**BUSINESS PROPOSAL****PROJECT TITLE - TEKHURI HYDROELECTRIC POWER PLANTS CASCADE PROJECT**

**BACKGROUND** - The Tekhuri HPP Cascade Project consists of 5 HPPs (Lechekha, Erja, Khpa, Tskhimra and Nobulevi) on the Tekhuri River located on the southern slope of the Samegrelo ridge at an altitude of 2,360 meters. The total length of the river is 101 km with a total drop of 2,352 meters, a gradient of 23% of the catchment area of 1040 km<sup>2</sup>, with the cascades providing 1300.0-312.0 meters of potential energy between the marks.

**OBJECTIVES** - To obtain capital for the construction and implementation of the 5 HPPs

**DESCRIPTION OF SERVICE/PRODUCTS** - Industry expertise in the construction and implementation of 5 income generating HPPs

**TARGET CUSTOMERS** - Investors, both individual and corporate

**MARKET NEEDS** - Georgia currently imports electricity in winter periods, when the deficit is high and the existing local capacity is unable to meet the demand; Georgia's neighbor Turkey, with whom there is an established energy trade, is a net electricity importer and prices in Turkey are among the highest in Europe.

**COMPETITIVENESS** - The government of Georgia is actively developing a competitive and transparent market platform for energy trade; supports the utilization of the country's hydro power potential and is eager to facilitate the development of such ventures.

**LOGISTICS** - Once constructed, the HPPs and transmission line will allow for the transmission of generated electricity and sale in the energy market.

**EXPECTATION FOR PARTNERS** - Financing of the Tekhuri Hydroelectric Power Plants Cascade Project as a whole or individually with the expectation of a return on Investment in a 5 year time period.

**INVESTMENT AMOUNT** - Tekhuri Hydroelectric Power Plants Cascade Project can be financed as a whole or as broken up individual HPP projects. Total cost of the cascade, including the above five HPPs and transmission line is about 170,896,000 USD.

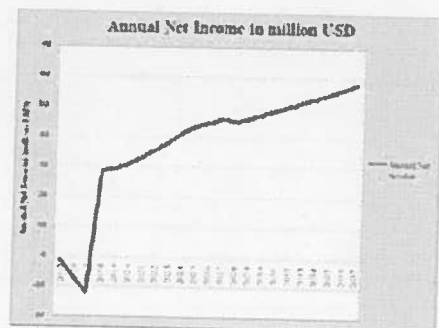
HPP	Installed Capacity (MW)	Annual Generation (GWh)	Investment Cost (USD)	Construction Period (years)
Lechekha	22.93	112.76	37,818,118	3
Erja	30.16	175.42	34,684,540	3
Khpa	16.95	99.05	24,469,714	3
Tskhimra	23.84	140.94	28,282,665	3
Nobulevi	15.48	103.08	31,954,015	3

**TOTAL INSTALLED CAPACITY (5 HPPS) - 112 MW**

**YEARS OF NET INCOME TO COVER INVESTMENT - 5.5**

**STATUS** - The project is provisional in status with a projected in-service date of 2018; AE has an agreement to sell the generated electricity to Europe's leading power distribution company

**INVESTMENT PARTNERS** - Seeking partners with the ability to finance the cascade project either in whole or in part, with a minimum investment being the cost of an individual HPP



## PROJECT TITLE - IMPORT OF HYBRID &amp; ELECTRIC VEHICLES

Alliance Group Leasing (AGL) is the first and only non-bank owned leasing company in Georgia, operating with the primary goal of providing leasing services to its customers. Currently, AGL offers finance, operational and purchase and lease-back services. Established in 2006, AGL has served more than 4,000 clients and has financed transactions worth USD 16 million. The company is currently expanding its operations in the regions and targeting medium, small and micro clients in rural areas throughout the branch system of its sister company in Batumi, Kutaisi, Zugdidi and Tsalka.

AGL is the first leasing company in the country that obtained the International Certificate for Quality Management Standard – ISO 9001 in 2011 and the first leasing company in the country granted a Development Credit Authority Portable Guarantee from the US Government in 2011.

The automobile market is one of the most developed and growing markets in Georgia. Annual revenues of legal entities involved in automobile trading increases by 44% per year and amounted to GEL 1,289.1 million in 2012.

Georgian auto park grew by 9.6% per year and amounted to 831,600 vehicles in 2012, out of which 672,700 were passenger cars (65.7%, 156 automobiles per 1,000 people). In Georgia, 89.6% of the vehicles are owned by individuals and 10.4% by legal entities (including state agencies).

Georgian auto park is quite outdated. Second hand cars hold the large portion of the market; new cars hold only 2% of the total market. The majority of Georgians own automobiles produced earlier than 2001; however at present demand is on automobiles issued after 2002.

The most popular automobiles are in the USD 5,000 to USD 10,000 price category, but owners replace their automobiles with more expensive ones with the price range from USD 7,000 dollars to USD 12,000.

The portion of hybrid cars is 1%, but the demand on hybrids is growing, assumptions are made that portion of hybrid cars will grow up to 7% in one year, up to approximately 47,000 automobiles.

AGL aims to promote and push up sales of hybrid automobiles, by importing them from Japan, and offering them to potential customers' through auto leasing with favorable conditions. Promotion of auto leasing service will be done by a targeted advertising campaign and an experienced sales team.

AGL's competitive advantages are the following:

One of three leasing companies in Georgia

Strong and positive brand awareness

Well-functioning chain of branches in regions of Georgia

Subsidiary company of one of the most successful financial and investment holding – Alliance Group Holding (AGH)

Potential customers are individuals, who have medium and high revenue, which is enough for purchasing a car (monthly income of a person must exceed 1,500 GEL (USD 900)) and companies with stable income and necessity of corporate automobile.

Alliance Group Leasing would like to partner with an international counterpart that will be willing to import hybrid & electric cars in Georgia. The scheme of cooperation can be via consignment, for the period of one-year, during which AGL will offer a new product with favorable terms to the market, execute a targeted advertising campaign and expand the market share of hybrid and electric cars in Georgia.

Consignment can be done either by:

Monthly payment of principal amount plus accrued interest rate; or

Payment of principal amount/accrued interest rate at the end of one-year term.

Alliance Group Leasing is also open to discuss a debt-financing instrument from international counterparts. The funds attracted will be used for offering other types of equipment in various sectors, including agriculture, medical and other needs for SME sector.

Leasing portfolio as well as Development Credit Authority (DCA) Guarantee from the United States Agency for International Development (USAID) will be offered as collateral in both cases.

## PROJECT TITLE - INCREASING EXISTING CREDIT PORTFOLIO IN SME LENDING AND PARTICULARLY ECO LOANS

Alliance Group Microfinance Organization (AGM), established in 2005, is a privately owned limited liability company that provides easily accessible, diverse and high-quality financial services to citizens of Georgia. From its five branches (Tbilisi, Zugdidi, Batumi, Kutaisi and Tsalka), AGM finances individuals as well as micro-, small- and medium-sized enterprises in urban and rural areas of Georgia.

AGM's vision is to create and promote sustainable economic development in Georgia by providing capital and financial education to various communities, seeking to carefully balance its financial and social objectives. AGM's mission is to support the production (including regeneration), marketing and sales of native Georgian products by delivering financial products and services to underprivileged and poor communities in rural and urban areas (including farmers, women and families, and Internally Displaced Persons (IDPs) - long-term refugees from Abkhazia and South Ossetia from the civil conflicts of the early 1990s).

AGM seeks funding from international counterparts to increase the existing credit portfolio and issue small business, agricultural and eco loans in its existing service centres (Tbilisi, Batumi, Zugdidi, Kutaisi and Tsalka) as well as the soon to be opened, service centre in Bolnisi, Kvemo Kartli region of Georgia.

A new product has been tested last year - Eco loan for energy efficiency activities (financing tax conversions into gas, replacing old equipments with eco-friendly equipments and etc). The trial period proved that demand on eco loans can be increased and benefits of demonstrating energy efficient infrastructure even in a small household can be achieved. However, the scale used during the trial period was too moderate, thus the company decided to seek alternative sources of financing to expand its portfolio in this regard.

The project will extend the existing coverage as well as increase the credit portfolio of the organization. The new area covered within this project is Bolnisi service centre (Population: 13,800), opened in the summer of 2014. Currently, the economy is mostly agrarian with the notable exceptions of a winery, brewery and a gold mine in the nearby village of Kazreti.

The project envisages including educational programs for new as well as existing clients in the regions. Since Bolnisi service centre is open now, the financial educational trainings will be planned for local population. Trainings will be offered to male, as well as women entrepreneurs, as well as Internally Displaced Persons (IDPs) and ethnic minorities.

Topics such as financial planning and projection, developing simple budget, financial calculations and basic marketing principles will be offered. Local staff members, credit officers will deliver the trainings on site, thus it will be company's in-kind contribution. The trainings will be delivered for free.

Microfinance Organization Alliance Group is currently seeking institutional and private debt financing to expand the activities of the company. AGM will use the additional debt financing to:

- Increase lending in key impact sectors of the Georgian economy, particularly in agricultural production, processing and distribution
- Increase its credit portfolio in eco loans
- Increase accessibility to loans in the most underserved regions of Georgia
- Increase lending to the most underprivileged groups, such as women entrepreneurs and Internally Displaced Persons
- Improve awareness of financial planning among entrepreneurs as their businesses grow
- Promote ethical business practices among SMEs and young leaders

AGM has invested in sufficient infrastructure (five branches), human resources, operational capacity and management systems in order to be able to achieve prudent growth without significant further overhead expenses. Given additional debt financing, AGM can achieve at least 30% annual growth in lending in each of the next three years.

Amount of Loan – USD 500,000 – 1,000,000

Maturity of loan – 3-5 years

Interest Rate – Annual 7-8 %

Collateral – Backed with collateral



## JSC GALT & TAGGART

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 Name of Representative / Contact Person: Nino Papava

Year of company establishment	2014
Capital (USD)	Seed capital: USD 10 million Target: USD 100 million
Number of Employees	10
Amount of Sales in 2013 (USD)	52 283 615
Shareholder composition	rp Global and Galt & Taggart Group - 10% Limited Partners - 90%
Main Bank	JSC Bank of Georgia

### BUSINESS OUTLINE AND COMPANY'S ADVANTAGE

The Renewable Energy Fund seeks to develop greenfield renewable energy (mostly hydro) projects. Strong preference is given to run-of-the-river and small/medium sized hydro power plants which are situated in easily accessible areas, with ready/easy access to the transmission lines.

Advantages of small/medium size run-of-the river type projects:

Run-of-the-river facilities use conventional hydropower technology to produce electricity by diverting river flow through turbines that spin generators. This type of hydro power generation has multiple advantages including but not limited to the following:

**High operating efficiency** - the operating life of a run-of-river project is typically long (sometimes up to 50 years) with low operating costs, normally around 10-15% of revenue.

**Low construction costs** - building run-of-the river hydro power plants with installed capacity up to 30MW bears less costs than traditionally built (dammed) large hydro power plants while generation potential of relatively low cost run-of-the river plants remain attractive.

**Low environmental impacts** - run-of-river projects are considered to be 'green energy' with little environmental impact.

### PRODUCT LINE/SERVICES

Development of run-of-the river small/medium sized hydro power plants.

### COMPANY HISTORY

Company was established in 2014. Renewable Energy Fund acquired rights to 172 MW of capacity.

First project: Mestiachala 2 with the capacity of 20 MW is in the process of development.

Construction of hydro power plant is planned to start in April 2015, while fundraising will begin from Q1 2015.

### BUSINESS EXPERIENCE WITH FOREIGN COMPANIES

**rpGlobal:** Austrian privately owned independent power producer, developer and investor in hydro and wind power projects. Company has 25 years of successful track record in project development, construction and operation.

**IFIs:** Renewable energy fund is working with IFIs to obtain debt financing for all its HPP projects.

## GEORGIAN INTERNATIONAL ENERGY CORPORATION

### “GEORGIAN INTERNATIONAL ENERGY CORPORATION” LTD

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Year of company establishment: 2005  
Capital (USD): 47,453  
Number of Employees: 313  
Amount of Sales in 2012 (USD): 1 07 2 M  
Export Figures in 2013: 3.2 M  
Import Figures in 2015: 1.9 M  
Shareholder composition:  
The Company's immediate parent company is  
LLC Georgian Industrial Group Holding  
Main Bank:  
JSC TBC Bank, JSC Bank Republic, JSC Bank of Georgia

#### BUSINESS OUTLINE AND COMPANY'S ADVANTAGE

The Company's principal activities involve generation of electricity and the re-sale of natural gas. Electricity is generated by a thermal power plant ("TTP") ("Tbilisres") and 8 hydro power plants located throughout Georgia. Electricity is sold to various private companies and to a state-established LLC Electricity System Commercial Operator ("ESCO"). The TPP has an installed capacity of 280 MW and its tariffs for sales to ESCO are regulated by statute while tariffs for sales generated by hydro power plants are not regulated. Each of the hydro power plants has an installed capacity of less than 13 megawatts and their tariffs are not subject to regulation.

The Company is engaged in barter transactions with an Armenian-based thermal power plant operator, whereby GIEC supplies electricity in exchange for natural gas. Natural gas is also purchased from major gas suppliers operating in the Caucasus region and capable of making large-volume deliveries. Major gas customers are cement factories and networks of natural gas refueling stations. The Company is also involved in the retail business of sale of gas through its own refueling stations.

#### PRODUCT LINE/SERVICES

Generation of electricity and the resale of natural gas.

#### COMPANY HISTORY

LLC Georgian International Energy Corporation ("GIEC") was incorporated on 11 July 2005 and is domiciled in Georgia. The Company and its subsidiaries have been set up as a limited liability companies in accordance with Georgian legislation. The Group's principal business activities are within Georgia.

#### BUSINESS EXPERIENCE WITH FOREIGN COMPANIES

The Company has sufficient experience in dealing with foreign companies in a number of business processes. Currently the Company has ongoing negotiations with potential partners in a variety of future energy projects.

#### BUSINESS PROPOSAL

##### PROJECT TITLE - REPLACEMENT OF THE EXISTING GAS FIRED THERMAL POWER PLANT WITH A COMBINED CYCLE THERMAL POWER PLANT WITH OUTPUT OF UP TO 400 MW.

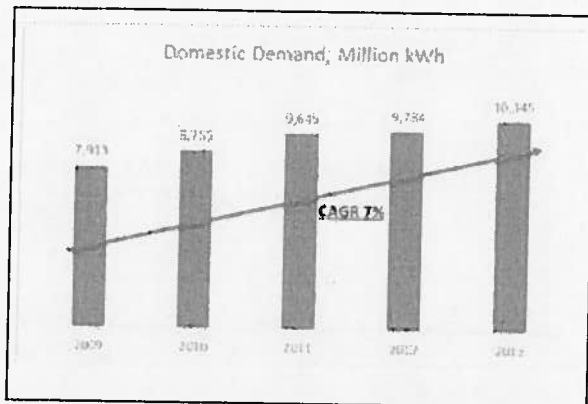
Founded in 2005 and having at its disposal only several hydro power plants "Georgian International Energy Corporation" is now a major and fast developing players in the Georgian energy sector. Our principal businesses are electricity generation and natural gas sales.

GIEC is a prominent player in the electricity field being one of the most important private electricity suppliers in Georgia. The Company exports electricity to neighboring countries and targets to enter new markets. Shortly after the GIEC acquisition, GIG Holding started to improve the Company's value through its experienced management and aggressive development strategies. Being managed by GIG Holding, the Company has the ambitious strategy to consolidate its leading position in the energy sector of the Caucasus region.

With the confidence in clear understanding of energy industry dynamics the Company believes there will be strong return on planned and implemented modernization program, intended to improve the existing plants, as well as on increase of power generation capacity resulting from the construction of new assets.

Currently GIEC operates 8 small hydro power plants across Georgia and a strategically important thermal power plant providing electricity reserves to Georgia. The current power plants have a total installed capacity of 342 MW, where hydro power plants produce 48,7 MW, gas-fired TPP about 280 MW and the rest for coal fired TPP. In 2013 the Company provided a 21% share of Georgia's total electricity generation in the winter period and annual 10%.

The domestic market shows a significant growth in electricity demand, which is typical for an emerging market. Currently it is assumed that electricity demand in the country will follow the growth of the economy. In addition, the Company has an opportunity for export sales. GIEC has exclusive corporate clients in the region. What is more, in 2013 a new electricity transmission line to Turkey has been launched, which enables export of electricity both to Turkey and Europe.



Taking into consideration increasing demand of electricity, GIEC is going to replace the existing gas fired thermal power plant with a new combined cycle power plant. For this reason the Company is in the process of seeking strategic partners among thermal power plant producers. The targeted efficiency rate of the new power plant is estimated to be above 50%.

GIEC is open to joint ventures or consortium models of cooperation with international companies and can contribute to the project with;  
 existing infrastructure which will be useful for a new TPP  
 Long term favorable purchasing and sales contracts on gas and electricity .

#### EXPECTATION FOR SUPPORT

Assistance in development of relationships with Japanese thermal power plant producers  
 Assistance in finding partners for cooperation in energy business  
 Assistance in project financing



## GEORGIAN INDUSTRIAL GROUP (GIG)

Year of company establishment	2005	
Capital (USD)	Saqnakhshiri LLC - USD 19,645 thousand according to 31 December 2013 audited consolidated statements	
	GIEC - USD 47,492 thousand according to 31 December 2013 audited consolidated statements	
Number of Employees	More than 3000	
Amount of Sales in 2013 (USD)	GIEC - 95,342 thousand USD (Sales revenue) As of Audited Report 31 Dec. 2013)	
	Saknakhshiri LLC - 20,347 thousand USD (Sales revenue) As of Audited Report 31 Dec. 2013)	
Amount of Export/Import (USD)	3.2 mln USD (electricity export revenue) As of Dec 2013 Audited Reports	
Shareholder composition	Privately Owned Company	
Main Bank	JSC TBC Bank, JSC Bank of Republic, JSC Bank of Georgia	Gazapkhuli str. 14, 0177 Tbilisi T: +995 32 221 01 87 F: +995 32 221 01 89 E: gig@gig.ge / Z_Gelenidze@gig.ge Name of Representative: Zurab Gelenidze

### BUSINESS OUTLINE AND COMPANY'S ADVANTAGE

Georgian Industrial Group (GIG) is the largest industrial holding in Georgia with a wide business portfolio including a coal mining, energy generation and natural gas retail. GIG provides Georgia with a significant part of the hydro and thermal energy, is one of the leaders in wholesale and retail natural gas sales and is the nation's only coal producer and sole owner of economically important coal mining assets of Georgia.

Georgian International Energy Corporation (GIEC) represents the Electricity Generation and Natural Gas Trade arm of the GIG Group. Electricity is generated by a thermal power plant ("Tbilisres") and 8 hydro power plants located throughout Georgia. Electricity is sold to various private companies and to a state-established entity Electricity System Commercial Operator ("ESCO"). The thermal power plant ("TPP") has an installed capacity of 300 megawatts, while hydro power plants have an installed capacity of 49 megawatts.

The Company is engaged in barter transactions with an Armenian-based thermal power plant operator, whereby GIEC supplies electricity in exchange for natural gas. Natural gas is also purchased from major gas suppliers operating in the Caucasus region and capable of making large-volume deliveries. Major gas customers are cement factories and networks of natural gas refueling stations. The Company is also involved in the retail business of the sale of gas through its own refueling stations.

In the coal mining business GIG is represented by the Saknakhshiri LLC. The company is the sole owner of the economically important Georgian coal mining assets, which are the Tkibuli-Shaori and the Vale coalfields. Saknakhshiri is engaged in coal extraction, enrichment and selling processes. Under current extraction licenses, at the company's disposal there are 407 million tons of coal deposits. The company, having successfully managed the rehabilitation of the two coal mines: Dzidziguri and Mindeli, started operating a new coal-enrichment factory in 2009. Extraction volumes amounted to 400 thousand tons of coal in 2013. The majority of the enriched coal produced is sold under the long-term contracts (1 year or more) to the local consumers. In the long-term horizon, the company plans to increase its

### PRODUCT LINE/SERVICES

Electricity Generation / Natural Gas Resale / Coal Mining and Enrichment

### COMPANY HISTORY

In the early 1990s right after the collapse of the Soviet Union, during full-scale deindustrialization of Georgia, the company took its initial steps. Based on experience and expertise accumulated over 20 years of business development, Georgian Industrial Group finally adopted a holding company structure in 2006. Starting from 2006 as a pure holding company Georgian Industrial Group Holding is investing in various industries, targeting value added businesses with a significant economic and social meaning for Georgia at the moment and in the long-run perspective.



#### **BUSINESS EXPERIENCE WITH FOREIGN COMPANIES**

The Company has sufficient experience in dealing with foreign companies in a number of business processes. Today the company has ongoing negotiations with potential partners in a variety of future energy projects.

#### **MAIN CLIENT AND DISTRIBUTION CHANNEL**

LLC Energo Pro Georgia, LLC ESCO, JSC Georgian Manganese, LLC Sakhnakhshiri, LLC Gas Energy, LLC Sachkheregas, LLC Air company, LLC HeidelbergCement, LLC Georgian Metal Company, LTD. Socar Petroleum Georgia.

#### **BUSINESS PROPOSAL**

##### **PROJECT TITLE - 100-150 MW COAL-FIRED TPP**

The new Coal-Fired Power plant project (installed capacity 100-150 MW) will be based on Tkibuli coal resources. A Feasibility Study of the project has been conducted and the company is in the process of selecting an EPC contractor for the project. Projected investment equals to 120-180 mln US dollars and the project is expected to be constructed and commissioned within 36 months. After completion of this project, GIG plans to further expand by constructing two 300 MW coal-fired TPPs in Tkibuli.

##### **PROJECT TITLE - 280 MW GAS TURBINE CCPP**

The new 250-300 MW Gas combined cycle power plant (CCPP) project is planned to be built on our existing infrastructure in Gardabani. In October 2012 ENERCO (Engineering & Consulting GmbH) provided a completed Feasibility Study for the project. Projected investment equals to 224 mln US dollars and the plant is expected to be constructed and commissioned within 24 months.

##### **PROJECT TITLE - INCREASING HYDRO CAPACITY**

GIEC has an ambitious plan to increase hydro electricity generation capacity by 100 MW and in 2020 to reach its total capacity of 150 MW. A few potential locations for small and medium size HPPs construction have been selected and planning and feasibility studies have been initiated.

##### **PROJECT TITLE - 20 MW WIND FARM**

The Company follows its "green" direction and plans to create a wind power plant which will be the pioneering project in the country. At the moment, the site of the plant is selected and feasibility study is in progress. Projected investment is 20 mln US dollars and the plant is expected to be constructed and commissioned within 18 months.



# KG ENERGY

## KG ENERGY LLC

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Year of company establishment	2011
Capital (USD)	10 000 000
Number of Employees	58
Amount of Sales in 2013 (USD)	300 000 USD
Shareholder composition	
KGM ENERJİ TİCARET LİMİTED ŞİRKETİ (KGM Energy), a Turkish based company	
KG Energy LLC is beneficially owned by Silk Road Group Holding S.A. and Kusto Group Holding	
Main Bank	JSC TBC BANK; JSC BANK OF GEORGIA

## BUSINESS OUTLINE AND COMPANY'S ADVANTAGE

### Business outline

Development and operation of hydroelectric power plants (HEPP) in Georgia through its active and growing participation into HEPP build-operation-ownership (BOO) investment projects promoted by the Government of Georgia, expanding the outlook of start-up and ongoing projects as well of the existing power plants.  
 Export of electricity generated by own HEPPs.

### Company's Advantage

Guaranteed capacity in new interconnection electricity transmission line to Turkey for full allocation of electricity generated by own HEPPs.  
 PPA (Power Purchase Agreement) with Georgian and Turkish off-takes  
 Sponsor's equity up to 30%  
 Affiliate in Turkey being actively involved in the electricity market  
 Good knowledge of market

## PRODUCT LINE/SERVICES

HEPP development and operation  
 Trading in electricity

## COMPANY HISTORY

KG Energy LLC was established in May 2011 with special purpose of running development of HEPPs in Georgia considering opportunity of having exported the generated electricity to Turkey upon commissioning of the new interconnection electricity line, which was under construction at that time.

Since then KG Energy has established several subsidiaries, (Special Purpose Vehicles) to engage into different development projects through bidding for BOO contracts with the Government of Georgia within the scope of national policy for promoting the investments into hydro energy development in Georgia.

The SPVs are: Bakhvi Hydro Power LLC / Machakhela LLC

## BUSINESS EXPERIENCE WITH FOREIGN COMPANIES

KG Energy LLC and SPVs have been provided with various number of services including engineering, project design, technical, financial and legal due diligence and has also purchased various types of goods and materials, including intellectual property, from Turkish, Chinese, German, Austrian, British and other foreign companies.

Since the beneficial shareholders of KG Energy are transnational companies running diversified business portfolios and having subsidiaries in different parts of the world including Switzerland, Netherlands, Ukraine, Turkey, Azerbaijan, Central Asia, China, Vietnam and Singapore, they possess a vast experience of having business relationship with companies abroad. This particular experience is transmitted to KG Energy via certain human resources that are designated by the shareholders to KG Energy permanent staff.

**BUSINESS PROPOSAL**

**PROJECT TITLE - BAKHVI HYDRO POWER (BHP) LLC**

BHP includes Bakhvi 3 run-of the river HEPPs located on Bakhvistkali River in Ozurgeti District of Guria Region in South -Western Georgia.

The installed capacity of Bakhvi 3 HEPP is 9.9 MW with annual energy production of 38.109 GW/h. The plant will start operations in early spring 2015.

- Headwork has been done at 195 m. elevation;
- 3 Francis turbine units are installed in HPP, two with 4 MW capacity and one with 1.9 MW;
- The project cost amounts to US\$17 mln (excluding VAT)

BHP is in a priority group for guaranteeing capacity allocation on new Black Sea Transmission Line and is also registered as an Exporter qualified enterprise; Electricity generated by Bakhvi 3 HPP will be exported to Turkey except for the winter months when energy will be distributed to the Georgian market to any entity and/or to ESCO, based on Guaranteed Purchase Agreement dated August 23, 2012 with 10 year tenor

BHP has also secured PPA (Power Purchase Agreement) with Turkish off-taker for the rest of the months with 6-year duration.

**PROJECT TITLE - MACHAKHELA HPP**

Machakhela HPP project includes a 42 MW run of the river development of two hydropower plants: Machakhela HPP 1 (23MW) and Machakhela HPP 2 (19 MW) in a cascade on the Machakhelistskali river in the Khelvachauri District of western Georgia's Adjara Region. This is a build-own-operate project.

- Machakhela HPP 1 involves headwork at elevation about 337 m, approximately 1 km from the Turkish border.
- Annual energy generation is estimated 133.37 million kWh.
- Machakhela HPP 2 involves headwork at elevation about 237-360 m.
- Annual energy generation is estimated 109.45 million kWh.

The currently estimated cost of Machakhela HPP 1.2 is USD 80 million. The project is expected to have a 1-year preconstruction period and a 3-year construction period.

The company has signed a Memorandum of Understanding with the Government of Georgia on July 24, 2014.

Machakhela HEPP has guaranteed capacity allocation on new Black Sea Transmission Line.

The electricity generated by the HEPP will be exported to Turkey except for the winter months when energy will be distributed to the Georgian market to any entity and/or to ESCO, based on a Guaranteed Purchase Agreement dated August 23, 2012 with 10 year tenor

# PRIVATE COMPANIES

## TOURISM AND RETAIL PANEL

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Tourism is another field, which witnessed significant growth in recent years and is considered to be an important driver of economic development and the creator of jobs as well as generator of revenues. The industry offers a wide diversification in terms of its sub-industries: summer sea resorts, four season mountain resorts (including skiing), spa-wellness, gaming and more. In fact From 2003 year to 2013 the number of international visitors to Georgia has increased from 300 thousand to 5.4 million with an average annual growth of 35%. Forecasted number of international visitors for 2015 is 6 million. With 17.3% of National GDP in 2013, trade is the largest economic sector in Georgia. Annual per capita retail expenditure has doubled over the past decade. More than 9% out of total international visitors visited Georgia for shopping purposes in 2013 year. According to Jones Lang LaSalle report 2012 the absence of many modern retail formats, particularly big box retail parks, offers highly interesting investment opportunities for prospective entrants. In addition, several big retail projects are under construction such as development of shopping village near Tbilisi International airport, shopping mall on Rustaveli street in Tbilisi and development of Carrefour retail chain on the whole territory of Georgia.



## ADJARA GROUP HOSPITALITY

Holiday Inn Tbilisi, Rooms Hotels (Tbilisi and Kazbegi) Intercontinental Tbilisi

Hospitality, Hotel development, Hotel Operation

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 Contact Person: Valeri Chekheria

Year of company establishment	2008
Capital (USD)	100 000 000
Number of Employees	650
Amount of Sales in 2013 (USD)	15 000 000
Shareholder composition	Ujuiava Teimuraz
Main Bank	Bank Of Georgia (BOG), European Bank Of Reconstruction and Development (EBRD)

### COMPANY HISTORY

Adjara Group Hospitality is the fastest growing, privately held, owner and operator company in the Georgian hospitality industry. Since 2008 our growth is both qualitative and quantitative, as we continue to build our team of top industry talents and implement new initiatives and best practices from all around the world. We are inspired by the fact that all the projects that we do today in our business are directly contributing to Georgia's hospitality industry development, therefore we do our best to exceed our guests' expectations, serve them with exceptional service and provide limitless hospitality.

In the span of 3 years we have:

- Opened and operated full service hotel Holiday Inn Tbilisi with 270 keys, the biggest hotel in Georgia by the number of rooms (December, 2010)
- Founded and developed the first Georgian Hotel Brand – Rooms Hotels, with its unique concept of interior design (November, 2011)
- Opened and now operate the first project of Rooms Hotels – Rooms Hotel Kazbegi - a Member of Design Hotels™, mountain design resort, 156 keys (July, 2012)
- Founded new Destination Management Company – Limitless Hospitality (February, 2013)
- Opened and now operate another project of Rooms Hotels – Rooms Hotel Tbilisi - a Member of Design Hotels™, an urban-style, upscale design hotel 141 keys (September, 2014)

### BUSINESS EXPERIENCE WITH FOREIGN COMPANIES

From 2009 we are working with the biggest international hospitality group, Intercontinental Hotels Group (IHG) we own the license of Holiday Inn hotel. We have a 10-year Franchise contract with the IHG, the most successful hotels chain in Europe, Middle East and Africa. In 2013 we signed 10 Years Franchise (First 3 years management and then 7 Years franchise) contract with IHG for the first five star luxury brand Intercontinental Hotel Tbilisi with 250 keys.

### MAIN CLIENT/PURCHASER/BUYER

US Embassy / UK Embassy / Israeli Embassy / Italian Embassy / Embassy of France / Embassy of Ukraine / Embassy of Turkey / World Bank / EBRD / NATO / Government of Georgia / Travel Companies / Pharmacy Companies / Sport Groups / HP / Casino

### UPCOMING PROJECTS

- Opening of Crowne Plaza Batumi – Resort hotel with 175 keys (Q2, 2015)
- Opening of InterContinental Tbilisi with 250 keys (Q3, 2015)



# BASEL LLC

## BASEL LLC

Hotel and real estate development

Owner of former Presidential Residence, an ideal location for a conference, spa resort hotel. The location is only 5 minutes from the historical center of Tbilisi and offers pristine nature, climate and great views on the city.

49 Krtsanisi Street, Tbilisi, Georgia  
 T: +995 577 500006  
 E: falk@krtsanisi.com  
 Name of Representative: Falk Spoard

Year of company establishment	2004
Number of Employees	5
Amount of Sales in 2013 (USD)	1 000 000
Shareholder composition	89% Swiss investors
Main Bank	TBC

## COMPANY HISTORY

Basel LLC privatized in 2004 the former presidential residence located in Krtsanisi district, Tbilisi.

The Krtsanisi Residence and former presidential mansion comprises a 15,1 ha elite residential, office, hotel and leisure development site situated in the prestigious Krtsanisi district in the south of Georgia's capital, Tbilisi.

The development site is gated and situated in an area of picturesque landscapes, which includes the embassies of the UK, Germany, France and Switzerland, the presidential mansion as well as a 4,000 sqm former apart-hotel building.

The site is situated 2,5 kilometers from the city centre, is master-planned for conference a spa resort hotel and a mixed-use real estate development of up to 250,000 sqm and already benefits from full city utilities, roads and fiber optics.

## BUSINESS EXPERIENCE WITH FOREIGN COMPANIES

Basel LLC has attracted the Embassies of the UK, Germany, Switzerland, France to the Krtsanisi Residence and and is currently also renting offices including maintenance services to the EU Mission to Georgia.

## BUSINESS PROPOSAL

### PROJECT TITLE - DEVELOPMENT OF A CONFERENCE SPA RESORT HOTEL ON THE KRTSANISI RESIDENCE

**OBJECTIVE** - Basel LLC is looking for an investor for the development of a Conference SPA Resort Hotel on the Krtsanisi Residence.

**DESCRIPTION OF SERVICE/PRODUCTS** - The hotel should have approximately 150 rooms, which could also consist of an apartment/long stay component. In case of an Apart-Hotel component such units could be sold and leased back to the hotel operator and hence provide the investor a quick recovery of the initial investment.

Due to the unique natural environment and exclusive characteristics of the site it is a perfect location for a facility for meetings, weddings and other events.

There is currently a lack of spa facilities in the city. Such a product offering will also attract customers from high-end residential developments on the Krtsanisi Residence

A venue for fine dining can be integrated in the former presidential mansion, a venue of grandeur and historical significance.

**BACKGROUND** - Basel LLC privatized in 2004 the former presidential residence located in Krtsanisi district, Tbilisi.

The Krtsanisi Residence and former presidential mansion comprises a 15,1 ha elite residential, office, hotel and leisure development site situated in the prestigious Krtsanisi district in the south of Georgia's capital, Tbilisi.

The development site is gated and situated in an area of picturesque landscapes, which includes the embassies of the UK, Germany, France and Switzerland, the presidential mansion as well as a 4,000 sqm former apart-hotel building.

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## GREENWALL DEVELOPMENT

Hotel Administration services

Company works in Real Estate business, and has over 15 years of experience in construction development. Moreover, our established partnerships with local financial institutions give an opportunity to easily allocate funds for our further projects.

Floor 2, Saakartze Descent 6, Tbilisi, Georgia  
T: +995 32 220 00 11

E: [tasaliani@greenwall.ge](mailto:tasaliani@greenwall.ge)

Name of Representative: Giorgi Zarnadze

Contact Person:

Giorgi Zarnadze +995 591 11 16 16

Tornike Asaliani +995 598 25 82 25

Year of company establishment	2011
Capital (USD)	Up to 14,000,000
Number of Employees	Over 120
Shareholder composition	25% - Nikoloz Lekishvili
75% - Ltd. Umbrella Enterprise	
Main Bank	TBC-Bank

### COMPANY HISTORY

In 2011, three big domestic construction firms merged to form "Greenwall Development". As a result of our experienced, fully equipped and qualified staff and management team, each and every undertaken construction process was successfully initiated, developed and finalized in a timely manner.

The company has over 10 years of partnership with one of the Georgia's leading banks, TBC Bank. Such affiliation with the financial institutions guarantees the needed funds for further and bigger scale projects.

### BUSINESS EXPERIENCE WITH FOREIGN COMPANIES

Greenwall Development does not have any foreign partners. Every project was established only via local sources only.

### MAIN CLIENT/PURCHASER/BUYER

Most of the clients are Georgians that are willing to purchase highly comfortable and innovative accommodation. Some of the buyers appear to be of foreign origin, which encourages the company to develop modernized and up-to-date construction projects that follow international standards and procedures.

### MARKETING ROUTE/DISTRIBUTION CHANNEL

The company is mainly supported by Digital Marketing. Greenwall Development operates a web-page, facebook page, uses TV commercials as well as flyers and banners for the promotion of sales.



### BUSINESS PROPOSAL

Today Greenwall Development can offer potential Investors to join the equity of three major construction projects:

#### "ACURA"

Apartment building complex in the center of Tbilisi, near Sports Palace. Total area – 17 000 m<sup>2</sup> located on 2.500 m<sup>2</sup> territory; Useful space – 15.000 m<sup>2</sup>; Building territory 1 600 m<sup>2</sup> - rest of the land (900 m<sup>2</sup>) for future purposes. Land purchase costs 1.500.000 \$. Price per square meter 900 - 1500 \$. Therefore, sales revenue of \$16.000.000 expected. Present situation - Only land cleaned and prepared for constructions. Perspective of Kinder garden, fitness centers and bar-restaurants construction on remaining free territory. Total construction costs – \$8 000 000, Construction of fixed ramp available merely for complex housing habitation (price per sq. meter increases by 10-15%). construction costs added for Pandus – 1 500 000 \$. Entrance of equity available for potential investors. Total additional funds needed for complex completion – 7 000 000\$ - . Construction time 1.5 years

#### "DAY-OFF"

ApartHotel In Gudauri – Nine floor apartment complex of 9.000 m<sup>2</sup> total area. located on 2.000 m<sup>2</sup> territory. Useful space – 8.200 m<sup>2</sup> . Extra 600 m<sup>2</sup> for parking space and 800 m<sup>2</sup> for future entertainment complex construction. Building is almost completed – only inside construction left, which will be finalized by summer 2015. Part of the building will be completed by December 2014 for Hotel use. Only 10% of apartments sold. The project is highly innovative for the region. It offers buyers to take over management of the apartment for hotel-use and divide the renting revenues fifty-fifty. The building will be equipped with a ski cable stretched from the entrance point of the hotel to the ski carriage in the mountains, ski-in and ski-out parks, ski depots, in-house bar-restaurants, lounges and laundry service-rooms. Due to partnership with a bank, the company offers special loan conditions to clients (only 25% of cash in advance – rest of the price as long-term debt).

Evaluated total construction costs – \$4.500.000. Up to 3 500 000\$ already invested. Purchased Land price – 300 000\$. Only up to 1 000 000 \$ additional funds needed for project completion. Sales revenue of 8 000 000 \$ expected to occur.

#### "DELISI"

Trading Center located in the center of capital. Trading spaces will be allocated under-ground as well as above it. Entertainment complex development planned. Total area – 35 000m<sup>2</sup>; Useful space – 22 000 m<sup>2</sup> . Total Construction costs – up to \$40 000 000. 4 000 000\$ already invested. Price per square meter \$3000-5000. Additional funds needed for Project completion – \$27 000 000, offering potential investors to enter the company's equity.

For the promotion of sales, company utilizes Web-Page, media and social network advertisements as well as provides with numerous special offers and discounts.



# IMG DEVELOPMENT

## IMG DEVELOPMENT LLC

Development

IMG Development was founded in 2013. The first project, IMG Plaza #1, is being executed and the building will go into exploitation by January 2015. The company aims to bring a European standard of construction and service to the Georgian market.

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F: +995 32 290 32 69

E: info@imgdevelopment.com

Name of Representative / Contact Person: Giorgi Buchukuri

gbuchukuri@imgdevelopment.com

Tel: +995 599 29 47 28

Year of company establishment	2013
Capital (USD)	100 000
Number of Employees	25
Shareholder composition	75% IMG, LLC 25% Irakli Gurchiani
Main Bank	Cartu Bank

## COMPANY HISTORY

The company, IMG Development was founded in early 2013 by individuals who are associated with the creation of successful business entities such as: "Insurance Company Aldagi", "Toyota Center Tbilisi", "Castel Georgia", retail network "CharmLane" and others. The Company aims to establish brand new standards on Georgia's real estate market. These standards entail unique design, European quality of construction and a high level of comfort in everything we do and everywhere we are involved.

## BUSINESS EXPERIENCE WITH FOREIGN COMPANIES

IMG Development works with companies from all over the world in order to offer clients the highest quality of product.

## MARKETING ROUTE/DISTRIBUTION CHANNEL

The company uses internal sales force as well as outside agents. This gives us the opportunity to better penetrate the real estate market and employ various sales tactics.

## PROJECT TITLE - HOTEL MESTIA

The project entails building a 3+ star hotel in Mestia, Svaneti. This historic province located in the North West of Georgia is an outstanding tourist destination where visitors can spend time getting to know historic monuments as well as enjoy a number of outdoor activities. Castles that go back to the 11th century, magnificent churches, brand new ski resort being developed and views that can proudly stand amongst the best in the world make a trip to this corner of a relatively small country one to remember.

Mestia is also becoming a top Winter destination due to the development of Tetnuldi ski resort which will provide 45 km-s of exceptional ski runs and is planned to open by the start of the 2015 season. One ski lift currently operates on Hatsvali mountain (total runway length 4.5 km-s) and HeliSki was utilized by a German group for this past season.

The four story hotel (-1, 0, 2, 3) will overlook the Caucasus mountain range together with the historical towers and Tetnuldi mountain. The Historical and Ethnographical museum of Svaneti Province is located only 5 minute walk away, and Queen Tamar airport is a 10 minute drive away from the hotel. The building will sit on 8,000 square meters of land. Equipped with 70 rooms, a swimming pool, conference room, a restaurant, a bar and other amenities, the hotel will offer highly comfortable service to the customers.

**TARGET CUSTOMERS** - Most of Georgia's arrivals come from neighboring countries. Turkey, Armenia, Azerbaijan and Russia together make up for 88% of tourists, which explains the fact, that 87% of arrivals are through land. There has also been an increasing trend of domestic tourism (Georgian citizens as well as foreign residents). Our project is aimed at attracting the most visitors from Eastern Europe, Ukraine, domestically and Russia (#5 on the World's Top Tourism Spenders list according to UNWTO's recent survey).

**MARKET NEEDS AND MARKET VOLUME** - Total of 15 hotels and guesthouses currently operate in Mestia, out of which are 5 hotels and 10 family owned 5-6 bedroom hostels. Hotel Tetnaldi, which by class and services offered stands considerably low compared to the standard of our project, is priced at USD 125 – 165 (VAT included) per night.

**MARKETING STRATEGY** - The hotel will offer free tours to the local and international tour operators in order to market the brand directly to the firms that are in charge of bringing the tourists to the region. Various online marketing tools as well as well known databases for top tourism destinations will also be used.

**FINANCIAL CHARACTERISTICS** - The total investment for the project is USD 4.5 mln, financed partly by debt from local and/or international financial institutions. The hotel will be equipped with 70 rooms, with an ADR of USD 150 (including VAT). Average occupancy rate is expected to be about 49% in Y1 and grow to 60% and 70% from Y2 onward respectively. With these assumptions, the IRR reaches 24.83% and NPV is USD 5.82 mln.

#### **BUSINESS PROPOSAL**

The current shareholders are ready to give up a 40% stake for an investment (amount negotiable). The land (total area 8,000 m<sup>2</sup>) and additional cash will serve as the contribution of IMG Development and the rest will be financed by local or international financial institutions. Investors able to assist the company in securing funds from FIs will be considered as favorable.

# IBERIA GROUP

## IBERIA GROUP LTD

Construction, Real estate, FMCG

"Iberia Group" is a holding entity for the interests of its shareholders in "Iberia Refreshments - PepsiCo Bottler in Georgia", "Iberia Real Estate" and "Iberia Construction", and has an agenda to transform its structure by diversifying its business portfolio and to invest directly into the new business ventures in commercial real estate and hospitality sectors.

Chavchavadze Avenue 49 A, Tbilisi, Georgia

T: +995 32 2 50 60 21/22

F: +995 32 2 50 60 15

E: david@iberiagroup.ge

Name of Representative: Contact Person: Mr David Lomjaria

Year of company establishment 2001

Number of Employees over 500

Shareholder composition

A number of Georgian individuals, including, Mr. David Lomjaria, Mr Nugzar Chichunatze, Mr. Ivan Mosashvili, Ms Manana Mgaloblishvili, Ms Tamar Dolidze, and Konstantine Swintradze.

Main Bank

Bank of Georgia

## COMPANY HISTORY

Iberia Group was established in 2001 by a group of Georgian businessmen with the aim to control their mutual shareholdings in different Georgian companies, which, at that time, were focusing their activities in high street retail, automobiles retail, petroleum products downstream, real estate and construction.

By 2002, the Group had successfully exited the retailing and petroleum sphere and shifted its focus to real estate development and FMCG business.

In 2003, through "Iberia Refreshments", one of its subsidiaries, the Group executed an exclusive bottling agreement with PepsiCo International for production and distribution of PepsiCo beverages in Georgia and Armenia. "Iberia Refreshments" has been nominated twice as PepsiCo's best performing bottler worldwide and has received the highest awards from PepsiCo's Chairman for its professionalism, integrity and implementation of PepsiCo's corporate values.

Iberia Group has a proven track record of business development, based on experienced management, a deep knowledge of, and insight into, the real estate market, as well as sufficient professional human resources, which enables the Group to successfully implement challenging business projects in construction and real estate.

## BUSINESS EXPERIENCE WITH FOREIGN COMPANIES

During the last 15 years the Group has closely worked with and has built strong successful partnership relationships with many international companies and IFIs, including Boyner Group, Automobiles Peugeot, Shell International, PepsiCo and EBRD.

## BUSINESS PROPOSAL

### PROJECT TITLE - OUTLET VILLAGE IN OKAMI

**BACKGROUND** - The project envisages the development of a retail shopping village in cooperation with EXEN Spa, a leading real estate development from Italy, and Freeport Retail, the highly reputable international outlet operator. The village will be designed and operated as an upscale outlet center (e.g. Freeport Lisbon, Rocca Village Barcelona etc).

**OBJECTIVES/ DESCRIPTION OF SERVICE/PRODUCTS** - The aim of the project is to introduce the highly successful concept of "outlet shopping" to the Caucasus region and neighboring countries, as this shopping village will be the first of this kind in this part of the world, and thus will be destined to attract a large number of customers from among Georgian citizens and the fast growing number of the country's visitors and tourists. The village will be situated within easy travelling distance on the highway connecting the capital of Georgia, Tbilisi, with the Georgian Black Sea. The Shopping Village will become a leisure and attraction hub for the visitors who will seek to spend time out at an open-air "village" setting, enjoying the affordable shopping and leisure activities.

**TARGET CUSTOMERS** - Georgian population with disposable income and leisure and recreation visitors from neighboring countries - Turkey, Armenia, Azerbaijan and Russia, as well as Ukraine, Poland, Hungary.

**COMPETTITIVENESS** - At the moment there isn't a single outlet village in the whole region

**EXPECTATION FOR PARTNERS** - The Company is seeking both equity and debt investments

**INVESTMENT AMOUNT** - Up to USD 40 million

**RATIONALE** - The steady and impressive growth in the number of visitors to Georgia, expected to reach 10 mln in the next 3-4 years. With only 4.5 million inhabitants it hosted over 5.5 million tourists in 2013 and as per the experts' estimate it will most likely reach 10 million per year in the next 3-4 years. The hospitality and service sectors are bound to catch up and the existing total amount spent by the country visitors of GEL 3 bln (GEL 650 per visitor) is going to at least triple to reach the level of 'per head' expenditures in the Eastern European (EE) Countries. According to the Georgian Statistics Department, the share of the total tourists' expenditure on shopping is only 18%, for comparison it is 40% in such EE Countries like Czech Republic or Poland, thus there is an untapped potential for growth. A favorable location in Caucasus, the absence of other outlet centers in the Region, the "first in the market" advantage.

Among all neighboring countries only Russia recently opened the Outlet Centers in Moscow and St-Petersburg. Due to the following reasons the Outlet Center in Georgia is likely to dominate the region for the next 5 to 10 years:

Georgia is the only country in the region including Ukraine, Russia, Turkey, Azerbaijan and Armenia to have no customs duty on garments and textiles, which undoubtedly conditions the lowest prices in the luxury and high street retail sectors. In addition, Georgia is the only country, except Turkey, where hassle-free Tax Free shopping is available with attractive claimable VAT at 18%. (In Turkey, the Tax Free shopping is limited to only the big cities like Istanbul and Ankara and claimable VAT is only 5%).

Due to several key constraint, like absence or limited number of tourists, unfavorable tax regime and difficulties in doing business in general, Azerbaijan and Armenia are unlikely candidates for the big Outlet Center operators to consider the investment for years to come while there would be an operating center in Georgia. For North-East Turkey citizens Georgia is becoming a preferred place to visit and even though such a center might be opened in Istanbul or Ankara, Georgia would be within easy reach.



## REDIX LTD

Asset Management, Property Development, Investment Advice

Redix Ltd manages properties, being involved in supervision of issues related with finance, legal, tax, accounting, property branding and pricing, tenants relationship and other administrative issues related with property and asset management. The Redix Ltd strategy is to develop and manage a property with a sophisticated facility maintenance, cleaning & janitorial and security services, so these services are outsourced to specialized firms and related fees are shared between the owner and tenants. Redix Ltd is looking for a design and engineering that will make the space occupancy efficient in terms of energy and other utility costs both for the owner and for the tenant.

Georgia Tbilisi 0186 BCV Vazha-pshavela avenue 71, VII floor  
 T: +995 32 2201122  
 E: info@redix.ge  
 Name of Representative: Contact Person: Vladimir Sakvarelidze

Year of company establishment	2007
Capital (USD)	Over 1 000 000
Number of Employees	30
Amount of Sales in 2013 (USD)	8 000 000
Shareholder composition	Lasha Papashvili 100%
Main Bank	EBRD, TBC, IFC

## COMPANY HISTORY

Redix founded in 2007 in Tbilisi, by Lasha Papashvili, to develop and manage investment property owned by Georgian Real Estate Holding Limited (GREH) and investment property directly owned by the Papashvili family. Redix has evolved to become a full-scale asset management firm. The cornerstone of the mission is to establish well-balanced pan Georgian Mixed Use Property Portfolio, able to generate returns acceptable for International private Equity Industry/Investors. The Company proved itself through the 2008/2009 crisis and has emerged as one of the key names in the Georgian Property Market, in the eyes of banks, investors, consumers and tenants.

## BUSINESS EXPERIENCE WITH FOREIGN COMPANIES

Turner - pre construction works  
 AECOM - Contracted lender supervisor  
 Thermarium - International spa consultant  
 Stephenson Harwood - International law firm, a legal advisor  
 Koschany + Zimmer Architects (KZA) - leading German architects office contracted for  
 Architectural Group & Partners - design & architecture international consultants contracting, international brands like Gresham Smith & Partners  
 Henning Larsen - leading international architecture company

Financial Institutions: EBRD, Societe Generale Group, BoG Group, HSBC, Swedbank, IFC, others

Colliers International Hotel Team - Hotel Consulting  
 Hilton - Global Hospitality Company  
 Preferred Boutique - Preferred Hotel Group  
 Cushman & Wakefield - feasibility study  
 Arup - cost survey and technical feasibility  
 other leading international firms and companys

## BUSINESS PROPOSAL

### PROJECT TITLE - HOTEL AND RESORTS IN GEORGIA

Currently Redix Ltd manages the development of the 170 room Hilton Garden Inn in Tbilisi and a 6,000 sq.m ,the "A" class office development in Tbilisi. Outside Tbilisi Redix is planning a resort of up to 200 rooms in the town of Abastumani (multi seasonal resort destination in South Georgia) and a 110-room city hotel in the city of Telavi (administrative center in East Georgian region of Kakheti). Redix Ltd works with local and international banks and is also looking forward to team up with equity investors in order to secure the right and balanced funding structure for the projects that it is running.



## JSC SARAJISHVILI

Wine brandy and fine spirits

Company's advantage consists of the experience, approach to the production technology, quality and stock of unique spirits.

4 Sarajishvili avenue, 0153 Tbilisi, Georgia  
 T: +995 32 2654444  
 F: +995 32 2654444  
 E: gnatroshvili@sarajishvili.ge  
 Name of Representative / Contact Person: George Natroshvili

Year of company establishment	1884
Capital (USD)	6 220 000
Number of Employees	160
Amount of Sales in 2013 (USD)	15 000 000
Export Figures	6 300 000
Shareholder composition	98.9% Elguja Bubutishvili
Main Bank	JSC Cartu Bank

## COMPANY HISTORY

JSC Sarajishvili, the oldest wine brandy & fine spirits manufacturer in Georgia, which was established in 1884, when the founder, David Sarajishvili introduced wine brandy made with the classical French technology to the entire Russian Empire. Since then the company has passed through many challenging phases, nevertheless, it has sustained its approach to the classical way of production. Nowadays the company is celebrating its 130th anniversary of being in business and is proud to hold 70% of the domestic market.

## BUSINESS EXPERIENCE WITH FOREIGN COMPANIES

One of the most important phases in the company's business process is relation with the foreign companies when it comes to both importing necessary materials for production, such as bottles, labels, oak barrels, etc. and international sales – exporting production to more than 15 different countries.

## MAIN CLIENT/PURCHASER/BUYER

Sarajishvili production is being exported to more than 15 countries onto three continents, Asia, Europe and Post Soviet Union countries.

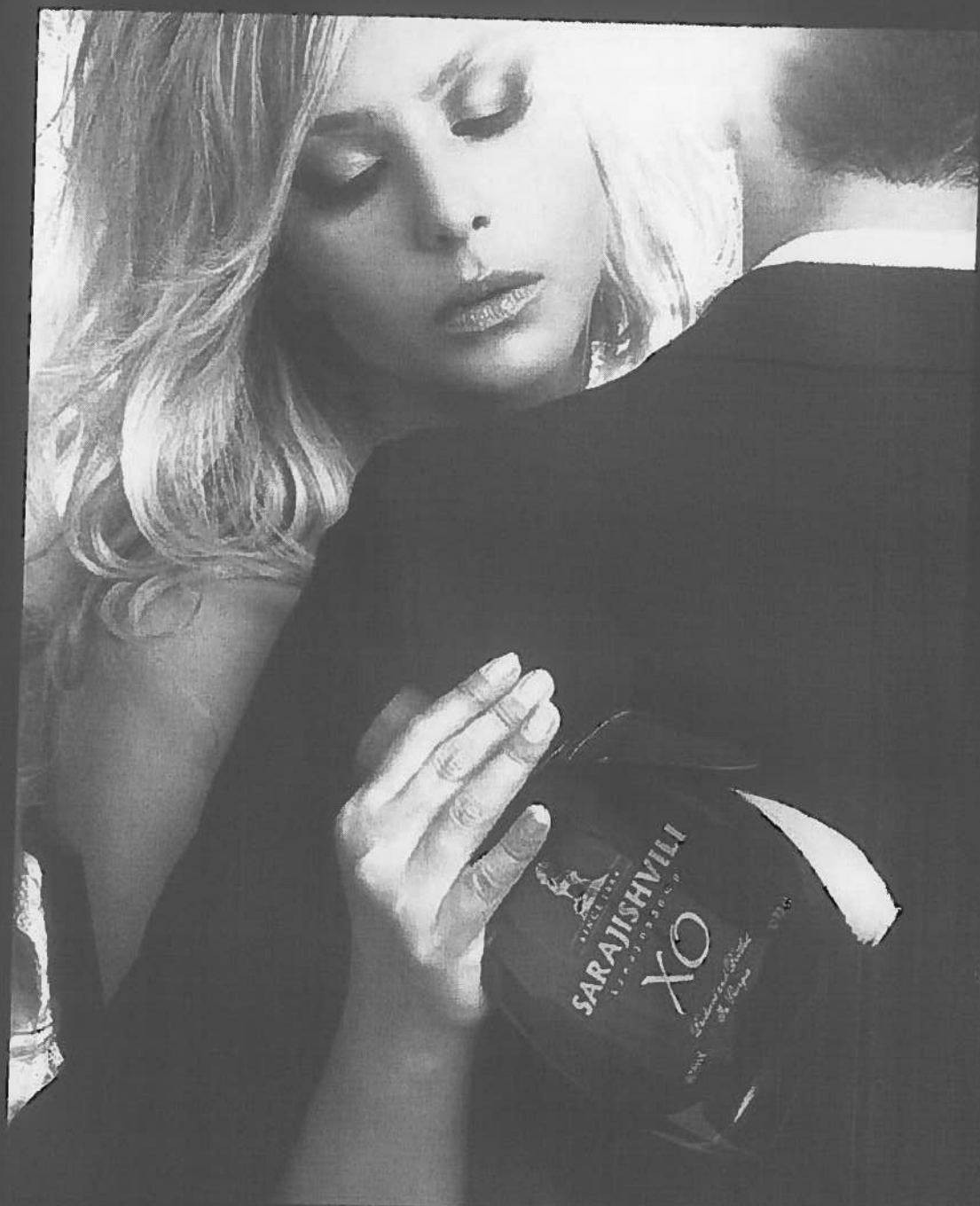
## MARKETING ROUTE/DISTRIBUTION CHANNEL

According to the approach of the company, export and further distribution of the production is done through the partners acting on the market where exports take a place. Those partners are the leading distribution company through which further negotiations with the supermarket chains as well as HoReCa (Hotel/Restaurant/Café) takes place.

## BUSINESS PROPOSAL

### PROJECT TITLE - KAKHETI REGION PRODUCTION FACILITY SEEKING FOR THE PARTNER TO NEGOTIATE EQUITY INVESTMENT OR LENDING

Future plans of the company are ambitious. The company has concentrated on development and expansion of its internal resources, by establishing a 100-hectare vineyard in the east part of Georgia, which according to the plan, shall increase to 150 hectares by the end of 2015. The Sarajishvili company owns a property in Gremi, Kakheti Region where construction of the primary factory has been planned, execution of construction shall take place in 2015. We strongly believe that achievement of above mentioned should influence the inflow and development of tourism segment, as nowadays the Sarajishvili factory in Tbilisi is receiving many foreign guests interested in the process of wine brandy production as well as the history of the company. By having a primary factory and developed infrastructure on the owned property, the company shall have the ability to expand and satisfy the interest area of the tourists and diversify them to the Kakheti region.



SINCE 1864

**SARAJISHVILI**

სარაჯიშვილი



## SCHUCHMANN WINES GEORGIA

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M: +995 577 155532

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E: n.abramishvili@schuchmann-wines.com

Name of Representative / Contact Person: Nutsa Abramishvili

Year of company establishment	2003
Capital (USD)	11 M
Number of Employees	150
Amount of Sales in 2013 (USD)	6 M GEL
Export Figures	1.5 M Bottles
Shareholder composition	
Majority shareholder	Burkhard Schuchmann
Minority Shareholders	Georgi Dakishvili, Nutsa Abramishvili
Main Bank	Bank of Georgia

### BUSINESS OUTLINE AND COMPANY'S ADVANTAGE

"Schuchmann Wines Georgia LTD" is an ultra premium winery in Kakheti, in the main winegrowing region in Georgia. It was established in 2008 by Burkhard Schuchmann, German Businessman and wine lover. Our philosophy is one of excellence based in a blend of ancient and modern know-how. As well as respecting our inherited tradition of quality wine making, indeed because of this tradition, we aim to produce fine wines that are reliable and speak of their origin. Wines are produced under strict quality control and are bottled in our modern bottling facility. We have a professional winemaking team working under leading Oenologist Dr. Gogi Dakishvili. We offer flexible working terms, good logistical support and a partner relationship. Our wines are regularly awarded in the international competitions, in the press and different guides, including: Decanter, International Wine and Spirit Competition, International Wine Challenge, Mundus Vini, Wine Spectator and etc.

### PRODUCT LINE/SERVICES

Traditional and Modern style Wine Production, Hotel and Restaurant services

### COMPANY HISTORY

Our Château and HoRe Business. Besides wine production we are host of every traveler and wine lovers. Guest can enjoy with our boutique style hotel with comfortable and well equipped rooms, classical restaurant with superb views of the Greater Caucasus Mountains and Alazani Valley. In 2014 we were awarded by leading travel institutions such as Holiday Check, TripAdvisor and Booking.com - for best service and attractive destination in Kakheti region. Besides Kakheti, In Tbilisi in old Caravansaray, Schuchmann Wine Bar and restaurant offers high standardized dine and wine experience.

### FUTURE PLANS

Schuchmann Wines Group in Georgia offers A to Z management services in directions of wine production, and HoRe fields. Wine Production - we provide tailor-made service, from vineyard activity to launching a production factory. We have an ability to manage a wide range of projects for wine industry. Projects range from small scale expansion to full winery establishment. We realize that most wine lovers may not have the resources to manage their own projects and may require assistance from an organization that understands their overall business. Hotel Management - Schuchmann as a Brand is able to make concept strategy for boutique style hotel and take management of the project. Our brand name and client satisfaction will benefit the project from the beginning. Franchise opportunity of Schuchmann Wine Bar and Restaurant abroad. As we have created an exclusive and extraordinary concept of wine and dine, the concept Schuchmann Wine Bar and Restaurant based on Georgian wine and gastronomic themes, with unique handmade interior design and decor, with our competitive advantage such as wine and adopted high sophisticated dine concept, through franchising we give you greatest and successful business opportunity.