


GOVERNMENT OF GEORGIA ANNOUNCES THE SALE OF THE REMAINING 49% EQUITY STAKE OF POTI SEA PORT TO RAK INVESTMENT AUTHORITY

 GEL/US\$: 1.6500 GEL/EUR: 2.1207
 Galt & Taggart Index: 196

Government of Georgia ("GoG") announces that it has successfully completed the sale of the remaining 49% equity interest in JSC Poti Sea Port ("PSP"), the leading port in Georgia, to RAK Investment Authority (Ras Al Khaimah, United Arab Emirates). The consideration paid for the 49% equity interest in PSP was US\$65 million (equivalent to GEL 117 million at the exchange rate of the National Bank of Georgia as of 3 December 2008), which translates into EV/EBITDA'08F of 9.4x and P/E'08F of 13.4x, based on PSP's 2007 unaudited financial results.

In April 2008, RAK Investment Authority acquired from GoG a 51% equity interest in PSP for US\$80 million and a 300Ha adjacent plot of land for US\$10 million, on which RAK Investment Authority intends to build and operate a free industrial zone.

PSP Transaction Summary

Transaction Structure	Cash Purchase, with the full payment at the closing
Equity Interest Acquired	49%
Consideration	US\$65 million

	2007	2008F*
EV/EBITDA	10.0x	9.4x
P/E	14.3x	13.4x
P/B	1.1x	1.0x

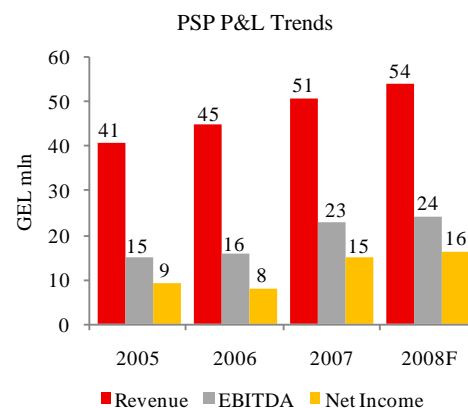
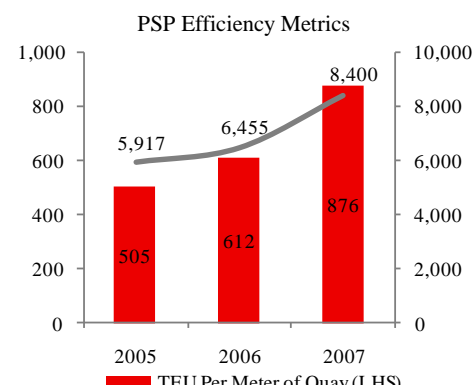
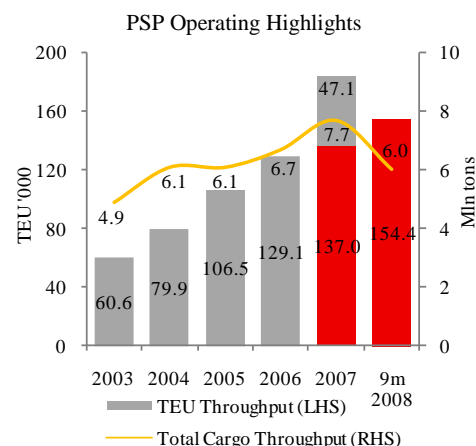
*Based on company projections

About PSP

PSP has been operating since 1858. PSP's strategic location provides direct ferry access to major Black Sea Ports in Ukraine, Russia and Bulgaria. The port has direct connection with the country's railway network as well as motorway links with all Georgian cities. Growing cargo turnover between European and Asian countries provides PSP with the potential to expand its capacity and market share and handle up to 25 million tons of cargo annually. In 2007, PSP's cargo throughput reached 7.7 million tons, up 16% y-o-y and the number of TEUs handled grew by 46% y-o-y to 184,792.

Cargo throughput ('000 tons)	9m 2008	9m 2007	Growth y-o-y
Bulk Cargo	2,675	2,266	18.1%
General cargo	2,615	2,449	6.8%
Liquid cargo	741	1,087	-31.8%
Total	6,032	5,802	4.0%
TEU throughput	154,381	136,952	12.7%

"I am delighted that RAK Investment Authority's interest in Georgia is unabated. I wish them further success in the operation of the port and free industrial zone", commented **Grigol Mgaloblishvili**, Prime Minister of Georgia



Georgia: Key Economic Data	2004A	2005A	2006A	2007A
Nominal GDP (GEL mln)	9,824.3	11,621.0	13,783.9	16,998.6
Real GDP Growth (y-o-y; %)	5.9%	9.6%	9.4%	12.4%
GDP per Capita (US\$)	1,187.2	1,478.4	1,758.7	2,315.2
CPI (e-o-p; %)	7.5%	6.2%	8.8%	11.0%
Net FDI (US\$ mln)	483	542	1,076	2,014.8
Current Account Deficit as % of GDP	-6.6%	-10.7%	-14.9%	-18.9%
GEL/US\$ (e-o-p)	1.83	1.79	1.71	1.59
GEL/EUR (e-o-p)	2.49	2.12	2.26	2.33
Galt & Taggart Index (e-o-p)	194	320	790	1,041

Source: Department of Statistics, Ministry of Economic Development, Ministry of Finance, National Bank of Georgia

Georgia has, as of the date hereof, the following sovereign credit ratings:

Standard & Poor's	Sovereign Credit Rating	'B/ Stable/B'
FitchRatings	Long Term Issuer Default Rating/Short Term Issuer Default Rating/Country Ceiling	'B+/ Negative /B/B+'

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