

INVEST IN GEORGIA

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Investments from UAE are increasing in Georgia. The Dhahi Group and Rakeen Development are the most involved companies. They are implementing investments in many sectors, such as Banking, Telecommunication, Construction, and Real Estate. The Arabian Abu Dhahi Group has 40 years experience of investing in The Middle East as well as in Asian and African countries. The group currently owns stock in several banks, insurance companies and telecommunications businesses. The group's portfolio is worth more than 10 billion dollars. The Dhahi Group is focused on three main directions. One is the financial sector, second is telecommunications and the third is hospitality – hotel construction business. The Dhahi Group has already made several investments in Georgia. The first was in the country's banking

sector; the group has founded a branch of Alfalah Bank in Tbilisi named the KOR Bank. The Group has recently acquired the local Standard Bank for GEL 70 million (USD 45 161 million). Standard Bank is considered to be modified and merged with KOR Bank Georgia. "We started looking a year ago at the Georgian market as a place to invest", said Bashir Ahmed Tahir, CEO of the Dhahi Group. "Dhahi Group has 40-45 years of experience in banking business and we'd like to bring lots of interesting international products to the local markets. In Bashir Tahir's words, Dhahi Group is happy to operate in the banking market, where business is best-developed. Another investment is in the telecommunications market, where the Group



His Highness Nayan Bin Mubarak Al Nayan— Founder and the Chairman of Abu Dhabi Group

operates under the Warid Telecom Georgia Ltd. More than 80 million dollars is expected to be invested in this sector till the end of 2008. License for WiMax frequency was purchased 4 months ago for more than 10 million dollars. The Group intends to actively develop the telecommunications sphere and may be investing not only in large enterprises but also small businesses as well. "We hope that this visit will pro-

mote closer and deeper relations between our countries," stated Minister of Higher Education and Science of United Arab Emirates His Highness Nayan Bin Mubarak Al Nayan, founder and the Chairman of management board of Abu Dhabi Group during his visit to Georgia in February 2008. His Highness was invited by the president of Georgia, Mikheil Saakashvili.

United Arab Emirates' Investments in Georgia

According to the plans of the Dhabi Group Georgia, Warid Telecom, Georgia wireless internet and enhanced telephony services will cover the whole territory of Georgia by the end of current year, 2008. The company is not excluding the possibility of expanding to the mobile communications market.

As mentioned above group's other interest is the hospitality business. According to the Sheikh, the group is interested in acquiring the Kempinski Hotel and Resort project in Tbilisi and is currently holding negotiations. The budget of the project is intended to reach USD 200 million dollars.

"We are impressed by economic development of Georgia as we have been closely following the latest events, taking place in the country. I would like to personally congratulate the State on the progress in social and democratic development," stated His Highness Nayan Bin Mubarak Al Nayan. "We have many projects scheduled for execution and I am confident in their future success," he commented.

The second largest Arab Company investing in Georgia is Rakeen Development of Ras Al Khaimah, UAE, founded by His Highness

Sheikh Saud Bin Saqr Al Qassimi, Crown Prince and Deputy Ruler of Ras Al Khaimah.

Rakeen Development has been operating in Georgia since September 2006. It already has several impressive projects country wide, including Vardzia Plaza- a 5 star hotel and residential

the past few years.

"Tbilisi Heights" and "Uptown Tbilisi" projects are mixed-use, premier developments that Rakeen is undertaking in the city of Tbilisi, the capital of Georgia.

Tbilisi Heights is a unique mixed use integrated development project. It is aimed

at bringing the executive

lifestyle to a new level in Georgia, and making Georgia an international tourist destination. The project involves the creation of a self sufficient, gated, and integrated community providing commercial, residential, communal and entertainment facilities. The project is located on the northern mountains overlooking Tbilisi just 25 minutes from Old Tbilisi, taking the winding mountain road to 1200 meters above sea level. "Uptown Tbilisi" defines itself as a destination for global lifestyle and culture. It will speak the international language of life, work, and leisure from a perfect location with beautiful local views. The plans consist of a cosmopolitan residential environment, rich with amenities and lifestyle venues; an international quality shopping mall, outdoor public common areas complete with a piazza, garden, terraces, walking path, and jogging path. The plans also boast state of the art executive office amenities. The spectacular view of the Caucasus Mountains makes Uptown Tbilisi a complete project. It will be spread over 72,836 sq m, and will be a more than 500 million USD investment. The construction process



will be divided into 3 parts. During phase one, the shopping mall will be built – construction on Tbilisi Mall will be finished by December, 2009. Phase two covers Uptown Office Towers and the Rak Ceramic showroom. The projected ending date for phase two is December, 2010. Phase 3 will complete the whole project by building the residential component, making the overall completion date December, 2012.

complex in Vardzia, Batumi Sails -a residential complex in Batumi, Paradise Beach in Gonio, Tbilisi Heights and Uptown Tbilisi. In hopes of expanding its portfolio, Rakeen has recognized a number of real estate investments which hold the potential to generate superior returns. One such project is the Tbilisi Mixed Use Project which is expected to earn high return due to the significant growth of the Georgian economy in

Investment Statistics as of December 2007

According to the Ministry of Economic Development of Georgia, FDI in Georgia in 2007 made 1,681,600,000 USD, 41.3% more than the previous year. Of this, 1,180,100,000 USD were invested in the enterprises

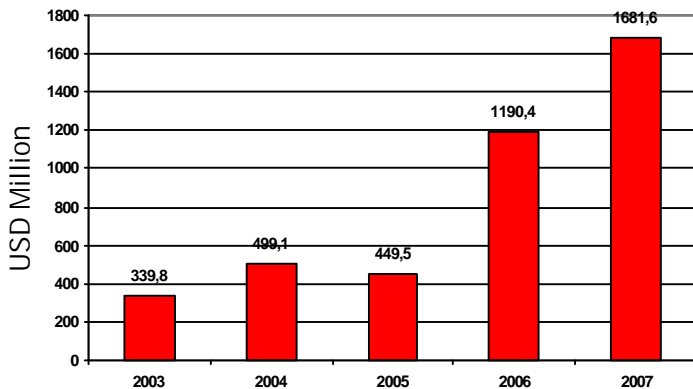
of the previous year. The volume of investments made in the banking sector reached 137,800,000 USD (8.2% of total FDI), 24.8% less than in the previous year. The share of investments in privatization increased by 36.5% and made 363,800,000 USD (21.6% of total FDI).

Top 10 countries according to FDI in Georgia in 2007 are:

1. Czech Republic - 222.2 million USD (13.2%);
2. The Netherlands - 218.9 million USD

- (13%);
3. Virginia Islands (Britain) - 173.8 million USD (10.3%);
4. Cyprus - 136 million USD (8.1%);
5. Turkey - 113.7 million USD (6.8%);
6. Kazakhstan - 108 million USD (6.4%);
7. United Kingdom - 104 million USD (6.2%);
8. USA - 93.5 million USD (5.6%);
9. Denmark - 92.6 million USD (5.5%);
10. Russia - 71.9 million USD (4.3%);
11. UAE - 71.3 million USD (4.2%)

Foreign Direct Investments



These numbers are reflective of investments made in 2007

Institutional Investor Survey

Georgia's rank is unchanged, although positive changes of +2.2 in the last six months and +3.3 in a year have registered

New York, NY, March 5, 2008 – According to the semi-annual Institutional Investor Country Credit survey, Georgia remains ranked 23rd regionally, and

103rd globally, despite the registered rise of 2.2 points in the last six months and 3.3 points in the past.

The survey shows a slip in the U.S. as well as many other industrial and developing economies credit ratings. Over the past six months, the U.S. rating falls by 0.3 points, to 93.8, on scale of 0 to 100. The

U.S. also drops one notch, to No. 13 in the 174-country ranking.

Switzerland maintains in the top position at 96.4, unchanged from the last report in September. Western European countries occupy nine of the top ten spots; they are joined by Canada, in ninth place at 94.6. The global average declines by 0.3

points, to 46.6.

The ranking, which Institutional Investor has been publishing since 1979, is based on a survey of senior economists and risk analysts.

For more information please visit www.iimagazine.com

CPI for January 2008 rose to 2.5% from 0.3% in December 2007

The Department of Statistics of the Ministry of Economic Development of Georgia reported that the consumer price index (CPI) for January 2008 rose to 2.5% from 0.3% in December 2007.

The end-of-period CPI for

the past twelve months ended January 31, 2008. The CPI decreased to 10.7% from 11% at the end of the previous month. The annual period average CPI in January 2008 rose to 9.3% from 9.2% at the end of the previous month. Strong growth of

food and energy prices, nominal wages and monetary aggregates were the main drivers of inflation in January, according to the National Bank of Georgia. "We applaud the decision made yesterday by the monetary policy committee

of the National Bank of Georgia to raise its main policy rate by a 100 basis points to 11 percent – annually the third consecutive raise since November 2007", Stated representative of NBG.

The IMF Mission Visits Georgia

News

Between February 29 and March 7, 2008, the mission of the International Monetary Fund (IMF) visited Georgia. The mission evaluated the current economic situation in Georgia as well as the prospects for 2008. The members of the mission had meetings with Georgian authorities as well as representatives of the private sector.

The mission noted the remarkable growth of the Georgian economy in 2007. The real GDP growth exceeded 12%. This growth was mainly due to the private capital inflow in the country, which constituted over 20% of GDP and included a significant section

of foreign direct investments. The current trends suggest that this tendency will continue, although it is difficult to foresee the inflow of the private capital. Accordingly, the mission expects the real growth of the Georgian economy to be about 9% in 2008.

During 2007, inflation rose 11%. The mentioned increase in inflation was partly due to the rise in the price of food and oil in the world market. It was also caused by a softened monetary policy which dominated in 2007. The mission welcomes the goal of the Georgian government to decrease inflation to 8% by the end of 2008. It

also supports the government objectives to achieve moderate growth of monetary indicators and attain more flexible currency exchange rates.

One of the most important tasks for 2008 will be to realize the plan outlined by the Georgian government for the implementation of a stricter fiscal policy.

The IMF mission gave its assessment and recommendations regarding the macroeconomic and financial reforms package introduced to the parliament, such as the independence of the National Bank of Georgia, etc.

The mission's next visit is planned in June of 2008.

Georgia's Tourism Becomes Competitive

According to the Travel and Tourism Competiveness Report of 2008, published by the World Economic Forum, Georgia ranks 72nd among 130 countries (by 3.83 rate). The World Travel and Tourism Competitiveness Index is computed based on the following sub-indexes:

- Regulation of travel and tourism field.
- Business environment and infrastructure of the travel and tourism field.
- Human, cultural and natural resources in the travel and tourism field.

Azerbaijan is 79th among 130 countries (by 3.72 rate) and lags behind Georgia by 7 places. Armenia is 89th (by 3.63 rate) 17 places behind Georgia. As matter of fact, Georgia scores better than Ukraine, (77th place with 3,56 rate), Moldova and a number of other countries.

In 2007 1,051,769 visitors traveled to Georgia. That figure shows a 1% increase from the previous year. In 2007, 1,009,669 visitors came from Europe, (96% of the total number). That is a 7,9% increase from the previous year.

In 2007, 16,865 visitors were from America (1,6% of the total number). The figure shows a 13% decrease compared with 2006. There were 22,785 visitors from Asia (2,2% of the total number), 11,7% less than in the last year; 883 visitors from Africa (0,1% of the total number), increased by 13,6%. 1,567 visitors visited Georgia from various other countries (0,1% of the total number), increased by 15,3% compared to the 2006 numbers.

For more information please visit <http://www.weforum.org/en/initiatives/>

Lithuanian Airlines are set to fly to Georgia

Starting May 5, 2008 "Lithuanian Airways" will enter the Georgian aviation market. The airline will operate Tbilisi-Vilnius-Tbilisi flights.

The flights will be conducted twice a week by a "Boeing-737" aircraft.

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Did You Know...

INVESTMENT OPPORTUNITIES

Development Solutions LLC (DS) is a real estate development company founded by a group of Kazakh and Georgian investors in 2006. During its short history, DS has emerged as one of the major players on the real estate development scene in Georgia. Since 2007, DS has operated nine projects in the capital city of Tbilisi and in Adjara region, the beautiful seashore and resort area in the country.

For more information please visit <http://www.ds.com.ge/>

Block Georgia is Czech-Georgian company. It was established in 1996. A major area of the company's activities is the construction of "clean rooms". Block Georgia pays great attention to the correct projection, on time delivery and qualified assembly of the installations and guaranteed services.

For more information please visit <http://www.block.ge/EN/index.html>

Dutch House is an investment company operating in Georgia since 2005. The major area of company activity is construction. The first and main project of the company is ongoing in the Bagebi district of Tbilisi.

For more information please visit <http://www.dutchhouse.ge/>

Tiflis Development is a Kazakh-Georgian Investment Group. It was founded in 2007 and is partnered with the company is Kazakhian Investment Agency. Tiflis Development is implementing projects in most attractive areas of the city. The projects display outstanding, subtle, contemporary architecture.

For more information please visit <http://www.tiflisdevelopment.ge/>

Try unique Georgian sweet bay leaf – from the Garden of Eden of western Georgia

Different in flavor from both Californian and Turkish bay leaves, Georgian sweet bay leaves (*lauris nobilis*) are grown naturally in the hedgerows of small farms in western Georgia, in the foothills of the Caucasus mountains, where the naturally rich soil and long growing seasons have been feeding Europeans and Asians for millenniums.

Eterzeti Ltd. is a new pristine, facility which consolidates and exports dry sweet bay leaves and also distills them into essential oil. The Eterzeti sweet bay laurel oil offers a complexity of flavor and scent compounds and is ideal for perfume and aromatherapy industries. Eterzeti Ltd. offers interested buyers the following products:

- Bay Laurel Oil with primary filtration
- Rectified bay laurel oil with vacuum filtration
- Hand Select dry bay leaf
- Hand Semi select dry bay leaf

Eterzeti Ltd. is interested to attract an investor in order to invest in purchasing raw materials and oil, new technologies and machines; it is planned to make laurel plantation on 150-200 hectare plot of land. Potential investor is considered to be a business partner of "Eterzeti" LTD.

For more information please visit www.eterzeti.ge

Estonian company Port Artur Invests in Georgia

After the visit of Estonian business delegation to Georgia in February 2008, Estonian company, Port Artur, has decided to invest in Georgia and has established its business in the town of Rustavi. Port Artur has bought 65 hectares of land in Rustavi and will be building a technopark, where businesses can set up production facilities for gas and water and transport supply network to enable quick production time and easy export.

CTF 2008 - Caucasus Tourism Fair

Upcoming Events

On April 10-12 the 10th international exhibition "CTF 2008 - Caucasus Tourism Fair" will be held at the exhibition centre "ExpoGeorgia". The exhibition is intended to help the development of tourism infrastructure in Georgia and the integration of the Caucasus region into the world tourist market. "CTF 2008 - Caucasus Tourism Fair" is supported by the Department of Tourism and Resorts of Georgia, and the exhibition centre "ExpoGeorgia". Across from the exhibition, the "German Technical Corporation" will organize an international symposium of wine tourism.

Israel - Georgia Business Forum

Between May 11-16, the Israel-Georgia Business Chamber and the Georgian National Investment Agency will hold a business forum in Tbilisi. At least 50 Israeli businessmen will attend the forum. The aims of the Business Forum are to:

- Summarize present nature and future trends of Israeli investments in Georgia;
- Support the development of cooperation between the business sectors of Israel and Georgia;
- Provide overview of Georgia's investment climate and business opportunities.

Georgian Company Profile

HAUSART - New Modern Construction Style



Real estate is one of the fastest growing sectors of the Georgian economy. The appearance of many construction and development companies have helped to meet the high demand for residential and commercial space. Today, Georgian developers offer a wide variety of newly-built apartments ranging from the less-expensive apartments to luxurious multifunctional condominiums. Currently, demand consid-

-malls, retail warehousing and logistics.

Since 1998, HausArt was involved only in the architectural and territory planning. In 2006, the company built a successful management team, started construction projects and took its place among the top companies.

HausArt competitively entered into the booming real estate market and claims to be among best development companies in Georgia. Good practice and experience help them to achieve their goals.



“The competition among the construction companies is increasing. In this situation, I'd like to mention that the primary concern is preserving the quality

erably exceeds supply, and so the real estate market offers development opportunities across virtually all sectors - offices, shopping

of the construction and combining it with the aesthetics of the town. That is why the main priority of our company is to build archi-



tecturally fascinating, yet tasteful buildings of the highest quality,” stated CEO of HausArt, Mr. David Gogichaishvili.

The company aims to be successful in the management of architectural design varying from classic to modern, and the construction of different kinds of original buildings, as well as territory planning, leading public service projects, and interior design. HausArt offers innovative projects to customers and attempts to meet their requirements. The ideas of the strong management are always innovative, ambitious and well thought out. The company focuses on building modern and comfortable residential buildings and offers the best living conditions to potential buyers.

Among the ongoing projects implemented by the Company in Tbilisi are multifunctional and residential complexes on Kavtaradze Street and Vaja-Pshavela Avenue.

An out of town hotel/residential complex in Bakuriani - “House in the Forest” is in an exclusive location. The healthy environment and fascinating nature makes the construction more valuable. The complex will be attractive for tourists as it combines the functions of the hotel with the convenience of apartments for those who like to visit Bakuriani frequently for the unforgettable experiences in every season of the year.

For more information please visit www.hausart.ge

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