

MERRY CHRISTMAS AND A HAPPY NEW YEAR



INVEST IN GEORGIA

HAPPY HOLIDAYS

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Dear Friends,

First of all, on behalf of the National Investment Agency, I would like to wish you a Merry Christmas and a Happy New Year! May this new year of 2008 be full of joy, happiness and pleasant surprises! May it fulfill all your plans and wishes and take your businesses up to higher levels of success!

It is my pleasure to present to you the second edition of our Monthly Newsletter which is also the final one in 2007. From the comments I have received from some of you I see that the idea of mak-

ing this newsletter was indeed good. Our editorial team and I will further appreciate your comments and remarks regarding the contents of the newsletter.

As it is the last edition of the running year we tried to take stock of major events and accomplishments that the National Investment Agency had throughout 2007. Our team has worked hard and we are ready to work even harder to serve the interests of foreign investors and of our country. I believe that the year of 2008 will be the year of more investments and more business activities for Georgia.



Happy Holidays!

Director
Tamuna Lituashvili



Tender Announcement for the Organization and Management of the National Lottery

General Information

The Georgian Government, through the Georgian law on "Organizing Lotteries, Gambling and other Games" has established the National Lottery Fund (NLF) (The Decree No439 of 01/11/2005 issued by the Georgian Government), which shall be responsible to delegate through the

tender the power of holding and organization of the National Lottery to the third person. Therefore, the principal parties in the establishment and operation of the National Lottery will be the NLF and the winner entity at the tender (Operator).

The Operator whose purpose will be to maximize the net proceeds for distri-

bution to Government Budget and NLF will be selected through the tender to operate the National Lottery.

The NLF will be responsible for regulation of the National Lottery to ensure compliance with the legislation, adherence to good business practices and the protection of players.

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“Dignified Start” – A new dual initiative of the private sector and the government

The private sector and the government of Georgia have launched a new joint initiative to help the socially underprivileged families. Every year the representatives of the private sector will allocate certain amount of funds to which the government will add twice that amount and evenly distribute to the newly born babies of the Georgian families who live below the poverty line.

The project has a duration of five years and is based on volunteering. The collection of charity funds has already started for the year of 2008. The amount of separate charity donations is confidential and is at the discretion of the businesses to decide.

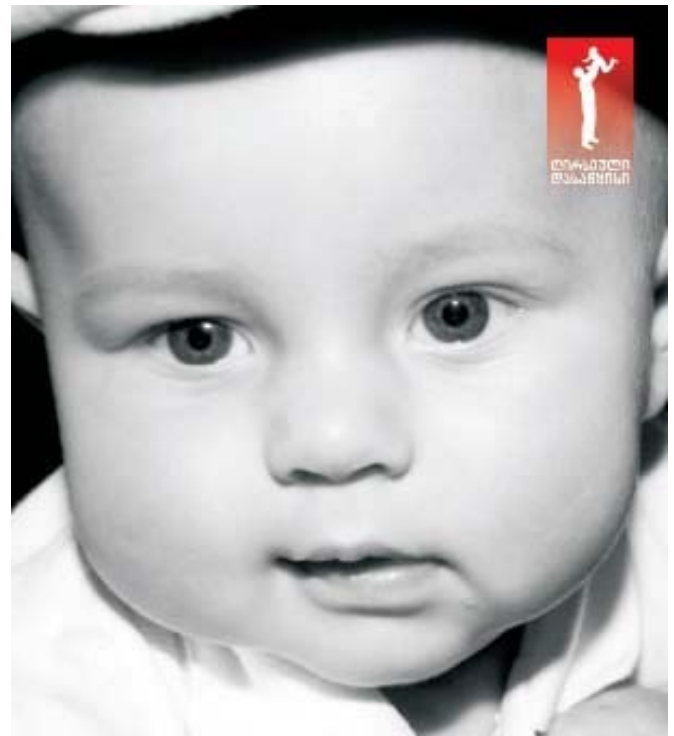
On November 29 the initiative group was created under the chairmanship of the prime minister that includes the large business companies who are initiators and major sponsors of the idea. These are: **Aversi, Bagebey City Group, Bank of Georgia, Bank Republic, Coca-Cola, Iberia Construction, Iberia Refreshment, Lukoil, Natakhtari, PSP, Silkroad Group, TBC Bank, UGT, UTG and Wissol.**

On November 30 the prime minister, the finance minister and the initiative group met with the business community of Georgia and presented the project to them. “It is very good that this is an open initiative and everyone can join it. The government of Georgia will allocate twice the amount that the Georgian business companies will collect for this initiative,” Prime Minister Lado Gurgenidze said.

It is pleasant that the initiative has found strong support in business circles which pledged to donate around GEL 5 million. Add to this a double of the amount from the government and it can be said that the project has GEL 15 million at its disposal.

“We (businessmen) have collected five million lari so that the government will have to put 10 million lari. In this way we will collect 15 million lari, which means we can easily give at least 1000 GEL to each newly born child,” said Zaza Okriashvili, Founder of the PSP.

According to the statistics, about 15,000 babies per year are born in the families living below the poverty line. The collected sum will be distributed



DIGNIFIED START - JOINT INITIATIVE OF THE GEORGIAN GOVERNMENT AND GEORGIAN BUSINESS FOR NEWLY BORN CHILDREN OF UNDEPRIVILEGED FAMILIES



among them in the following way: each family will be granted a voucher that can be then redeemed at any operating bank in Georgia.

“Dignified Start” is the first dual initiative of the private sector and the government of Georgia. It shows that the Georgian business community has a high civil and social responsibility.

At the same time, it shows that the Georgian business is vitally interested in the heredity and irreversibility of the economic course and reforms taking place in Georgia.

The initiative is open for everyone and any businessman or business company can make a contribution to the charity initiative.



National Investment Agency Year 2007 Overview

The year of 2007 is counting its last days and it is time to take a look at the most significant events in the life of the National Investment Agency. It has been truly a busy and eventful year with many meetings, conferences, forums, exhibitions, business trips and presentations. Our team has put much effort to do its job well and to meet the expectations placed on the agency. We have put the interests of foreign investors above all and have strived to provide comprehensive and practical assistance to them.

Both the management and the staff of the National Investment Agency are constantly improving their work and making the agency more efficient. For this, the consultations are regularly held with foreign investors and organizations working on the improvement of business climate in Georgia. In cooperation with the USAID the staff of the agency is going through special trainings in business English and investor servicing skills.

Increasing efficiency



is also the reason why the agency moved to the new office at the Khetagurovi Street 6 on the left bank of the Mtkvari River. The newly refurbished modern office is equipped with everything needed for the effective functioning of the agency. It has a medium size conference hall for meetings and workshops.

In the framework of Georgia's promotion campaign the National Investment Agency held nine major business forums in different parts of the world. The main goal of these events was to promote Georgia's investment opportunities among business circles of Europe, Asia and America, to establish direct contacts with foreign businessmen and to facilitate the establishment of contacts between Georgian

and foreign companies. It is rewarding to see that these forums have been successful and have attracted the attention of foreign investors. This is something that can be seen from the number of contacts from foreign businessmen, from the visits of foreign business delegations and from the actual figures of FDI in Georgia this year.

The National Investment Agency is preparing for the next year with great enthusiasm and an expectation to further develop its goals. *Per aspera ad astra* (Through adversity to the stars) – a Latin phrase reads. We think that the results achieved in 2007 are great but the results to be achieved in 2008 should be even better.

NIKALA - RESTAURANT CHAIN

Privately owned restaurant chain counting four cafes in Tbilisi, Batumi and Kutaisi is out for sale.

For more information see link <http://www.investingorgia.org/projects/view/324>

INVESTMENT OPPORTUNITIES

The uncompleted construction of theatre - Rustavi

Auction Date: 2007-12-27
Location: Rustavi
Initial price: 175000.00 USD
http://www.investingorgia.org/property_sales_desk/view/832

Property (buildings with total area of 1110,30 sq. m and plot (6149 sq. m)

Auction Date: 2007-12-28
Location: 3, Kerchi turning, Tbilisi.
Initial price: 80000.00 USD
http://www.investingorgia.org/property_sales_desk/view/838

Property (I floor of the building with total area of 16, 60 sq. m and plot)

Auction Date: 2007-12-28
Location: 42, Leselidze str, Tbilisi
Initial price: 45000.00 USD
http://www.investingorgia.org/property_sales_desk/view/833

Flat №4 (78,34 sq. m) and plot with total area of 67 sq. m

Auction Date: 2007-12-29
Location: Okrokana, zones "b", building 71, Tbilisi.
Initial price: 16000.00 USD
http://www.investingorgia.org/property_sales_desk/view/861

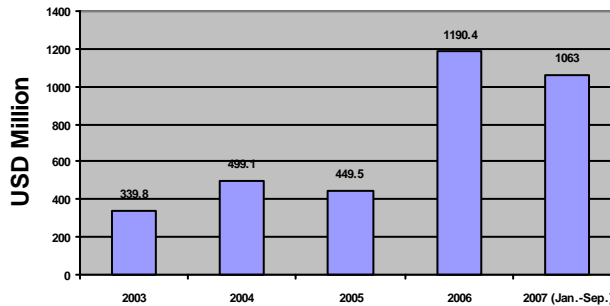
FOREIGN DIRECT INVESTMENTS IN GEORGIA 2007



Iranian Exhibition held in Tbilisi

The remarkable inflow of Foreign Direct Investments registered in 2006 has continued through 2007. The total volume of FDI in January-September of 2007 amounted to USD 1.063 billion and is expected to surpass the total volume of FDI in 2006 (USD 1.190 billion). The investments were made in different sectors of economy with major FDI flowing in agriculture, industry, energy, construction, real estate and services sectors.

Foreign Direct Investments

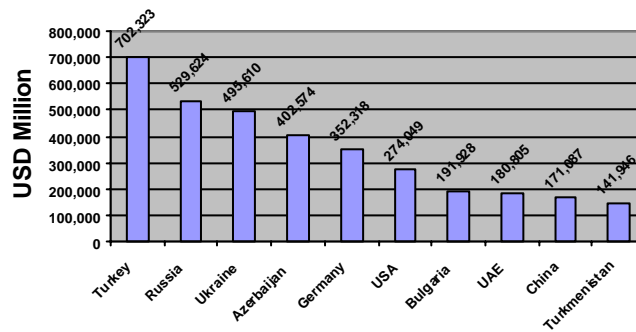


Source: Department of Statistics of the Ministry of Economic Development

Foreign Trade Turnover 2007

The total Foreign Trade Turnover in January-October 2007 (without unorganized trade) amounted to USD 5078.4 million, which is 36.9 percent more than in the same period of the previous year. The total volume of exports amounted to USD 1004.8 million (29.9 percent increase) and imports amounted to USD 4073.6 million (38.8 percent increase).

Ten Largest Trade Partners in Jan.-Oct. 2007 (by Trade Turnover)



First Polish Exhibition held in Tbilisi

The first Polish National Exhibition in Georgia was held on 5-8 December 2007 at the Expo Georgia exhibition centre. Nearly 30 companies from Poland presented their goods and services.

A wide range of foodstuffs and drinks, food processing technologies, construction materials and technologies, military equipment and machinery were presented at the exhibition. Over 60 Polish businessmen visited Tbilisi to exhibit their

production. The visitors discussed trade and investment possibilities with potential Georgian partners. Polish officials underscored the necessity of strengthening business relations between the countries to reflect successful political relations between them.

Last year the value of bilateral trade between Georgia and Poland was about 30 million USD. Currently, Poland, which became a member of the

European Union in 2004, is facing the challenge of joining the Euro zone. Polish exports grew by 23% in 2006 and Foreign Direct Investments in the country amounted to more than 15 billion USD. Poland is a founding member of the World Trade Organization and a fully-fledged member of the Organization for Economic Cooperation and Development (OECD) since 1996.

An exhibition of Iranian goods jointly organized by the Georgian Chamber of Commerce and Industry (GCCCI) and the Union of Iranian Businessmen was held at the Expo Georgia exhibition centre on November 27-29. More than 20 Iranian companies presented various equipment and machinery, cars, foodstuffs, dairy products, shoes, hygienic and cosmetic products.

According to Jemal Inaishvili, Chairman of the GCCCI, Iranian equipment is of a special interest for Georgian businessmen because of its low prices combined with the fact that it meets all applicable quality standards. "Iranian equipment can be half as expensive as its European analogues", Inaishvili said. Part of the exhibited equipment was produced by Iranian enterprises under licenses obtained from European companies.

Iran's GDP grew five percent in 2006 and reached \$193.5 billion. The state's main export commodities are petroleum, natural gas, chemical and petro-chemical products, machineries, home appliances, tools, foodstuffs, fresh and dried fruits and carpets. Among key export partners of Iran are Japan, China, Turkey, South Korea, European and the CIS countries.



Thank You

The National Investment Agency is grateful to the following Georgian companies for their support and close cooperation throughout the year of 2007:

Averssi
 Bagebey City Group
 Borjomi
 Center Point Group
 Coca - Cola
 Construction LTD
 Fresh Travel
 GPI Holding
 Iberia Business Group
 Lomisi
 Madneuli
 PSP
 TBC Bank
 Bank of Georgia
 Silk Road Group
 Tbilaviamsheni
 UGT
 UTG
 VTB Bank Georgia
 Wissol



Did You Know...

Hyatt Tbilisi is being constructed in Tbilisi and is scheduled to open in December 2009. The proposed hotel development will comprise office, hotel, conference facilities and spa and leisure components. The complex will consist of five separate buildings including a five-star hotel with 183 keys, food and beverage facilities comprising a fine restaurant, brasserie, juice bar and a hotel bar. Approximately 70 units of serviced apartments to be located within hotel tower - on the top floors.

For more information visit <http://www.investingorgia.org/projects/view/236>

Radisson Iveria is being constructed in Tbilisi and is scheduled to open in May 2008. The project implies the full restoration of the hotel constructed in 1960 which was considered as the best hotel in Tbilisi in the past. The 4-star hotel will include 248 hotel apartments, the SPA center and recreational facilities. The side building will have large size conference facilities and restaurants as well.

For more information visit <http://www.investingorgia.org/projects/view/238>

Kempinski Hotel Rustaveli Tbilisi is under construction and is scheduled to open in early 2010. The hotel will be located on the main boulevard of the Georgian capital close to the Opera house. The hotel will have 200 rooms and suites and up to 50 serviced apartments. There will also be a bar, two restaurants, meeting and conference facilities with two multi-function rooms for 300 people each as well as a spa and fitness centre. A luxury shopping mall will also be part of the complex.

For more information visit http://development.kempinski.com/en/index.php?l1=new_projects&category_id=86

InterContinental Hotel is under construction and is scheduled to open in early 2010. Set in an historic building in the city centre, formerly the Ministry of Agriculture, the property will offer the service experience and amenities associated with the InterContinental brand including 155 rooms and suites, 15 serviced apartments, a fully-equipped business centre and a variety of leisure facilities.

For more information visit <http://www.franchising.com/pressreleases/2267/>

Israel—Georgia Business Forum "We Build Together"

Israel-Georgia Chamber of Business and Georgian National Investment Agency - Invest in Georgia are planning to organize a Business Forum on March 31, 2008.

The Business Forum "We Build Together" proudly presents the successfully implemented investment projects and new investment initiatives to be developed in 2008.

Aims of the Business Forum:

- Overview of the present nature and future trends of Israeli investments in Georgia
- Support to the development of cooperation between the business sectors of Israel and Georgia
- Gaining the government support for the business forum participant companies and the investment projects presented
- Introduction of business environment in Georgia to interested investors from Israel.



Tender Announcement for the Organization and Management of the National Lottery

Continued from p. 1

Purpose of the Tender

The purpose of this Announcement is to seek applications and reveal the winner (Operator) for the right to hold and organize the National Lottery, under the Georgian legislation. The successful Applicant will be responsible for operating all aspects of the National Lottery on a commercial basis, in accordance with the requirements of the law and the tender documentation.

Guiding Principles

In operating the National Lottery the Nominee will be expected to have regard for the following:

- Propriety and Integrity
- Player Service and Player Protection
- Game Variety
- Nationwide Network of the service
- Maximizing Funds for the National Lottery Fund
- Use of Modern Systems and Technologies
- Development Strategy

The evaluation process and the selection criteria are indicated in the tender documentation.

Receipt of the Application, Terms and other information

All applications for the organization and operation of the National Lottery shall be submitted in sealed enve-

NetExpo Georgia – A new database and search system of Georgian products

The presentation of a new project NetExpo Georgia was held on December 21, 2007 at the Sheraton Metechi Palace. The invited guests who attended the event included leading businessmen and government representatives.

The project aims to create a comprehensive and all-accessible database of all kinds of products made in Georgia. The already created electronic database which can be viewed at www.netexpo.ge allows local and foreign investors, entrepreneurs and representatives of private sector find production available on the Georgian market whether locally produced or imported. On the one hand everyone who needs information about this or that specific product can find it easily and free of charge on the portal. On the other hand, businessmen wishing to advertise their products and services can put their information in the database for a small fee.

lopes from December 12th 2007 till 18.00 of January 12th 2008, at the following address: room 209, 2nd floor, 4, quay of Gamsakhurdia, Tbilisi, Georgia (Building of the Ministry of Culture).

Tel: +995 32 987426

The decision about the Nominee is to be taken by the Tender Commission of NLF within 2 weeks as from the closing date of applications.



NetExpo Georgia can create and host websites for different Georgian companies if requested. "There are still a number of Georgian firms that have no website. We will provide this service for them," said Merab Lominadze, author and initiator of the project.

On the background of ongoing economic reforms and achievements when Georgia is successfully attracting investments and diversifying exports, it is topical to have adequately developed IT technologies in each sector of economy and give a push to the development of the so-called 'e-commerce' which is the fastest developing form of commerce for the time being.

Any information regarding to the applicants and their applications is confidential and shall not be disclosed.

The tender documentation is to be given to the potential applicants upon request at the above mentioned address, as well as at the following internet address:

<http://www.mcs.gov.ge/?m=static&s=144>

The website allows for the search of any product available on the Georgian market according to the following parameters: sector of economy, sub-sector of economy, name of product and additional specifications. It is unique as there is no analogous database in Georgia, needs-oriented as it allows for searching the selected products and easy to navigate.

For more information please contact:

NetExpo Georgia

Tel: (995 32) 22 69 48

Fax: (995 32) 48 48 49

Email: webmaster@netexpo.ge

Website: www.netexpo.ge

The applicants are entitled to ask the tender commission for the Feasibility Study on Lottery.

All inquiries and any requests for additional information regarding this Announcement must be made in writing only to the NLF. Responses, if any, will be made in writing and circulated to the interested parties.



TEXX GROUP – Quality in Construction



Construction and real estate is arguably the most developing sector in Georgia nowadays. The country is in fact experiencing a boom of this industry and one cannot fail to notice how new buildings are being raised on every corner of Tbilisi as well as other towns of Georgia. In such a situation when quantity seems to be dominating it is the quality that needs to be emphasized. *Invest in Georgia* is glad to present to you one of the leading construction and real estate development agencies of the country that cares as much about the quantity as it cares about the quality.

Texx group was founded in 2003 and since it has grown steadily to become one of the leaders in the real estate and construction sectors of the Georgian market. As a result of its innovative business practices and customer oriented attitude, the company has occupied its niche and earned a solid reputation among business circles and the society. Main business activities of Texx include the development, construction and management of the residential and commercial real estate.

The company focuses on building iconic prop-

erties that embody innovation and progress, creating growing value for residents and investors of its properties. Texx has been engaged in strategic partnership with governmental and international



Texx's concepts are based on offering a wide range of well-designed, functional homes with modern architecture priced for major market segments for public affordability. The company offers public free consultations, clear and simple pricing, reduced paperwork and regular updates about construction progress. To offer competitive pricing, Texx emphasizes cost

reduction by constantly evaluating and controlling costs as well as working on increasing productivity. It is supplied with latest technologies available in the construction industry to increase quality, productivity and construction time.

Texx organizations to make Tbilisi look like a European capital. Its projects range from development of unique real estate concepts such as Bakuriani Texx and Riverfront to luxury estate development of Texx Lux.

The strategy of Texx is driven by a combination of acquisitions and investments in diverse type of properties. It is designed to bring real and measurable gains to the company and its investment partners.

The short term goal of Texx is to be among the five prime real estate developers in Georgia's different market sectors. The long term goal is to be amongst top real estate developers of the region.

reduction by constantly evaluating and controlling costs as well as working on increasing productivity. It is supplied with latest technologies available in the construction industry to increase quality, productivity and construction time.

"Tbilisi is really becoming some kind of a top market. Competition is rising and there are too many real estate developers and construction companies... Our primary cliental are people who want to invest in real estate, Georgians who are living abroad...as well as Georgians who are working here and take a mortgage from the banks," Vako Tognidze, CEO of Texx.

PREFERRED PARTNER



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