

INVEST IN GEORGIA

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50-Day Action Plan of the Government presented

On February 19, 2008 Prime Minister of Georgia Vladimer Gurgidze made a presentation of the 50-Day Action Plan of the Government for media and wider public. According to him, the government program covers three main directions: 1) employment and investments, 2) revival of the village and 3) pensions, social assistance and education. The action plan reflects reforms that the government plans to implement by the end of May 2008. According to the Prime Minister, if the three directions are successfully implemented, the aim – Georgia without poverty – will be achieved.

Prior to presenting it to the public, the final version of the action plan was introduced to the President of Georgia at the government meeting. The 50-Day Action Plan is part of a larger government program approved by the Parliament which among other things foresees the rise in salaries and pensions already from March 2008.

"The website will be

created in several days with comprehensive information about the plan," the Prime Minister said adding that over the past two months the trust of



investors in Georgia has been fully restored.

"According to our calculations, the new investment capital worth 450 million USD has entered our country over the past 7 weeks. We made a modest forecast and expected up to a billion (USD) worth of investments this year due to election dynamics, which is not a low mark. However, taking into consideration that we speak about 470 million USD in less than two

months, we have all preconditions for optimism, of course, in case stability is maintained," Vladimer Gurgidze said. He projected the amount

trust of the public and investor circles is of vital importance. Any further investment progress is unimaginable without it," Vladimer Gurgidze said.

A wide-scale program of attracting investors in the construction and rehabilitation of small and medium hydropower plants will be launched in March by the Ministry of Energy. According to the Prime Minister, Georgia is rich with hydropower generating resources and after these are fully utilized the country will have up to a billion USD export revenues in 4-5 years. The construction of hydropower plants will also result in the creation of thousands of new working places.

The Prime Minister emphasized the importance of the Global Competitiveness of the Financial Services Sector Act submitted to the Parliament and changes in the work of the Department of Statistics. "Statistics that enjoy

As the Prime Minister mentioned, the 50-Day Action Plan of the Government is quite revolutionary. It ends in May and the cabinet will report about the results of the plan to the President.

Estonian business delegation visits Georgia

On February 4-6, 2008 the Prime Minister of Estonia Andrus Ansip and the delegation of Estonian businessmen paid an official visit to Georgia. His Excellency was hosted by the Prime Minister of Georgia Vladimer Gurgidze whereas the delegation of Estonian businessmen was hosted by the Georgian National Investment Agency. The official meetings included meetings with the President of Georgia and the Speaker of the Parliament of Georgia.

The sides discussed the prospects of deepening bilateral cooperation in political and economic fields. "We have a long and important path to travel to Europe, to NATO and there is still a lot left to do in terms of economic reforms. In all of these directions the example and the experience of our Estonian friends over the past 15 years is of utmost importance to us," the Prime Minister of Georgia said. **"Georgia has always been an interesting country for Estonians in terms of tourism and I have a great hope that this interest will grow even bigger. Estonian businessmen are very much interested in the Georgian wine and construction business and are ready to invest here. They are also interested in light industry. Thus, Georgia is a very interesting country to have as a partner. I hope that our businessmen will find good partners in Georgia,"** the

Prime Minister of Estonia said in his remarks.

According to Andrus Ansip, Estonia will support Georgia's bid to move to the next level of integration into the NATO at the Bucharest Summit planned for April 2-4. Estonia will also support Georgia in the negotiations with the European Union. Estonia is ready to provide advice to the Georgian authorities regarding the upcoming parliamentary election and for this purpose will send the delegation headed by the Chair of the Central Election Commission of Estonia to Tbilisi.

A particularly important part of the Estonians' visit was the business delegation comprised by 22 large Estonian business representatives who came to Georgia to learn about local business climate and investment opportunities. The businessmen attended a luncheon organized by the Georgian National Investment Agency where the Prime Minister of Georgia acquainted them with Georgia's recent economic performance and plans for the next five years. The Estonian business delegation included companies working in real estate construction and development, architecture, textiles, automobile trade, legal consulting, etc.

The delegation also included the Estonian watch center "Kellakeskus" that plans to open its jewelry shop in

Old Tbilisi. "Germund Trading" that has been operating in Georgia for few years already (exports nuts to Estonia/Europe) was also among the

Georgia has available. I believe that such visits will promote and deepen economic relations between Estonia and Georgia as political ones have al-



The Prime Minister of Estonia Mr. Andrus Ansip

guests. This year the company plans to implement a real estate development project in Georgia. Another firm in the delegation was "Koger & Partners" that is reconstructing the Estonian Embassy in Tbilisi and has business interests in Georgia.

According to Tamuna Liluashvili, the Director of the Georgian National Investment Agency (GNIA), such visits are extremely important for participants to learn about the investment and business climate of Georgia and see for themselves the projects that are presently underway in the country. "At the same time, this will give us an opportunity to get our guests acquainted with Georgian culture and show what

ready reached a relatively high level," she said.

On February 4, after seeing the sights of Tbilisi Estonian businessmen also met with their local counterparts to make connections and discuss possible cooperation. The next day the delegation together with the Prime Minister of Estonia visited the Georgian-Estonian wine factory "Aguna" located in Gurjaani, the heart of Kakheti province where they tasted some of Georgia's finest wines. Later the Estonian businessmen were invited to the traditional Georgia "supra" (feast) to take the best Georgian memories back home.

Georgia's international flight regimes

Having liberal flight regimes is important for the overall economic development of the country and for the full realization of its potential. Increasing Georgia's air links with the world means more trade and passenger turnover, more business links and also more potential investors. The measures of the Government of Georgia in this direction are thus much appreciated.

Georgia started to establish direct air connections with different countries since it became independent in 1991. The first bilateral air services agreements were signed in 1992-1993. There existed restrictions on the following: number of air carriers allowed to perform flights, capacity, frequency, destination points and establishment of tariffs. These initial agreements were suited to the needs of dominant national air carrier and it was usually the case that only one air company per country carried out flights to Georgia.

After the new government came to power in Georgia as a result of the Rose Revolution in November 2003, Georgia announced an "open sky" policy in the civil aviation field. The reconsideration of existing bilateral air services agreements and drafting of new ones began in order to abolish above-mentioned restrictions and make Georgia's international flight regimes maximally liberal. Starting in 2004, new bilateral air services agreements were prepared with the countries Georgia already

had agreements with and with some new countries. Namely, between: Georgia and Federal Republic of Germany, the Kingdom of Netherlands, Republic of Greece,



Republic of Hungary, Republic of Lithuania, Republic of Estonia, Republic of Italy, Czech Republic, Republic of France, the Kingdom of Denmark, Romania, Republic of Poland, Russian Federation, Republic of Azerbaijan. Appropriate procedures are underway between the countries in order to sign the above-mentioned agreements in the nearest future.

On 21 June 2007, an "Agreement on Air Transport between the Government of Georgia and the Government of the United States of America" was signed and it is already ratified by the contracting states. At the end of the last year, negotiations were held between Georgia and the United Arab Emirates, Switzerland, China, Ukraine, Armenia on Air Services agreements between the states and the sides have agreed in order to sign the above-mentioned documents in the nearest future.

Particularly noteworthy is

the agreement reached with the USA last year which is unprecedented as it allows full commercial rights excluding only the right of Georgian air carriers to con-

duct domestic flights in the United States. Thus, there are no more obstacles to having direct flights between the USA and Georgia and hopefully 2008 will see the appointment of such regular flights. Implementation of the liberal principles in the field of civil aviation will also facilitate the entrance of the so-called "low cost" airlines into the Georgian aviation market. In May 2006, the Horizontal Agreement, related to certain aspects of air services, was signed between the Georgian Government and the European Union. Consequently the air carriers of the EU Member States, which are established on the territory of and have the license issued by one of the EU Member State and which are under the ownership of the EU Member States and/or the EU citizens, are admitted to the Georgian aviation market without discrimination. The statistical data shows that

the liberalization of Georgia's bilateral air services agreements has resulted in remarkable growth of flights to/from Georgia. For example, there was only a single flight to Turkey per week before liberalization while there are 10 now. Similar increase has been registered in the number of flights with Austria (from 2 to 7), Germany (from 4 to 10), Azerbaijan (from 3 to 12), Ukraine (from 6 to 31), Latvia (none to 4), etc.

The number of passengers traveled via Tbilisi International Airport has been increasing since 2004 rising from 405,010 passengers to 619,465 in 2007. The new Tbilisi International Airport was officially opened on 7 February 2007 and the new International Airport of Batumi – in May 2007.

The air navigation systems were modernized and re-equipped and currently are fully compatible with the international requirements. Being a member of the European Civil Aviation Conference, Georgia intends to finish all procedures for the membership in EUROCONTROL, which will allow the country to integrate in the European air navigation system as well as bring national civil and military air control system in line with European standards.

According to Mamuka Vatsadze, Head of the Transport Department of the Ministry of Economic Development, Georgia is opening itself to the world.

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Real Estate Market Overview

The real estate sector is one of the fastest developing sectors of the Georgian economy and is attracting substantial attention from international investors. Tbilisi, the capital of Georgia, is at the center of Georgia's political and economic development and is seeing the majority of new real estate projects.

A large number of new projects are expected to be completed in the next 2-3 years. Publicly announced projects by developers will more than double office, retail, warehouse and hotel stock in this period. In addition to the announced projects, there are a number of very large projects at an

early planning stage. Prices for real estate have increased more than 4 times



since 2003. However the supply of new stock will lead to much greater competition between landlords. The market does not therefore expect further sharp increases in rental rates,

but property prices are expected to grow further in the absence of major political turmoil. As property prices increase, prime yields will start falling towards Eastern European levels.

Residential Real Estate: More and more Georgians are hoping

to move from old soviet-style flats into new apartments and improve their living conditions. Total residential stock per capita is one of the lowest in Eastern Europe and average house-

hold size is much higher than in any other Eastern European capitals. Most of the existing residential stock was built between 1945 and 1985 and is not of good quality. With the progressive increase of GDP per capita and disposable income, the trend of abandoning old-Soviet style apartments will accelerate and the demand for new residential property will increase.

The report compiled by "Deloitte and Touche" Kiev office provides an overview of current developments in the Tbilisi Real Estate market. For the full report visit <http://www.investinggeorgia.org/sectors/construction/>

Banking Sector Recap 2007

According to the Economic Analysis and Policy Department of the Ministry of Economic Development of Georgia, total revenue of 19 commercial banks acting on the Georgian market in 2007 made 347.8 million GEL. The figure is up by 37.2% compared to 2006. According to this data TBC Bank is on the first place. Its revenue constitutes 134.5 million GEL. The figure is increased by 36.6% compared to the last year. Below you can see the list of the largest commercial banks of Georgia according to their revenues:

- "Bank of Georgia" – 100.7 million GEL.
- "Cartu Bank" – 49.7 mil-

lion GEL.

- "Bank Republic" – 31.2 million GEL.
- "ProCredit Bank" – 17.7 million GEL.
- "People's Bank of Georgia" – 10.6 million GEL.
- "BTA Silk Road Bank" – 4.5 million GEL.
- "Basis Bank" – 3.5 million GEL.
- "Standard Bank" – 3.3 million GEL.
- "First British Bank" – 2.9 million GEL.

As of December 2007, commercial banks in Georgia gave out more than 4.5 billion GEL of credits which is 70,8% increase compared to the same period data of 2006. Credits issued in national currency doubled and

constituted more than 1.4 billion GEL. Credits in foreign currency increased by 59.1% and constituted approximately 3.1 billion GEL.

Significant growth was registered in the credits given out to finance projects in agriculture, forestry and fishing sectors. The funds allocated to these sectors increased by 3.2 times and constituted 56.7 million GEL. 3.4-fold increase was registered in the credits issued to the educational sector (9.2 million GEL). 47.7% of all credits were issued to the trade sector, 18.4% (526.7 million GEL) to the industrial sector and 12.8% (365.7 million GEL) to the construction sector.

Thus, 79% of all credits given out to fund economy come on industrial, construction and trade sectors. The credits given to physical persons were increased twofold and made 1.6 billion GEL, the tendency that indicates the animation of individual entrepreneurship.

As of January 1, 2008 bank deposits constituted 2.9 billion GEL - an increase of 54% from the previous year. Deposits in GEL increased by 74.2% and in foreign currency by 45.2%. Deposits for physical persons increased by 38.6% and constituted 1.3 billion GEL. This makes approximately 295 GEL of deposits calculated per person.

Georgian Tax News

News

International Treaties

On 28 December 2007, the Parliament of Georgia considered several international agreements to which Georgia is a cosignatory. The bilateral treaties on avoidance of double taxation of income and capital gains and prevention of tax evasion signed between the Government of Georgia and the respective Governments of the Republic of Turkey, the Republic of Finland and the Kingdom of Denmark were ratified by the Parliament of Georgia. The treaties will enter into force after the exchange of notes between the ministries of foreign affairs of the cosignatory parties. Furthermore, at the same plenary sitting, the Parliament of Georgia ratified the Free Trade Agreement signed between the Governments of Georgia and Turkey.

Amendments to the Tax Code

In December 2007, the Parliament of Georgia enacted the Law on Amendments to the Tax Code of Georgia. The majority of amendments are effective from 1 January 2008. These amendments clarify a

number of articles of the Tax Code. The following changes are noteworthy: Up to 1 January 2010, any income which does not exceed GEL 100,000 and is drawn by the individuals and legal entities from initial supply of agricultural products will be exempt from income tax; A part of profit derived from agricultural activities and reinvested in the same activities will be exempt from income tax up to 1 January 2010; Up to 1 January 2009, transfer, dispatch, production and supply of electricity will be taxed at a zero rate VAT, except for the supply of electricity to consumers; The upper limit of value of noncommercial goods that may be imported by the individuals into Georgia free of customs duties has been increased up to GEL 1,500 for the goods arriving by air, and up to GEL 1,000 for the goods imported into Georgia by other means of transport. The 12% income tax rate will remain applicable until 2011 for certain activities, such as proceeds from sale of property (real estate, vehicles) by the individuals performing non-economic activity, income derived from employ-

ment of the Georgian citizens with foreign missions and grant funded organizations. Tax credits can be disbursed to the taxpayers registered after 1 January 2008 to a maximum amount of GEL 2,000 at 4% per annum, with a maximum maturity of 10 years and 3 months and the grace period of 10 years. In order to obtain/disburse a loan, the tax authorities and newly registered taxpayers should enter into a loan agreement as provided for by the Tax Code of Georgia.

Profit Tax instructions

In December 2007, the Minister of Finance of Georgia signed the Order #1284 and promulgated new instructions "On Filling out the Profit Tax Return Form". Among other minor changes, the profit tax return has been amended. The new tax return is to be submitted to the tax authority before 1 April of the year following the reporting year, and should begin with the 2007 profit tax declared by the taxpayers.

Tax news was provided: by Deloitte office, Tbilisi, Georgia.



Continued from page 3

"Any foreign air company can conduct flights to and from Georgia without any obstacles. The only thing it needs is to

present a standard set of documentation to the relevant authority (the Unified Transport Administration of the Ministry of Economic Development of Georgia). At the

initial stage, there is even no need for the bilateral agreement to be in force for a foreign company to start regular charter flights in Georgia," Mamuka Vatsadze said.

INVESTMENT OPPORTUNITIES

SHAORI TOURIST - RECREATION ZONE

Located in a hilly zone of Racha, an oldest province of Georgia, Shaori reservoir occupies wooded basin enclosed by the snow mountains of the Caucasus. Shaori is in 3-hour drive from Tbilisi and only in 40-minute drive from Kutaisi.

The nature of Shaori is remarkable for its rich flora and fauna: thick forests, rivers and waterfalls, karst caves, medical springs.

For more information please visit <http://www.investingorgia.org>

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Taxation of Dividends and Percentages for FDI Making Countries According to the Double Taxation Treaties

| # | Countries | Taxation of Dividends | Taxation of Percentage |
|---|----------------|--|------------------------|
| Countries With Ratified Double Taxation Treaties | | | |
| 1 | Great Britain | Capital 50% and investments 2 mln GBP _ 0%; Capital 10% _ 5%; in other cases _ 10%. | According to residency |
| 2 | Azerbaijan | 10% | not more than 10% |
| 3 | Russia | 10% | not more than 10% |
| 4 | Kazakhstan | 15% | not more than 10% |
| 5 | Italy | Capital 25% _ 5%; in other cases _ 10%. | According to residency |
| 6 | Austria | Capital 50% and investments 2 mln Euro _ 0%; Capital 10% and investments 100 ths. Euro _ 5%; in other cases _ 10%. | According to residency |
| 7 | China | Capital 50% and investments 2mln Euro _0%; Capital 10% and investments 100 ths. Euro_5%; in other cases _ 10%. | not more than 10% |
| 8 | Germany | Capital 50% and investments 3mln Euro _0%; Capital 10% and investments 100 ths. Euro_5%; in other cases _ 10%. | According to residency |
| 9 | Greece | 8% | not more than 8% |
| 10 | Czech Republic | Capital 25% _ 5%; in other cases _ 10%. | not more than 8% |
| 11 | Ukraine | Capital 25% _ 5%; in other cases_ 10%. | not more than 10% |
| 12 | Poland | 10% | not more than 10% |
| 13 | Netherlands | Capital 50% and investments 2 mln USD _ 0%; Capital 10% _ 5%; in other cases _ 15%. | According to residency |
| 14 | Bulgaria | 10% | not more than 10% |
| 15 | Armenia | Capital 25% _ 5%; in other cases _ 10%. | not more than 10% |
| 16 | Turkmenistan | 10% | not more than 10% |
| 17 | Uzbekistan | Capital 25% _ 5%; in other cases _ 15%. | not more than 10% |
| 18 | Belgium | Capital 25% _ 5%; in other cases _ 15%. | not more than 10% |
| 19 | Latvia | Capital 25% and investments 75 ths USD _ 5%; in other cases _ 10%. | not more than 10% |
| 20 | Lithuania | Capital 25% and investments 75 ths Euro _ 5%; in other cases_ 15%. | not more than 10% |
| 21 | Iran | Capital 25% _ 5%; in other cases_ 10%. | not more than 10% |
| 22 | Romania | 8% | not more than 10% |

Countries With Initiated Double Taxation Treaties but not yet Ratified

| # | Countries | Taxation of Dividends | Taxation of Percentage |
|---|-------------|---|---|
| 1 | Turkey | | 10% not more than 10% |
| 2 | France | Capital 50% and investments 3 mln Euro _ 0%; Capital 10% and investments 100 ths Euro _ 5%; in other cases _ 10%. | According to residency |
| 3 | Luxemburg | Capital 50% and investments 2 mln Euro _ 0%; Capital 10% and investments 100 ths Euro _ 5%; in other cases _ 10%. | According to residency |
| 4 | Switzerland | Capital 25% and investments 200 ths. Swiss Frank_ 5%; in other cases _ 15%. | not more than 10%(exception - if the owner of the percentage Bank or the government of the second country _ 0%) |
| 5 | Kirgizstan | | 10% not more than 10% |
| 6 | Spain | Capital 50% and investments 2 mln Euro _ 0%; Capital 10% and investments 100 ths Euro _ 5%; in other cases_ 10%. | According to residency |
| 7 | Estonia | Capital 25% and investments 100 ths Euro _ 5%; in other cases_ 15%. | not more than 10% |
| 8 | Finland | Capital 50% and investments 2 mln Euro _ 0%; Capital 10% and investments 100 ths Euro _ 5%; in other cases _ 10%. | According to residency |

FDI making countries with no double taxation treaties

| # | Countries | Taxation of Dividends | Taxation of Percentage |
|----|-----------------|---|------------------------|
| 1 | USA | | |
| 2 | Norway | | |
| 3 | Cyprus | | |
| 4 | Virgin Irelands | | |
| 5 | Japan | | |
| 6 | Denmark | Capital 50% and investments 2 mln Euro Capital 10% and investments 100 ths Euro _ 5%; in other cases_ 10%. | According to residency |
| 7 | Australia | | |
| 8 | Korea | | |
| 9 | Israel | | |
| 10 | Ireland | | |
| 11 | UAE | | |
| 12 | Libya | | |
| 13 | Hungary | | |
| 14 | Lebanon | | |
| 15 | Saudi Arabia | | |
| 16 | Gibraltar | | |
| 17 | Sweden | | |
| 18 | Argentina | | |

Did You Know...

INVESTMENT OPPORTUNITIES

MAI Insurance Group (MAI) is an insurance group specialising in Central and Eastern Europe. Established in 1990, MAI CEE has grown over the last 16 years to become a regional leader with a presence in 14 CEE countries. In 2006 it handled insurance and reinsurance premiums in excess of €60m. *For further information please contact:*

MAI Georgia; 75 Abashidze Street; 0179 Tbilisi, Georgia; Phone: (+ 995 32) 227012

Fax: (+ 995 92) 421778; Email: ijshkariani@mai-cee.com

Rakeen, the largest property developer in Ras Al Khaimah, is already in Georgia. Established in the United Arab Emirates (UAE) Rakeen incorporates sustainable, responsible, eco-friendly planning and design of world-class resorts and residential property developments. Rakeen is developing several projects in Georgia. Among them are Tbilisi Heights Project in Tabakhmela, Uptown Tbilisi in Digomi, 5 Star Hotel and residential villas in Vardzia. The total cost of these projects is more than AED 5.5 billion. Several other large scale projects are in the process of elaboration.

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

DLA Piper Gvinadze & Partners LP was the first and now constitutes the only international legal services provider in the region. It has represented major international investors, local companies, joint ventures, and international organisations and lending institutions, advising on some of the most prominent foreign direct investment and cross-border transactions in Georgia's post-independence years. DLA Piper provides a broad service capability, including corporate and commercial, real estate, tax and customs law, litigation and arbitration, intellectual property, mergers and acquisitions, project finance, and energy and natural resources law.

For more information visit <http://www.dlapiper.com/georgia/>

Deloitte was one of the first major professional services firms to enter the Georgian market. It started implementing projects from 1995 and opened the representation in Tbilisi in 2000. Later in 2001 it was established as limited liabilities company (LLC). Deloitte in Georgia is a member of Deloitte Touche Tohmatsu, organization of 150 member firms providing an excellent professional service around the world. It delivers professional services in audit, consulting, financial advisory and tax & legal.

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

Georgia has visa-free regime for the citizens of more than 40 countries

In 2007 Georgia introduced visa-free regime for the citizens of the United Arab Emirates, Qatar, Bahrain and Oman. The citizens of these countries can stay in Georgia for up to 90 days without a visa. Georgia already has visa-free regimes for the citizens of the majority of European states, USA, Canada, Japan, South Korea, Kuwait, Israel, Turkey and the CIS countries (excluding Russia and Turkmenistan).

French Business Council launched in Georgia

The French Business Council has been launched in Georgia to promote the open market system and foster French-Georgian business relations in order to contribute substantially to the expansion, modernization and enhancement of Georgia's international trade and investment.

From now on the French Business Council - Georgia will promote and organize contacts with business organizations and Chambers of Commerce in France and Georgia, in order to develop commercial relationships and cross boarder investments. One of the most important missions of the French Business Council will be to assist small and medium-size businesses to open doors for Georgian exports to other countries.

CITY CENTER TBILISI

BARGANA DEVELOPMENT LLP, being a part of Kazakhstan investment holding BARGANA, would like to present their new development project CITY CENTER TBILISI.

The project idea is to build up new modern district with residential and commercial construction. The projected territory is located in the center of Tbilisi and has the area of 510 000 sq.m., total construction area is more than 700 000 sq.m., total project cost is about 700 mln. USD.

The complex "CITY CENTER TBILISI" is a unique project of creation of a new business and cultural center, a kind of "city in the city" with all the necessary residence and work infrastructure and a wide range of the relevant services, so that there will be no need to leave the premises.

BARGANA DEVELOPMENT LLP is now looking for interested investors for this project. The company is ready to discuss different options of cooperation, including the sale of some part of the project or organizing joint-venture.

If interested, please, contact :

13, Tamarashvili str.,

Tbilisi, Georgia

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Akmoldayev Alzhan

Cell: +995 99 765503

E-mail: akmoldayev@mail.ru

Georgian Company Profile

Block-Georgia – building with social responsibility and care for the environment

Block-Georgia LLC is one of the leading construction companies in Georgia. It is a Georgian-Czech joint venture established in 1997. Block-Georgia is focused on activities related to designing, deliveries, validations and servicing of constructions for such sectors as: medicine, high technologies applied in pharmacology, chemistry, electrical industry, etc.

Since 1997 Block-Georgia has managed to execute many projects among which were hospitals, pharmaceutical factories, banks, supermarkets, etc. The company has established itself as a reliable partner which is always delivering highest quality and is aimed at customer satisfaction.

The volume of work profit and quantity of workers of the company grows every year. Since 2004 the size of the personnel has almost trebled.

Social Responsibility

The concept of Block-Georgia is to consider the interests of society by taking responsibility for the impact of our activities on customers, employees, shareholders, communities and the environment in all aspects of our operations. Healthcare sector is a kind

of sector with social assignment. Every project executed in healthcare is connected to peoples' lives and the company acts in socially friendly manner. Block-Georgia has implemented various social projects and has sponsored numerous surgical operations, orphan children and bright students.

Block-Georgia's mission is to make better socially friendly environment as far as we understand that each individual's health and in some cases life depends on how we produce our products and services.

Environment Protection

The attitude of Block-Georgia towards environment and its protection is fully expressed by its environmental policy. Principles of this policy comprise all company activities related, both directly and indirectly, with construction designs, as well as their implementation.

With respect to the latest technical and scientific knowledge, Block-Georgia promotes environment-friendly equipment and technologies.

It guides employees to the assertion and fulfillment of liabilities specified in its



environment protection policy.

Projects

The most important projects implemented by Block-Georgia are as follows:

- Pharmaceutical Plant Leciva – GEO
- Pharmaceutical Plant PSP-GMP
- Pharmaceutical Plant Aversi-Rationale
- TBC bank Mardjanishvili Branch
- British Council Georgia
- "National interventional medical centre of Western Georgia named after academician Z. Tskhakaia" located in Kutaisi
- "Zugdidi Mutli-profile Clinical Hospital Republic",
- "Military Hospital" in Gori,
- Heapermarket

"GOODWILL"

- "Central Clinical Hospital after Academician N. Kipshidze" – Republican Hospital located in Tbilisi.

Future Strategy

From the 2007 Block-Georgia is actively engaged in Health Care sector by participating in the General Plan of Hospital Sector Development in Georgia. Block-Georgia already owns a number of hospitals around Georgia. Future Strategy of the company is to gain 30-40% market share in healthcare sector.

Block-Georgia already started constructing a new multi-profile hospital with 300 beds on the territory of Dighomi cluster. On December 23, 2007 a ceremony of laying the foundation of the hospital was held which was attended by the Prime Minister of Georgia and the Minister of Health and Social Affairs of Georgia.

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