

**GOVERNMENT OF GEORGIA ANNOUNCES THE SALE OF 51% OF POTI SEA PORT TO RAK INVESTMENT AUTHORITY, PLAN TO ESTABLISH A FREE INDUSTRIAL ZONE NEARBY**



Government of Georgia announces that it has successfully completed the sale of a 51% 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 51% equity interest in PSP was US\$80 million (equivalent to GEL116 million at the exchange rate of the National Bank of Georgia as at April 14, 2008), which translates into EV/EBITDA’07 of 10.4x and P/E’07 of 14.9x, based on PSP’s 2007 unaudited financial results.

PSP has been operating since 1858. The port is equipped with modern cargo handling facilities and comprises a general cargo terminal, bulk cargo terminals, container terminal, passenger terminal, ferry terminal and oil terminal. PSP is capable of handling Panamax-size vessels, provides direct ferry access to major Black Sea Ports in Ukraine, Russia and Bulgaria, and has direct connection with the country’s railway network, as well as motorway links with all towns and cities of Georgia. PSP currently serves 10 shipping companies, including MAERSK, CMA CGM, MSC, Hapag Lloyd/ZIM and CSAV NORASIA/APL.

PSP owns a 100 Ha plot of undeveloped land nearby the current port with quayside length of 2,200m, on which the construction of a modern container terminal is intended.

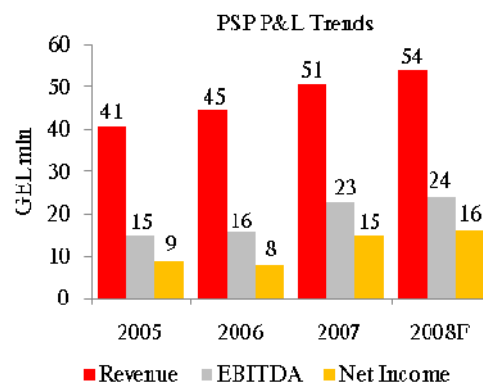
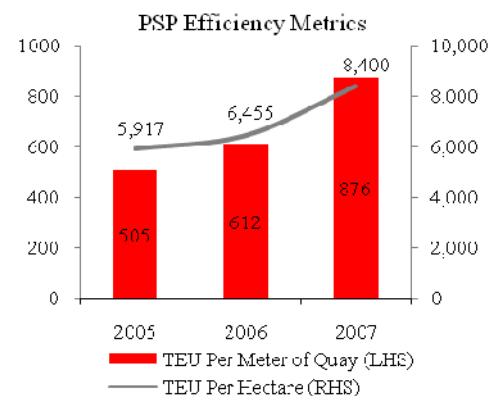
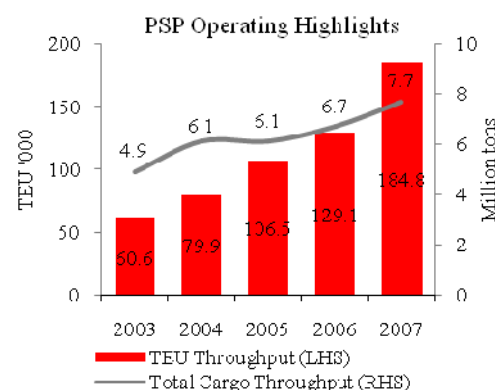
In addition to a 51% equity interest in PSP, RAK Investment Authority has purchased for US\$10 million from the Georgian government a 300Ha plot of land situated near PSP, on which it intends to build and operate a free industrial zone in accordance with the recently adopted Georgian legislation.

**PSP Transaction Summary**

Transaction Structure	Cash Purchase, with the full payment at the closing	
Equity Interest Acquired	51%	
Consideration	US\$80 mln	
	2007*	2008F**
EV/EBITDA	10.4x	9.7x
P/E	14.9x	14.0x
P/B	1.1x	1.1x

\*Based on unaudited financial results  
\*\*Based on company projections

“I am delighted to welcome RAK Investment Authority as the new majority owner of Poti Sea Port, and wish them success in the construction of a new port terminal and free industrial zone. The government is currently considering a further sale of 18% of Poti Sea Port on the local stock exchange, allowing financial and retail investors to gain exposure to Georgia’s dynamic transport and logistics sector”, commented **Lado Gurgenidze**, Prime Minister of Georgia



Georgia: Key Economic Data	2004A	2005A	2006A	2007E
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	1,682
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+/B’	Positive
FitchRatings	Long Term Issuer Default Rating/Short Term Issuer Default Rating/Country Ceiling	‘BB-/BB-’	Stable

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