



HOSPITALITY & REAL ESTATE

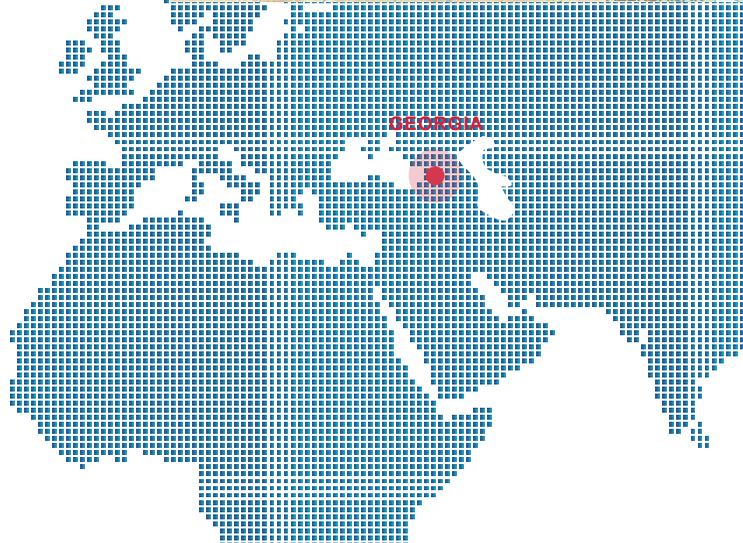
GEORGIAN NATIONAL INVESTMENT AGENCY

2016

INVEST IN GEORGIA

GEORGIAN NATIONAL INVESTMENT AGENCY

GEORGIA - COUNTRY OVERVIEW



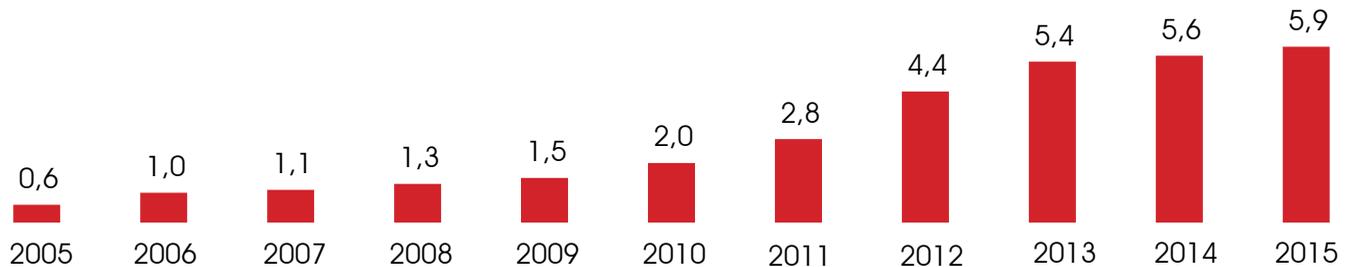
Area:	69,700 sq km	GDP 2015 (E) :	USD 14 billions
Population:	3.7 mln	GDP real growth rate 2015 (E):	2.8%
Life expectancy:	75 years	GDP CAGR 2010-2015 (GEL) (E):	4.9%
Official language:	Georgian	GDP per capita 2015:	USD 3743
Literacy:	100%	Inflation rate 2015:	4%
Capital:	Tbilisi	Total Public Debt to Nominal GDP (%) 2014 :	35.5%
Currency (code):	Lari (GEL)		

WHY TO INVEST IN HOSPITALITY & REAL ESTATE IN GEORGIA

- Continuous Increase of International Visitors – 23% average annual growth of international visitors for last five years
- Unique Nature and Culture
- Various Type of Resorts and Investment Opportunities
- No Real Estate Ownership Restrictions
- Governmental Incentives Available
- Visa Free Regime with 94 Countries
- 16th most secured country in the world
(Source: Global Competitiveness Index -2015/2016)



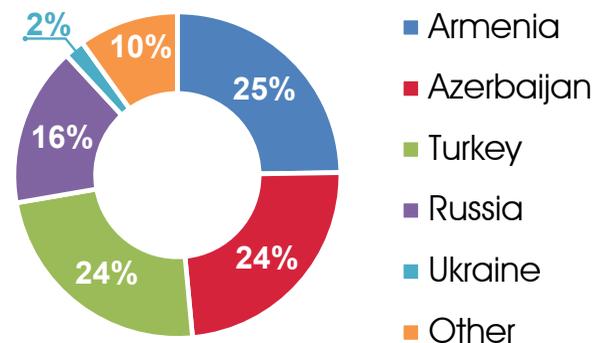
NUMBER OF INTERNATIONAL VISITORS HAS BEEN GROWING RAPIDLY



Source: Georgian National Tourism Administration

- Georgia has proved to be a highly desirable location for the hospitality and real estate sector
- Average duration of stay - 5 nights, average spend - USD 650
- Number of international tourists' arrivals is expected to grow by 8-10% during the next five years (Source: Colliers international)

Top Countries by International Arrivals in 2015



HOSPITALITY & REAL ESTATE INVESTMENT OPPORTUNITIES

- Home to more than 12,000 historical and cultural monuments including several UNESCO World Heritage Sites
- 8 national parks and 84 different categories of protected areas

"SUN-BEACH" RESORTS	WINTER SKI RESORTS	FOUR SEASON RESORTS	MEDICAL & WELLNESS RESORTS	GAMBLING
				
<p>Mixed and all inclusive sea-side resorts</p>	<p>Winter resorts with wide range of activities including free ride and heli-skiing</p>	<p>Majestic landscapes allow four season tourism activities</p>	<p>Unique water and mud resources provides opportunities for SPA resort development</p>	<p>Development of large-scale integrated casino complex</p>
<ul style="list-style-type: none"> ■ Batumi ■ Gonio ■ Anaklia ■ Kobuleti ■ Other Black Sea locations 	<ul style="list-style-type: none"> ■ Mestia ■ Bakuriani ■ Gudauri ■ Goderdzi 	<ul style="list-style-type: none"> ■ Mestia ■ Bakuriani ■ Goderdzi ■ Kazbegi, etc. 	<ul style="list-style-type: none"> ■ Tskhaltubo ■ Akhtala ■ Borjomi ■ Abastumani, etc. 	<ul style="list-style-type: none"> ■ Batumi ■ Anaklia ■ Tbilisi ■ Tskaltubo ■ Bakuriani ■ Signaghi ■ Kobuleti, etc.

TBILISI - CAPITAL OF GEORGIA

Tbilisi is the capital of Georgia and the key destination for tourists and business travelers. The city has remarkable historical heritage and different tourist attractions.

The number of multinational companies operating South Caucasus and CIS headquarters in Tbilisi is increasing steadily, which ensures Tbilisi's position as a regional business hub.

- The city benefits from growing international, regional and local visitors. Over the last 5 years, hotel annual occupancy rates in Tbilisi have been above 70%.

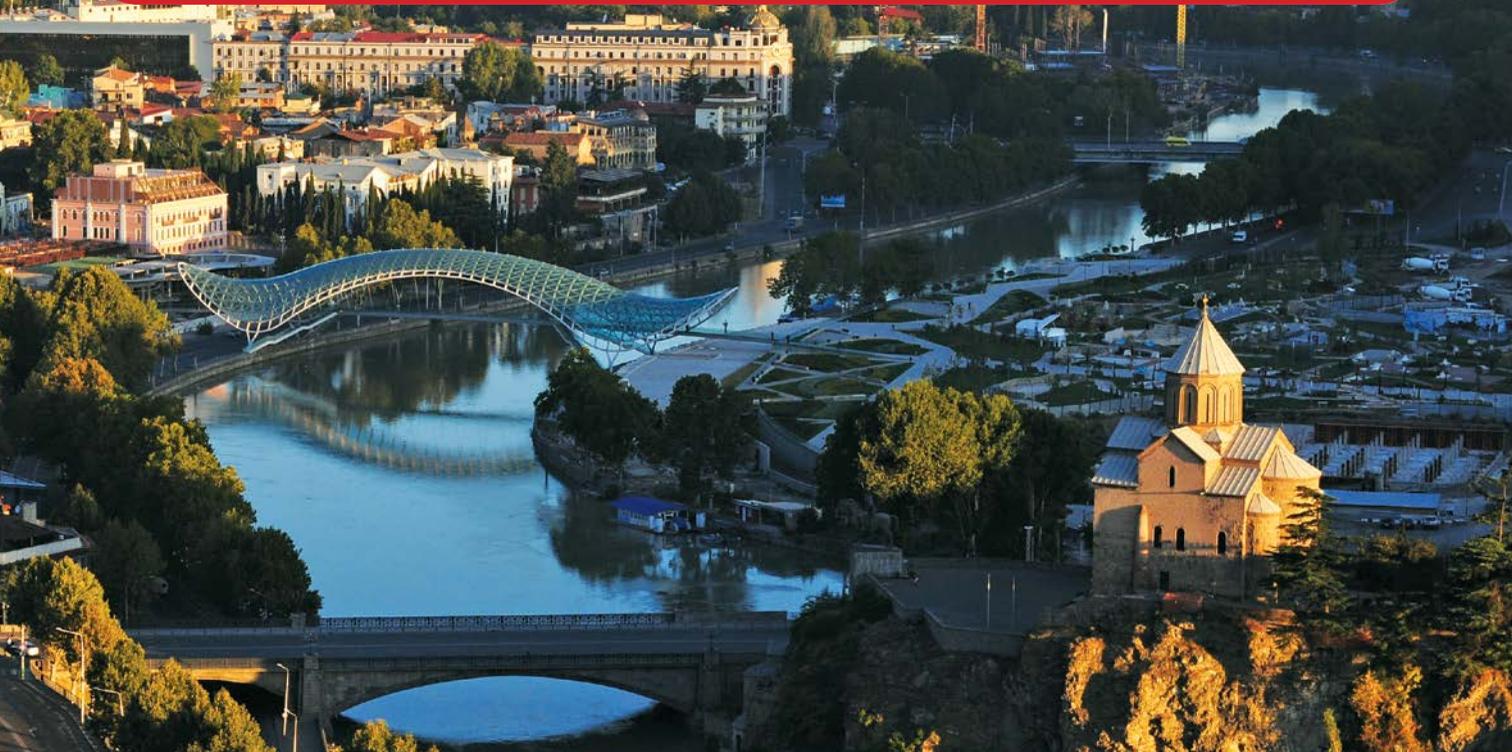
REAL ESTATE INVESTMENT OPPORTUNITIES

Development of "A" class
office buildings
MICE and entertainment
centers

Development of middle class
(3-4 star) hotel locations

Development of retail center
premises - "An under saturated
small gem"- Georgia ranks
6th in 2015 Global Retail
Development Index by A.T.
Kearney

NUMEROUS STATE OWNED CITY CENTER PROPERTIES ARE AVAILABLE FOR SALE AND FURTHER DEVELOPMENT



INVESTMENT OPPORTUNITIES IN TBILISI



8 Floor Building in Business & Cultural Center of Tbilisi

- **Location** - 89/24 Agmashenebeli Ave.
- **Total Building Area** – 5634 m²
- **Cadastral Code** - 01.13.08.006.054
- **Price** - 3,152,574 USD



- **Location** - Gudashvili Park (Center of Tbilisi, business and touristic area). There are 6 properties in total.
- **Land area** - around 1 ha
- **Investment Opportunities** - Best for upscale apartment complex, midscale hotel complex, shopping area, hotels and apartments mixed option

INVESTMENT OPPORTUNITIES IN TBILISI

- **Location** - David Agmashenebeli Ave. 138
- **Land Area** - 0.61 Ha
- **Building Area** - 6102.81 m²
- **Floors** - 7 (including loft, terrace and basement)
- **Cadastral Code** - 13.08.009.064
- **Price** – 4,492,853 USD



- **Location** - Betlemi street, 15.
- **Land area** - 442 m²
- **Cadastral Code** - 01.18.03.072.064
- **Investment Opportunities** - local mid class hotel, bed and breakfast, residential apartments (Existing Master plan). The property is located in the center of old city, in a very prestigious district. The district is one of the key attraction for tourists and city visitors.



BATUMI, ADJARA REGION

- Batumi is the second largest city and the most popular seaside destination in Georgia
- The city is famous for its fusion of historical and modern architecture, high-rise landmark buildings, sandy and stony beaches and admirable landscapes
- Existing and upcoming International hotel brands include: Marriott, Radisson, Sheraton, Divan, Crowne Plaza, etc.
- Batumi international Airport currently serves more than 15 destinations through 11 different airlines



INVESTMENT OPPORTUNITIES IN BATUMI, ADJARA REGION

- **Location** - Batumi, City Center, 25 M. Abashidze str.
- **Land area** - 905 m²
- **Building area** - 2.5 Ha
- **Cadastral Code** - 05.22.26.009



- **Location** - Batumi, Center of the city, 40 M. Abashidze str.
- **Land area** - 0.1128 ha
- **Building area** - 664.8 m²
- **Cadastral Code** - 05.22.12.012



INVESTMENT OPPORTUNITIES IN BATUMI, ADJARA REGION

Numerous state owned Batumi city center properties are available for sale and further development



- **Location** - Kakhberi Area, Batumi, Adjara
- **Land Area** - 3.3 Ha
- **Cadastral Code** - 05.32.14.073



- **Location** - 1, Tamar Mepe Avenue, Batumi, Adjara
- **Land Area** - 1.6 Ha
- **Cadastral Code** - 05.30.39.004

INVESTMENT OPPORTUNITIES IN BATUMI & KOBULETI, ADJARA REGION

Numerous state owned Batumi and Kobuleti Municipality properties are available for sale and further development

Location - Heroes Alley, Batumi, Adjara
Cadastral Codes

1. 05.24.08.128 – 3206 m²
2. 05.24.08.136 – 3769 m²
3. 05.24.08.137 – 4169 m²
4. 05.24.08.138 – 3802 m²
5. 05.24.08.139 – 3047 m²
6. 05.24.08.143 – 2244 m²



- **Location** - Vil. Bobokvati, Kobuleti Municipality
- **Total land area** - 262,123 m²
- 25 Km from Batumi
- Ready Infrastructure
- Pine forest territory (Medical Aims)



GONIO RESORT, ADJARA REGION

A mixed resort development opportunity on 315 ha land plot at the Black Sea Coast

- Gonio is one of the oldest inhabited areas of Georgia. The first settlements in Gonio appeared in VIII-VII B.C
- Old Gonio territory is famous with its historical architecture, the Gonio fortress, stony beaches and admirable landscapes
- In addition to already developed Gonio resort, there is an untouched 315 ha land on Black Sea coast available for further development
- According to the new development plan, Gonio Resort will be a new sea-side destination next to popular sea resort Batumi
- Gonio will offer a new level of resort lifestyle not currently available in Georgia and It will be an international standard leisure-led mixed-use destination



GONIO RESORT DEVELOPMENT PLAN COMPONENTS

- 25.6 ha area lake in the middle of the territory - the lake will accumulate sediments and increase price for living cluster around
- Recreational zone and bird watching territory between river Chorokhi and lake (30% of the total area) will be left untouched, in natural surroundings with tracks and park
- Open & close water park
- 5.6 ha Crystal lagoon
- Beach hotels and apart-hotels
- Casino
- Leisure and sport activities area
- Sea side boulevard
- Gonio fortress
- Residential area



Gonio feasibility study and development plan was prepared by Colliers International in association with HOK

TSKALTUBO SPA & WELLNESS RESORT

- Tskaltubo is located in Imereti region, west part of Georgia. The city is just 9 km away from Kutaisi International Airport
- Famous spa brand in CIS countries - the unique balneal and spa resort in the region
- Vast reserve of mineral and thermal waters with unique therapeutic qualities - best for treating problems of locomotor system, heart, bronchial asthma, digestive, diabetes, nervous systems, hypertension, gynecological, musculoskeletal system
- Established infrastructure & several existing hotels
- Subtropical climate and rich nature, 2000 hours of sunshine annually



Investment opportunities

- Renovation of 16 state owned sanatoriums into luxury hotels, medical and wellness centers
- Potential to develop gambling facilities, sport tourism centers, amusement parks, shopping and retail centers

FOUR SEASON RESORT DEVELOPMENT

- Svaneti (regional center - Mestia) is a historic region in the northwestern part of Georgia
- Svaneti is becoming a place for year round fun and adventure with an array of rare wildlife, flowing rivers and lakes, majestic alpine plateaus next to UNESCO heritage sites
- Winter in Svaneti offers ideal ski slopes, 6 months of permanent snow, elevation range of 1400 – 2500m, and Olympic standard downhill track with 988m vertical drop. Highest peaks for skiing to include Tetruldi (4,974 m) and Hatsvali (2347 m)
- Ushguli, Svaneti is the highest settlement in Europe
- Infrastructure - Mestia domestic airport and ski lifts



- Investment opportunities in real estate and hospitality

Creation of new hotels, aparthotels and entertainment centers

- Ski lift construction and development opportunity

Mestia terrain has potential of additional ski lifts construction (1400m length with capacity of 1000 passengers/hour)



SKI DESTINATION GUDAURI

- Gudauri located on the southern slopes of the Caucasus Mountain Range, is a unique ski resort and a famous brand name in CIS countries. 5 months of permanent snow and elevation of 2,196 m terrain create ideal conditions for further development of Gudauri resort. The resort is just 1.5 hour drive from capital city Tbilisi
- **Ski facilities in place** - Ski cable way of 20+ km; ski trails, ice rink, bike route
- **Real estate and hospitality development opportunities** - More than 50 ha land development for hotel, food and entertainment facilities
- **Ski lift construction opportunities** - Gudauri terrain has potential of the additional 80 km ski lifts expansion (21 additional ski lifts)



GEORGIA'S UPCOMING SKI RESORT - GODERDZI

- Goderdzi is ideally situated at an elevation of 2000m in Adjara region. The resort offers an attractive and welcoming environment throughout the year. Untouched mountains and wilderness create a fantastic setting in the winter and summer. 5-6 months of permanent snow, elevation range of 1700-2400m and 150 hectares of skiable terrain create ideal conditions for further development of Goderdzi resort
- **Real estate and hospitality development opportunities** - The Goderdzi village center is supposed to be developed as a heart of the destination, surrounded by the several hotels. Residential real estate area will be developed at the perimeter
- **Ski lift construction opportunities** - Goderdzi terrain has potential of the additional 35 km ski lifts expansion (8 additional ski lifts) increasing ski lifts capacity by 7500 + skiers per day



- 2 hours drive from Batumi International Airport and 3 hours drive from Tbilisi International Airport
- Ready utilities - water, sewage, electricity

SUMMER MOUNTAIN RESORT DEVELOPMENT - RACHA

Racha is located in the north-western part of Georgia on the southern slopes of the Central Caucasus. Racha is famous for its mountains, mineral waters, „Khvanchkara“ wine region and cultural monuments. Racha has three main tourism destinations: Shovi, Utsera and Shaori

Real estate & hospitality development opportunities:

- **Shaori** - internationally branded lakeside hotel and spa hotel (lake-view, full-service 4* hotel with 125 rooms)
- **Shovi** - Internationally branded climatic resort hotel and spa hotel (4* with 105 rooms, in - and outdoor wellness facilities); 40 private chalets for sale of high build quality with private saunas/hot tubs
- **Utsera** - an 80-key, independent (non-branded), midmarket hotel with spa and medical department with mineral water based treatment rooms (Medhotel Utsera – House of Gastronomy and Showroom)



HOTEL INDUSTRY INCENTIVES

From 2016 the Government of Georgia provides financial and technical assistance to entrepreneurs involved in hotel industry in all regions of Georgia except Tbilisi and Batumi cities

Co-financing of Franchise/Management Contracts and Development of International Brand Hotels

- Government co-finances franchising/management agreement fees for the first 2 years
- Upper limit of the co-financing amount is GEL 0.3 million annually

Co-Financing of Loan Interest Rate

- Government subsidizes 10% interest rate for loans in GEL and 8% for loans in USD/EUR
- Interest rate co-financing continues for the first 2 years
- Minimum loan amount – GEL 0.5 million (or equivalent in USD/EURO)
- Government provides collateral guarantee for 50% of the total loan and for the first 4 years
- In case the company uses **International Franchise/Management Contract**, maximum loan amount could be GEL 5 million (or equivalent in USD/EURO). If not, maximum loan amount is GEL 1 million (or equivalent in USD/EURO)
- In case the company uses **International Franchise/Management Contract**, upper limit of government collateral is GEL 2.5 million (or equivalent in USD/EURO). If not, upper limit is GEL 0.5 million (or equivalent in USD/EURO)

FREE TOURISM ZONES (FTZ) IN ANAKLIA-GANMUKHURI AND KOBULETI

Anaklia-Ganmukhuri FTZ

- Anaklia is a new resort on the Black Sea coast
- The lands that will be handed over to investors are located alongside the boulevard which was designed by Spanish architect Alberto Domingo Cabo
- Anaklia is famous for its summer international music festival GEM fest

Kobuleti FTZ

- Kobuleti is an already established, traditional seaside destination for international visitors
- The town is 25 km away from the most popular seaside city Batumi and 30 minutes from Batumi International Airport
- Kobuleti Free Tourism Zone includes 12 ha area for the development of ~30 hotels (140 meters from the sea coast)

Anaklia-Ganmukhuri and Kobuleti Free Tourism Zones offer:

- Free land - The land plot is granted to an investor for a symbolic price 1 GEL
- Exemptions from Property and Profit Taxes - hotel activities are exempted from Profit and Property taxes until 2026
- Free casino license for hotels which have over 80 rooms
- Pre-packaged hotel projects
- Ready infrastructure – necessary infrastructure, such as electricity, water, gas, sewage, is provided by Government

Minimum Investment Requirement - 1 million GEL



INVESTMENT OPPORTUNITIES IN GAMBLING BUSINESS

Gambling is legal in Georgia, that gives the country a unique competitive advantage in a region where other countries ban or restrict gaming business. Visitors from Turkey, Russia, Azerbaijan, Armenia, Israel and the Middle East are already attracted to Georgia for gaming. The gambling business is fully decimalized in Georgia

Permits and Licenses for Casino, Slot Machines, Table Games, Bookmaker, Bingo, Lotto are issued for 5 years

Annual Casino Fee - 5 000 000 GEL with several exceptions

Exceptions vary according to the location of the company:

- Batumi, Kobuleti, Borjomi, Bazaleti Lake, village Katchreti – 250 000 GEL
- Akhaltsikhe – 100 000 GEL
- Gudauri, Kazbegi, Bakuriani, Sighnagi and Tskaltubo are TOTALLY exempt from annual casino fees
- New hotels with at least 80 rooms in Kobuleti, Khelvachauri, Anaklia, Ganmukhuri and 100 rooms in Batumi are exempt from an annual casino fee



MAIN TOURIST DESTINATIONS



Airport



Medical & Wellness



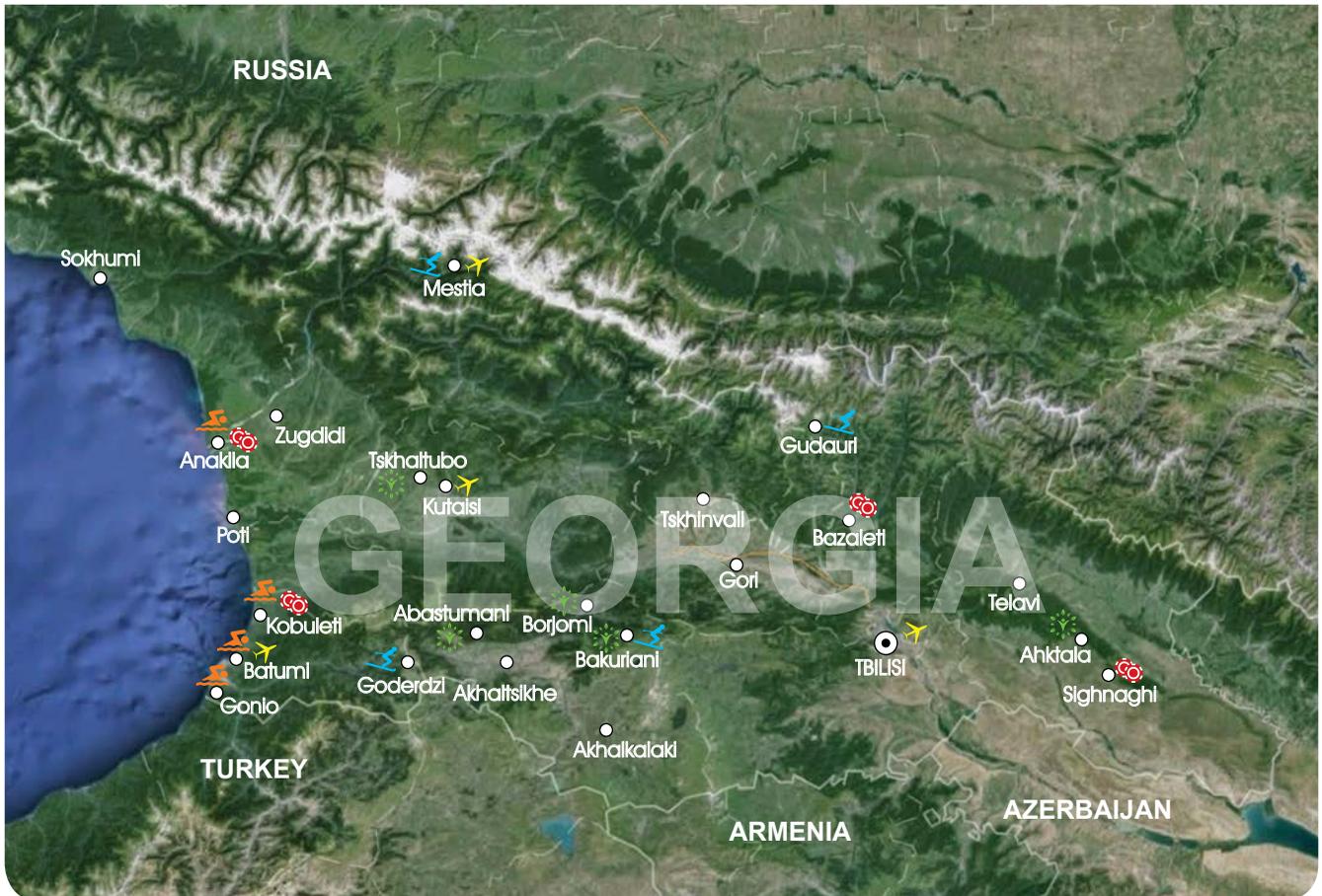
Winter Ski Resorts



Gambling



Sun-Beach Resorts





GEORGIAN NATIONAL INVESTMENT AGENCY

- The investment promotion agency under the direct supervision of the Prime Minister of Georgia
- “One-stop-shop” for investors to support companies before, during & after investment process
- Moderator between investors, government and local companies

OUR SERVICES

INFORMATION

General data, statistics, sector researches

COMMUNICATION

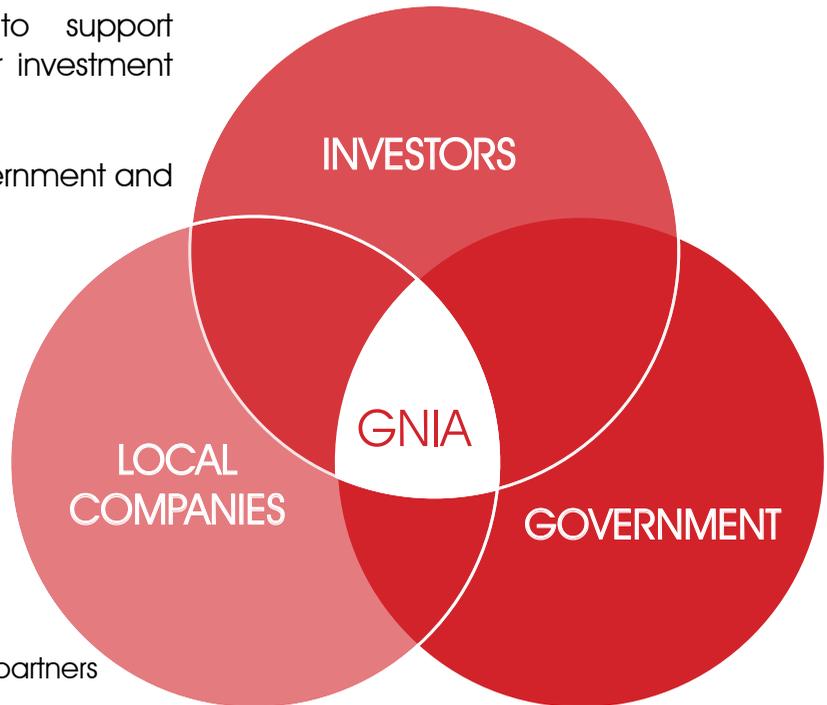
Access to Government at all levels/Local partners

ORGANIZATION

Organization of site visits & accompanying of investors

AFTERCARE

Legal advising & Supporting services



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