GEORGIA - PROMISING MARKET FOR INVESTMENTS
GEORGIA IS A WINNING COMBINATION

Strategically located at the crossroad of Europe and Asia

Free Trade Agreements with 2.3 bln market - EU, China (Including Hong Kong), Turkey, Ukraine, CIS & EFTA

Modern and fast-developing infrastructure

Skilled and competitively priced labor force

 Stable, effective and well-developed banking sector

Flat-rate, low taxes - No corporate profit tax on reinvested profit

Recognized as one of the easiest places to do business in the world
Georgia’s economy has experienced economic growth at a **CAGR of 4%** (2014-2018)

In 2014-2018 the strongest growth occurred in:
- Financial services (10.5%)
- Hotels & Restaurants (9.6%)
- Construction (9.2%)

<table>
<thead>
<tr>
<th>Key Economic Indicators</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nom. GDP, USD mn</td>
<td>13,988</td>
<td>14,378</td>
<td>15,087</td>
<td>16,207</td>
</tr>
<tr>
<td>Nom. GDP per capita, USD</td>
<td>3,755</td>
<td>3,857</td>
<td>4,047</td>
<td>4,346</td>
</tr>
<tr>
<td>Real GDP growth, %</td>
<td>2.9%</td>
<td>2.8%</td>
<td>4.8%</td>
<td>4.7%</td>
</tr>
<tr>
<td>Import (CIF), USD mn</td>
<td>7,300</td>
<td>7,294</td>
<td>7,939</td>
<td>9,137</td>
</tr>
<tr>
<td>Export (FOB), USD mn</td>
<td>2,205</td>
<td>2,113</td>
<td>2,736</td>
<td>3,355</td>
</tr>
</tbody>
</table>

*Source: National Statistics Office*
In October 2019 “Standard & Poor’s” upgraded Georgia’s sovereign credit rating from „BB-“ to „BB“.

In August 2019 „Fitch“ affirmed sovereign credit rating improvement from „BB-“ to „BB“.

In September 2017 Moody’s Investors Service has upgraded Georgia’s sovereign credit rating to Ba2 from Ba3.

Reasons of increasing sovereign rating

- Resilience to a significant economic shock in the region;
- Stable macroeconomic environment;
- Institutional strength;
- Ongoing economic reforms.
RAPIDLY IMPROVING GOVERNANCE

Doing Business
N 6
Up from #112 in 2005
2nd among the countries in Europe

Economic Freedom
N 16
Up from #99 in 2005
8th among the countries in Europe

Corruption Perceptions Index
N 41
Up from #130 in 2005
6th among the countries in Eastern Europe

Safety & Crime index
N 6
Up from #20 in 2012
6th place among the 125 countries
Pension contribution – 2% paid by Employer, 2% paid by Employee, 2% paid by Government

- No Corporate Profit tax on retained profit
- Personal Income taxes for interest, dividends and royalties are reduced to just 5%
- Double Taxation avoidance with 56 countries
- No capital gains, wealth or inheritance tax
- No restrictions on currency conversion or capital/profit repatriation

New Tax Incentives available for companies which set up International Headquarters in Georgia

- Corporate Profit Tax on distributed profit - only 5%
- Exemption from the property tax

Least Tax Burden Country in the World by Total Tax Rate (% of profit)

<table>
<thead>
<tr>
<th>Taxation System</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Profit Tax</td>
<td>15%</td>
</tr>
<tr>
<td>Personal Income Tax</td>
<td>20%</td>
</tr>
<tr>
<td>Value Added Tax</td>
<td>18%</td>
</tr>
<tr>
<td>Property Tax</td>
<td>&lt;1%</td>
</tr>
<tr>
<td>Excise Tax</td>
<td>0%, 5%, or 12%</td>
</tr>
<tr>
<td>Import Tax (depending on goods imported)</td>
<td>20%</td>
</tr>
</tbody>
</table>

THE WORLD BANK

Select Items

3rd Least Tax Burden Country in the World by Total Tax Rate (% of profit)
Share of reinvestments in total FDI was 34.6% in 2018; For comparison, same number stood at 18.8% in 2016.

Top FDI sectors:
- Financial Sector
- Transport and Communications
- Energy
- Manufacturing
- Construction
- Real Estate

Azerbaijan is the largest investor in Georgia, followed by Netherlands, UK and USA
REGIONAL HUB FOR DOING BUSINESS

FREE TRADE AGREEMENTS WITH 2.3 BLN MARKET

- Very simple and service-oriented customs policy and administration
- No quantitative restrictions or tariff barriers
- 80% of goods free from import tariff

CIS - FTA
EFTA - FTA
Turkey - FTA
Ukraine - FTA
EU - DCFTA
China (inc. Hong Kong) - FTA
US, Canada, Japan - GSP

Most Favored Nation (MFN) since 2000
Tourism revenue increased by 19% in 2018 (USD 3.2 bln)

“International upscale brands enjoy occupancy rate of 72% in Tbilisi” Colliers International

“Georgia has become a hub for tourism and business” Sheikh Nahyan Bin Mubarak Al Nahyan

PIPELINE OF ON-GOING BRAND HOTELS IN GEORGIA
Average monthly salary amounts to USD 370

Free Trade Agreements with 2.3 billion market

1 kWh is ~6 USD cents for 30-110 kV high voltage electricity

4 Free Industrial Zones - No taxes except Personal Income Tax (20%)

“A highly qualified, technology-driven workforce and strong manufacturing capabilities are attracting high-tech businesses to Georgia“ - Elbit Systems, Manufacturing of Aircraft Composites

“HeidelbergCement invests in Georgia because of its transparent and simple tax system, stable macro-economic environment and favorable geographic location” - HeidelbergCement, Cement Factory

“Georgia has transparent business climate, growing economy, acceptable labor cost and simple legislation” - Henkel, Adhesives Factory
BUSINESS PROCESS OUTSOURCING (BPO)

- Average monthly salary - 420 USD
- Time proximity and cultural flexibilities (GMT+4)
- Language skills to serve English, German and Russian speaking countries
- 75 higher educational institutions
- 125 professional education centers
- Lowest utilities costs (including internet) in the wide region, approximately 2.5 USD per sq. m.

"Georgia was very welcoming due to its ease of opening a firm and finding quality team members. Georgia has an unique place with limitless potential" – Base4, architecture & engineering service outsourcing
**Transport and Logistics Sector**

**Sea Port**
- Poti Sea Port (APM Terminals)
- Batumi Sea Port (BIH)
- Kulevi Terminal (SOCAR)
- Supsa Terminal (BP)

**International Airports**
- Tbilisi International Airport (TAV)
- Batumi International Airport (TAV)
- Kutaisi International Airport (UAG)

**Roads and Railway**
- Georgian Railway - Total Length: 2,083.9 km
- Road - Total Length: 20,329 km

- Strategic location within Belt and Road initiative
- Alternative route through Georgia takes 10-15 days from China to Europe instead of 45 days of traditional route

"Georgia has strategic Geographically hub location, key position in Caucasus region, transparent tax and customs regulation" - Gebrüder Weiss, logistic company
ENERGY SECTOR

HYDRO POWER
- Among top countries in terms of water resources per capita (only 20% utilized)
- 80% of total electricity is generated from HPPs

WIND
- Wind potential of Georgia is estimated up to 1500 MW
- Share of wind power in total generation will reach 10% by year 2025

SOLAR
- Big potential for solar energy development
- During the year in most regions there are 250-280 sunny days and the annual average amount of sunshine hours is over 2000

“Georgia has one of the largest untapped hydro potentials in Europe, making the country an attractive destination”
Clean Energy Group

International Companies Presented in Georgia
SUPPORT TOOLS

Produce in Georgia:
- 10% Interest Rate Co-financing (2 years)
- 70% Collateral Guarantee
- Free Land for Manufacturing (investment obligation)

Host in Georgia:
- Co-financing of Franchising Fee/Management Contract (hotels)
- 10% Interest Rate Co-financing (2 years)

Film in Georgia:
- 20%- 25% cash rebate

CO-INVESTMENT OPPORTUNITIES:
State-owned investment fund: Partnership Fund
THANK YOU