

Georgia Economic Outlook

2016



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Georgian Economy



Government Economic Policy:

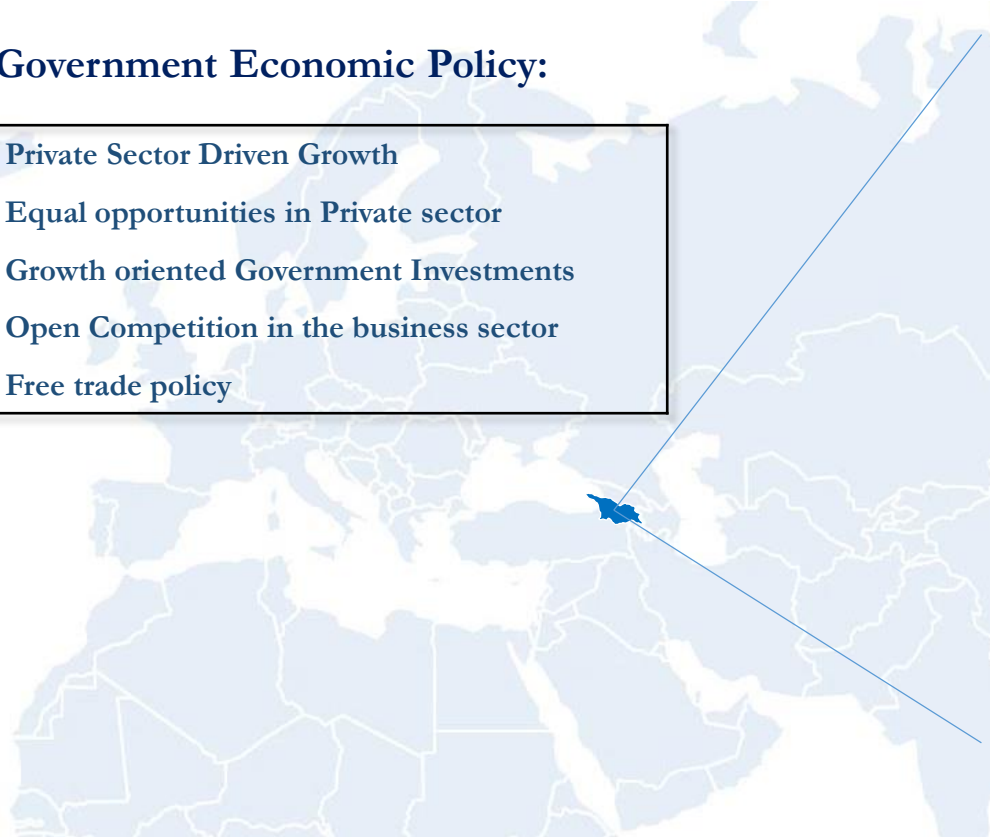
Private Sector Driven Growth

Equal opportunities in Private sector

Growth oriented Government Investments

Open Competition in the business sector

Free trade policy



Population	3.7 mln
GDP Per Capita (PPP)	USD 9,630 (2015)
GDP real growth rate:	2.8% (2015)
GDP CAGR 2010 – 2015: (GEL)	4.9%
FDI	USD 1.56 bln (2015*) USD 834 mln (2016 6M*)
External Trade:	USD 9.9 bln. (2015*)
Unemployment rate	12.0% (2015)
Inflation rate 2015:	4%

Georgia has diversified GDP structure which is well-positioned for sustainable growth. Due to the devaluation of GEL to USD, the total GDP pointed in USD shows a drop in 2015 but actually GDP real growth rate in 2015 was 2.8%. The GDP compound annual growth rate of last 5 years from 2010 to 2015 reached 4.9 % and Georgia is widely expected to maintain steady growth for the years to come.

Country at Glance

Resilient Economic Growth History

- ✓ Above 5% average growth during the last 10 years
- ✓ Around 5% projected average growth over the next years

Strong International Ties

- ✓ Deep and Comprehensive Free Trade Agreement (DCFTA) with EU was signed on June 27, 2014
- ✓ Free Trade Agreement with European Free trade Association (EFTA) since 2016
- ✓ Visa Liberalization with the EU
- ✓ Ongoing reforms under AA agenda

Favorable Business Environment

- ✓ “Globally, Georgia improved the most in the areas measured by Doing Business over the past 12 years” – DB 2016
- ✓ Tangible improvement in Corruption Perception Index over the 10 years – up by 82 places since 2005 (Transparency International)

Strong Governance Record

- ✓ Improved governance and rule of law
WGI’s score “Regulatory Quality” improved from 35.7 (2004) to 79.3 (2014)
WGI’s score “Rule of Law” improved from 31.1 (2004) to 64.4 (2014)



Fast-Growing Diversified Economy

GDP

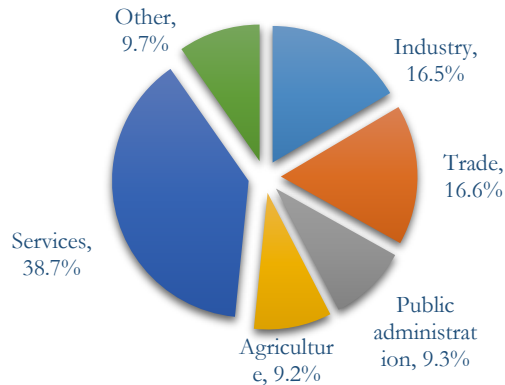


- ✓ 4.9% CAGR from 2010
- ✓ Around 5% average growth rate expected over the next years
- ✓ GDP per capita has doubled during last decade

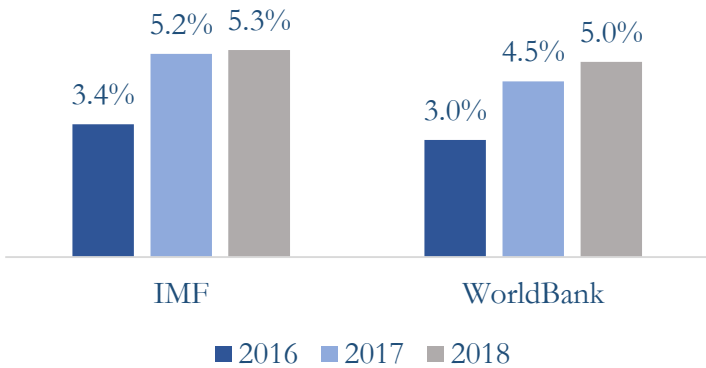
Source: Geostat, IMF

Components of GDP 2015

- Key Growth Drivers:**
(Average growth since 2009)
- ✓ Manufacturing 8.7%
 - ✓ Construction 7.4%
 - ✓ Services 6.9%



GDP Growth Forecasts



Source: Geostat

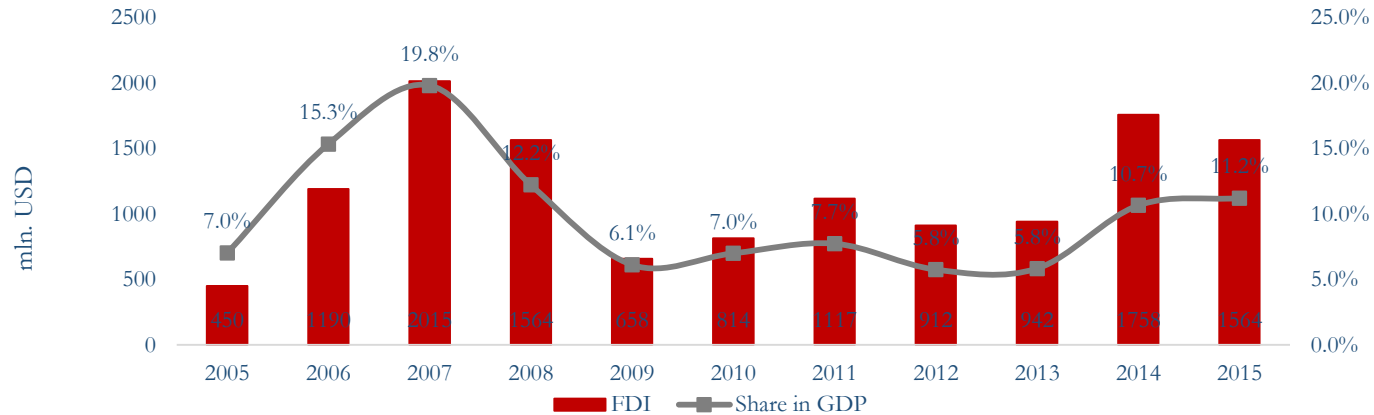


Business Environment and Ratings



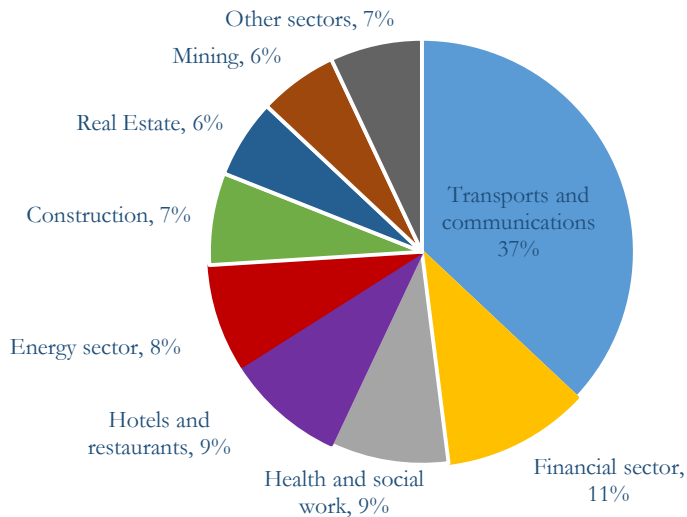
Attractive Investment Destination

Growing FDI Stock



Source: Geostat

FDI by Sector, 2015 (%)

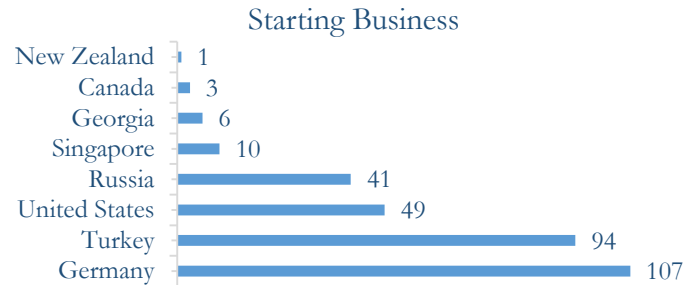


- ✓ Political stability
- ✓ Business-friendly environment
- ✓ Corruption-free public service
- ✓ Increase of market size by FTAs
- ✓ Low crime-rate
- ✓ BITs with 32 countries
- ✓ Member of ICSID Convention since 1992
- ✓ Free capital repatriation
- ✓ Competitive cost of labor
 - Available young and skilled labor force
 - Flexible labor legislation
- ✓ Improved access to finance:
 - Strong banking sector
 - 2 large investment funds

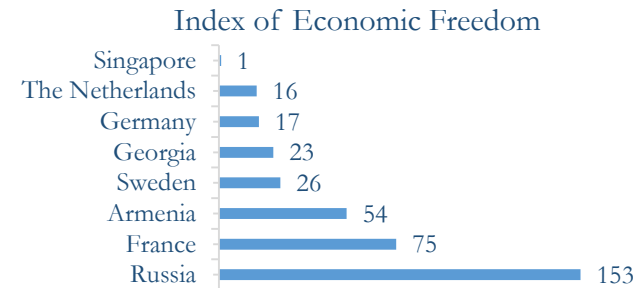
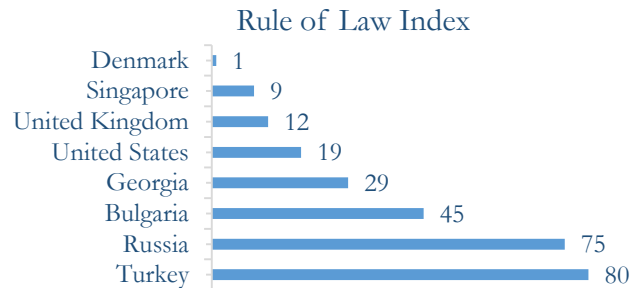


Business Environment in Numbers

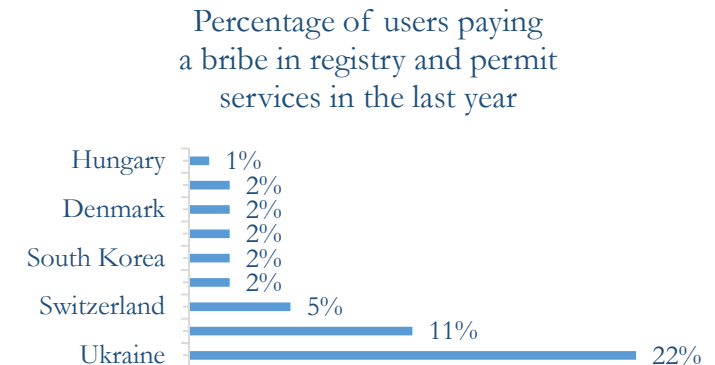
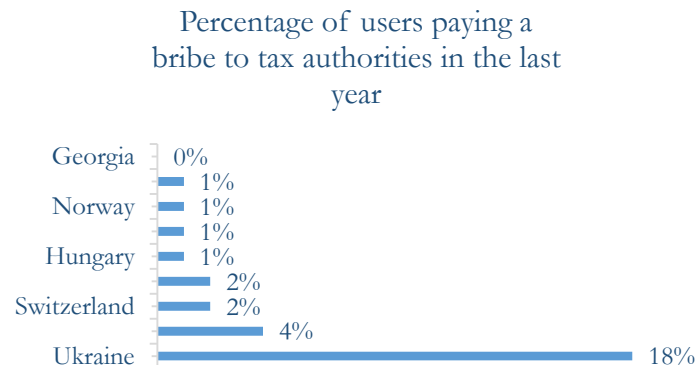
Country's impressive progress in improving business climate has been well documented in a number of international indices



Liberal and free market oriented economic policy strengthened by the rule of law



Georgia is considered as an essentially corruption-free investment destination



Tax Environment



Growth Friendly Tax Environment

Taxes

VAT	18%
Personal Income Tax	20%
Corporate Income Tax (taxable only on distribution)	15%
Dividend & Interest Income Tax	5%

- ✓ Only 6 flat taxes today
- ✓ No payroll tax or social contribution
- ✓ Territorial principle of taxation for individuals
- ✓ DTA with 52 countries
- ✓ More opportunities offered by special zones: Free Industrial Zones, Free Tourism Zones

Streamlined Tax Administration

- ✓ Robust e-filing and e-payment systems
- ✓ Electronic VAT Invoices
- ✓ Advance Ruling
- ✓ Accelerated Services

World Economic Forum issued The Global Competitiveness report for 138 countries, please see extract for Georgia's positioning from the report below:

- Total tax rate % profits – 9th
- Effect of taxation on incentives to work – 10th
- Effect of taxation on incentives to invest – 11th
- No. of procedures to start a business – 3rd
- Trade tariffs % duty – 4th
- Time to start a business days – 5th
- Prevalence of non-tariff barriers – 14th
- Burden of customs procedures – 12th



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IMPROVING THE STATE
OF THE WORLD**



Lottery Sector in Georgia



Lottery Privatization

Commercial Terms of Privatization

A one-time payment, minimum payments with bank guarantees, and percentage tax on lottery should be taken into consideration holistically in developing the financial terms of privatization between the government and the operator.

These elements and associated figures are result of reasonable assumptions and research of leading practices.

One-time payment/mandatory guarantee

The government reasonably considers a one-time payment of **\$5 million USD** based on the Georgian lottery's historical performance, industry soundings, jurisdictional scans and an estimated range from financial analysis on these inputs. When candidates bid to participate in the tender process, they must provide the bank guarantee of \$5 million USD to the Georgian government.

Minimum payments with bank guarantees

A minimum annual payment of **\$2.8 million USD** to the government during 10 years period with bank guarantees under a revenue share model is reasonable given the estimated range based on projected revenues from historical lottery sales. Operator must provide bank guarantee on \$2.8 million annually during the entire operation period.

Percentage of tax on value of lottery tickets sold

A **8% lottery tax** on tickets sold from the service operator to the government on a quarterly basis is reasonable for the Georgian context. Though a 'revenue share' model is more common in the lottery industry, if the Georgian government decides to maintain a lottery tax, this tax will replace any revenue share structure.

Note: The concept of Lottery Tax has been considered for all of the models and approaches. The Lottery Tax is simply a function of the government's revenue share and one-time payment they decide to allocate toward Lottery Tax.



Georgian Lottery

Historical Financials

Unit: USD	2015	2014	2013	2012	2011	2010
Gross Sales	\$8.4M	\$11.7M	\$11.8M	\$13.0M	\$19.6M	\$29.8M
Total Cost*	\$8.2M	\$9.9M	\$11.0M	\$12.8M	\$23.2M	\$25.0M
Lottery Tax	\$22.1M	\$22.3M	\$18.7M	\$15.2M	\$11.7M	\$8.1M

- **Minimal room for margins under current cost structure:**
- Tax on lottery is currently fixed at 21.5% & prize pool is 50-60% of gross sales.
- * Total cost = cost of sales + operating expenses – lottery tax – debt
- **Georgia's declining lottery revenues from FY12 to 15 are not indicative of its market potential. With improved marketing, game innovation, and enhanced resource management, there is room for additional revenue growth. Consequently, the FY10-11 figures – the boom year revenues – are likely more telling of the market's potential.**

Georgian Lottery

- ✓ **Lottery user base:** approx. 3% of total population (130,000)
- ✓ **Average user demographic:** 40 and over, housewives and retirees
- ✓ **Current lottery operator:** sole license holder
- ✓ **Infrastructure provider:** Georgian Post since 2011. Provides distribution and IT support
- ✓ **Lottery ticket provider:** Scientific Games
- ✓ **Lottery prices:** GEL 1 (90% of sales), GEL 2 (10% of sales). USD 0.45-0.90.
- ✓ **Driver for privatization:** To stimulate tax payments

Games

- **Instant games** (scratch paper based) – 10 games. These generate 40-50% of sales.
 - Lucky lari and Lucky 7 are the best sellers
- **Loto game** (draw-based online and offline, but online sales are negligible). These generate 50-60% of sales.

Lottery Taxation

VAT Exempt

PIT – Flat rate – 20%

Property Tax – 1% of the average annual residual value of fixed assets (excluding intangible assets – rights and licenses)



Licensing and Taxation of Gaming Business in Georgia

Category	License fees	Taxes
Casino	<ul style="list-style-type: none"> ✓ All over the Georgia – 5 000 000 ✓ Batumi, Kobuleti, Borjomi, Dusheti, Bazaleti Lake and Gurjaani – 250 000 ✓ Akhaltsikhe – 100 000 	Each table in the casino - from 15 000 to 30 000 GEL quarterly;
Gambling Club	<ul style="list-style-type: none"> ✓ Tbilisi – 50 000 ✓ Batumi, Kutaisi and Rustavi – 30 000 ✓ Other territories – 10 000 	N/A
Slot Club	<ul style="list-style-type: none"> ✓ Tbilisi – 1 000 000 ✓ Batumi, Kutaisi and Rustavi – 200 000 ✓ Foti, Telavi, Gori, Marneuli, Zugdidi, Ozurgeti, Akhaltsikhe, Khashuri, Kobuleti, Khelvachauri, Senaki – 100 000 ✓ Other territories – 50 000 	Each slot machine - from 1 500 to 3 000 GEL quarterly;
Sports Betting	<ul style="list-style-type: none"> ✓ Tbilisi – 200 000 ✓ Batumi, Kutaisi, Rustavi – 80 000 ✓ Other territories – 40 000 	N/A
Lotto	15 000	N/A
Bingo	15 000	N/A
Promotional lottery	15 000	Each promotional game - 10% of prize fund

In some cases Government of Georgia makes exceptions regarding specific territories and facts, the details are listed on the next slide.



Exceptions in Gambling Business Licensing in Georgia

Government of Georgia makes exceptions regarding specific territories and facts:

- ✓ In terms of Casino license fee, Gudauri, Bakuriani, Tskaltubo, Signaghi and Kazbegi territories are free of charge;
- ✓ If the stakeholder entity has newly built 100 or more room hotel in Batumi, Kobuleti, Khelvachauri, the entity does not pay anything for casino's license for 10 years of period;
- ✓ If the stakeholder entity has newly built 40 or more room hotel in Anaklia or Ganmukhuri, the entity does not pay anything for casino's license for 10 years of period;
- ✓ If an entity has the license for the Casino in Tbilisi, the Slot Club annual license will be granted to it for 100 000, instead of GEL 1 000 000. Additionally the entity will have benefit of opening three Gambling Clubs in all over the Georgia;
- ✓ If an entity has the license for the Slot Clubs in Tbilisi, one Gambling Club's license for all over the Georgia, will be granted for free;



Key Terms of the Tender



Key Terms of the Tender

The winner of the tender will be the participant, who will meet the conditions set for tender process and who will offer the highest payment, but not less than USD 5,000,000, to the government for the exclusive right of conducting and organizing a lottery in Georgia.

The following timetable is provided to help Bidders in the process of planning during the competition:

Submission of Bids

Bid proposals are submitted by each bidding party in two separate Envelope No. 1 and Envelope No. 2 parts. These must comply with the instructions provided in the tender documentation.

Evaluation of Bids Envelope No. 1

Envelope No. 1 will be opened and checked its compliance with the tender documentation requirements.

Evaluation of Bids

The Commission evaluates compliant Bids and may invite Bidders to present their proposal (Envelope No. 1) to the Commission. The Commission can invite experts/consultants for recommendations.

Choice of Qualified Bidder

The Commission will select a Qualified Bidder, which potentially can be holder of the exclusive right.

Evaluation of Bids Envelope No. 2

Envelope No. 2 will be opened and evaluated by the commission.

Decision regarding License award

The Commission makes its decision to award the exclusive rights

Informing successful Bidder

Successful Bidder will be informed about results.

Negotiation and Finalization of License Agreement

After informing the Bidder about the results, the parties will sign the agreement in the period of 30 days.



Tender Evaluation Process

Envelope #2

Envelope No. 2 will be opened for the Bidders with only a satisfactory Envelope No. 1 and passed 60% scale of marks.

The Bidder, with highest proposed amount to be paid to the state budget will be selected.

If Envelope No. 2 amounts are same for two or more Bidders, the Commission will invite and inform Bidders about it.

After it, qualified Bidder will have additional 10 days to propose new amount to be paid to the state budget. Every next offer shall not be less than the previous one. The presentation of every new offer has the same procedures as initial Envelope No. 2 presentation.

If the qualified Bidder does not submit a renewed proposal, it will be withdrawn from the tender process. If neither qualified Bidder presents renewed proposal the tender will be cancelled.

The selection process will go on until one of the Bidders proposes the highest amount.

Bidders will be notified of the results within 5 days of the decision.



Key Terms of the Tender

Submission Structure

Bidders are asked to ensure their proposal contains all the information requested in this tender documentation and is structured as follows (with clear separations between sections) to help facilitate the assessment process. Proposal must be presented in two separate parts – Envelope No. 1 and Envelope No.2.

Envelope No. 1 must include the following information:

Section 1 – General Information

- Bidder / Owner background information
- Applicable Experience
- Historic Performance
- Financing Structure
- Tender participation bank Guarantee (bid bond)

Section 2 - Executive Summary

- Summary of sections III, IV and V

Section 3 - Market Understanding and Vision for the future

- Understanding of Georgian market
- Understanding of Global trends
- Corporate-social responsibility
- Vision / Strategic Objectives

Section 4 - Required Standards

- Technical Solution
- Transformation
- Service Operation

Section 5 - Business Plan and Generation of Returns

- Year 1 – 5 Business Plan
- Year 6 – 10 Business Plan
- Financial Projections
- Innovation Strategy
- Risks and Mitigations

Envelope No. 2 must include:

- Proposed amount to be paid to state budget by the Bidder. The amount should be indicated in USD.



Key Terms of the Tender

Queries and Requests for Clarification

All clarification questions and respective answers should be submitted in **two stages** according to the following procedures:

Stage 1 : Questions received before **28 October, 2016** will be answered before **7 November 2016**

Stage 2 : Questions received before **12 November 2016** will be answered before **22 November 2016**

Clarification questions will not be accepted after **12 November, 2016**.

Submission of Proposal

Proposals will be accepted from **12 December 2016 9:00 - 15:00 [Tbilisi Time]**. Proposals submitted except defined time will not be accepted.

Bank guarantee supporting the contract performance (performance bond)

Bidders intending to participate in the competition shall provide an agreement fulfilment Bank guarantee supporting the contract performance (performance bond) in the amount of USD 2.8 million to the Ministry as collateral in 5 days of period after receiving the message. The collateral shall be valid during the entire period of the agreement and additional 4 months after termination of agreement

Proposed Quarterly Contribution to the National Budget

The Lottery Operator is obliged to make quarterly payments that equal 8 per cent of the total lottery tickets' sales.

Bank Guarantee

All guarantees, presented by the Bidder shall be signed by the official, licensed financial institution, which is operates in Georgia.

Preventing Money Laundering and Terrorism Financing

Each Bidder should explain in details the mechanisms for prevention of money laundering and Terrorism Financing.



Tender Evaluation Process

The ability of the Commission to evaluate a Bidder's Proposal is dependent upon the completeness of the Proposal. A Bidder's Proposal may be evaluated unfavourably or rejected for failure of a Bidder to provide information requested by the tender documentation. Each properly submitted Proposal will be evaluated by the Commission based on the information and material contained in that Proposal.

The Proposal Evaluation process will consist of the following steps:

Envelope No. 1

- At first the Commission evaluates completeness of information presented by the "Envelope No. 1" as "Satisfactory" or "Not Satisfactory"
- If Bidder's presented general information will be evaluated as "Not Satisfactory", next part of the Bidder's proposal will not be assessed

Ref	Section	Contents	Weighting
I	General Information	Constitutional Document Applicable Experience Historic Performance Financing Structure Tender participation bank Guarantee (bid bond)	Satisfactory / Not Satisfactory

If General Information is evaluated as "Satisfactory" the commission will evaluate rest by the scores, listed in the chart below:

II	Executive Summary	Summary of sections III, IV and V	Neutral
III	Market Understanding and Vision for the future	Understanding of Georgian market Understanding of Global trends Corporate-social responsibility Vision / Strategic Objectives	Max 15 points
IV	Required Standards	Technical Solution Transformation Service Operation	Max 45 points
V	Business Plan and Generation of Returns	Year 1 – 5 Business Plan Year 6 – 10 Business Plan Financial Projections Innovation Strategy Risks and Mitigations	Max 40 points

If Envelope No. 1 meets the requirements and the Bidder passes 60 scale of marks, Envelope No. 2 will be evaluated, if not, Envelope No. 1 will be returned to the Bidder and the Bidder will be disqualified. Hereby Envelope No. 2 will not be opened and will be returned back to Bidder.



Contacts



Contact Information

Web page: www.mof.ge

Email: lottery@mof.ge

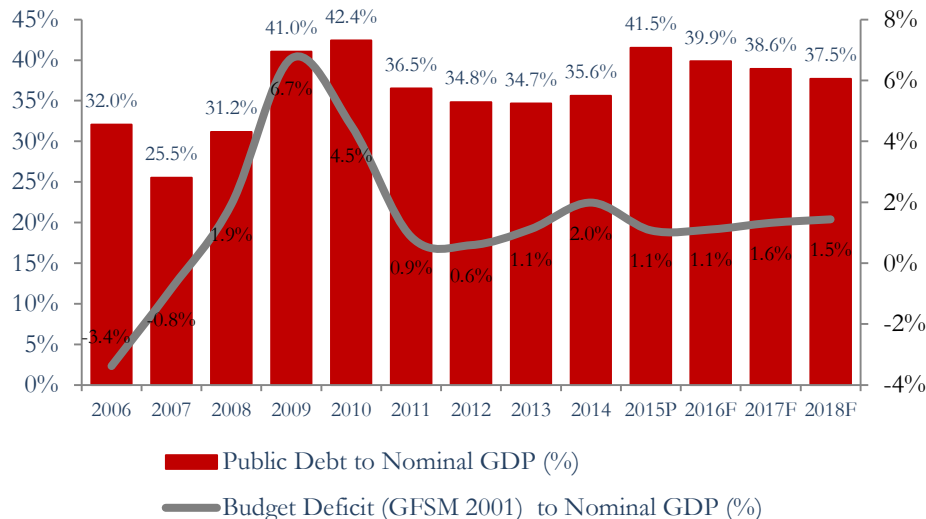


Appendix



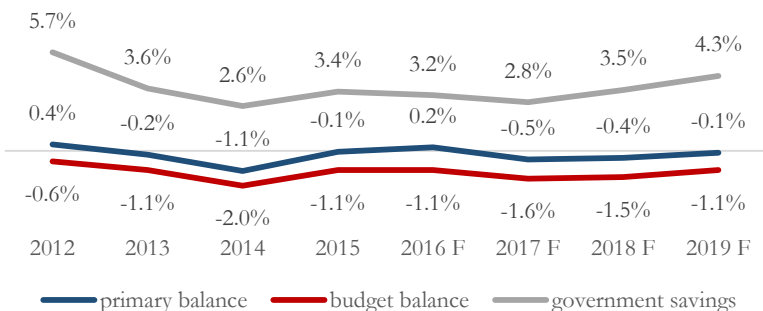
Solid Fiscal Performance

Fiscal Performance and Public Debt



Source: Ministry of Finance

Fiscal Balances



Source: Ministry of Finance

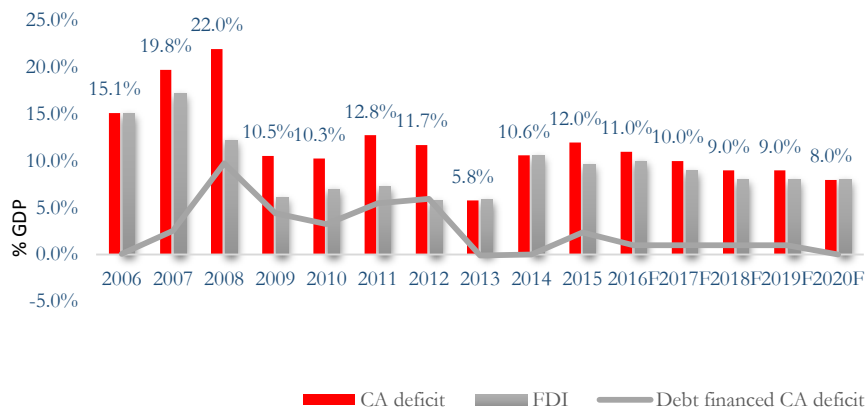
- ✓ Favorable Public Debt: 35.5% to Nominal GDP, well below peers
- ✓ External public debt enjoys low (1.94%) average annual interest rate including Eurobond, majority (70%) of loans have fixed interest rate
- ✓ Average contractual maturity of 22 years
- ✓ Multilateral or bilateral account for majority of external debt and is on highly concessional terms

- ✓ Increase in government savings in the medium term
- ✓ Low level of budget deficit



External Sector

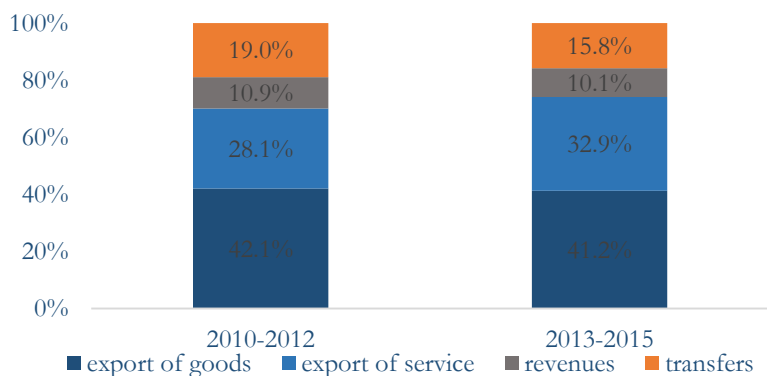
Current Account Deficit



Source: National Bank of Georgia

- ✓ Current account deficit mainly driven by large FDI inflows in the country
- ✓ Tourism revenues has increasing trend (2005-2015 increased 8 times), becoming an important source of current account improvement

CAB Components



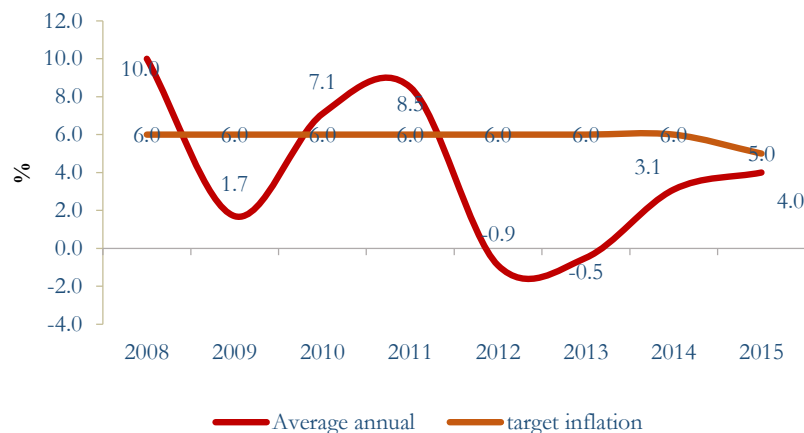
Source: National Bank of Georgia

- ✓ Decline of the importance of transfers from 19.0% to 15.8%
- ✓ Substantial increase in Service export from 28.1% to 32.9%;
- ✓ Main driver in service export is tourism;



Stable Inflation

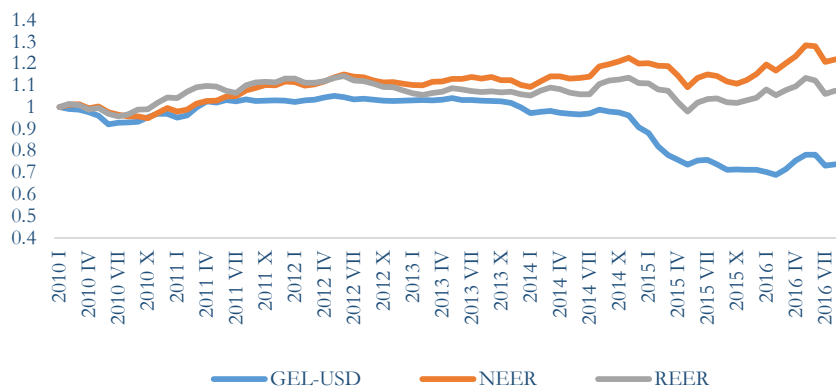
Inflation



Source: Ministry of Finance

- ✓ Annual average inflation (12 month average over the previous 12 month average, % change) – 4.0%;
- ✓ Actual inflation is close to the inflation target set by NBG
- ✓ Inflation target will be equal to 4 percent in 2017 and will decrease to 3 percent in the long run

Exchange Rate



Source: National Bank of Georgia

- ✓ Ex rate dollar – 26.3% depreciation compare to the January 2010
- ✓ NEER – 22.0% appreciation compare to the January 2010
- ✓ REER – 7.5% appreciation compare to the January 2010



Open Trade Policy

EU

Duty Free access to 500 mln market

Switzerland, Norway, Iceland and Liechtenstein

Duty Free access to 14 mln market

DCFTA

EFTA

CIS

FTA

Turkey

FTA

US, Canada, Japan

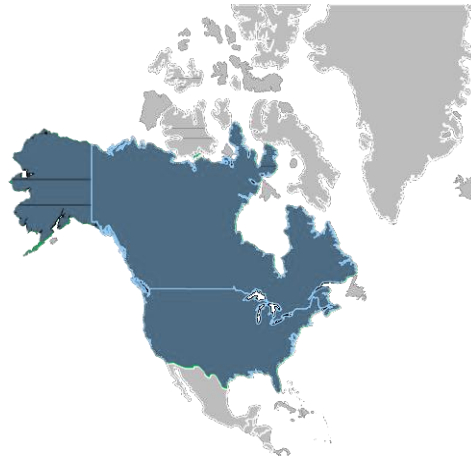
GSP

MFN (since 2000)



China and Georgia on 5th of October, 2016 substantially concluded their Free Trade Agreement (FTA) negotiations, with a landmark memorandum of understanding signed in Tbilisi.

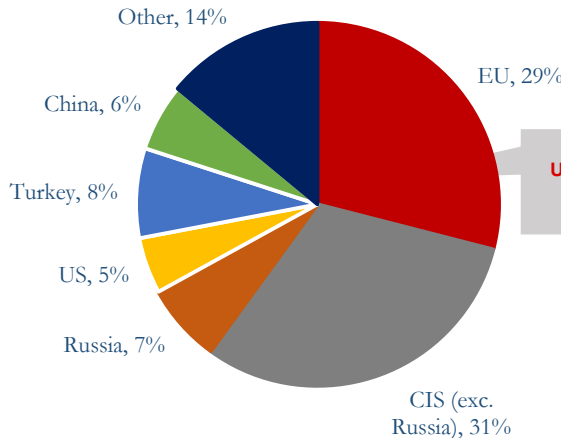
FTA with EFTA – negotiations concluded



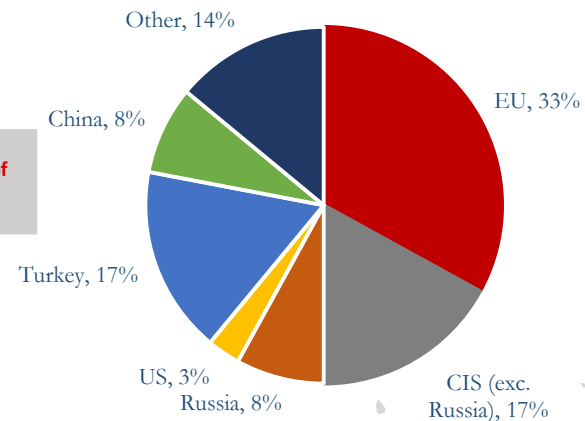
FTA with China – negotiations launched



Export Structure by Country 2015



Import Structure by Country 2015

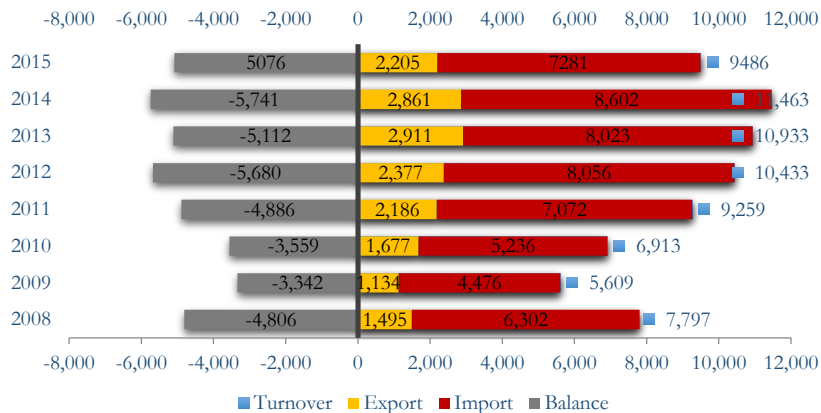


Up from 19% of 2011



Foreign Trade

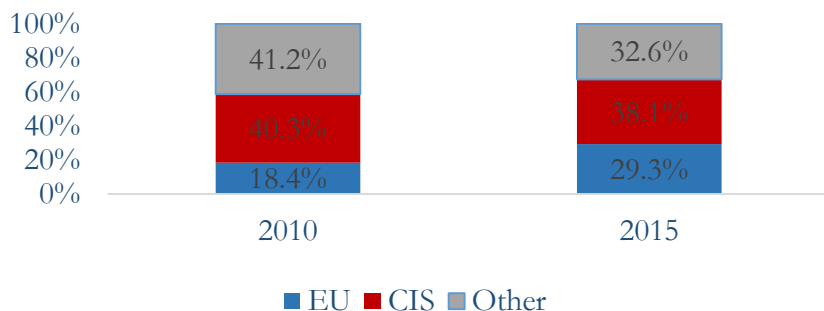
Foreign Trade (US\$ million)



Source: Ministry of Finance

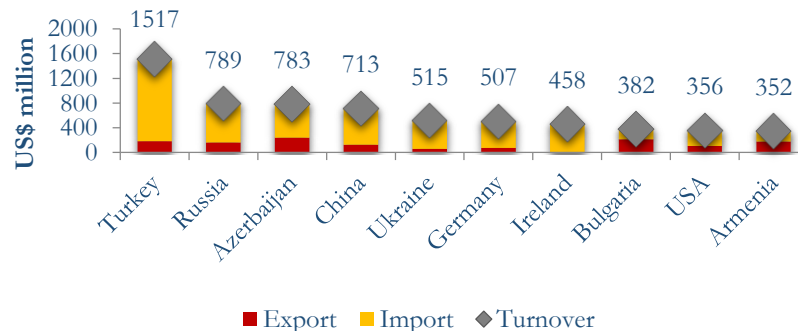
- ✓ Average growth of trade turnover in since 2010 – 7.8%
- ✓ Average growth of Export since 2010 – 7.4%
- ✓ Overall improvement of trade deficit since 2012
- ✓ Decline in trade deficit by 11.6% in 2015

Export by Country Groups



Source: Geostat

10 main Trade Partners, 2015



Stable Sovereign Ratings

STANDARD & POOR'S

November 13, 2015

Foreign Currency

- Long Term: BB-
- Short Term: B

Local Currency

- Long Term: BB-
- Short Term: B

Outlook: Stable

Major Rating Strengths:

- ✓ Government's debt burden remains modest and fiscal performance under control;
- ✓ Long Term Growth potential remains strong;
- ✓ Banking system well capitalized and liquid;
- ✓ Regional competitiveness.

FitchRatings

April 1, 2016

Foreign Currency

- Long Term: BB-
- Short Term: B

Local Currency

- Long Term: BB-
- Country Ceiling: BB

Outlook: Stable

Major Rating Strengths:

- ✓ Strong support from the international community;
- ✓ Strong commitment to economic and structural reforms;
- ✓ AA with EU, DCFTA- easier access to EU market, which will boost Georgia's attractiveness as an investment location over the medium to long term;
- ✓ Georgia's business environment very favorable with rating peers (easy of doing business indicators);
- ✓ Prudent fiscal policy, sustainable debt level.

MOODY'S INVESTORS SERVICE

March 12, 2016

Foreign Currency

- Long Term: Ba3
- Short Term: Not-Prime

Local Currency

- Long Term: Ba3
- Short Term: Not-Prime

Outlook: Stable

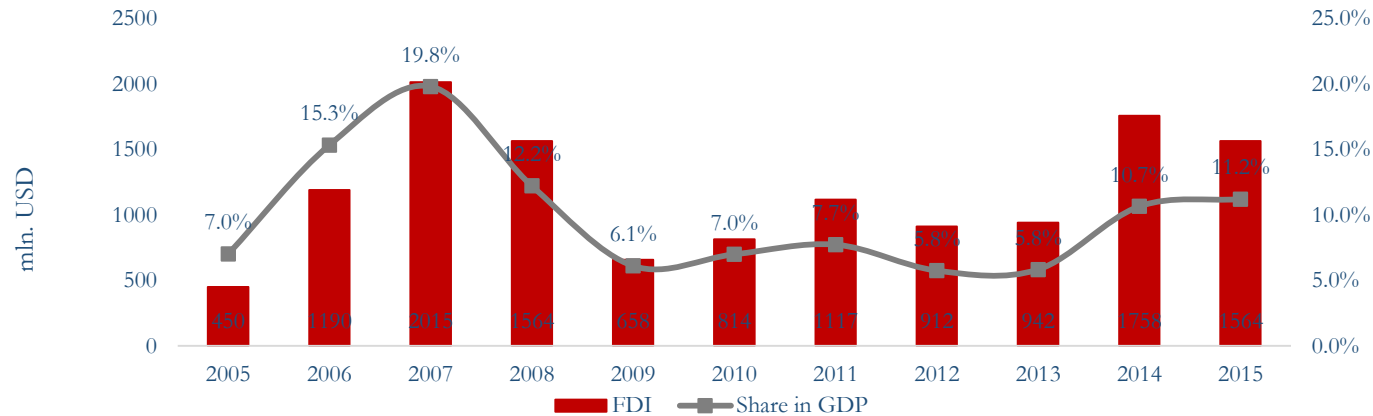
Major Rating Strengths:

- ✓ Regional logistics hub and transport corridor between Europe and Asia;
- ✓ Very strong banking sector (Banking sector risk - Low);
- ✓ High institutional strength relative to peers, reflected in strong government indicators. (Georgia has progress beyond its Soviet roots, and has arguably advanced further towards Western-style, independent institutions than any other country in the post -Soviet space.);
- ✓ High Worldwide Governance indicator (WGI) scores and outperforms its peers;
- ✓ Institutional capacity- and pro business operating environment, government's relative strong balance sheet and moderate debt burden.



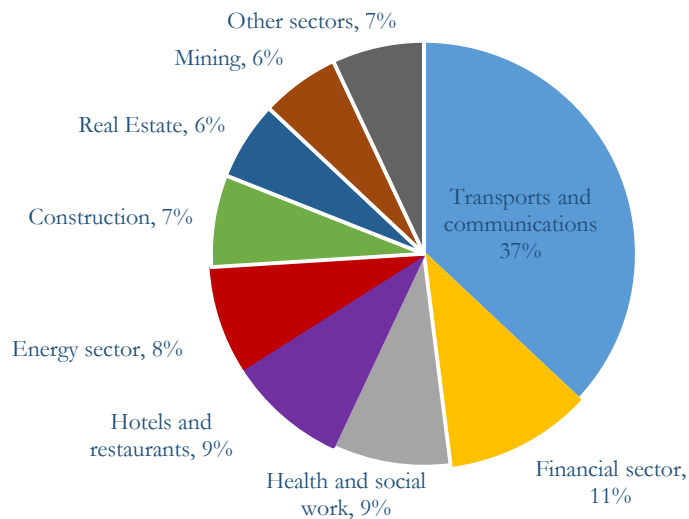
Attractive Investment Destination

Growing FDI Stock



Source: Geostat

FDI by Sector, 2015 (%)

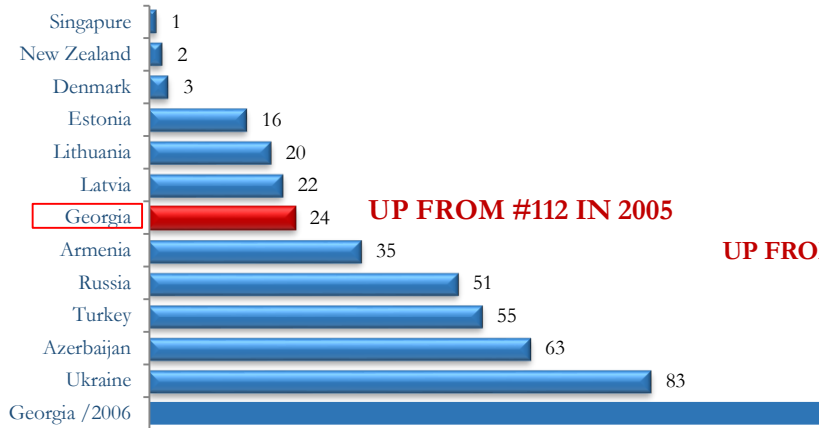


- ✓ Political stability
- ✓ Business-friendly environment
- ✓ Corruption-free public service
- ✓ Increase of market size by FTAs
- ✓ Low crime-rate
- ✓ BITs with 32 countries
- ✓ Member of ICSID Convention since 1992
- ✓ Free capital repatriation
- ✓ Competitive cost of labor
 - Available young and skilled labor force
 - Flexible labor legislation
- ✓ Improved access to finance:
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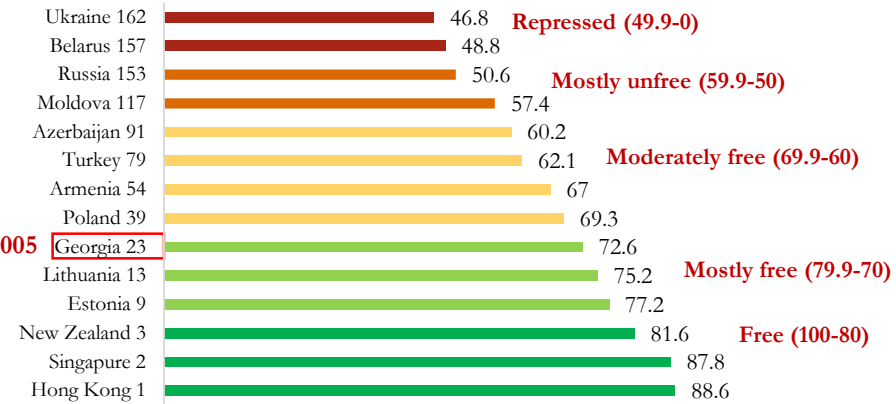
Business Environment in Numbers

Doing Business 2016



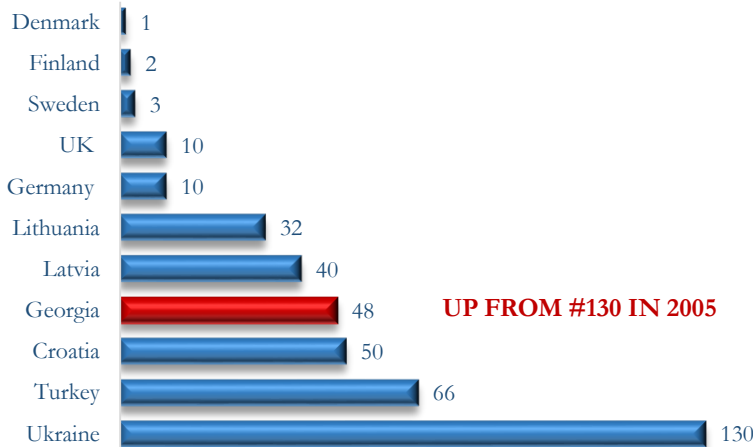
Source: World Bank

Index of Economic Freedom, 2015



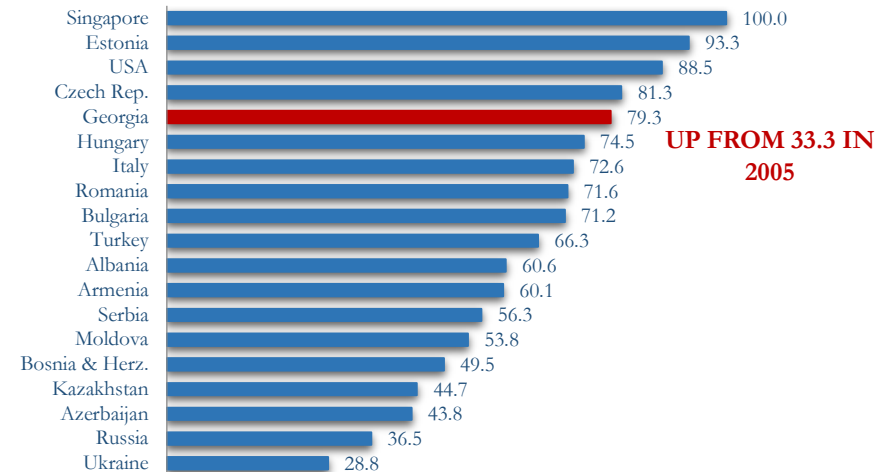
Source: Heritage Foundation

Corruption Perception Index, 2015



Source: Transparency International

Regulatory Quality, World Governance Indicators (2014)



Source: World Bank



Transport Infrastructure

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Sea Ports

Poti Sea Port (APM Terminals)

- Port has **15 berths**
- Depth: **8-11m**
- Annual Capacity: **4 mln tons of dry cargo, 1 mln tons of oil products, 500 000 TEU**

Batumi Sea Port (BIH)

- Port has **11 berths**
- Depth: **9-12m**
- Annual Capacity: **15 mln tons of oil products, 2 mln tons of dry cargo, 100 000 TEU, 180 000 passengers**

Kulevi Terminal (SOCAR)

- Port has **2 berths**
- Depth: **17.10 m and 13.60 m**
- Annual Capacity: **6 mln tons of oil products**

Supsa Terminal (BP)

- Annual Capacity: **8 mln tons of oil products**

Road & Railway

Georgian Railway

- Total Length: **2,083.9 km**
- Annual Capacity: **28 mln tons**

Road

- Total Length: **20,000 km**
- Capacity: **min. 8-10 thousand motor vehicles per day, max. 50 thousand motor vehicles per day (highway)**

International Airports

Tbilisi International Airport (TAV)

- Capacity: **3000 passengers per hour**
- Flights: **32 destinations**

Batumi International Airport (TAV)

- Capacity: **500 passengers per hour**
- Flights: **25 destinations**

Kutaisi International Airport (UAG)

- Capacity: **500 passengers per hour**
- Flights: **7 destinations**

Mestia Domestic Airport

- Capacity: **100 passengers per hour**



Georgia - Regional Logistic Hub

ONGOING ~ PLANNED

- ✓ Alternative route through Georgia takes 7-9 days from China to Europe instead of 45 days of traditional route
- ✓ Excellent location with fast access to South Caucasus market combined with international connectivity via Black Sea ports
- ✓ Simplified export and import procedures, free trade regimes with main trade partners, investor friendly legislation, low taxes

Deep Sea New Port - Anaklia

- Capacity of Panamax and Post-Panamax type of vessels
- Capacity of **100 mln. tons** turnover annually



Poti Sea Port

- Poti Port has a potential to increase its cargo-handling capacity up to **25 million tons** of cargo per annum.

Rail

- Baku-Tbilisi-Kars Railway Project
- Georgian Railway Modernization Project
- Tbilisi Railway Bypass

Road

- East-west highway
- Rehabilitation of existing infrastructure

Tbilisi International Airport

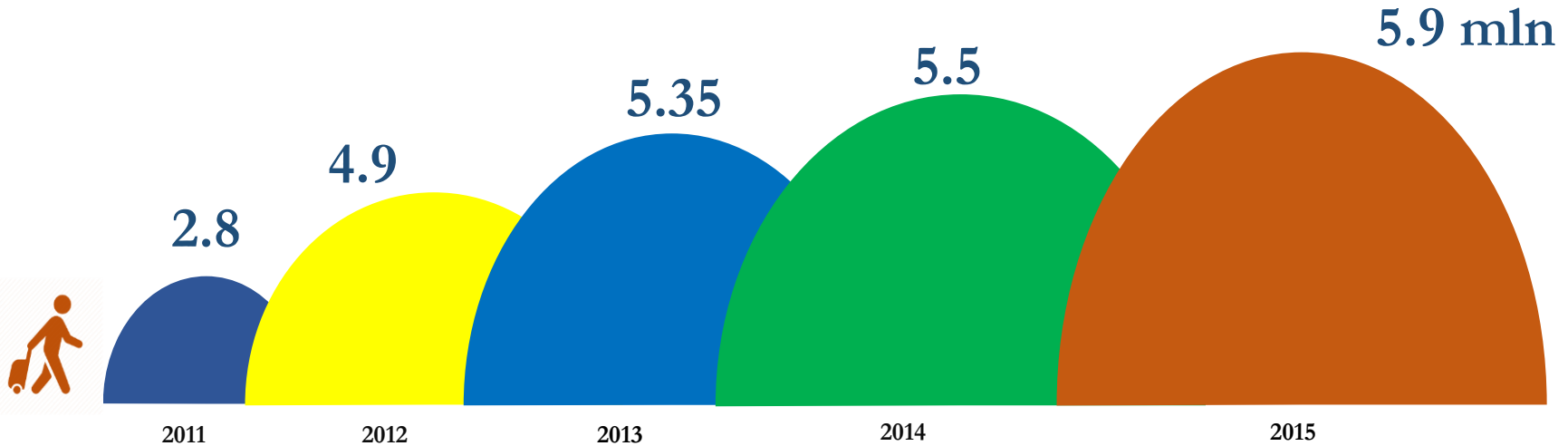
- **2nd runway** to be constructed
- International Cargo terminal
- New Arrival Terminal

Kutaisi International Airport

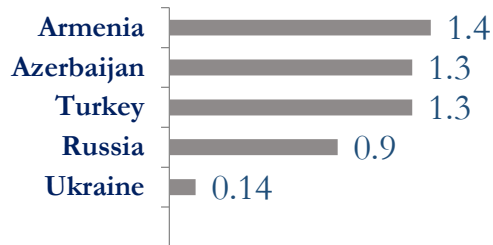
- Apron **extension**
- **Cargo Terminal**

Fast Growing Number of International Visitors

International Visitors Inflow in Georgia



Top 5 Countries by Arrivals in 2015 (mln)



9 months of 2016 – 4.9 mln (8.6% growth compared to the same period of previous year)

Citizens of **97 countries** can travel to Georgian without visa, including:

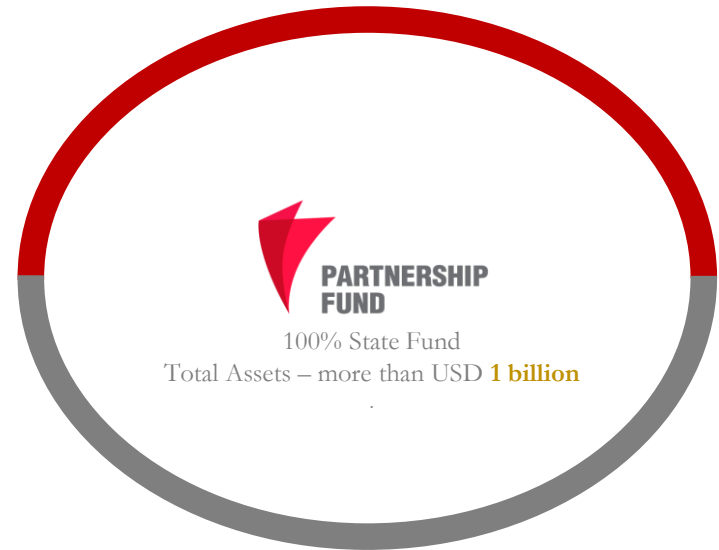
- OECD countries
- EU
- CIS countries

Georgia - Co-Investment Opportunities



Investment Options:

- Equity Co-Investment from 25 to 75% of the project
- Minimum IRR of the project – 17%



Investment Options:

- PF participation should not exceed 50% of the total investment
- Equity Co-Investment
- Senior and Subordinated Loans

Rich Structural Reform Agenda

- ✓ **Tax Reform**
 - Corporate income tax reform
 - Enhancing easiness of tax compliance
- ✓ **Capital Market Reform**
 - Boosting stock exchange activities
 - Development of local bond market
- ✓ **Pension Reform**
 - Introduction of private pension system
- ✓ **PPP reform**
 - Introduction of transparent and efficient PPP framework
- ✓ **Public Investment Management Framework**
 - Improved efficiency of state projects
- ✓ **Deposit Insurance**
 - Boosting private savings
 - Enhancing trust to financial system
- ✓ **Accounting Reform**
 - Increased transparency and financial accountability
 - Enhanced protection of shareholder rights
 - Mandatory accounting and financial audit
- ✓ **Association Agreement Agenda**



Other Forms of Gaming in Georgia

According to Georgian Legislation about "Lottery and Gambling":

Casino - specialized gambling facility, in which the organizer conducts gambling games and winning games by using roulette, cards, casino table, club table, dice and other gaming equipment (except slot machines).

Gambling club - specially arranged area, where club tables are located, which can not be visible from the outside.

Slot club - specially arranged area, where slot machines are located and are not visible from the outside.

Sports Betting - a game, which is held by the players in the competition, by forecasting the specific event's results and the prize depends on the size of the stake and result of the event. Sports Betting arrangement is prohibited in cases when the results may be predicted or be known in advance by any side of the game. Sports Betting is held in a specially designed building or part of a building.

Lotto - Group gambling game, in which participants choose combinations of symbolic or numeric combinations and where the winning depends on the full or partial matching of the combinations.

Bingo - group gambling game, in which the winning is determined by matching the numeric cards or an electric device results. The winning amount is determined by the total amount of prize fund. Bingo is held in specially designed building and the number of players is determined by the available playing seats in the building.

Promotional lottery - a game, where organizer conducts the lottery be determined prize fund. The winning is not depend on someone's wish, it is depended on randomness. This kind of lottery is conducted because of effective sales of some kind of product, also in the cases, determined by Government of Georgia. The ticket of this kind of lottery is free. The permit on this kind of lottery is given to specific product's producer or representative. Except for the cases established by the Government, it is not allowed to impose some kind of monetary fees on these kind of lotteries.

