

IAZ Greenhouse Cluster Development Project: Request for Proposals

Tbilisi, Georgia, 1st of November, 2021
Initiators/ Advisors:



Table of Contents



The Request for Proposal (RFP) consists of two integral parts, namely the “RfP Document” (this part) and “The Appendices” (please refer to page 38 for details). Both should be read in conjunction with the related documents as shown on page 42, including the RfP General Terms and Conditions and the Glossary.

Introduction	3	• CLC – Priority Project for 2022	24
• MEPA policy statement	4	• IAZ Agro Energy and Utilities JSC	25
• It's a good time to invest in Georgia	5	Agricultural lands for sale and lease	26
• UN Sustainable Development Goals	6	• IAZ 220 ha Production Site Layouts for Sale & Lease	27
Imereti Region	7	• Agricultural Plots for Sale and Lease	28
• Imereti Region – Overview	8	• Sale of Agricultural Plots	29
• Imereti Region – Benefits of the Chosen Location	9	• Lease of Agricultural Plots	30
The Opportunities	10	Development Phases and Summary Timetable	31
• Why You Should Invest in the IAZ GHCD Project	11	• Tskaltubo Land Plot Development Phases	32
• Why should High & Middle Tech Farmers Invest in IAZ	12	• Baghdati Land Plot Development Phases	33
• Pre-defined Mechanism for Foreign Investors	13	• IAZ GHCD Project Development Timeframe	34
• How Low Tech Farmers could Benefit from IAZ GHCD	14	The RfP Process	35
• Why should Agricultural O&M Companies invest in IAZ	15	• Meeting with IAZ Potential Applicants	36
• Why should Farmland Asset Management Comp. invest in IAZ	16	• RfP Process and Timeframes	37
• Why should Agri input companies invest in IAZ / Other Ancillary businesses	17-18	• RfP Submission Process	38
Land and Investment Offers	19	Owner and Authorities / Regulatory Framework	39-40
• RfP Land and Investment Offer	20	Environmental Considerations	41
• LLC Imereti Agro Zone (IAZ) Development Outline	21	Appendices	42
• Services provided at IAZ Service Ground (SG)	22	Annexes	43
• HTDC – Priority project for 2022	23	Communications	44

The Introduction



MEPA policy statement



The main objectives of the Ministry of Environmental Protection and Agriculture are to support the development and implementation of the state policy in environmental protection, agriculture and rural development.

Main strategy document:

Agriculture and Rural Development Strategy of Georgia 2021-2027 and the Action Plan for 2021-2023, which were approved by the Government decree on December 20, 2019. It is the policy guide of MEPA in the field of agriculture and rural development.

Strategy Vision: Based on the sustainable development principles, to diversify/develop economic opportunities in rural areas, improve social condition and quality of life.

Strategy goals:

Competitive agricultural and non-agricultural sectors.

Sustainable usage of natural resources, retaining the eco-system, adaptation to climate change.

Effective systems of food/feed safety, veterinary and plant protection.

Goal 1 - Competitive agricultural and non-agricultural sectors

Objectives:

- To raise awareness/knowledge of farmers and entrepreneurs;
- To develop agricultural and non-agricultural value chain by focusing on diversification, innovative technologies, cooperation and support to producers' unions; To increase access to various financial instruments;
- To support integration of farmers/entrepreneurs on the market;
- To stimulate young farmers and entrepreneurs in rural areas;
- To increase access to infrastructure and services;
- To improve the irrigation and drainage systems
- To develop rural tourism and relevant tourism products

Goal 2 - Sustainable usage of natural resources, retaining the eco-system, adaptation to climate change

Objectives:

- To disseminate climate-smart and environmentally adapted agricultural practices;
- To support the development of ecotourism;
- Sustainable usage of forest resources;
- To support the implementation of energy-efficient and renewable energy technologies and practices;
- To maintain agro-bio-diversity.

Goal 3 - Effective systems of food/feed safety, veterinary and plant protection.

Objectives:

- To approximate the sanitary and phytosanitary regulatory legislation of Georgia to the EU legislation;
- To ensure that the products supplied to the local and export markets comply with sanitary and phytosanitary standards;
- To develop the laboratory capacities;
- Quality assurance agricultural inputs.

It is a Good Time to Invest in Georgia



Strategically located at the crossroad of Europe and Asia

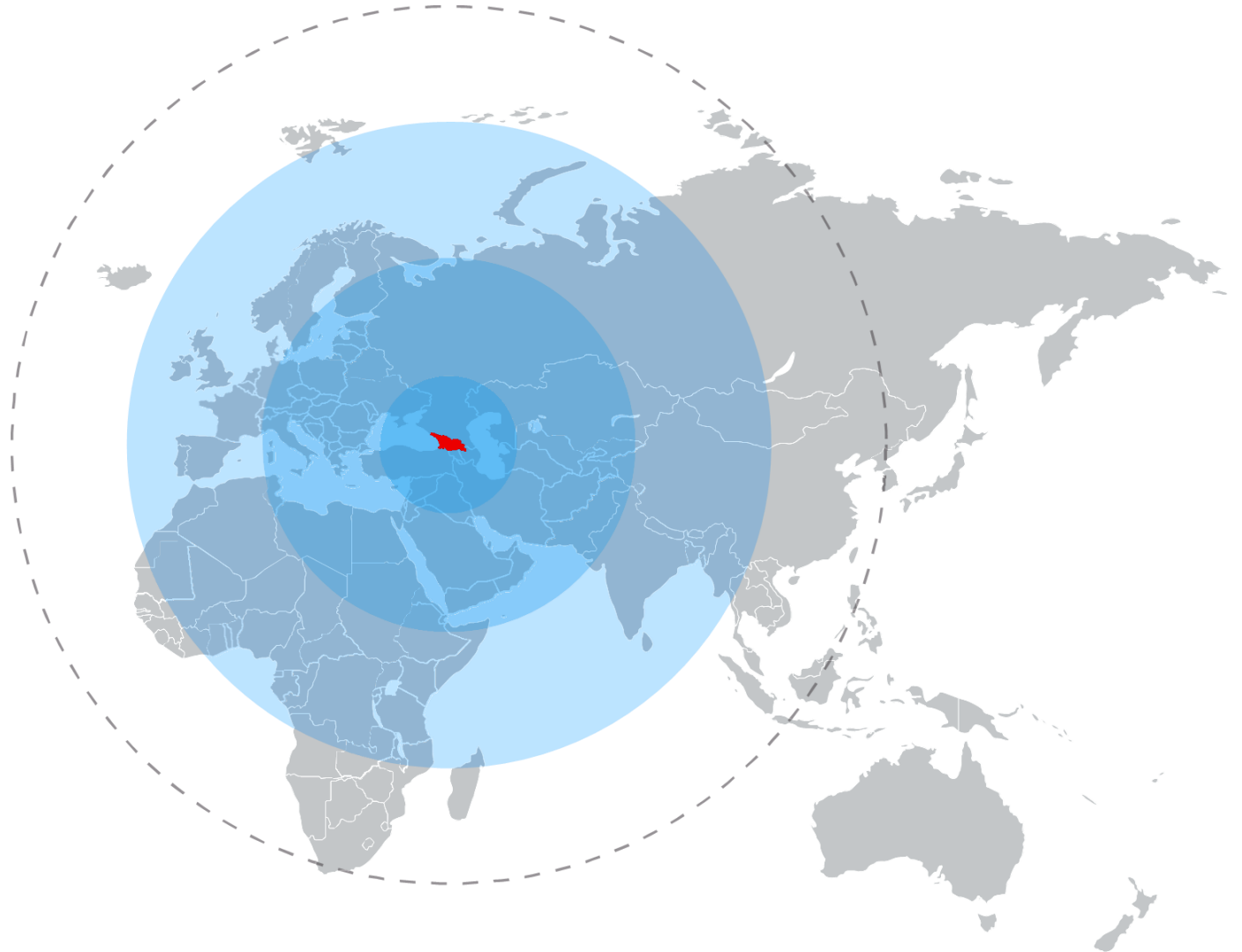


7th Easiest Country to do Business
(World Bank's Ease of Doing Business Report 2020)



3rd Least Tax Burden Country, with 9.9% Total Tax Rate
(World Bank Group)

For more information, please find the Annex A – Why Invest in Georgia, prepared by “Invest in Georgia”



IAZ pursues a sustainable strategy, fully aligned with the United Nations Sustainable Development Goals



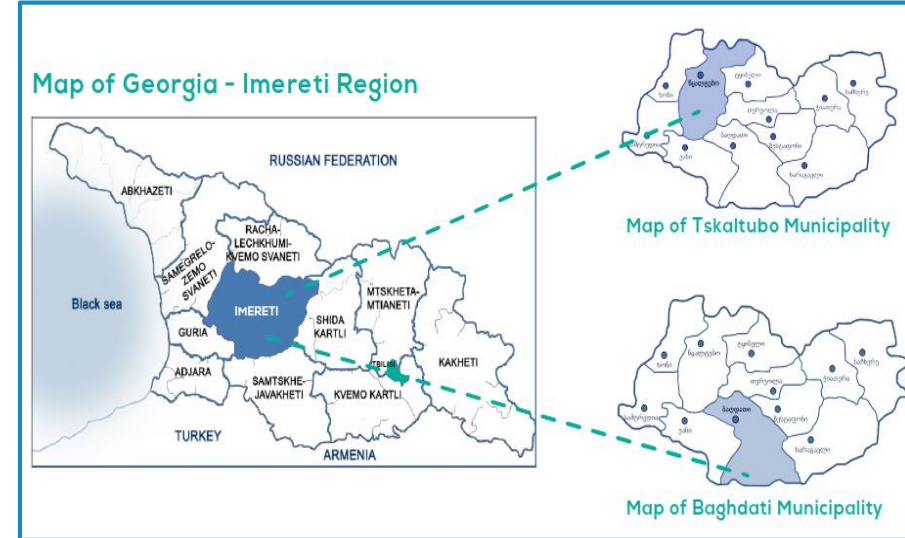
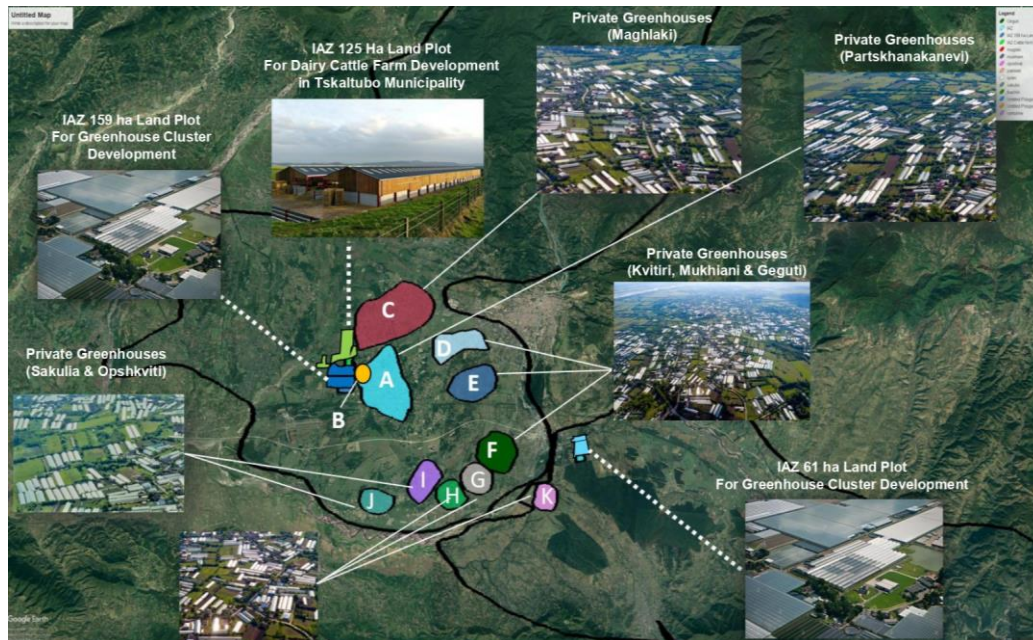
For more details, please refer to Annex B – IAZ Compliance with the United Nations Sustainable Development Goals

Imereti Region



Imereti region - Overview

- Imereti region is one of the most distinguished regions in Georgia in terms of agricultural production. Imereti region has been involved in the production and sales of agricultural products for a long time (e.g., herbs, cucumbers, tomatoes, etc.) that have been widely popular throughout the country. There are more than 3,000 Private Greenhouse owners***, with a total of 77.1 ha in Imereti region*, and in 2019, 18.1 thousand tons of vegetables and 5.3 thousand tons of herbs (<70% of the whole production of herbs in Georgia) were produced in the region.**
- On the map below you can find the two land plots (159 ha Tskaltubo land plot and the 61 ha Baghdadi land plot) on which the GHCD project is being developed and the nearby villages in which the above-mentioned greenhouse farmer communities, who were recognized as a cluster by UNIDO***, are located.



Greenhouse farmer communities, who were recognized as a cluster by UNIDO, outlined on the map

3,000 small-scale, several medium, and two large commercial greenhouses in Imereti, and more than 5,000 farmers are involved in the cultivation/production. ***

*According to the MEPA Greenhouse Vegetable and herb list attached as an Annex to the IAZ first phase Final Report

**According to the National Statistics Office of Georgia.

*** According to the Greenhouse Cluster Diagnostic Study conducted by UNIDO in Imereti region

Benefits of the Chosen Location

- **Favorable climatological conditions - ensures energy efficiency by reducing energy consumption while heating or cooling the greenhouse**

- Rainfall is evenly distributed over the months, and rainy days are almost equal to dry days over the year;
- Snow days are at a minimum of 1-5 days max in winter. As such, snow-pipes for greenhouses can be limited to small diameter only;
- Sun hours per day are on an average of 6-8 during winter and 8-11 during summer period;
- Wind speed hardly exceeds 2 Bft year-round;
- UV index varies between factor 2 in winter and factor 6 in summer period;
- Humidity (RH) levels rarely pass the 65% mark.

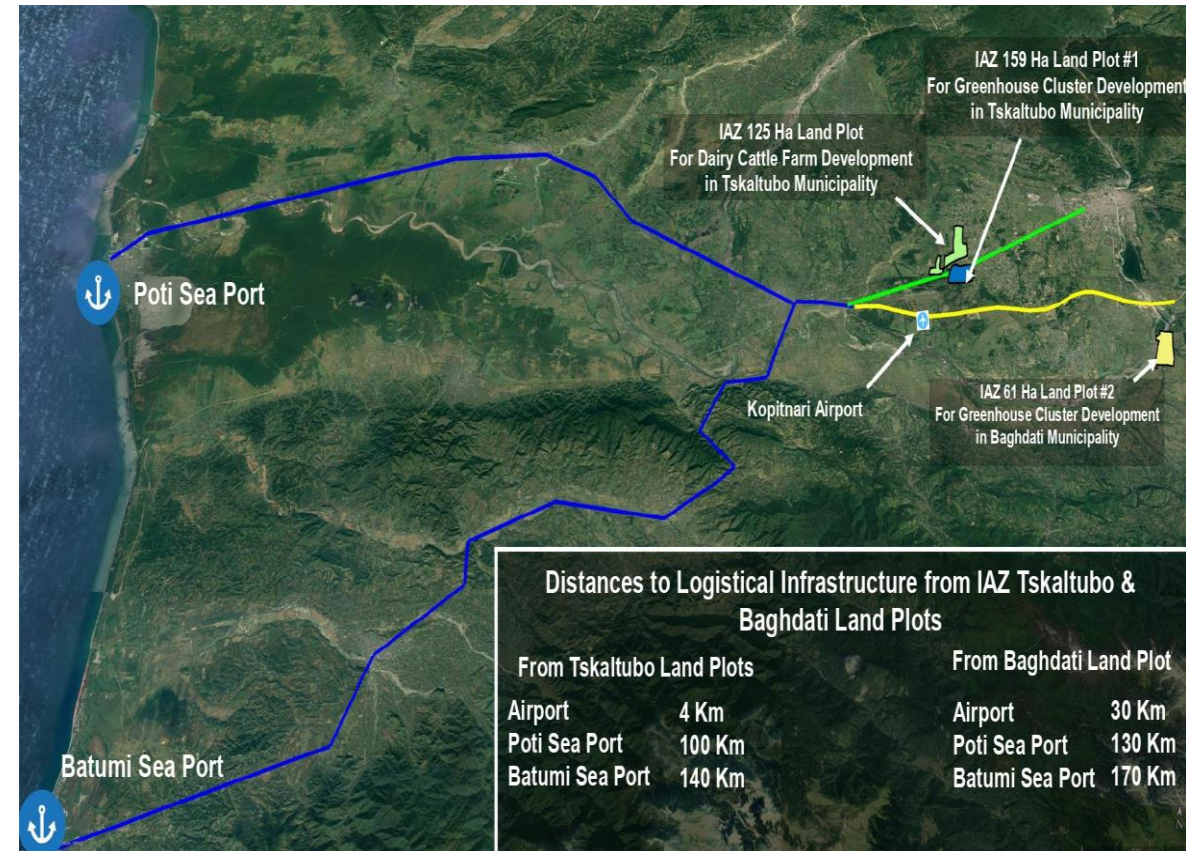
- **Availability of natural gas & high voltage electricity sources in relevant quantities close to the site**

- Gas pipeline high pressure, running from eastern Georgia to the west coast;
- Gas pipeline medium pressure, supplying the cities and villages located close to the IAZ;
- Gas pipeline low pressure, distributing the gas inside the cities and villages;
- Electricity lines surrounding the IAZ belong to the 240 kV, 100 kV and 10 kV lines. From these lines, transformers can be installed on the client's plots.

- **Favorable land plot characteristics:**

- Flat land plot (reducing the costs of levelling work)
- Well drained, not swampy, stable (no clay or peat)
- Natural drainage of water to surface water bodies (to avoid flooding)
- No subterraneous caves, water streams (risk of caving in)
- No seismological activities (earthquakes, volcanos)
- A full geological study of the IAZ sites is available upon request

Location of the IAZ production sites



The Opportunities



Why you should invest in IAZ GHCD Project



- A unique opportunity to invest in a centrally managed and fully serviced, 220-hectare Greenhouse Cluster development;
- Originally initiated by MEPA and the Government of Georgia and fully aligned with development goals benefitting from the assistance of global development agencies;
- Located in the western part of Georgia, the Imereti region, blessed with an ideal climate and fertile soil conditions;
- Providing designated area of 5.2 ha for the low tech (including the foil, tunnel and net houses) greenhouses, and designated area of 26.8 ha for the high and middle tech greenhouses in phase 1 at Tskaltubo land plot, on completely prepared land for a full range of greenhouse and open field agricultural production;
- With guaranteed, "plug in" provision of high capacity and competitively priced utilities, including electricity, gas and water supply/drainage, fully managed and serviced by IAZ and/or IAZ subsidiary companies;
- Supported by a wide range of ancillary services, including agro-input suppliers, and a Horticultural Training and Demo Center (HTDC);
- Assuring successful sale of produce through a collection, storage and certification facility, with easy access to national and global export logistics;
- Providing foreign investors with the rare opportunity to purchase completely developed and serviced agricultural land in Georgia through a pre-defined approval mechanism.

Why should High & Mid-Tech Farmers Invest in IAZ

Total of 171 ha has been assigned at Tskaltubo and Baghdati IAZ production sites for potential investors.
In the scope of the GHCD project the following incentives have been developed in order to attract potential investors:

Unique legal & financial basis for foreign investors:

- ✓ To purchase and obtain 100% ownership of the desired agricultural land plot;
- ✓ To lease and obtain the desired agricultural land plot on a long-term basis;
- ✓ Different financial and legal structuring possibilities in cooperation with locally presented IFIs and/or banks;

Offered land plot parcels:

- ✓ Both production sites are in relatively close distance to the regional & Eastern European markets;
- ✓ Both production sites are in close range to the national highway, railroad, airport and seaports.

Completely developed infrastructure and available energy sources:

- ✓ 7m wide concrete access road to Tskaltubo land plot and 7m wide asphalt road to access Baghdati land plot from the national highway;
- ✓ 7m and 5m wide internal roads with direct access to individual land plots;
- ✓ Public transport infrastructure availability on both production sites;
- ✓ Total of more than 40,000 MW electricity to be available at IAZ both production sites, upon individual requests;
- ✓ Total of more than 40 mil m3 of natural gas to be available at IAZ both production sites, upon individual requests;
- ✓ Irrigation water supply from IAZ water boreholes.

Availability of single-window services offered by IAZ on Tskaltubo production site:

- ✓ For the utility provision and IAZ O&M services for production sites in Tskaltubo and Baghdati;
- ✓ For obtaining quality insurance certificates according to different export market requirements;
- ✓ For obtaining phytosanitary certificates, issued by National Food Agency (NFA);
- ✓ For import & exports declarations;
- ✓ For obtaining required state registration documentation from the MoJ Service Hall;
- ✓ IAZ Support in cooperation with different state institutions through IAZ O&M service provision activities.

Cooperation and/or syndication opportunities:

- ✓ With IAZ Greenhouse Cluster members and IAZ other tenants with the aim of substituting imported products on the local market;
- ✓ With IAZ Greenhouse Cluster members and IAZ other tenants to obtain outsourcing products, e.g., seedlings, etc., required for production;
- ✓ To syndicate production with other IAZ tenants to achieve required production volumes for export and/or for local market sales.



Pre-defined Mechanism for Foreign Investors



- Foreign investors may purchase agricultural land only after submitting an investment plan to be reviewed by the Land Agency and MEPA and approved by the GoG;
- Foreign investors must incorporate/purchase an entity in Georgia to obtain title to the agricultural land based on the investment plan;
- Ordinance 222 issued in May 2021 provides for a transparent and well-defined application and approval mechanism for foreign investment in agricultural land;
- Approval is conditional inter alia on investment's development of the agricultural value chain and 80 % employment of Georgian citizens;
- There is no statutory guarantee for the approval of a specific investment plan;
- Multi-stage review and approval process completed within maximum four months plus 4 days ;
- Service fee 1% of the invested amount, max. GEL 30,000 ;
- Bank guarantee in the amount of 2% of investment is to be provided upon approval of the investment plan for obtaining final agreement with the Land Agency;
- Post-approval supervision of implementation, with penalties for failure to fulfill investment obligations ;
- Notably, the development of the agricultural sector in Georgia has been a priority for the GoG and MEPA, as described in Slide #4 of this RfP ;
- GHCD Project has been mandated by MEPA, also engaged in the investment plan approval process
- The significance and nature of the GHCD Project itself may create a favorable environment for approval of attractive investment plans complying with mandatory statutory requirements.

Note: English language translations of relevant Georgian Laws, Ordinances and Regulations are provided for the convenience of non-Georgian Applicants. Please refer to slide 43 for the relevant Laws, Ordinances and Regulations.

How low-tech farmers could benefit from IAZ GHCD

With the survey from May 2021, UNIDO has confirmed IAZ as a Greenhouse Cluster Developer company consolidating more than 5,000 low-tech farmers in Tskaltubo municipality with the seasonal production of herbs, vegetables, and berries in more than 77.1* ha of not energy efficient simple, low-tech greenhouse facilities.

Unique legal & financial incentives for the IAZ Cluster Member low-tech farmers:

- ✓ To syndicate and found cooperatives and/or Joint Ventures with other IAZ cluster members to increase access to the offered fundraising possibilities;
- ✓ To syndicate and match activities with international farmers and/or with the international Agri Input companies;
- ✓ To have access to different supporting programs for developing the low and/or middle tech greenhouses, available from RDA, Produce in Georgia, DAs, etc.

Offered land plot parcels:

- ✓ Both production sites are in relatively close distance to the regional & Eastern European markets;
- ✓ Both production sites are in close range to the national highway, railroad, airport, and seaports;
- ✓ Irrigation water supply from IAZ water boreholes;
- ✓ Availability of relevant energy sources directly at the individual production sites.

Availability of single-window services offered by IAZ on the production sites:

- ✓ For the utility provision and IAZ O&M services for production sites in Tskaltubo and Baghdati;
- ✓ For obtaining quality insurance certificates according to different export market requirements;
- ✓ For obtaining phytosanitary certificates, issued by National Food Agency (NFA);
- ✓ For import & exports declarations;
- ✓ For obtaining required state registration documentation from the MoJ Service Hall;
- ✓ IAZ Support in cooperation with different state institutions through IAZ O&M service provision activities.

(HTDC) Horticultural Training & Demo Centre on Tskaltubo production site:

- ✓ Access to different greenhouse technology suppliers;
- ✓ Access to various Agri Input suppliers;
- ✓ Access to the private and/or IAZ local & international technical & technological consultancy services;
- ✓ Access to IAZ legal & financial consultancy services;
- ✓ Training and knowledge transfer opportunities.

(CLC) Collecting Logistics Centre on Tskaltubo production site:

- ✓ Access to the collection center for vegetables, herbs, berries and flowers;
- ✓ Access to the market researches and data produced by CLC for planning their production and sales;
- ✓ Opportunity to cooperate with IAZ other tenants to substitute imported products e.g., seedlings etc. required for their production;
- ✓ Opportunity to syndicate production with other IAZ tenants, to achieve required produce volumes for export and/or local sales;



*According to the MEPA Greenhouse Vegetable and herb list attached as an Annex to the IAZ first phase Final Report

Why should Agri O&M Companies invest in IAZ



Agricultural O&M

- A unique opportunity to sign a long-term O&M contract for the entire management of IAZ
- To develop investments in agricultural infrastructure, renewable energies, mobility and sustainability finance

Agricultural O&M

- To concentrate on the development of High Tech and Middle Tech Greenhouse developments in cooperation with the local farmers' community
- To benefit from the international trend in sustainable Energy generation
- To benefit from the strategic orientation towards international markets with forward-looking business models
- To profit from the ideal position to promote agricultural planning, wholesale, retail, and logistics with extensive supporting services and consultancy not only for the tenants of the IAZ area but also for the surrounding 5,000 farmers and surrounding regional markets

Agricultural O&M

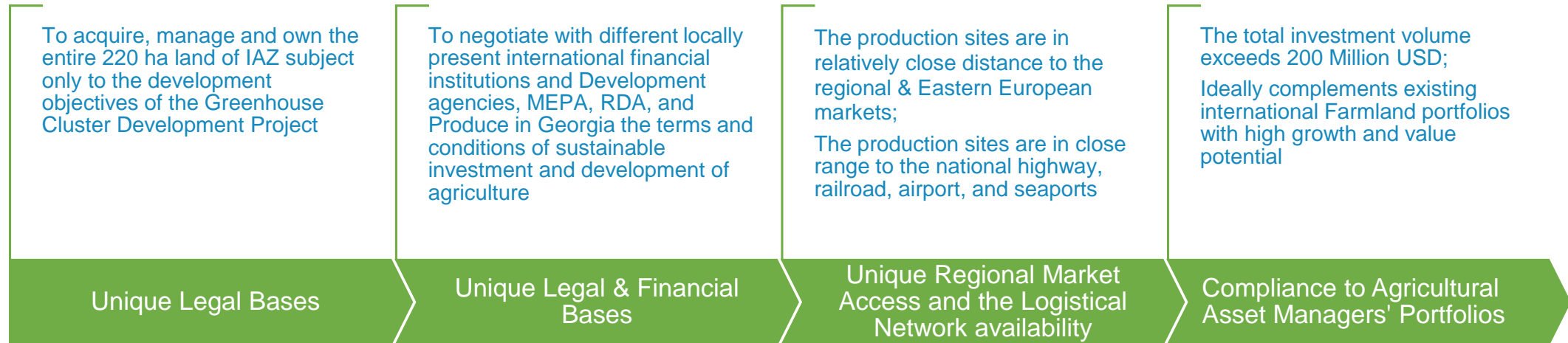
- To produce fresh agricultural products all year round and market the harvest
- To offer full lines of agricultural equipment and machinery, including large machinery, indoor equipment, and irrigation technologies
- To develop international markets for fresh Georgian produce with above-average growth potential
- To invest in the modernization of agriculture through digitalization to enhance productivity in agriculture with smart farming and future-oriented and inter-operable farm management systems, including the creation of digital trading platforms and marketplaces

Agricultural O&M

- To establish best in class and good corporate governance in agriculture from the very beginning and invest in local partnerships with the local farmers for portfolio diversification and offering single-window services to expand the procurement base and by increasing the range of fruit and vegetable specialties, also enabling farmers better access to finance and value-driven support
- To reduce greenhouse gas emissions, integrate CO2- Carbon credits in the financing of local agriculture, minimize water consumption and over-intensive electricity needs
- To diversify the global portfolio with high-quality agricultural assets with the potential to benefit from macro-dynamics and local attributes
- To share knowledge between local teams and institutional management to increase alignment and improve risk management to deepen the connectivity of international agricultural markets

Why should Farmland Asset Mgmt. invest in IAZ

Unique legal & financial basis for international large-scale investors:



Why should Agri Input companies invest in IAZ



A total of a 1.2 ha land plot is assigned to develop the Horticultural Training & Demonstration Center (HTDC) at the Tskaltubo IAZ production site. At the HTDC, the Agri Input companies could demonstrate and offer their products to their potential clients, train sales personal and spreaders. In the scope of the GHCD project, the following incentives are developed to attract potential Agri Input companies & investors to IAZ HTDC and IAZ Service Ground:

Unique legal & financial basis for foreign investors:

- ✓ invest and become a co-owner of the fully developed HTDC by organizing the sales point for demonstrating & organizing sales of their products;
- ✓ structure their offers with the local financial institutions, DAs, RDA and MEPA to establish favorable and affordable conditions to their potential clients;
- ✓ Lease the desired warehouse space for storing their products at the IAZ SG;
- ✓ Lease the desired office space for offering their products and services to their potential clients at the IAZ SG;.

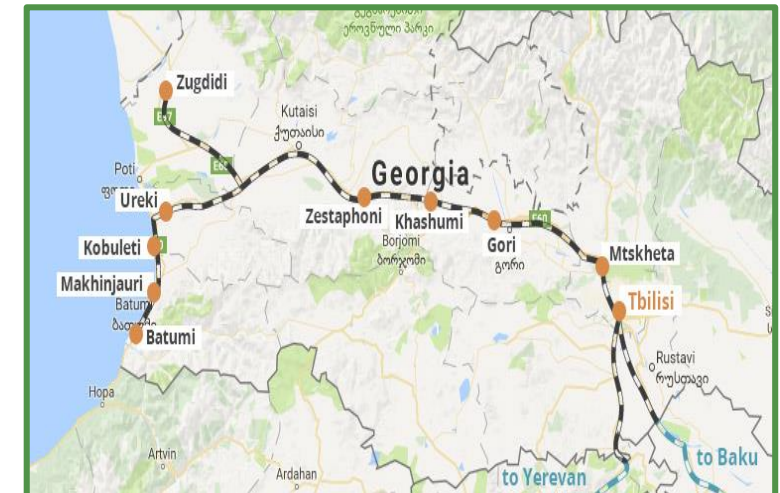
Existing market demand and access to the potentially interested markets

- ✓ Existing high demand from IAZ Greenhouse Cluster members (more than 5,000 farmers with approximately 77.1 ha greenhouse facilities according to UNIDO survey*);
- ✓ Expected high demand on their produce from potential IAZ GHCD tenants;
- ✓ Easy access to the regional market sales possibilities that include Azerbaijan, Armenia markets, etc.;
- ✓ Close range to the national highway, railway stations, both seaports, and to the Kutaisi airport.

Single-window services offered by IAZ

- ✓ For import and export declarations;
- ✓ For reexports and required certifications to access regional and/or Eastern European markets;
- ✓ For obtaining registration of state needed documentation from the MoJ Service Hall, at IAZ Tskaltubo production site;
- ✓ For receiving support in cooperation with different state institutions through IAZ O&M service provision activities.

* Please find attached UNIDO survey from 2021



Other Ancillary businesses



Overview

- IAZ has the ambition to implement a "best in class" Greenhouse Cluster Development through the establishment, operations, and maintenance of the up to 220 ha facility occupied by the IAZ, ancillary business, a Training Centre, and potential farmers and greenhouse investors.
- As an integral part of the overall Project, IAZ intends to function as a single-window – service provider for the tenants of the IAZ, through the participation of ancillary businesses, including:
 - Utilities;
 - Logistics providers;
 - Agri-business suppliers;
 - Certification and laboratory analysis;
 - Banks;
 - Retailers.
- Opportunities for Logistics providers, Utilities, and Training and Development providers are described in more detail in this RfP document.

Proposed Commercial Structure

- The ancillary business providers operating within the IAZ are expected to be separate, autonomous commercial entities. A dedicated space has been earmarked close to the central access to the IAZ and other service facilities. The operators may purchase or lease dedicated areas from IAZ.

Tenure Arrangements

- The Project will be delivered under appropriate tenure and access arrangements applicable to both the development and operating phases. A dedicated plot has been earmarked for the operations of the ancillary services.

Handover requirements

- IAZ will complete the external infrastructure and prepare the plots offered under this RfP on an ongoing basis, plot-by-plot as assigned in 3 phases in the preliminary business plan, starting from Spring 2022 to 2024;
- Following the RfP stage, the ancillary service providers contracted as successful applicants are expected to complete the provision of their respective services in parallel with the plot development as phased by the IAZ.

Commercial Development Opportunity

- Beyond the privileged access to potential farming and greenhouse businesses operating at the fully developed stage within the IAZ, the ancillary service providers can extend their services to more than 5,000 IAZ Greenhouse Cluster member farmers and farming diaspora in the Imereti region.

Land and Investment Offers



RfP Land and Investment Offer



RfP offers from the IAZ valid until 31st of Dec, 2021

Greenhouse plots from 1 ha to 15 ha for sale	Phase 1	Phase 2	Phase 3
High & Middle Tech Production Sites	26.8 ha	Preliminary estimated 47.1 ha	Approx. 78 ha
Low Tech Production Sites	5.2 ha	Preliminary estimated 2.1 ha	Approx. 8 ha
Total Sizes of Plots for Sale	32 ha	Preliminary estimated 49.2 ha	Approx. 86 ha
For Investments and Co-Investments	In the form of Shares	Investment Background	Sales Target until 2024
• IAZ Imereti Agro Zone (IAZ)	JSC	Farmland Asset Management	100%
• HTDC	NNLE	Training and Demo Center (HTDC)	100%
• CLC	JSC	Logistical Center (CLC)	100%
• IAZ Agro Energy & Utilities	JSC	Utilities and Renewable Energy Gener.	100%
Land Ownership Included in the Sale of Shares	Land Plot	Land Value per m2 in ₾	Total Land Value in ₾
• IAZ JSC owned land plots for sale: for L-T	15.4 ha	33.88 ₾	5,222,873
• IAZ JSC owned land plots for sale for H/M-T	152.2 ha	77.98 ₾	118,659,515
• HTDC – Hort. Training & Demo Centre NNLE	1.2 ha	77.98 ₾	928,976
• CLC – Collecting Logistics Centre JSC	2.2 ha	77.98 ₾	1,685,304
• AEU - IAZ Agro Energy & Utilities JSC	area to be defined	77.98 ₾	To be defined

The areas given in Phase 2 and Phase 3 are preliminary estimates available at the time of the release of the RfP, may change depending on investor demand.

Imereti Agro Zone (IAZ) Development Outline



IAZ was established by RDA in 2017 to support traditional greenhouse production of vegetables, herbs, berries and flowers in Imereti region by introducing the Greenhouse Cluster Development project concept, through the public (EoI) Expression of Interest process in 2020.

With this (RfP) Request for Proposal document, MEPA and RDA confirm the state and MEPA commitment to legally restructure LLC IAZ to the JSC (IAZ) Imereti Agro Zone. IAZ ensures the full establishment of corporate governance rules, regulations, and procedures. With the further looking intentions to offer it to the well-established international and local agricultural asset management, utility distribution companies, to institutional and private investors to invest in the JSC (IAZ) Imereti Agro Zone itself, and/or individually in its daughter/subsidiary companies as are listed below:

JSC (IAZ) Imereti Agro Zone – 100% founded by RDA

JSC IAZ Shares under sale from Sept 2022

JSC IAZ

NNLE HTDC

JSC CLC

JSC IAZ
Agro Energy
& Utilities

Investment possibilities in listed JSCs from Sept 2022

JSC IAZ

- Sells out and/or leases total of 171 ha out of 220 ha IAZ owned land plots for production
- Provides O&M Services to IAZ public infrastructure at certain fees
- Sells and/or rents out JSC IAZ office and warehouse premises
- Provides single-window services offered directly by IAZ
- JSC IAZ invites construction/development and/or asset management companies to invest in JSC IAZ

NNLE HTDC

- JSC IAZ will provide the land, develop total infrastructure and construct required building facilities
- JSC IAZ invites Agri Input companies to invest in and become co-founders of HTDC
- JSC IAZ invites local & international educational centers to become co-founders of HTDC
- JSC IAZ invites DAs and IFIs to participate in HTDC development by providing technical assistance or by introducing different supporting programs

JSC CLC

- JSC IAZ provides the land plot, total infrastructure and the building facility
- JSC IAZ invites international O&M companies to develop the business plan and operate the CLC
- JSC IAZ invites investors, Greenhouse Cluster member farmers and other local and/or international companies to invest in the JSC CLC

JSC IAZ Agro
Energy &
Utilities

- More than 40,000 MW electricity supply and distribution
- More than 40 mil Cubic Meters of Natural Gas supply and distribution
- Drinking & irrigation water supply and distribution
- JSC IAZ Agro Energy & Utilities invites local and international utility and renewable energy generation companies, institutional and private investors to participate in the JSC IAZ energy development

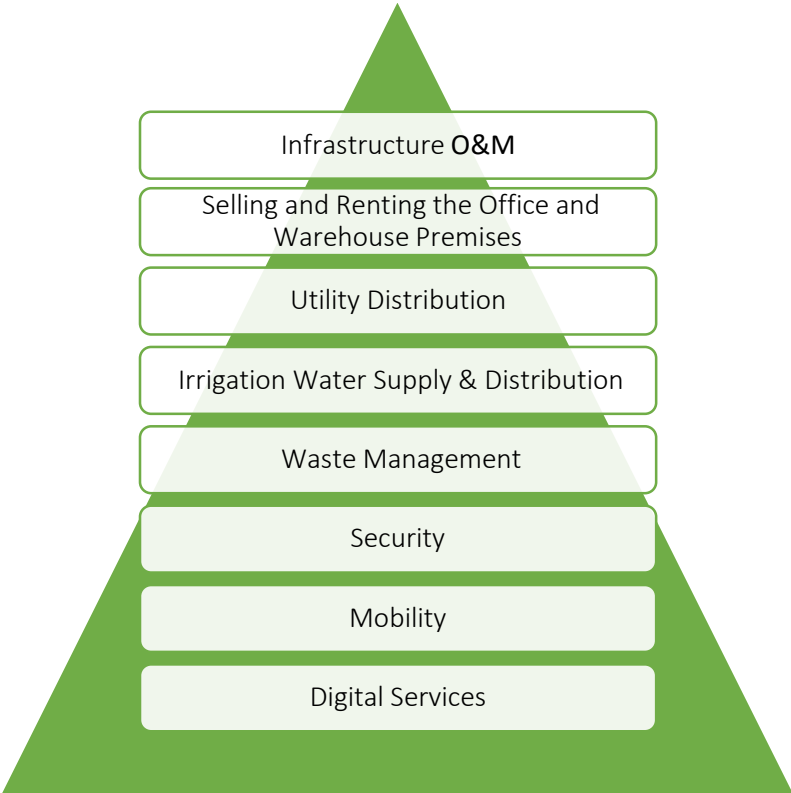
Investment possibilities in NNLE from February 2022

Services provided at IAZ Service Ground (SG)



Services provided by IAZ to its Greenhouse Cluster members and GHCD potential investors

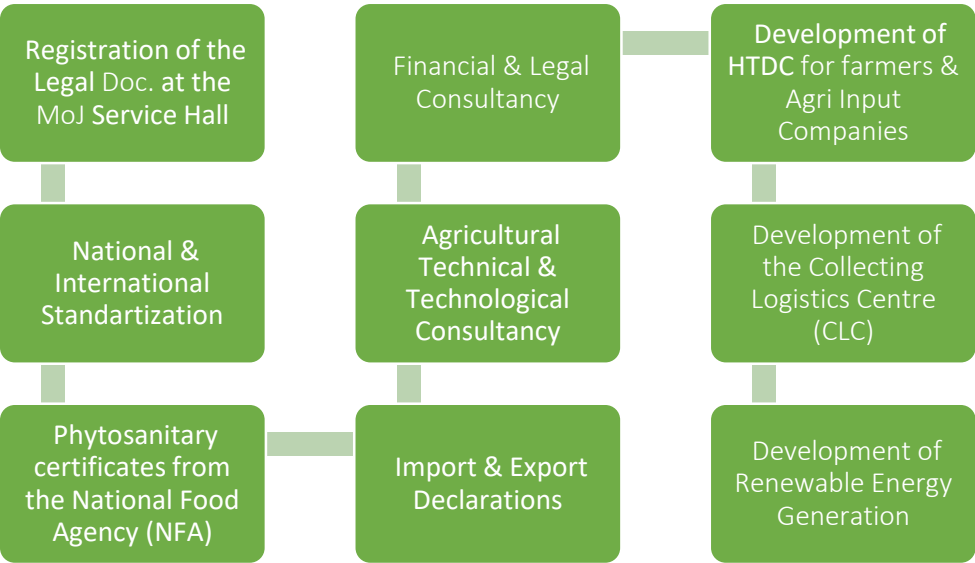
Services provided by IAZ to the owners and lessees of the individual plots, including services where IAZ will be the exclusive provider, will be subject to contracts covering the services provided to each owner or lessee:



Services provided at IAZ (SG) Service Ground to its Greenhouse Cluster members and GHCD potential investors

The GHCD project was designed and planned so that the IAZ greenhouse cluster member farmers and potential investors could have direct access to different services available at the IAZ (SG) Service Ground.

To ensure the provision of single-window access to the required services, IAZ has developed the SG concept with the following services considered to be available on the ground at the IAZ Tskaltubo production site:



HTDC – Priority project for 2022



As an integral part of meeting MEPA policy objectives, HTDC will be operated within the IAZ. It will serve both the tenants of the IAZ and – as a service to the public – IAZ Greenhouse Cluster member farmers of the farming diasporas of the western part of Georgia in general. A plot of approx 1.2 is dedicated for the HTDC.

Proposed HTDC legal structure

IAZ intends to establish a Non-entrepreneurial Non-commercial Legal Entity (NNLE) in order to invite different local and international educational centers and Agri input companies to invest in developing the HTDC.

HTDC potential beneficiaries

IAZ aims to develop the best vocational training possibilities for the IAZ Greenhouse Cluster member farmers and IAZ potential tenants and the diaspora of the Imereti region, potential beneficiaries from all over Georgia, and even neighboring countries, e.g., Armenia and Azerbaijan.

Supporting HTDC development

The GoG has committed to support IAZ HTDC development by providing the land plot, delivering required infrastructure, required energy resources and constructing the training center building facilities.

IAZ invites Georgian state and private universities, existing vocational training centers, together with different international educational institutions to participate in the establishment and/or development of the HTDC.

IAZ holds discussions with all existing Development Agencies (DAs) and IFIs to attract available technical support and ensure best knowledge transfer practices for the HTDC best performance capabilities.



For more information on HTDC planned activities, please find attached presentation prepared for the DAs in September 2021

CLC – Priority Project for 2022



IAZ considers the Collecting Logistics Centre as one of the critical aspects of the GHCD project. CLC aims to collect existing produce of vegetables, herbs, berries & flowers from the greenhouse cluster member farmers and its tenants to create the basis for added value and organizing local and export markets, proper selling of their produce at market prices, without the involvement of intermediaries. Furthermore, by conducting constant market researches, the Collecting Logistics Center will supply its beneficiaries with the market information & support them in syndication to achieve higher volumes and better access to local & export markets.

CLC estimated total capacities (on Tskaltubo production site) for:

- Vegetables, herbs, berries & flowers
- with total Max capacity of **136,71 MT / Per Day**

CLC estimated total capacities (on Baghdati production site) for:

- § Vegetables, herbs, berries & flowers
- § with total Max capacity of **68,13 MT / Per Day**

✓ **Full chain service provision:**

- Collecting
- Sorting & grading
- Washing
- Packaging
- Selling
- Research & market data collection

Considered legal structuring of the CLC

- ✓ **IAZ to establish the subsidiary company as a JSC**
- ✓ **IAZ to provide the land and construct the CLC building;**
- ✓ **IAZ to invite a well-established international O&M company:**
 - To develop the international standard business model;
 - To ensure international standard quality certification;
 - To ensure sales on the local & export markets.
- ✓ **The JSC will invite potential investors:**
 - From the IAZ tenants;
 - The Cluster Members (more than 5,000 existing farmers & cooperatives);
 - Institutions, banks, organizations and/or associations;
 - Agricultural product importers, distributors and retailers.



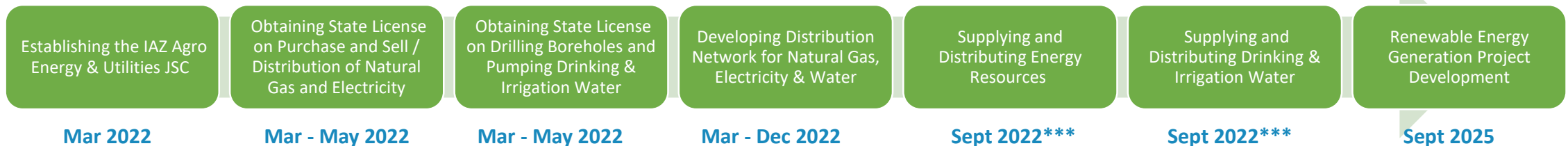
IAZ Agro Energy and Utilities JSC



JSC IAZ intends to establish the IAZ Agro Energy and Utilities JSC in March 2022, to obtain a relevant license and permit from the relevant bodies. JSC will buy required energy resources on the free market and supply/distribute demanded electricity and natural gas to its potential tenants. In addition, IAZ Agro Energy and Utilities JSC also intend to supply drinking and irrigation water to IAZ GHCD project member farmers and investors from its owned boreholes located on both IAZ production sites.

Total Phase 1 Natural Gas Consumption & Values in Gel	Total Phase 2 Natural Gas Consumption & Values in GEL	Total Phase 3 Natural Gas Consumption & Values in GEL
Annual 9,2 mil m3 Gel 10,4 mil	Annual 16,6 mil m3* GEL 18,8 mil**	Annual 23 mil m3* GEL 26 mil**
↓	↓	↓
Total Phase 1 Electricity Consumption & Values in Gel	Total Phase 2 Electricity Consumption & Values in GEL	Total Phase 3 Electricity Consumption & Values in GEL
Annual 11,634 MW Gel 3,3 mil	Annual 26,897 MW* GEL 7,5 mil**	Annual 6,434 MW* GEL 1,8 mil**
↓	↓	↓
Total Phase 1 Water Consumption & Values in Gel	Total Phase 2 Water Consumption & Values in GEL	Total Phase 3 Water Consumption & Values in Gel
Annual 450,561 m3 Gel 1,2 mil	Annual 613,750 m3* GEL 1,7 mil**	Annual 1,3 mil m3* GEL 3,4 mil**

- ✓ IAZ Agro Energy and Utilities JSC development goals are considered until 2025;
- ✓ The targeted IAZ tenants, are considered as potential core clients;
- ✓ The needed land plot volumes and the detailed infrastructure BoQ calculations will be defined from March 2022 during the detailed project development stage;
- ✓ The estimated total investment volume for IAZ Agro and Utilities JSC is up to 100 mln Gel to be invested from 2022 to 2025.



* Consumption assumptions for Phase 2 and Phase 3 will be reconsidered, upon detailed new project creation for Phase 2 in 2023 and for Phase 3 in 2025

** Future prices are subject to then prevailing market conditions

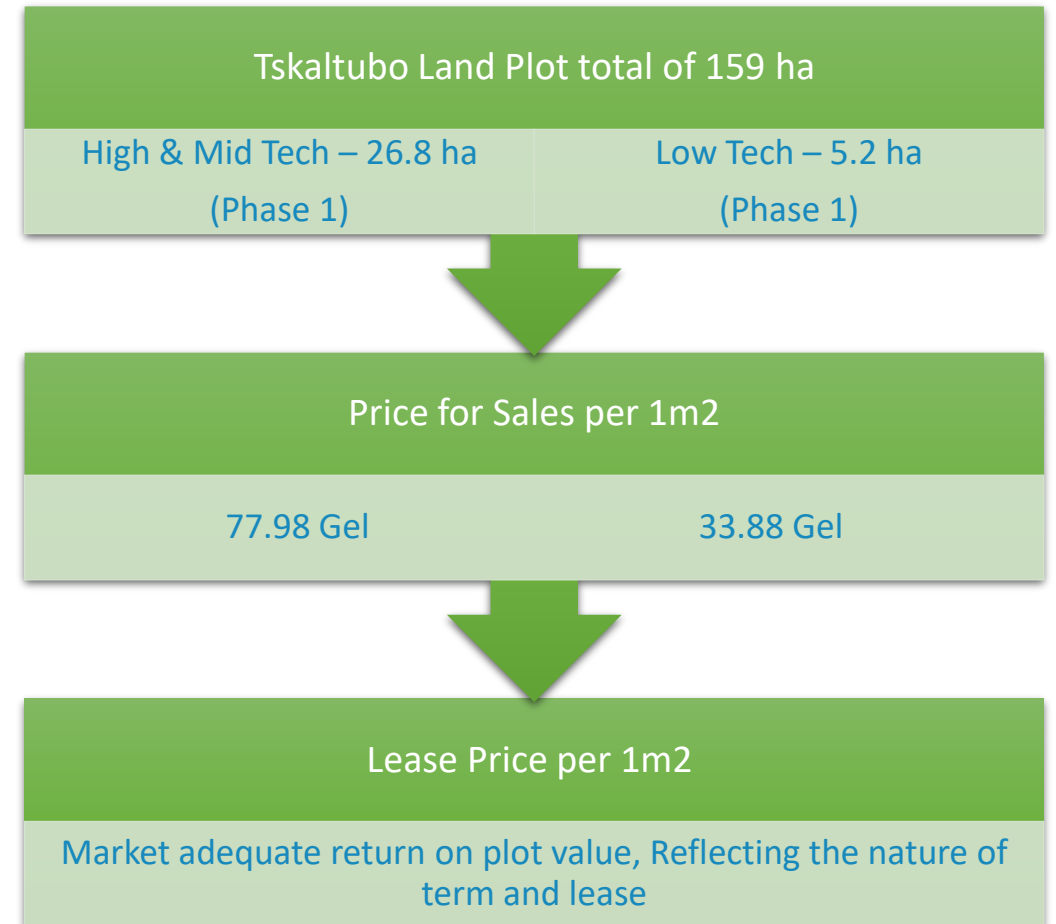
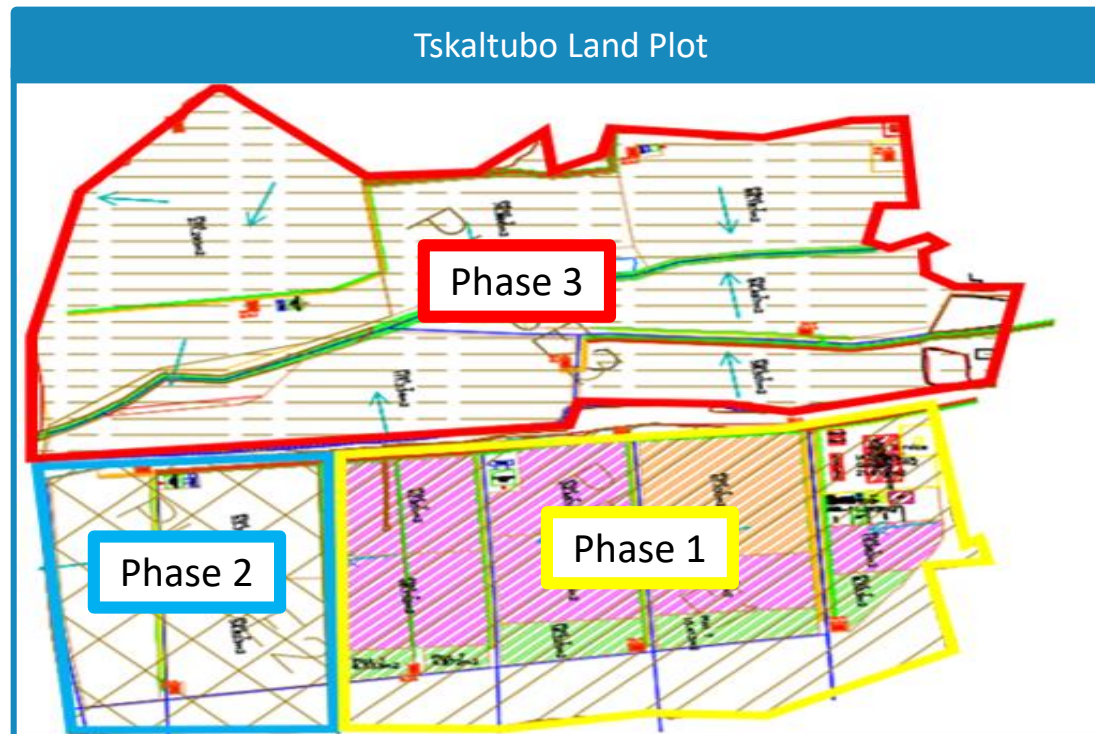
*** All required energy sources (natural gas & electricity) plus drinking & irrigation water can be delivered to IAZ tenants, from available official sources, from 2022

Agricultural Lands for Sale and Lease



IAZ Production Site Layouts for Sale & Lease

Technology zones estimated for the GHCD project phase 2 and 3 are considered as preliminary estimations and are to be reconsidered at the later stages of the project development, precisely: phase 2 technology zone dimensions in 2024-2025 and phase 3 tech zone dimensions in 2026. This RfP process considers only IAZ phase 1 land plot sale and lease conditions as given below:



Agricultural plots for sale and lease



- IAZ, owning approx. 220 ha of agricultural land as a privately organized company under Georgian law, offers designated plots of 171 ha for sale or lease, subject to the conditions of this RfP ;
- The individual plots offered are designated for a variety of agricultural uses, and the sales or lease contracts will define the permitted use of each plot accordingly and set out investment obligations attached to such plots;
- Plots offered for sale and lease will be free of servitudes;
- Individual plots may not be sub-divided, sold-on, or sub-leased during the agreed investment period;
- IAZ will provide services to the owners and lessees of the individual plots, subject to contractual agreements binding for the duration of the plot ownership or lease ;
- IAZ will consider offers for more than one plot or plots of differing sizes if so submitted by an Applicant;
- Applicants should consider alternative options within the GHCD Project when proposing the purchase or lease of a plot in case of competing interests in the plot proposed by the Applicant.

Sale of agricultural plots



- All plots are offered for sale or lease;
- All plots are offered on the basis that they will be supplied with all necessary infrastructure by IAZ, including gas, electricity, irrigation water, and drainage;
- All plots offered by IAZ qualify in principle for sale to foreign investors, subject to statutory restrictions and a pre-defined mechanism under Ordinance 222 of May 2021 regulating foreign investments in agricultural land (please see slide 13 and 43 of this RfP);
- IAZ will reserve a right of first refusal to re-purchase the land, including in such cases where non-Georgian investors purchase plots as offered by IAZ;
- For Applicants participating in this RfP related to Phase 1 of the IAZ development, IAZ offers the following concessional payment terms:
 - ✓ 20% on contract close;
 - ✓ 30% on handover of the duly completed plot in Q1 of 2023;
 - ✓ 25% in Q1 of 2024;
 - ✓ 25% in Q1 of 2025;

Lease of agricultural plots



- As an alternative to purchasing, IAZ offers plots for lease, subject to a financial lease agreement of up to 15 years or a rental lease of up to 49 years;
- The lease conditions will vary accordingly. The exact conditions and in particular the level of ongoing leasing service charges will be determined with the results of the current RfP process and will consider inter alia:
 - ✓ A lifetime of the leasing contract ;
 - ✓ Local interest rates and inflation rates ;
 - ✓ Contract termination conditions;
 - ✓ Fixed and variable leasing conditions will be negotiated within the individual contract negotiations;
 - ✓ Whether the lease will be a financial lease or a simple rental agreement with no transfer of land title .
- Lease agreements executed for more than one year are to be registered with the Public Registry.
- As an exemption for this RfP process related to Phase 1 of the IAZ development, to the participating Applicants, IAZ offers the following financial lease payment terms:
 - ✓ 25 years of financial lease agreement;

Development Phases and Summary Timetable



Tskaltubo Land Plot Development Phases



It has been advised by the Project Advisors and was agreed on IAZ 5th SteerCo held on 11th of June 2021, to develop the GHCD project in 3 different phases:

Development of Tskaltubo 159 ha production site

Where X reflects a positive mark up

IAZ Infrastructure Development	Phase 1 2022-2023	Phase 2 2024-2025	Phase 3 2026
Access Roads, fencing, rainwater collecting facility, construction of HTDC & CLC	X	-	-
Land leveling and preparatory works	X	X	X
internal roads, drainage systems, security cameras, light polls, sewage system and cleaning facilities	X	X	X
Sufficient energy sources brought to individual land plots in relevant quantities like natural gas, electricity, irrigation and drinking water	X	X	X
Water pumping bar holes with the irrigation water supply possibilities directly to assigned individual land plots	X	X	X
High-Tech Greenhouses	On Demand	On Demand	On Demand
Middle-Tech Greenhouses	On Demand	On Demand	On Demand
Low-Tech Greenhouses	On Demand	On Demand	On Demand

Baghdati Land Plot Development Phases



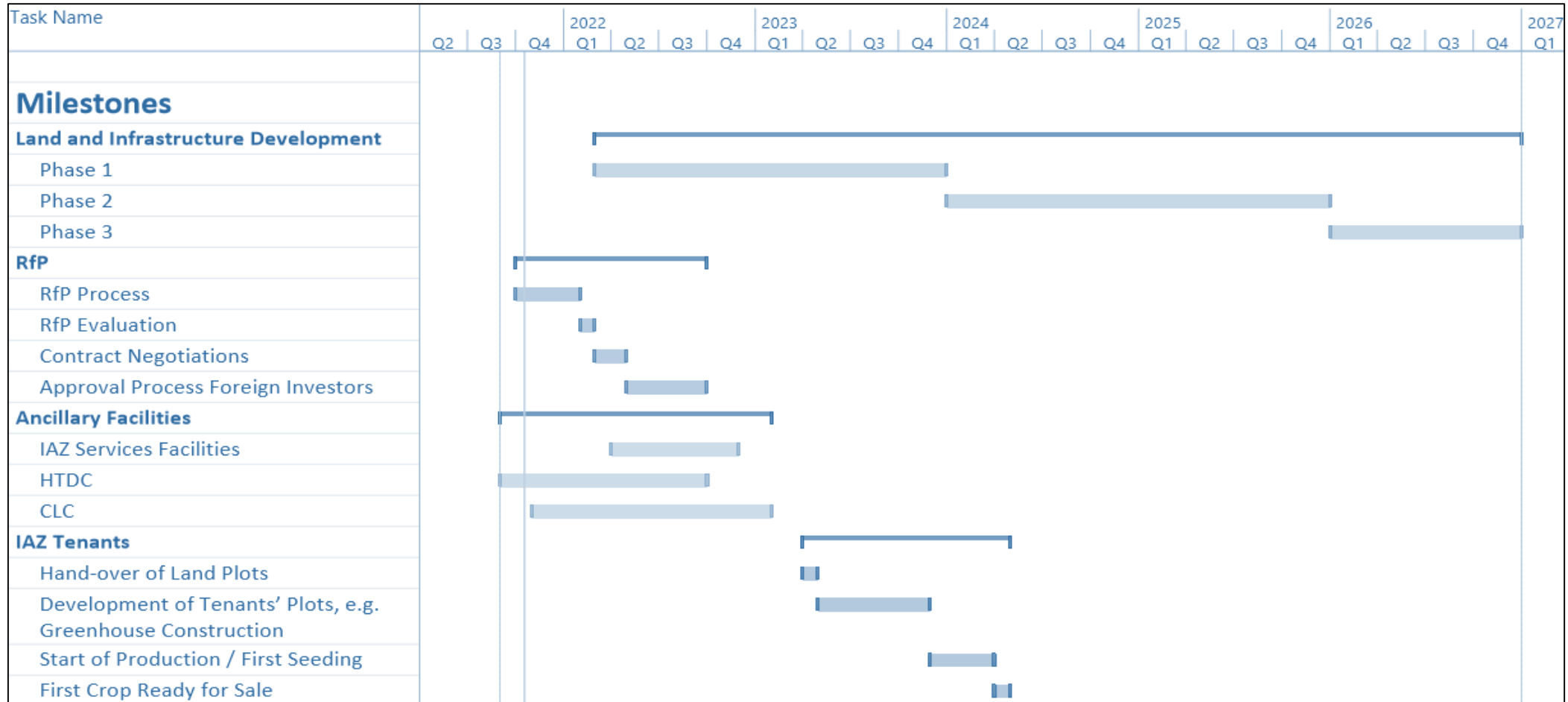
It has been advised by the Project Advisors and was agreed on IAZ 5th SteerCo held on 11th of June 2021, to develop the GHCD project in 3 different phases, with Baghdati production site developed and finalized in the second and third phases of the project development:

Development of Baghdati 61.5 ha production site

Where X reflects a positive mark up

IAZ Infrastructure Development	Phase 2 2024-2025	Phase 3 2026
Access Roads, fencing, rainwater collecting facility,	X	X
Land leveling and preparatory works	X	X
internal roads, drainage systems, security cameras, light polls, sewage system and cleaning facilities	X	X
Sufficient energy sources brought to individual land plots in relevant quantities like natural gas, electricity, irrigation and drinking water	X	X
Water pumping bar holes with the irrigation water supply possibilities directly to assigned individual land plots	X	X
High-Tech Greenhouses	On Demand	On Demand
Middle-Tech Greenhouses	On Demand	On Demand
Low-Tech Greenhouses	On Demand	On Demand

IAZ GHCD Project Development Timeframe



Phases 2 and 3, which will also include the Baghdati land plot, will be developed following the conclusion of the phase 1 development, subject to separate processes;

The RfP Process



November meeting with IAZ potential applicants



- IAZ will meet potential investors during the week of 15 – 21 of November 2021 to provide further details regarding the Project and to answer questions of potential applicants related to the opportunities offered or the RfP – Process.
- Given the prevailing COVID – situation, IAZ will conduct the meeting with potential applicants virtually, e.g., via a video-conference application.
- For a participation in the Applicants' Meeting, parties will be provided with the Zoom link via the IAZ website in due course.

RfP process and timeframes Nov 2021 to Mar 2022



As the second stage of the overall Tender Process, following the prior Expressions of Interest – process, IAZ releases this RfP. The RfP requires Applicants to submit a binding proposal based on the requirements set out in this RfP.

The RfP process seeks to engage the private sector to competitively develop proposals that will meet the Project Objectives. Accordingly, IAZ intends to enter into contractual arrangements to deliver the Project with the Applicants that best meets this requirement.

To register as an Applicant, interested parties must provide the completed Returnable Schedule – Registration no later than 18:00 hours Georgia time on 06.12.2021 via rfp@iaz.ge. Eligible Applicants will be invited to the Investor Briefing and receive any further information provided to Applicants in the course of this RfP.

It will be IAZ's preference to select only one Preferred Applicant for each of the opportunities offered for negotiations, provided that to do so would not compromise value for money or probity principles, and not to employ a 'best and final offer' or other extended re-submission processes.

Following the RfP phase, IAZ will undertake an efficient negotiation phase and work towards the timely execution of the Project Documents.

IAZ does not intend to reimburse or contribute to costs incurred by Applicants in preparing Proposals or in relation to participation in the RfP processes more generally.

RfP process – key steps	Target Dates / Periods
Release of RfP	1st of November 2021
Applicant Registration Close Date	6th of December 2021
Binding proposals due	31st of December 2021
Evaluation of binding proposals and contract award decisions	14th of February 2022
Contract negotiations with awarded Applicants	Until 14th of March 2022
Contract close	31st of March 2022
Financial close	on an individual basis

RfP submission process

Proposal Manager

All questions and clarifications concerning this RfP may only be directed in writing via Email to the Proposal Manager:

Levan Lominadze,
Deputy Director, IAZ LLC
Email: rfp@iaz.ge

All Enquiries are to be submitted in writing via email. Enquiries are to be provided no later than the 13th of December 2021.

All communications regarding this RfP are to be directed to the Proposal Manager. Communications with any other person in relation to the RfP may result in the Applicant's Submission being excluded from the RfP process at IAZ's absolute discretion.

Questions and Clarifications

Applicants may seek clarification from IAZ regarding any aspect of this RfP. However, clarification must be sought in writing from the Proposal Manager.

IAZ is not obliged to respond to any communication relating to the RfP. However, where IAZ responds to communication, it will respond to all Applicants unless IAZ believes the issues raised apply only to one Applicant.

Communication with any other person engaged by IAZ for the Project is prohibited and may result in the Applicant being excluded from this RfP process at IAZ's discretion.

CONSULTATION AND UNAUTHORISED COMMUNICATION

Applicants must not engage in any activities or obtain or provide improper assistance that may be perceived as, or that may have the effect of, influencing the outcome of this procurement process in any way. At the absolute discretion of IAZ, such activities or assistance may lead to the exclusion of an Applicant from the Procurement Process.

FURTHER MARKET ENGAGEMENT

IAZ reserves the right to conduct further market research after the RfP Close Date, provided that IAZ does not receive applications which satisfy objective evaluation criteria for the selection of Applicants for the Project, by way of extension of the RfP Close Date and/or conducting one or more further RfP phases.

COMPLAINTS ABOUT RfP PROCESS

Any complaints and/or disputes arising under or in connection with this RfP or the RfP process itself shall be resolved between the parties amicably. If relevant parties fail to reach an agreement amicably, the parties may seek redress through the courts of Georgia to resolve the matter.



Electronic lodgment	Submissions should be lodged electronically, as set out in the table below, by the closing time
Submission Email Address	rfp@iaz.ge
Submission Closing Date	<p>The RfP closing time and date for submission of RfP is 31st December 2021 18:00 hours Georgia time.</p> <p>An Applicant accepts all responsibility for delivery of its Submission by closing time on the RfP Close Date.</p>
Requirements	Applicants are responsible for ensuring submissions submitted electronically are lodged with sufficient time to allow receipt by IAZ by closing time. IAZ recommends submitting at least 2 hours prior to closing. A Proposal submitted after this time will be considered a late Proposal. IAZ may accept or reject any late Proposal at its absolute discretion. Any request for acceptance of late material should demonstrate to the satisfaction of IAZ that there were exceptional circumstances beyond the control of the Applicant which caused the late arrival and that the Applicant did not derive any benefit from the delay in lodgment.
IAZ discretion to extend Closing Date or Time	The RfP Closing Time may be extended by IAZ in its absolute discretion by providing written notice to Applicants by way of an addendum.

Owner and Authorities



- ✓ **Imereti Agro Zone LLC ("IAZ"):** owner of the Land, Greenhouse Cluster Project Developer and operation and management service provider
- ✓ **Rural Development Agency ("RDA"):** non-entrepreneurial (non-commercial) legal entity of MEPA, which is a sole shareholder of IAZ authorized to adopt/approve corporate decisions of IAZ, including in relation to sale/lease of land
- ✓ **Ministry of Environmental Protection and Agriculture of Georgia ("MEPA"):** state body in charge of agricultural sector as well as environmental protection matters. Authorities of MEPA include inter alia (i) appointment of members of the Investment Plan Review Board of the Land Agency; (ii) adoption and issuance of Environmental Decisions and recommendations regarding strategic environmental assessment, environmental impact assessment report and draft strategic document
- ✓ **National Agency for Sustainable Land Management and Land Use Monitoring ("Land Agency"):** legal entity of public law under MEPA authorized to receive, review and monitor implementation of Investment Plans, as well as execute relevant agreements with investors in this respect
- ✓ **Government of Georgia ("GoG"):** authorized to adopt final decision regarding approval of the Investment Plans
- ✓ **National Agency of Public Registry ("Public Registry"):** special registry pertaining to immovable property located in Georgia which, *inter alia*, carries out registration and maintains record of ownership title to immovable property

Regulatory Framework



- ✓ Sale and purchase/lease of the agricultural land plots as well as implementation of the GHCD Project shall be carried out in accordance with the relevant laws of Georgia
- ✓ Following the successful completion of this RfP process, IAZ will enter into relevant sale and purchase/lease agreements with the successful applicant(s) to be registered with the Public Registry
- ✓ Agricultural land will be transferred subject to specific investment obligations, non-fulfilment of which may result in transfer of ownership title to agricultural land back to IAZ
- ✓ Foreign ownership of agricultural land is possible, subject to certain statutory restrictions as set out under Slide #13 and references provided in Slide #43
- ✓ Depending on specific type of activities, investors may be required to obtain various permits or licenses, including without limitation construction permit as well as environmental decision
- ✓ Types of construction permits, including issuing authority varies, *inter alia*, based on specific type of buildings and constructions

Environmental Considerations



Owners / lessees of the land should:

- Utilize the land in accordance with Georgia's environmental laws, rules and regulations
- Connect its black-waters to the IAZ centralized sewage system and pay for its dispatch and cleaning the dues levied by the IAZ
- Have its solid waste collected by the IAZ solid waste collection system and will have to pay the dues levied by IAZ.
- Organize the regular collection of organic waste. These may be stored for compost production on the premises or can be offered for removal by 3rd parties involved with compost production or can be removed by IAZ waste collecting services at payment of the dues levied by IAZ for these services.
- Dispose of containers, bags, cardboard etc., which contained crop protection materials or fertilizers in accordance with regulations as stipulated by GlobalGAP. They cannot be disposed through the normal waste collecting services offered by the IAZ.
- Collect rainwater from all the buildings constructed on the land plots (including but not limited to greenhouses, technical areas, shed, offices, canteen, workshops, and guardhouse) and store this water for use in the production facilities. In case the owner should not wish to use the collected rainwater for irrigation purpose, sufficient subterraneous water penetration facilities like infiltration crates or fields, to be able to store and infiltrate water at the rate of 10 mm per hour (=10 liter per m² roof surface). Water from rainstorms in surplus of this amount can be dispatched into the sewage system through an overflow from the infiltration crates or field.
- Dispatch the backwash of irrigation systems filters and reversed osmosis installations through the IAZ centralized sewage system and pay for its dispatch and cleaning the dues levied by the IAZ
- Not use coal or wood fired boilers for greenhouse heating purposes.

The Appendices

- Returnable Schedule – Registration
- Returnable Schedule – Proposal
- General Terms and Conditions
- Glossary



Annexes

- Why Invest in Georgia – Annex A
- IAZ Compliance with the United Nations Sustainable Development Goals - Annex B;
- UNIDO Survey – Annex C;
- Development Agencies Presentation on HTDC and IAZ Governance – Annex D;

Laws, Ordinances and Regulations

The following English language translations of Georgian laws, Ordinances and Regulations are provided for the convenience of foreign investors:

- *Organic Law of Georgia - Agricultural land Ownership - No 4848-III – 20190625:*
<https://matsne.gov.ge/en/document/view/4596123?publication=0>
- *Law of Georgia - Management of Agricultural Land - No 4849-III – 20190625:*
<https://matsne.gov.ge/en/document/view/4596113?publication=0>
- *GoG Ordinance No. 222 - Investment Plan Procedure – 20210518:*
<https://matsne.gov.ge/en/document/view/5169312?publication=0>;
- *Order No. 2-1186 of MEPA – Operation of the Investment Plan Review Board – 20210803*
<https://matsne.gov.ge/en/document/view/5225781?publication=0>;
- *Order No. 2-1187 of MEPA – Application Submission and Review Procedure for Investment Plans – 20210803:*
<https://matsne.gov.ge/en/document/view/5200418?publication=0>;



Communications

A dedicated project team has been established by IAZ to manage the RfP – process.

IAZ has also appointed advisors on an exclusive basis for this Project (Project Advisors).

Please refer additionally to the page "RfP Submissions Process" for communication details to be observed during the RfP process.

Project Contact and
State Representative



Imereti Agro Zone LLC

Akhmateli 10a,
Tbilisi, Georgia
www.iaz.ge
rfp@iaz.ge

Project
Initiator



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Project
Advisors



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