

# IMERETI AGRO ZONE GREENHOUSE CLUSTER DEVELOPMENT PROJECT



## INVESTOR'S BRIEFING

 Tbilisi, Georgia, October 4, 2023



# Netiquette

Dear Participants,

We want to thank you for joining Imereti Agro Zone's **Investor Briefing 2023**

During the presentation, we want to ask you to be **muted**. If you have any questions, please submit them using the **Zoom chat function** (Addressed to all participants) at the bottom of your screen, and at the end of the presentation, our team members will answer them.

After the presentation, you can **virtually raise your hand** or use the **Zoom chat function** to ask your questions. Please **virtually lower your hand** if your question is answered, you no longer have one, or you do not want to comment.

We hope you find the Investor Briefing informative, engaging and insightful.

**This Zoom session will be recorded** and shared via our website and social media.

Our team members will also share this Investor Briefing's presentation with each participant.

For technical support, please contact via:

- Zoom chat function
- Email – [rfp@iaz.ge](mailto:rfp@iaz.ge)



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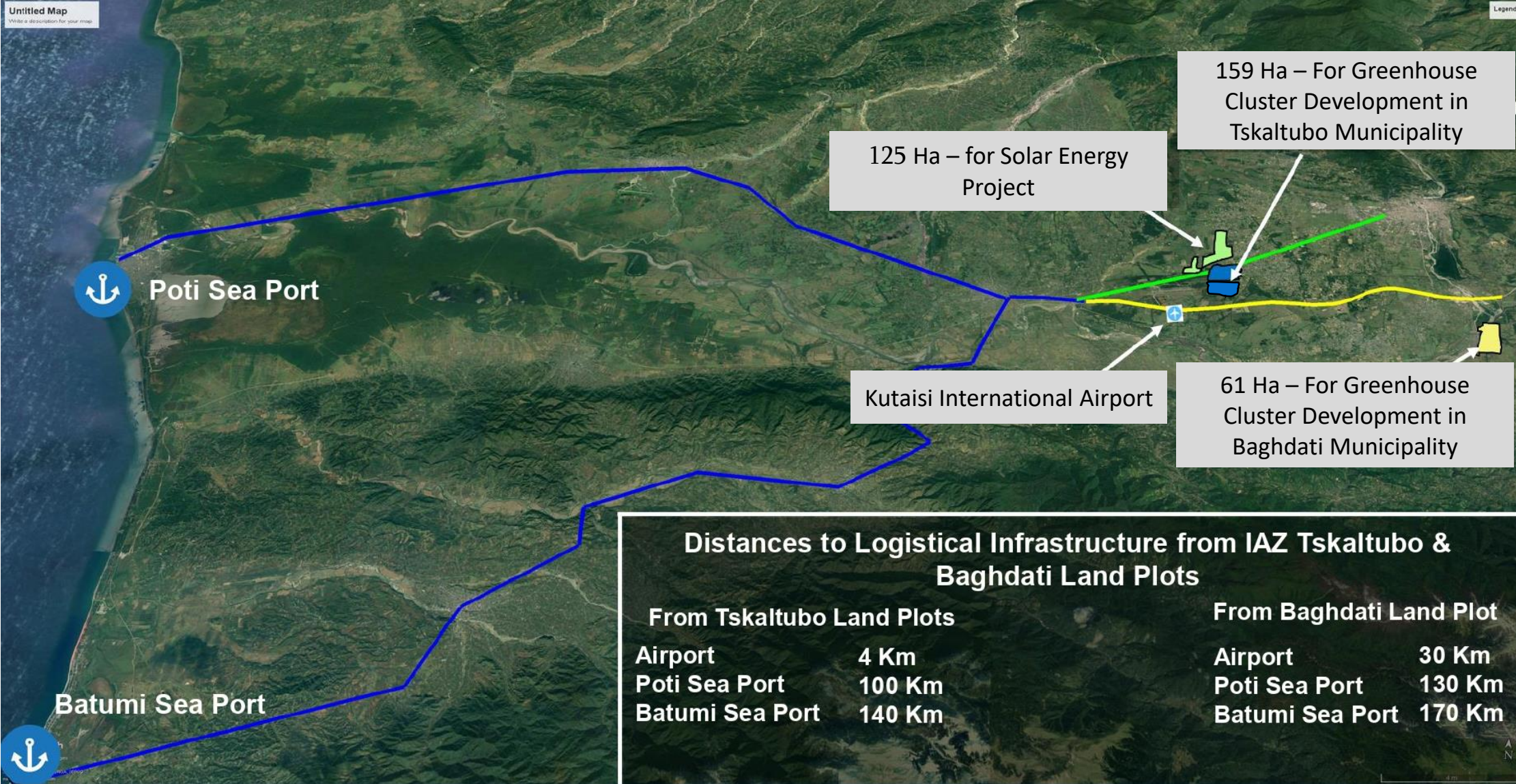
# Company history

The Environmental Protection and Agriculture of Georgia (MEPA) in accordance with NNLE Rural Development Agency (RDA) initiated Greenhouse Cluster Development (GHCD). For project implementation, NNLE Rural Development Agency founded LLC “Imereti Agro Zone” (IAZ).



IAZ Is founded	Allocation of 125 ha for Solar Energy	First budget allocation	Allocation of 220 ha for GHCD	IAZ GHCD Development of concept and 10-year business plan	Expression of Interest	Request for Proposals	Implementation of phase 1 of GHCD	TOR for detail engineering	Request for Proposals
2017	2019	2019	2020	2020	2021	2021	2022	2022	2023

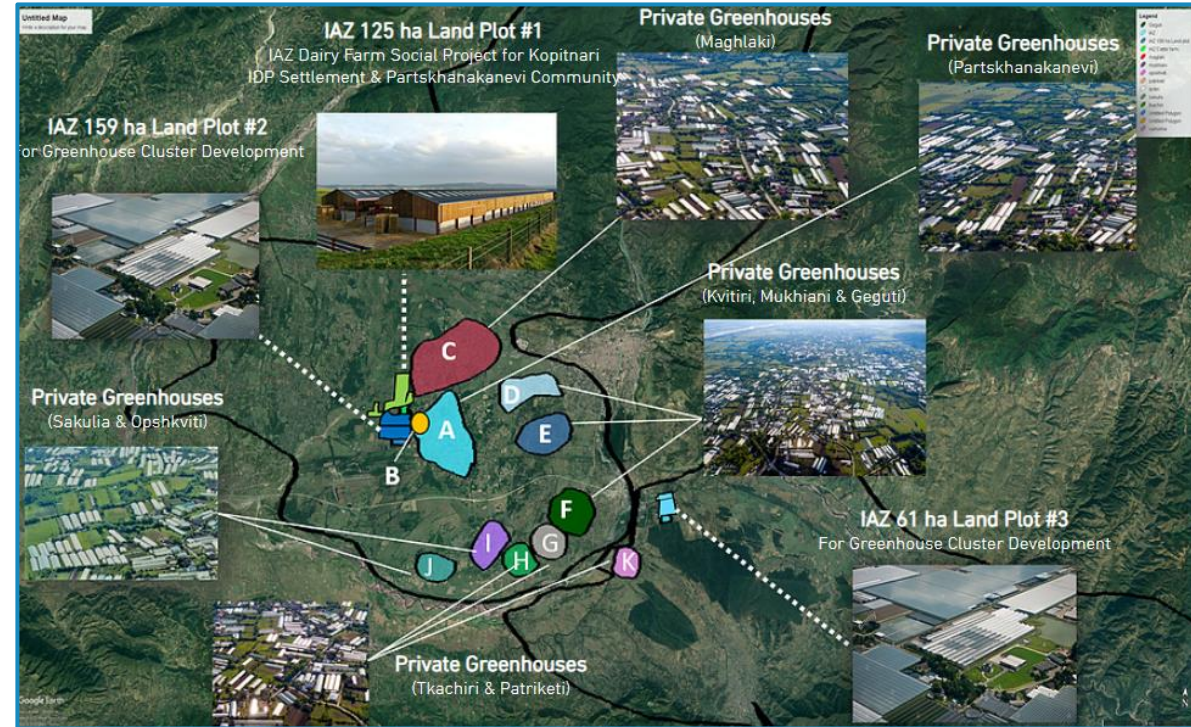
# IAZ land plots



# Imereti region - overview

The Imereti region is one of the most distinguished regions in Georgia regarding agricultural production. The Imereti region has been involved in producing and selling 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 77.1 ha in Tskaltubo Municipality of the Imereti region\*. In 2021, 17.1 thousand tons of vegetables and 6.7 thousand tons of herbs (78% of the whole production of herbs in Georgia) were produced in the region.\*\* In 2022, Georgia imported 53 000 tons of vegetables.

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 greenhouse as mentioned above farmer communities, who were recognized as a cluster by UNIDO\*\*\*, are located.



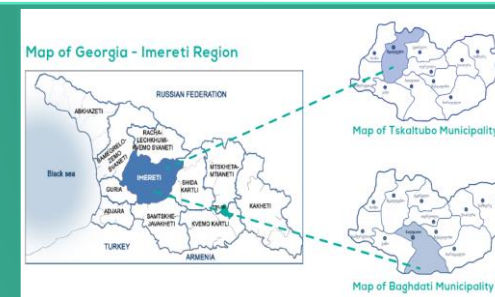
\*According to the MEPA Greenhouse Vegetable and herb list attached as an Annex to the IAZ first phase Final Report

\*\*According to the National Statistics Office of Georgia.

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

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. \*\*\*

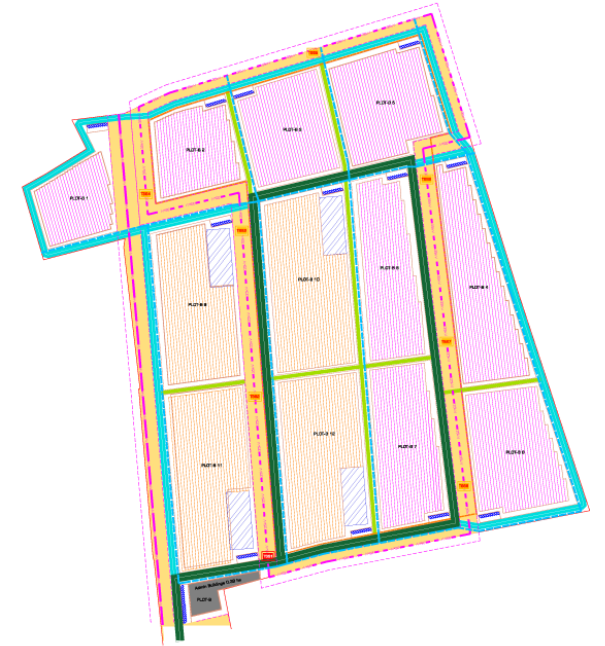


# Request for Proposals

On **September 1<sup>st</sup>, 2023**, Imereti Agro Zone announced the Request for Proposals (RfP) on the Greenhouse Cluster Development project. IAZ extends an invitation to organizations keen on greenhouse farming and agricultural investment to acquire a land plot, complete with fully developed infrastructure, with a minimum size of 0.5 ha.



IAZ TSKALTUBO PRODUCTION SITE LAYOUT  
159 HA



IAZ BAGHDATI PRODUCTION SITE LAYOUT  
61 HA

# 2023 RfP Terms

**For high-tech greenhouses: 1 m2 - 85 GEL\***

**For medium-technological greenhouses: 1 m2 – 55 GEL\***

- First payment** No later than one month after the contract signed with "Imereti Agro Zone" LLC, 10% of the total value of the requested land plot and a bank guarantee of 10% of the remaining amount;
- Second payment** 25% of the total cost of the requested land plot after the internal road and land leveling works. Removal of the 10% bank guarantee of the remaining amount submitted at the first payment after the payment of the aforementioned;
- Third payment** 25% of the total value of the requested land plot after the completion of the utility infrastructure (electricity, natural gas, water supply);
- Fourth payment** Payment of 40% of the total value of the requested land no later than one year after the third payment.

**Service charges applicable to all three models of RfP: 0.49 GEL per annum (average over 10 years) per 1 m2 for the following services:**

- Road operation;
- Reception/management of drainage water;
- Management of "black and gray" water;
- Waste management;
- Safety;
- Street light.



# Free access to utility networks

All plots from 220 HA are offered for sale upon individual request (*min. 0.5 HA*). Plots will be supplied with all necessary infrastructure and utilities.

Electricity*		Drinking water*		Natural gas**	
Voltage	Price (including VAT)	M3	Price (including VAT)	M3	Price (including VAT)
110-35 Kw	\$ 0.1046	1	\$ 1.6336	1	\$ 0.3551
10-6-3.3 Kw	\$ 0.1121	Irrigation water*			
0.4 Kw	\$ 0.1196	1	\$ 0.5458		

*\*According to LLC "Mooreabc" appraisal report / \*\*According to Socar-Georgia-Gas*



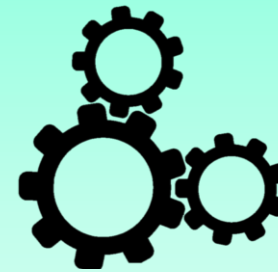
180 MW electricity



78 Mil m3 natural gas



Drinking and irrigation water



Fully developed infrastructure



Single-window service provision

A close-up photograph of two business people in suits shaking hands, symbolizing a deal or agreement. The background is blurred, showing other people in a professional setting.

# ALTERNATIVE PROPOSAL

Imereti Agro Zone is open to receiving **ALTERNATIVE PROPOSALS** that align with the project's objectives. These alternatives may also involve **purchasing a share in IAZ LLC**. The submission of an ALTERNATIVE PROPOSALS should be done by the process of announced REQUEST FOR PROPOSALS

## Highlights of IAZ GHCD Project

**Investment** – USD 77 million

**IRR** – 25%

**NPV** – USD 2.5 million

# RfP submission

The RfP requires applicants to submit a binding proposal based on the requirements set out in the RfP document. The RfP process seeks to engage the private sector to develop proposals that will meet the project objectives competitively.

RfP Process start: September 1<sup>st</sup>

Investor Briefing: October 4<sup>th</sup>

RfP process deadline: October 31<sup>st</sup>

To get access to the IAZ Data room with additional documentation (such as geology, water studies, etc.), interested parties should go to [www.iaz.ge](http://www.iaz.ge), download RfP Documents, fill out **Appendices – Returnable Schedule 1: Registration** and send it to [rfp@iaz.ge](mailto:rfp@iaz.ge)

To send proposals, interested parties should go to [www.iaz.ge](http://www.iaz.ge), download RfP Documents, fill out and send it to [rfp@iaz.ge](mailto:rfp@iaz.ge):

- **Appendices – Returnable Schedule 1: Registration** (*if you have already sent Returnable Schedule 1: Registration, no need to send it again*)
- **Appendices – Returnable Schedule 2: Proposal** (*Proposal only on buying land plot*)
- **Appendices – Returnable Schedule 3: Alternative Proposal** (*Proposal other than buying land plot*)

In RfP documents, you will find:

- RfP Presentation
- Annexes
- Appendices

The image shows three overlapping screenshots of RfP forms, each featuring the IAZ logo at the top right. The top-most form is titled "Returnable Schedule - Registration" and includes a section for "Applicant Company" with a note: "Note: Where an A is required for each of the following, it must be undertaken as part of the project." Below this is a table for "Applicant Information" with fields for Name of legal entity, Role on Project, Place and date of incorporation, Commercial registration number, Company Director(s), Address of registered office, Address for correspondence, Email address for correspondence, and Telephone number. The middle form is titled "Returnable Schedule - Proposal" and lists sections A (Applicant Information), B (Proposal Terms), C (Investment Plan), and D (Applicant's Confirmation and Declaration). The bottom-most form is titled "Returnable Schedule - Alternative Proposal" and lists sections A (Applicant Information), B (Alternative Proposal Terms), C (Investment Plan), and D (Applicant's Confirmation and Declaration). It also includes a table for "The Applicant and Applicant Members are as follows" with columns for "Applicant Information" and "Response".

Applicant Information	Response
Name of legal entity	[ ]
Role on Project (in case of a consortium)	[ ]
Place and date of incorporation	[ ]
Commercial registration no.	[ ]
Company Directors (Name)	[ ]
Address of registered office	[ ]
Address for correspondence	[ ]
Email address for correspondence	[ ]
Telephone number	[ ]

# THE COUNTRY AT A GLANCE

- Region: **Europe**
- Population: **3.7 Million**
- Capital: **Tbilisi**
- Government type: **Parliamentary system**
- GDP Per Capita (2022\*): **USD 6,671**
- Inflation (2023): **2.7%**
- Currency: **Georgian Lari**



GDP in 2022\*

**24.6 bln USD**



Real GDP Growth Rate  
(2022\*)

**10.1 %**



Share of Reinvestments  
(2018-2022 average)

**53 %**



FDI to GDP Ratio  
(2018-2022 average)

**7.4%**



FDI inflow  
(2017-2022)

**8.6 bln USD**  
(all time record)

# FREE TRADE AGREEMENTS COVER MARKET WITH 2.3 BLN POPULATION



Centrally located to access Europe, Asia and the Middle East



Simple and service-oriented customs policy and administration



80% of goods are free from import tariffs



Membership of both Middle Corridor and TRACECA



Connected to the EU's Trans-European Transport Networks

EU - DCFTA

UK - FTA

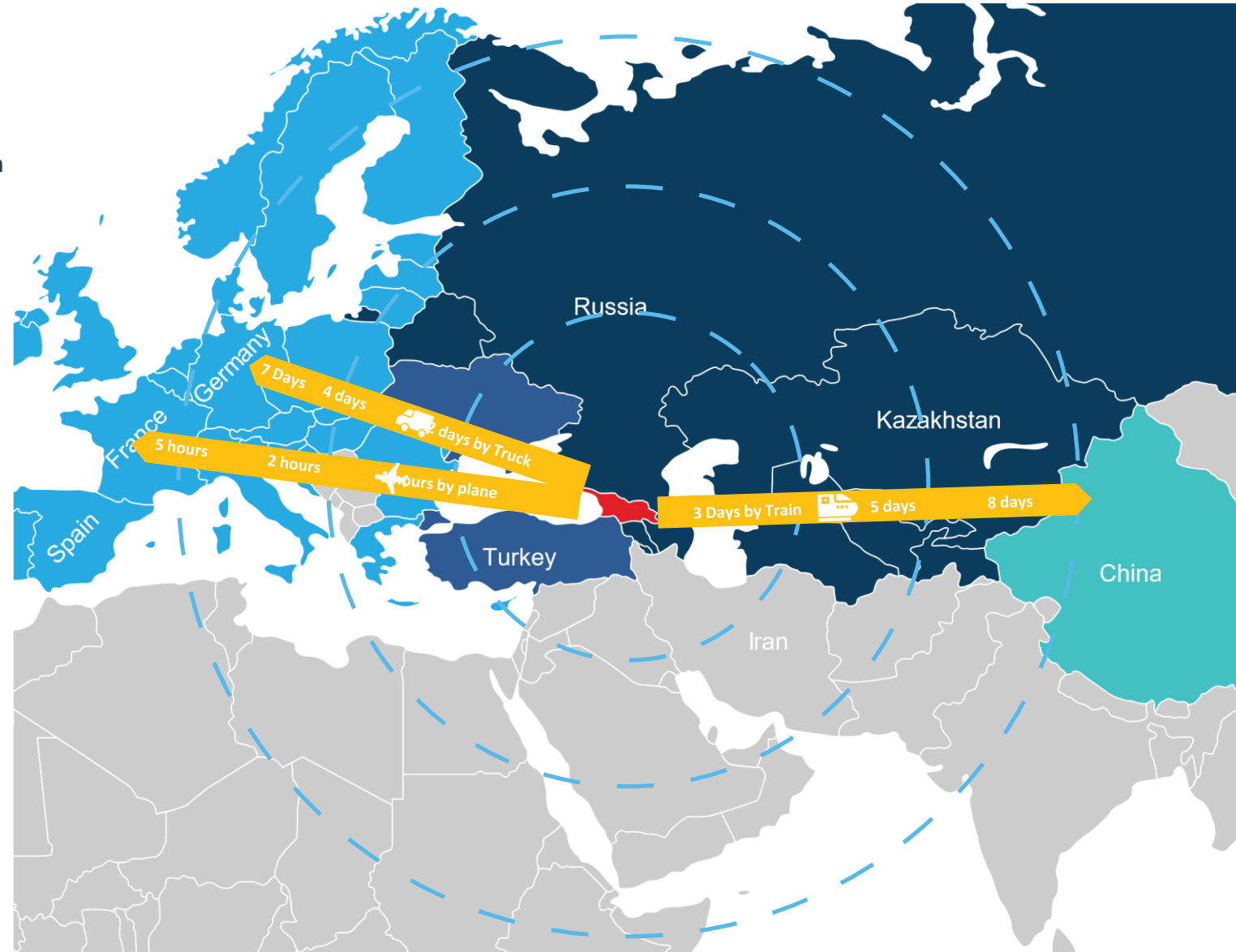
EFTA - FTA

CIS - FTA

Turkey - FTA

Ukraine - FTA

China (incl. Hong Kong) - FTA



# BENEFIT FROM THE MOST ATTRACTIVE TAX SYSTEM



0 %

Tax on Retained Profit



THE WORLD BANK

3<sup>rd</sup>

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



4

Free Industrial Zones

- Pension contribution\* – 2% paid by Employer, 2% paid by Employee
- Personal Income taxes for interest, **dividends and royalties are just 5%**
- **Double Taxation** avoidance Treaties with 57 countries

\*up to 2% paid by Government until savings reach 60,000 GEL

## Taxation System



0% or 15 %

Corporate Profit  
Tax



20 %

Personal Income  
Tax



18 %

Value  
Added Tax



<1%

Property  
Tax



Select Items

Excise Tax



0%,5%, or 12%

Import Tax  
(depending on goods  
imported)

# 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;
- GoG 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 development of the agricultural value chain and 80 % employment of Georgian citizens;
- Each investment plan is subject to individual evaluation;
- Multi-stage review and approval process completed within five months;
- 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;
- GHCD Project has been mandated by MEPA, also engaged in the investment plan approval process;
- The significance and nature of the GHCD Project is a precondition for favorable terms for potential investors.

*Note: English language translations of relevant Georgian Laws, Ordinances and Regulations are provided for the convenience of non-Georgian Applicants. Please refer to slide 18 for the relevant Laws, Ordinances and Regulations.*

# Contact

Project Contact and  
State Representative



Imereti Agro Zone LLC

D. Gamrekeli 19,  
Tbilisi, Georgia

[www.iaz.ge](http://www.iaz.ge)  
[rfp@iaz.ge](mailto:rfp@iaz.ge)

Project  
Initiator



Ministry of Environmental  
Protection and Agriculture  
6 Marshal Archil Gelovani Ave,  
Tbilisi, Georgia

[www.mepa.gov.ge](http://www.mepa.gov.ge)  
[info@mepa.gov.ge](mailto:info@mepa.gov.ge)

Project  
Initiator



NNLE Rural Development  
Agency  
S. Akhmeteli 10a, Tbilisi,  
Georgia

[www.rda.gov.ge](http://www.rda.gov.ge)  
[info@rda.gov.ge](mailto:info@rda.gov.ge)



# 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-IIs – 20190625*

<https://matsne.gov.ge/en/document/view/4596123?publication=0>

*Law of Georgia - Management of Agricultural Land - No 4849-IIs – 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>