



Diverse Investment Sectors

Banking

The economic reforms undertaken in the last five years have brought about a considerable improvement in the health of banks and financial institutions in Georgia. The sector has made a marked improvement in the liberalization period in relation to capital adequacy, profitability, asset quality and risk management. Liberal regulations have opened the doors for already existing commercial banks and for potential foreign investors to increase revenues by entering into investment banking, insurance, credit cards, depository services, mortgages and securitization.

Real Estate & Construction

The real estate market and construction industry are one of the most rapidly growing industries of the Georgian economy. Construction in Georgia enjoyed high rates of output and employment growth over the past few years, with the strong upward trend expected to continue. The construction business continues to attract increasing investment and banks are continuously increasing their lending to the sector.

A high demand for residential and commercial space has been followed by the evolution of many construction and development companies. Even though the prices for real estate have increased more than four times since 2003, demand yet continues to exceed existing supply across all sectors.

As a result, the Georgian real estate market has become quite sophisticated and offers development opportunities virtually across all real estate sectors residential, office, retail, hotel and warehouse markets.

Tourism & Hospitality Industry

Few of the world's small nations offer the visitor as much as Georgia. Although Georgia is only the size of Switzerland, it is able to boast the highest mountains in Europe, truly fabulous walks, more indigenous grape varieties than anywhere else and architectural marvels – stone watch-towers in the mountains and carved wooden balconies, richly frescoed churches and art nouveau in the towns. Combine this with a Mediterranean climate and the legendary Georgian hospitality and you have a unique travel destination.

In 2007 tourism was acknowledged as #1 priority of the country's economy. According to the Travel & Tourism Competitiveness Report of 2008, published by World Economic Forum, Georgia ranks 72nd among 130 countries.

International tourist arrivals reached an all-time record of 1,051,000 in 2007 and the total number of international visitors, crossing national borders of Georgia, has been increased by 7% compared to 2006.

Agriculture

Georgia has a rich tradition in agriculture. Its fertile soil and favorable climatic conditions contributed to the development of this sector. Almost all types of agricultural products can be grown in Georgia as the country has nine climatic zones. During the Soviet Union times Georgia used to be a major supplier of such products as tea, citruses, grapes, wine, early potatoes to the Soviet republics. Georgia's fertile soil and favorable climatic conditions determine the fact that almost all types of agricultural products can be grown in the country. The advantage and value of Georgian agricultural products is their quality. Untouched by pesticides, the foods of Georgia have the naturally good taste nature intended.



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As an ancient settled culture, Georgia has a rich tradition in agriculture. The total territory of Georgia is 69.7 thousand sq.km broken down as follows:

Plains – 13%

Foothills – 33%

Mountainous area – 54%

3,022.7 thousand ha of agricultural land comprises:

795.3 thousand ha of cropland

267.9 thousand ha under perennial plants

1,939.7 thousand ha of sown area and pastures

Energy

Georgia's energy sector has a huge potential for development and abounds with investment opportunities. This covers the utilization of hydropower, wind and solar resources as well as the development of energy transportation/transmission and distribution infrastructure. The priority of the country is also the utilization of ecologically pure energy resources - alternative, renewable, wind and solar energies, geothermal waters, biogases, etc.

Georgia has one of the largest untapped reserves of hydro-power in the world. There are 26,000 rivers on the territory of the country with a total length of approximately 60,000 km. Around 300 rivers are significant in terms of energy production with their total annual potential capacity equaling 15,000 MW.

Annual consumption of electricity in 2007 was approximately 8.5 billion kWh, or 1.85 kWh per capita and 0.73kWh per US\$1 of GDP. The domestic consumption is expected to grow rapidly driven by the growth of the economy and modernization of the industrial sector. Peak consumption is in winter.

Electricity sector in Georgia is mostly privately owned and partially liberalized with full liberalization expected to be in place in the next 10 years.

Approximately 85% of the electricity is generated by existing hydro power plants, with aggregate installed capacity of approximately 1,600 MW. The Ministry of Energy believes that the installed hydro power generation capacity is approximately 20% of the total prospective capacity available in the country.

In 2007, Georgia became a net exporter of electricity. High voltage transmission lines connect Georgia with Turkey, Russia, Azerbaijan and Armenia. The government anticipates the construction of additional high voltage transmission lines as more generation capacity is built in the country, with a view to turning renewable energy into a significant export industry.

Georgia has an important wind energy potential of approximately 4 billion KWh per year.

The country also has a serious potential for usage of hydrothermal waters. Based on the hydro geological studies, it was specified that the forecasted geothermal water reserves in Georgia reach 250 mln m3 per year.



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The total annual potential of solar energy in Georgia is 108 MW, which equals to 34,000 tons of fuel. Due to its geographic location, the radiation of the sun in Georgia is quite high. In most regions of the country there are 250-280 sunny days per year which is approximately 1900-2200 hours per year.

Georgia lies at a strategic location between energy sources near the Caspian Sea and the Mediterranean, and thus plays an increasingly important role in the transportation of Caspian energy sources. In this regard the three pipelines are of particular importance: the Baku-Tbilisi-Ceyhan oil pipeline, the South Caucasus gas pipeline and the Baku-Supsa oil pipeline.