



مجلس الغرف السعودية
Council of Saudi Chambers

الرقم : ش.خ / 421 التاريخ : 1441/2/22 هـ المرفقات : العرض

سلمه الله

صورة مع التحية لسعادة رئيس الغرفة التجارية والصناعية

سلمه الله

سعادة أمين عام الغرفة التجارية والصناعية

السلام عليكم ورحمة الله وبركاته

أود الإحاطة بأنه وردنا خطاب من سفارة جورجيا في الرياض برقم ٨٢/٣٧٨١٨ وتاريخ ٢

اكتوبر ٢٠١٩م، بشأن رغبة صندوق الشراكة الجورجي ببيع فندق Borjomi Likani

أمل منكم التكرم بالاطلاع وتوجيه المختصين لديكم بالتعميم على المهتمين من مشتركى

غرفتكم الموقرة، يمكن للمهتمين الاطلاع على العرض المرفق والتواصل مع ممثلي السفارة

الجورجية في الرياض على الهاتف رقم ٠١١٤٠٠٢٨٤١ جوال ٠٥٤٢٢٥٧٥٨٣.

وتقبلوا أطيب تحياتي وتقديري،،،

مطلب

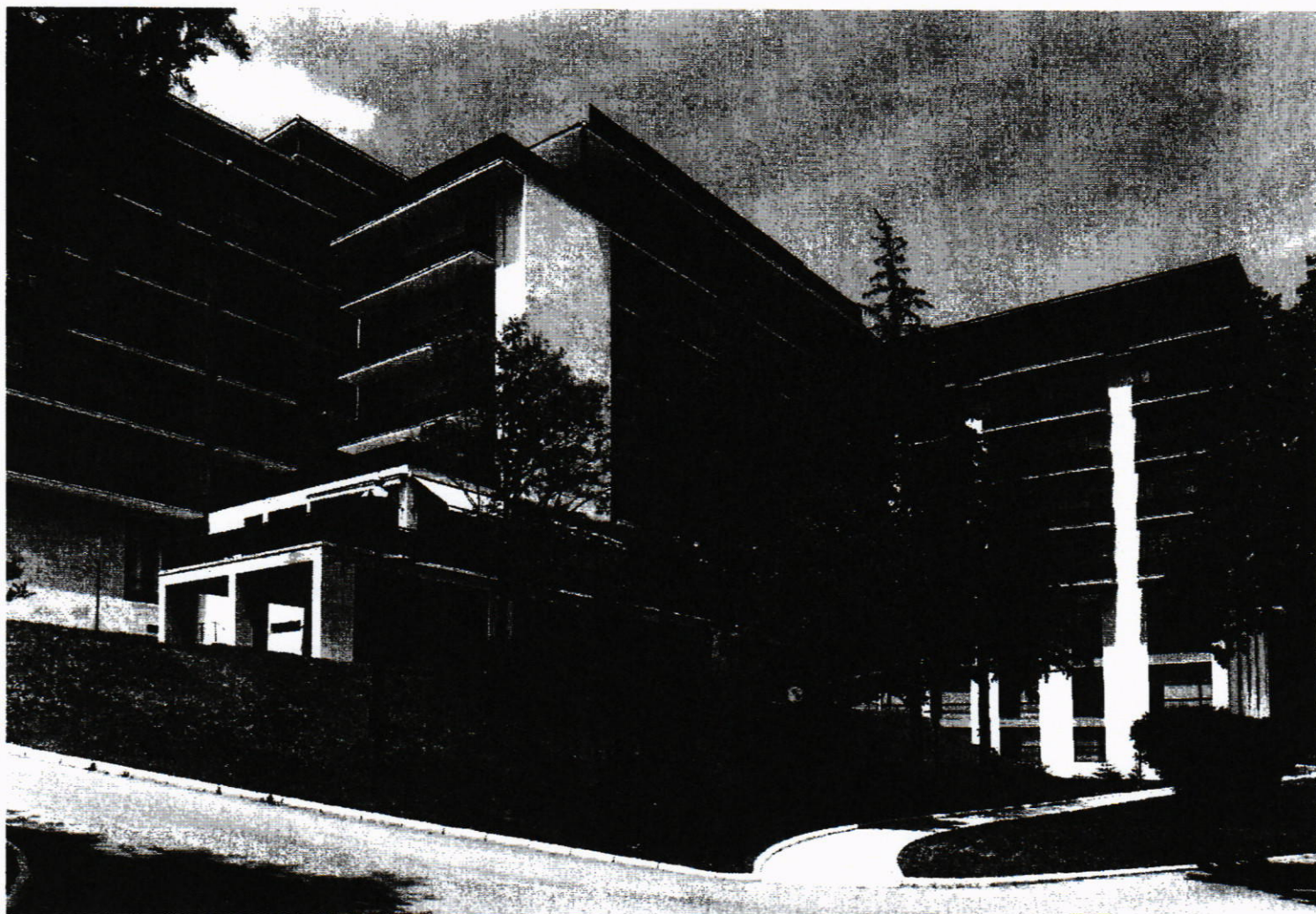
الأمين العام

د/ سعود بن عبد العزيز المشاري



—BL—
BORJOMI LIKANI

HOTEL “BORJOMI LIKANI” SALE PROPOSAL



August 2019

CONTENTS

1. INTRODUCTION	2
BACKGROUND	2
TOURISM POTENTIAL IN GEORGIA.....	4
2. “BORJOMI LIKANI”: CURRENT STATUS	5
3. PARTNERSHIP FUND’S PROPOSAL.....	5
INFORMATION ABOUT THE AUCTION	5
4. CONTACT INFORMATION	6
5. DISCLAIMER.....	6
ANNEX A	6
ANNEX B.....	7

1. INTRODUCTION

JSC “Partnership Fund” (PF) is a 100% state-owned investment fund, established in 2011, (with the Fitch rating “BB“, outlook stable) that, together with the private sector, invests in commercially viable projects. It is an entity that supports projects in five key sectors in Georgia: agribusiness, energy, manufacturing, logistics, and real estate & tourism. Its mission is to:

- Support investors by providing different financial instruments
- Share project-related risks with investors
- Explore and promote new investment opportunities in Georgia

The real estate & tourism sector is one of the most profitable and interesting sectors for investors, and one of the most active portfolios for the Fund.

Currently, the Partnership Fund’s subsidiary is ready to sell, via Auction, one of its successful investments in the real estate & tourism sector - “Borjomi Likani” Hotel. “Borjomi Likani” is located in a resort town Borjomi in south-central Georgia with a population of 10,546. It is one of the districts of the Samtskhe-Javakheti region and is situated in the northwestern part of the region in the picturesque Borjomi Gorge on the eastern edge of the Borjomi-Kharagauli National Park. The Hotel has been in Partnership Fund’s portfolio since January 2015 and currently, PF is 100% Shareholder.

The purpose of this sale Proposal for a Hotel “Borjomi Likani” is to inform potential buyers about the details of the offer (including terms and methodology), information about the Hotel and tourism potential in the region.

BACKGROUND

Luxury hotel “Borjomi Likani” is located 177 km away from Tbilisi (the capital of Georgia) in the middle of a coniferous park in Borjomi city, famous of its naturally carbonated mineral water from springs in the Borjomi Gorge of central Georgia. “Borjomi Likani” is located on the former territory of the once-popular sanatorium of the 4th department in Likani. Guests from all over the USSR used to gather here to spend time with family and friends to receive benefits of the gorgeous nature and health procedures offered, due to the curative effect of the Borjomi water. The famous Summer Palace of Russian royal Romanovs’ Family located adjacent to the territory of the Hotel is yet another reason for the guests to visit the “Borjomi Likani” complex.

The Hotel opened back in January 2015. Until 2018 the Hotel was operated by Rixos Hotels.

The number of International Visitors in the Samtskhe-Javakheti increased by 40% in 2018 compared to 2015 (*source: geostat.ge*), which implies increased interest of tourists in the region. Samtskhe-Javakheti,



Location on Key Touristic/Business Route

- Tbilisi – Capital of Georgia – 177 km
- Kutaisi – 2nd largest city of Georgia – 129 km
- Bakuriani – Famous skiing resort – 24 km
- Batumi – sea resort & entertainment center – 276 km
- Close proximity to Borjomi Central Park and historic sites.

from a historical and cultural perspective, is one of the most unique places in Georgia. Recent developments in the region are expected to increase interest in visitors even further. The local infrastructural development is heavily supported by the government of Georgia with a number of projects.

Borjomi has a lot to offer to visitors - this part of the country is rich with historical and religious monuments: “Peter’s Castle”, “Romanovs’ Palace”, “The Green Monastery” are a few of many remarkable destinations that can be explored in Borjomi. The resort is also well known for its parks, namely “Borjomi-Kharagauli National Park” and “Mineral Water Park”. Borjomi-Kharagauli protected area is one of the largest national parks in Europe with a total territory of 85 083 ha, which is more than 1% of the territory of Georgia. The national park offers hiking, horseback riding, biking, cultural and educational tours - the routes function throughout the year. As for “Mineral Water Park”, Park itself dates back to the 1850s and is an attractive destination throughout the year, here one can taste the natural Borjomi mineral water and relax in a beautiful environment.





Also besides one of the top ski destinations, Bakuriani Ski Resort, is 24 km away and easily accessible from the hotel. The resort serves both, as winter and summer destination, offering a number of ski slopes for professional and amateur skiers. In 2023 freestyle and Snowboard world championships will be held in Bakuriani for the first time. In the 10 years perspective, Georgia aims to host the winter Olympics, Bakuriani being one of the key considered venues.

Borjomi mineral water is another major touristic attraction. The carbonated mineral water with volcanic origins is available on different springs and Beauvais in the valley, one of them located at the territory of the hotel. The water, due to its unique mineral composition, is widely used for the treatment of different diseases, including digestive, metabolic disorders, post-operative conditions, etc. Currently, Borjomi Mineral water is one of the main export products of Georgia.

A favorable environment for Gambling Business offered by the Government of Georgia on the territory of Borjomi should be considered by investors as an additional attractive revenue stream. Annual fees for the license of Casino throughout Georgia amounts 5m GEL (about 1.8m USD), though Borjomi is an exception as a result of its location and annual fee for the license of Casino amounts to 0.25m GEL (about 0.09m USD).

TOURISM POTENTIAL IN GEORGIA

With its diversity and richness, Georgia is considered one of the most unique tourist countries in the world. Developing Georgia's brand and positioning its tourism industry on the international market is among the top priorities for the Government of Georgia. Through effective partnership and cooperation with the private sector, Georgia's competitiveness with similar tourist markets is increasing.

"SUN-BEACH" RESORTS	WINTER SKI RESORTS	FOUR SEASON RESORTS	MEDICAL & WELLNESS RESORTS
			
Mixed and all inclusive sea-side resorts	Winter resorts with wide range of activities including free ride and heli-skiing	Majestic landscapes allow four season tourism activities	Unique water and mud resources provides opportunities for SPA resort development
<ul style="list-style-type: none"> ▪ Batumi ▪ Gonio ▪ Anaklia ▪ Kobuleti ▪ Other Black Sea locations 	<ul style="list-style-type: none"> ▪ Mestia ▪ Bakuriani ▪ Gudauri ▪ Goderdzi 	<ul style="list-style-type: none"> ▪ Mestia ▪ Bakuriani ▪ Goderdzi ▪ Kazbegi, etc. 	<ul style="list-style-type: none"> ▪ Tskhaltubo ▪ Akhtala ▪ Borjomi ▪ Abastuani, etc.

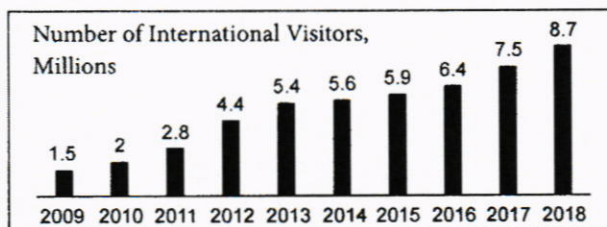
Key facts about Georgia

- Home to more than 12,000 historical and cultural monuments including several UNESCO World Heritage Sites
- 8 national parks and 84 different categories of protected areas
- One of top destinations for snowboarding and skiing in Europe
- Birthplace of Winemaking
- One of the most ecologically diverse places in the world.

Tourism in Georgia is an increasingly important component of the country's economy. In 2018, the number of international arrivals reached a record high of 8.7 million visitors with foreign exchange income in the year equal to 3.2Bn USD, which is a \$1.4 Bn increase during the last 5 years. By 2025 the country forecasts to host 11 million tourists and the annual revenues are planned to reach 6.6Bn USD.

The expenditures of foreign visitors to Georgia have a significant effect on the balance of payments, and approximately 35.9% of Georgia's goods and service export revenue comes from tourism. International tourists stay an average of 4.8 days in Georgia.

Year	Tourists Mn	Revenues \$ Bn	Revenues to GDP
2014	2.9	1.8	11%



2. “BORJOMI LIKANI”: CURRENT STATUS

The total proposed area of “Borjomi Likani” is 15.6 ha. The Land is bordered by Romanovs’ Palace, which remains under state ownership and after renovation will maintain its status as a Museum. Other bordering Lands are under the ownership of Partnership Fund and are available for potential development.

As of now, the Hotel features 151 comfortable rooms (including 4 executives and 1 presidential suits). There are 2 restaurants and a bar, The Ballroom of 166 square meters and 3 fully equipped meeting rooms, which can cater for up to 200 person corporate events and weddings. The Wellness & health and Spa center of the “Borjomi Likani” hotel offers a wide variety of rejuvenation and treatment procedures based on healing capabilities of Borjomi waters combined with traditional Turkish Hammam, 3 Sauna rooms, beauty salon, swimming pool, and 6 massage rooms for various therapies.

3. PARTNERSHIP FUND’S PROPOSAL

The proposal offers potential investors a 10-year lease of Hotel “Borjomi Likani’s” Assets with a buy-out option. The terms of the proposal are the following:

- The minimum initial buyout price is 37.565.408 million USD. (Final price to be determined via auction).
- The Annual payment of lease will be 8% of the final buyout price (to be determined via auction), which will be paid in annual installment at the beginning of each lease year.
- Buy-out option is available with activation of leasing agreement within 10 years.
- If lessee opts to buy property within 10 years, then the calculation of the final buyout price will be determined according to the following formula: “Auction winning price” - “2 most recent annual lease payments”¹.
- If lessee opts to Terminate lease agreement before buying the property, a penalty fee will apply in the amount of an annual lease payments.
- The lessee must provide the bank guarantee on the ongoing termination fee.

INFORMATION ABOUT THE AUCTION

The Partnership Fund is planning to conduct an e-auction in October-December of 2019 at the website www.eauction.ge. Further details will be announced publically.

***The winner will be determined based only on buyout Price.**

¹ For instance if the buyout price is fixed at 40mln USD in the lessee agreement and partner decides to buy the property at year 4, the final buyout price will be 20.8 million USD ($40\$ - 40\$ \cdot 8\% \cdot 4\text{years} - 40\$ \cdot 8\% \cdot 2\text{years}$).

ANNEX B

