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**BUSINESS CLIMATE
REFORM**

Date: July 1, 2007
To: Otar Nishnianidze, GNIA Director
From: Dusan Kulka, BCR Investment Promotion Specialist
CC: Olin McGill, BCR Chief of Party; Maka Tevdoradze, BCR Trade Specialist;
Shalva Beraia, GNIA Deputy Director
Re: (Industrial) sites visits report

Introduction:

On Friday, June 29, 2007, Otar Nishnianidze and Shalva Beraia of GNIA and Maka Tevdoradze and Dusan Kulka of GBRC project visited 6 potential sites in / around Tbilisi and Rustavi to identify sites to be included in GNIA's investment property database and offered to investors.

- **Tbilisi - 2 ha greenfield site close to the river / bridge:**

The site is rather small and may be in the area liable to flooding. The designation of the land indicated by the city hall's info is "recreational function", which seems to be a more relevant use than as an industrial site.

I do not suggest including the site in GNIA's investment property database.

- **Tbilisi – 8 ha former tram depot brownfield site:**

The site comprises 8 hectares of land; 1 large hall for tram repair / maintenance; several other buildings in a poor physical shape including one residential.

- ⌚ Large flat area with basic infrastructure in place
- ⌚ The large hall can be adapted (if the static is o.k.) for manufacturing purposes
- ⌚ A long part of the only access road is in very poor shape
- ⌚ Refugees living in the residential building on the site

Important: Before offering this site to an investor, alternatives for moving refugees residing on the site to a different place in a humane / peaceful way need to be identified.

I suggest including the site in GNIA's investment property database.

- **Tbilisi – 6 ha greenfield site close to the Tbilisi sea:**

An interesting, attractive site for light / clean manufacturing (electronics, hardware, home appliances). Site is located on the top of the hillside on the bank of the Tbilisi sea.

- 🕒 Adjacent to a fair quality access road
- 🕒 Good / prestigious location with view on the lake and “Stonehenge” monument
- 🕒 High voltage (?) transmission line crossing the site reduces the area that can be effectively used by an investor

Important: Before offering this site to an investor, check whether the transmission line wires can be replaced by an underground cable.

I suggest including the site in GNIA’s investment property database.

- **Tbilisi – 5 ha greenfield site close to the airport:**

An interesting, attractive site for light / clean manufacturing, logistics or commercial use.

- 🕒 Very attractive location close to Tbilisi international airport
- 🕒 Adjacent to a good quality access road
- 🕒 A football field located on site – possible conflict with neighbors

I suggest including the site in GNIA’s investment property database.

- **Rustavi – former KhimBochko plant brownfield site:**

It is a large site with (mostly) abandoned production halls and other building in very bad physical shape evoking the atmosphere of scary movies. The property (company) is state owned and it is scheduled to be sold in parts. Given the previous use, there could be an environmental burden on the site.

I do not suggest including the site in GNIA’s investment property database.

- **Rustavi – 7 ha greenfield site in the industrial district:**

A greenfield site next to the previous brownfield owned by the KhimBochko company. Located in the industrial district with capable infrastructure and suitable for (almost any) industrial production.

- 🕒 Flat and sufficiently large site
- 🕒 Adjacent to an access road; infrastructure on site
- 🕒 Unattractive surrounding area may discourage some potential investors

I suggest including the site in GNIA’s investment property database.

- **Next steps:**

- ➡ Get simple layout and photos of selected sites
- ➡ Check the ownership titles and land use designations
- ➡ Check availability and capacities of infrastructure