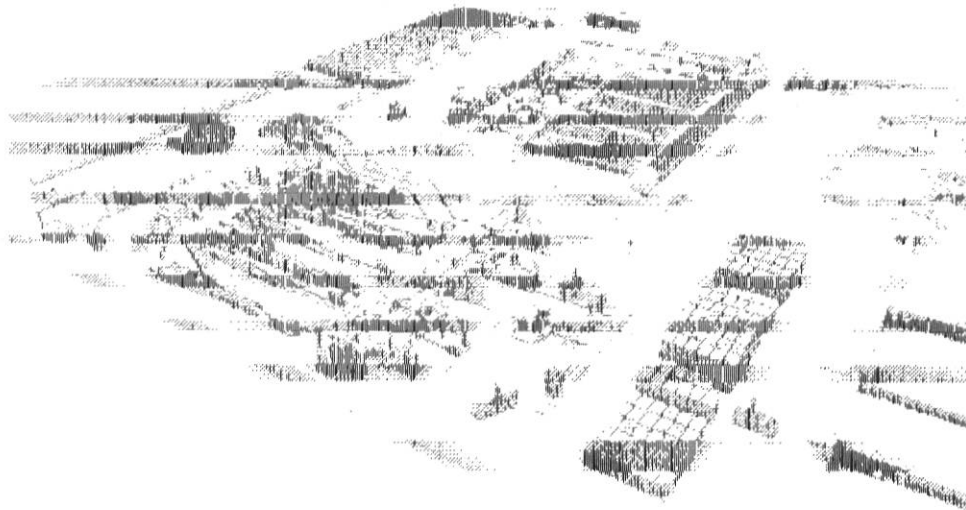




PARTNERSHIP FUND

Invitation for Expression of interest For selection of suitable Partner for Cold Storage Project Development in Georgia



Partnership Fund j 2015

JANUARY, 2015

Contents:

OVERVIEW OF GEORGIA 0

BACKGROUND: 3

1. Project description 4

2. Information to be submitted..... 6

3. Submission of EOI's..... 6

4. Shortlisting of Candidates 6

5. No Commitment Release 6

6. Rights of JSC 'Partnership Fund 7

7. Governing law 7

8. Disclaimer..... 8

Partnership Fund | 2015

OVERVIEW OF GEORGIA

Georgia is located east of the Black Sea, bordering Turkey and Armenia to the South, Azerbaijan to the southeast, and Russia to the north. The country is located on the gateway between Europe and Asia. It has population of approximately 4.5 million.

Over the last decade, Georgia has experienced rapid economic growth. In 2013, Georgia's nominal GDP reached US\$ 16.1 billion and US\$ 3,600 per capita. Georgia's investment climate is one of the most investor friendly in the region. According to the World Bank's Ease of Doing Business, the country is ranked number 15 in ease of doing business. The Heritage Foundation ranks Georgia as 22nd in Economic Freedom Index.

Georgian investment environment improved considerably in recent years with fewer taxes and simplified procedures starting business. Georgia has also made great strides in eradicating red tape across all levels.

BACKGROUND

JSC "Partnership Fund" (PF) is a state owned investment fund, established in 2011, (with the Fitch rating "BB-; Outlook Positive", equal to sovereign ceiling). PF has two main directions, Asset Management and Private Equity Financing.

Asset management – PF owns the following strategic assets:

- Georgian Railway - 100% of shares
- Georgian Oil and Gas Corporation (GOGC) - 100% of shares
- Georgian State Electro system - 100% of shares
- Electricity System Commercial Operator - 100% of shares
- JSC Iolasi - 24.5% of shares

Private Equity – PF co invests with private investors in equity as a minority investor in commercially viable projects if it has a clear exit strategy.

For PF, it is of paramount importance to unlock development potential in Agriculture Industry in Georgia to ensure wealthy rural, provincial and national economy. Georgia's diverse climate and sound business environment are amenable to the production and processing of a wide diversity of fruit and vegetable crops. Georgia's proximity and transport links to Europe and other regions, together with growing local and regional demand for fresh produce make it an attractive agribusiness production, storage and export hub.

Georgia is rich in agriculture tradition and there is considerable potential for growth. In 2013, agriculture accounted for 5.3% of the country's economy. It contributes to more than 50% of employment. For

Partnership Fund | 2015

comparison, in 1990 agriculture accounted for 31% of country's economy. Now the industry is in a period of transformation and growth, which creates a vast number of investment opportunities.

Cold Storage and Warehousing is a critical value driver in agriculture. Georgia's almost all major fruits (grapes, apple, pomelo/orange, mandarin, orange and lemon) and vegetables (potato, carrots and others) depend on effective cold storage facilities. It is estimated that significant share of the fruits and vegetables is lost due to the lack of adequate cold storage facilities. Respectively, non-seasonal fruit and vegetable consumption is filled with import. To address this shortage in the market, PF aims to develop the Ultra-Low-Oxygen and Active-ventilation storage facility in Georgia, which will allow Georgian fruits and vegetables, be available during non-seasons.

PF has engaged several consultants for concept studies in different areas. One of such studies completed in 2012 was for a fruit and Vegetables cold storage.

The study will be reachable for all firms/organizations which will respond to EOI procedure.

Contact person: Tatiel Gabunia

Email: tgabunia@fund.ge

Add: 6 Vukol Beridze Street, Tbilisi, 0108 Georgia

PF is looking for suitable Partner(s) to further develop the cold storage (the Project), therefore it invites all interested parties to submit the "Expression of Interest" by the conditions below:

1. Project description

The study has shown a need for a 4,700 ton Fruit and Vegetables Cold Storage, which will serve Tbilisi (the capital of Georgia), Kvemo Kartli's regional center Rustavi and other adjacent areas accounting 31% of Georgia's consumption of food products. Beyond cold storage operation, the proposed business model also includes fruits and vegetables collection from the small scale growers to respond to the inefficiencies and ineffectiveness of the value chain.

Market Description

Based on the study (see disclaimer):

- Value share of fruits and vegetables in food consumption is estimated at 15-20%;
- Fruit and vegetable consumption is price sensitive. Products supply and consumption are highly correlated to product prices with correlation coefficient being 30% and 73% respectively;
- More than 60% of fruits and vegetables are sold in agricultural markets;

Partnership Fund - 2015

- Estimated 30% of fruits and vegetables are sold in various types of shops and shop adjacent areas;
- In Tbilisi and Rustavi there are 1500-2000 shops and retail points that require fruit and vegetable delivery services.

Land Plot

PF subsidiary (which is intended to be the project development SPV) owns¹ a Land plot, which is located at Southeast outskirts of Tbilisi in Gardabani Region, 25 kilometers (15.6 miles) or 20 minutes' drive from the capital's downtown. Located next to Tbilisi bypass road and railway the land area is situated at a very center of important crossroads. It is 18 kilometers away from Tbilisi International Airport and only 9 kilometers away from Kvemo Kartli's regional center Rustavi. It is 44 km drive from Georgia-Azerbaijan border and 74 km drive from Georgia-Armenian border.

Location: Agtaklia village, Gardabani Region, Georgia

Land Area: 258,921 m² (25.8 hectares)

Land Category: Non-agricultural land

Status of Ownership: Private (owned by the subsidiary of PF), Registered at National Agency of Public Registry, free from tax and mortgage liabilities.

Location Coordinates: 41°36'35.90"N, 44°55'54.74"E

Project Technical Description

Area for Cold Storage Project ~3 ha

Module area ~6500 m²

Method of Storing ULD and Active ventilation

Technical advantages: cold storage will be consisted of 23 isolated rooms (20 ULD and 3 active ventilation). This fact gives it an advantage to be flexible considering the market sensitivity in sales aspect.

The indicative investment amount is approximately USD 7 million.

Financing structure / PF limitations:

PF partners together with a private investor. PF is limited to invest (by any form) more than the private investor's equity. PF is investing in equity on commercial terms. Equity investment will be made in form of Land and Property as well as cash contribution (if requested and if it's within limits described above). To ensure PFs exit, the private co-investor (interested party submitting this EoI) shall be liable to buy out PFs shares at a pre-agreed price (investment + agreed annual rate of return) after 7 years from the execution of

¹ Ownership is registered in the National Agency of Public Registry

Partnership Fund | 2015

agreement between PF and the co-investor. The co-investor shall also have the right (but not an obligation) to buy out PF's shares any time before the deadline set above with a pre-agreed price.

PF participation will only be limited to the equity investment above. No guarantees or other credit enhancement structures will be provided.

2. Information to be submitted

Interested parties ("Bidders") should submit their EOI together with the following information:

- Legal status of the "bidder";
- Any experience that the "Bidder" deems relevant, including in development, construction, operation and/or financing of cold storages or projects of similar nature and complexity;
- List of construction or operation companies (if any) that the "Bidder" intends to engage;
- Included financing structure with any important terms of financing already known;
- "Bidder's" financial statements for the last 2 years (if relevant);
- Requested PF participation (as % of equity and in absolute terms in USD);
- "Bidders" equity participation, assumed amount of debt and any other financing sources;
- Proposed rate of return for PF exit.

3. Submission of EOIs

All EOIs must be delivered in 2 executed copies (one original and two photocopy) in a sealed envelope, also, in electronic form, in an easily accessible format, stored in an electronic storage device (e.g. CD-ROM, DVD or USB stick), on or before 2015 March 20, 14:00 (Tbilisi time, 2015) to the JSC "Partnership Fund" to the following address:

JSC "Partnership Fund"
5 Vukel Beridze Street, Tbilisi, 0108 Georgia

4. Shortlisting of Candidates;

PF reserves the right to shortlist the "Bidders" based on any information requested in section 2 of this Invitation.

5. No Commitment Release

It should be noted that this invitation does not constitute a commitment on the part of the JSC "Partnership Fund" to select any Candidate, nor to reimburse any expenses to any Candidate. Furthermore, submission of the documents shall not entitle any Candidate to any claims against JSC "Partnership Fund" by virtue of such firm having responded to this Request for EOI. All costs incurred by respondents as a

Partnership Fund | 2015

result of this Request for EOI and any subsequent requests for information shall be for the Candidate's account only.

6. Rights of JSC "Partnership Fund"

JSC "Partnership Fund" reserves the right to:

- waive or change the requirements of this Invitation from time to time without prior notice, through an announcement on the JSC "Partnership Fund" official website;
- request clarification or additional documents in respect of a "Bidders" submission;
- disqualify any "Bidders";
- choose not to proceed with the project at any time during the process (including after submission of EOI's).

7. Governing law

This Request for EOI and the EOI submission and evaluation process shall be governed by the laws of Georgia.

Partnership Fund ; 2015

Disclaimer

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached Invitation for Expression of Interests (the "Invitation") and you are therefore advised to read this carefully before reading, accessing or making any other use of the attached Invitation. In accessing the Invitation, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access:

This Invitation has been made available to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither the PF nor any of its respective affiliates accepts any liability or responsibility whatsoever in respect of this Invitation. By accessing the linked Invitation, you consent to receiving it in electronic form.

You are reminded that you have accessed the attached Invitation on the basis that you are a person into whose possession this Invitation may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver this Invitation, electronically or otherwise, to any other person.

To the fullest extent permitted by law, neither PF nor any of its respective affiliates accepts any responsibility whatsoever for the contents of this Invitation or for any other statement, made or purported to be made by any of them, or on its behalf in connection with the Invitation. PF accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Invitation or any such statement.

You are responsible for protecting against viruses and other destructive items. Your receipt of the electronic transmission is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

This Invitation and its attachments contain certain forward-looking statements with respect to the PF and/or the Project and certain of the plans, intentions, expectations, assumptions, goals and beliefs of the PF/Project regarding such items. These statements include all matters that are not historical fact and generally, but not always, may be identified by the use of words such as "believes", "expects", "are expected to", "anticipates", "intends", "estimates", "should", "will", "will continue", "may", "is likely to", "plans" or similar expressions, including variations and the negatives thereof or comparable terminology and include statements regarding:

- strategies, outlook and growth prospects;
- future plans, expectations and projections;
- expected future revenues and performance;
- expected future liquidity, capital resources and capital expenditures;
- expected future growth in demand for services;
- economic outlook and industry trends;
- market developments;
- the impact of regulatory initiatives;
- plans or intentions relating to acquisitions; and
- competitive strengths and weaknesses.

A

Partnership Fund | 2015

The forward-looking statements in this Invitation (together with its attachments) are based upon various assumptions, many of which are based, in turn, upon further assumptions, including, without limitation, consultants and management's examination of historical operating trends data contained in PF's or any of its consultants records and other data available from third parties. Although PF believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant uncertainties and contingencies, which are difficult or impossible to predict and which are beyond its control, and PF or the Project may not achieve or accomplish these expectations, beliefs or projections. In addition to these important factors and matters discussed elsewhere herein, important factors that, in PF's view, could cause actual results to differ materially from those discussed in the forward-looking statements include, but are not limited to:

- overall economic and political conditions globally, in the Caucasus region and within Georgia and the continuing effects of the global financial crisis, the duration and magnitude of which cannot be ascertained;
- Project's ability to overcome competition;
- Project's ability to continue operation without or otherwise freely react to market forces;
- operational limitations, including equipment failures and maintenance and rehabilitation issues;
- exchange rate, interest rate and inflation fluctuations;
- unplanned events or accidents;
- changes in laws, regulations, taxation or accounting standards or practices in Georgia; and
- the Company's success at managing the risks associated with the aforementioned factors.

The foregoing list is not exhaustive. When relying on forward-looking statements, potential investors should carefully consider the foregoing factors and other uncertainties and events, especially in light of the political, economic, social and legal environment in which the Project will operate. Such forward-looking statements speak only as at the date on which they are made. Neither PF nor any of its agents, employees or advisers intend or have any duty or obligation to supplement, amend, update or revise any of the forward-looking statements contained in this Invitation.

The forward-looking events described in this Invitation may not occur.

"Bidders" should be aware that forward looking statements are not guarantees of future performance and that the Project's actual business, financial condition and results of operations and prospects, as well as the development of the industry in which it operates, may differ significantly from those made in, or suggested by, the forward-looking statements contained in this Invitation. In addition, even if the Project's business, financial condition and results of operations and prospects, as well as the development of the industry in which it operates, are consistent with the forward-looking statements contained in this Invitation, these results or developments may not be indicative of results or developments in subsequent periods.

Partnership Fund | 2015

The consultants have prepared a study (report attached to the invitation) for JSC Partnership Fund ("PF").

The attention of recipients of this document is drawn to the comments (by the consultant) in the letter to PF in the document. It is emphasized that the information in the study is, in general, as at December 2011 or earlier and thus is out of date.

Provision of this document to recipients, other than PF, is intended only for information purposes and it does not represent any form of investment advice or recommendation by PwC to any such recipient or any other person. PwC accepts no duty of care (whether in contract, tort (including negligence) or otherwise) to any person other than PF.

The study (Report) has been prepared solely for PF and the project purposes referred to in it. Any copies made are subject to the conditions described therein. PwC will not accept any duty of care (whether in contract, tort (including negligence) or otherwise) to any person other than PF.