Request for Expression of Interest ("EOI")

for the development of the Tbilisi Logistics Centre

November 15, 2017

1. Introduction and Summary

Along with major country reforms to improve the business climate and governance, Georgia has successfully implemented a series of fundamental reforms and interventions in the transportation and logistics sector over the last ten years. The country has radically improved its value proposition as a transit country by modernizing its transport infrastructure, improving border clearance procedures, and liberalizing the provision of services in many key sectors that ensure better international connectivity with global markets. Georgia is also renovating and expanding its transportation infrastructure, which includes a growing national highway system, newly expanded railway routes, three newly renovated international airports and seaports/ terminals (Tbilisi, Kutaisi, Batumi). Despite these achievements, many challenges remain for Georgia to become a regional transit-logistics hub.

One of the key challenges facing the Georgian logistics sector is development of modern logistics centers. As part of the East-West Highway Corridor Improvement Project financed by the World Bank, the Consultant company (Dornier Consulting International GmbH) of the Ministry of Economy and Sustainable Development of Georgia (the "MoESD"), carried out a **feasibility study for the creation of logistics centers in Georgia (the "Feasibility Study")**. The Feasibility Study is available on the official website of the MOESD: www. economy.ge

Based on the results of the Feasibility Study The Government of Georgia intends to select an investor (the "**Investor**") to develop the Tbilisi Logistics Centre on a build, own and operate (BOO) basis (the "**Project**") pursuant to an agreement to be entered into with the selected Investor (the "**Investment Agreement**").

Accordingly, by this Request for Expression of Interest (this "**Request for EOI**"), the Government of Georgia acting through the MOESD invites local and international companies or group of companies - Consortiums ("**Candidates**") to submit their expressions of interest ("**EOI's**") to act as Investor in relation to the Project.

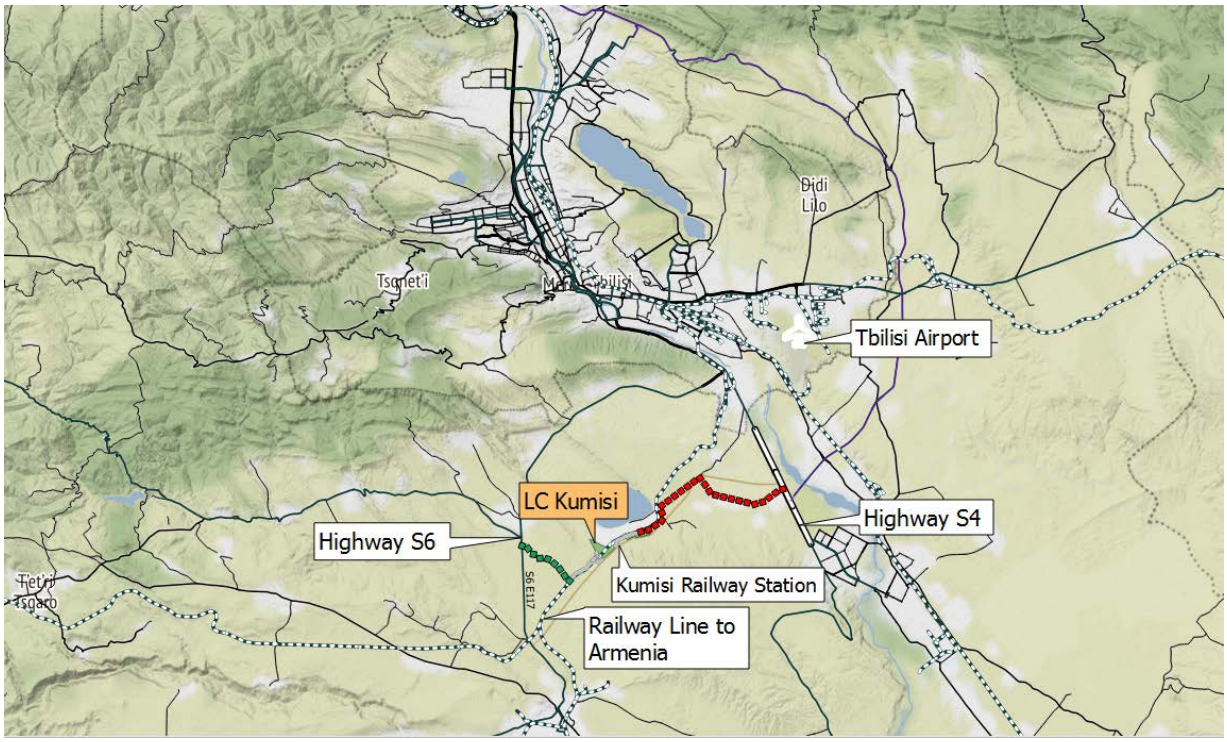
2. Main Objectives

The government's main objectives for the development and implementation of the Tbilisi Logistics Centre are:

- Future development of a modern and state-of-the-art Logistic Centre near Tbilisi as a nucleus and logistics cluster;
- Capability of this Logistics Centre to position itself as a logistics hub for East Georgia as well as the South Caucasus Region;
- Settlement of local and international logistics companies as well as logistics-intensive trade and industries in accordance with the planned two development stages;
- Attraction of capable investors, operators and financiers;
- Strengthening and support of the further regional economic and social development of the country.

3. Location

The future Logistics Centre will be located in the South-East of Tbilisi close to the traffic junction to Armenia and Azerbaijan. The planned Logistics Centre will have direct access to the Baku-Tbilisi-Kars railway line as well as the Poti/Batumi-Tbilisi-Yerevan railway line, which makes the location unique. The location is also very well connected to the national rail and road network, and Tbilisi International Airport is within 20 km. A 9 km access road connects the future Logistics Centre with the National Highway Network (S4, S9). While the access road to the S4 highway for the most part already exists, the additional access road to the S6 highway will be prepared during the second development stage of the Logistics Centre.



The short connection to the national road network implies that delivery traffic from and to the Logistics Centre can be channelled within a very few kilometres on several high-capacity transport routes. The S4 highway offers direct connection to Azerbaijan and the S9 offer connection to the most important highway in Georgia, the S1.

4. Overview, key figures and data:

- Main characteristics

The main functional modules and facilities of the future Tbilisi Logistics Centre planned for the final stage of development are shown in the table below:

No.	Functional Module	Description
1	LC Service Centre	LC management, administration, control and communications, gas station, garage, canteen + restaurant, hotel
2	Logistics Service Facilities	General warehousing, freight forwarding facilities, temperature guided warehousing, refrigerated and chilled warehousing, bonded warehouse, hazardous goods warehouse
3	Logistics-intensive Industries and Trade	Settlement of logistics-intensive production or processing facilities

The future services provided by the LC Service Centre will include general administration and management, real estate development, acquisition and marketing, facility management, security services, IT services and other supporting services (accounting, communication etc.).

- **Key Figures for Tbilisi Logistics Centre ("LC") and Rail-Road Container Terminal**

Attribute	LC Stage 1	LC Stage 2	LC Stage 1+2	CT
Area Size	39.8 ha	12.9 ha	52.7 ha	7.9 ha
Building Area	98,800 sqm	35,000 sqm	133,800 sqm	
Throughput Capacity	733,600 t/a	224,000 t/a	957,600 t/a	59,200 TEU/a
Approximate Capex	60.7 Mio USD	19.6 Mio USD	80.3 Mio USD	15.1 Mio USD

5. Undertakings of the Government of Georgia

The Government of Georgia will provide the Investor with up to 52.7 ha land plot for the Project. The legal conditions and necessary actions to be taken by the parties for provision of such land are to be finalized prior to execution of the Investment Agreement. The Government of Georgia shall also finance construction of off-site infrastructure (rail, road, utilities) and shall consider possibility of development of the Rail-Road Container Terminal.

JSC "Partnership Fund"[1] within its competence and ability will consider the possibility of participation in the above-mentioned project.

6. Main Project Requirements

Construction Commencement Date: Construction shall begin within 18 months from the date of signing of the Investment Agreement (the "**Construction Commencement Date**").

Construction stages: The Tbilisi Logistics Centre shall be constructed in the following two stages (development stages 1 and 2) so as to increase capacity progressively:

1) Stage 1: Within five (5) years from the Construction Commencement Date, the implementation of the initial development stage 1 of the Tbilisi Logistics Centre shall be completed and reach the following key figures:

[1] JSC Partnership Fund (PF) is a state owned investment fund, established in 2011. For further information please visit the official website of the fund: http://www.fund.ge/eng/who_we_are/4/

- building area size (as major KPI) of at least 98,800 (ninety-eight thousand eight hundred) sqm in total, thereof, an indicated building area size of at least 64,000 (sixty-four thousand) sqm dedicated for logistics service facilities;

- indicated amount of at least 70,400 (seventy thousand four hundred) pallet places based on an estimated ratio 1.1 of pallet places per sqm (related to logistics service facilities only).

2) Stage 2: The construction of final development stage 2 of the Tbilisi Logistics Centre shall commence within 15 (fifteen) months of the occurrence of any of the following events (whichever occurs first):

(i) the date of the 10th (tenth) anniversary of the stage 1 Construction Commencement Date; or

(ii) the date on which the Tbilisi Logistics Centre achieves letting rate of 80% (eighty percent) of initial Stage 1. Implementation of Stage 2 shall be completed not later than five (5) years after commencement and reach the following key figures:

- building area size (as major KPI) of at least 35,000 (thirty-five thousand) sqm in total, thereof, an indicated building area size of at least 20,800 (twenty thousand eight hundred) sqm dedicated for logistics service facilities;

- indicated amount of at least 22,900 (twenty thousand eight hundred) pallet places based on an estimated ratio 1.1 of pallet places per

	sqm (related to logistics service facilities only).
Commencement of operations:	within two (2) years from the Construction Commencement Date.
Financing:	The Investor will be responsible for providing equity and/or attracting debt financing for the Project.
Other Requirements:	The Investor will be responsible for ensuring the long-term sustainability of the Project.

Note: Main project requirements are based on the Feasibility Study. The investor will be obliged to develop the logistics centre, substantially in accordance with the conceptual design drawn up by the Government's consultants in the Feasibility Study. To this end, no material changes will be allowed. However, the Government remains flexible to reasonably modify project requirements upon the request from the Candidates during later stages of the investor selection process as well as during Investment Contract negotiations, with the selected winner.

7. Requirements for EOIs

Candidates are required to submit the following information and documents as part of their EOIs:

1) Official name and address;
2) Mailing address;
3) Duly certified abstract from the Company Register/Certificate of incorporation (and any certificate of incorporation and change of name);
4) Certified copies of the Articles of Association/Charter;
5) Company profile;
6) Experience statement, evidencing the Candidate's or the Candidate's named subcontractors' ability to fulfill the criteria set out under Part A (*Experience*) of the Shortlisting Criteria in Annex 1 hereto. Where the Candidate's experience statement relies upon the experience of named subcontractors, the Candidate shall include confirmation from each such named subcontractor of its willingness to participate in the Project. The experience statement shall be accompanied by the relevant documents and references;

7) Audited financial statements for the preceding 3 years for all parties involved in the Project, including consolidated financial statements in respect of the corporate group to which each such party belongs (where "**corporate group**" means, with respect to any corporate entity, the ultimate holding company of such entity and all subsidiary entities controlled, directly or indirectly, by that holding company);
8) Duly certified list of shareholders owning more than 5 percent of the Candidate's shares including ultimate beneficial owner information;
9) List of any litigation or arbitration proceedings to which any company in the Candidate's corporate group (as defined above) has been a party during the last 5 years; and
10) Where the Candidate is a consortium, a list of the consortium members and the above listed information/documents for each of the members.

If a Candidate does not include the foregoing information together with its EOI or if its EOI is incomplete, then it shall not be considered.

Where a Candidate is a consortium, no member of the consortium may be a member of another Candidate. All EOIs must be drafted in Georgian or English.

Candidates may be invited by the Government of Georgia to make a presentation in Tbilisi, Georgia.

8. Clarifications

All Candidates must submit any requests for clarifications by no later than December 20, 2017 by email to the email address set out below. The Government of Georgia will make available to all Candidates the responses to clarifications received within this time.

Contact address for inquiries

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9. Submission of EOI's

All EOIs must be delivered in 3 original executed copies and one electronic copy (PDF) in a sealed envelope before 14.00 Tbilisi time on or before January 29, 2018 to the Ministry of Economy and Sustainable Development of Georgia to the following address:

Ministry of Economy and Sustainable
Development of Georgia
10a Chovelidze Street, Tbilisi, 0108 Georgia

In the event that there is any discrepancy between the original executed copies of any EOI and the electronic copy, the original executed copies shall prevail.

10. Shortlisting of Candidates; Indicative Timeline

The shortlisting process will be conducted by the respective Governmental Commission following the submission of EOIs.

Shortlisted Candidates will be invited to submit full technical and commercial proposals for the Project. Only those Candidates who meet the requirements set out in this Request for EOI (including the Shortlisting Criteria) in the Governmental Commission's sole discretion will be shortlisted.

The timing for the selection process is to be finalized by the Government of Georgia, however as an indicative timeline the Government of Georgia intends to issue the Request for Proposals before February 15, 2018.

11. Shortlisting Criteria

The criteria for shortlisting of Candidates (the "**Shortlisting Criteria**") are set out in Annex 1 (*Shortlisting Criteria*) hereto.

The Shortlisting Criteria may be amended or varied in writing by the Ministry at any time prior to the Submission Deadline, through an announcement on the Ministry's official website.

12. Publicity

Any public statements regarding proposals with regard to this EOI shall be allowed only in case of advance written consent of the Government of Georgia.

13. No Commitment; Release

It should be noted that this invitation does not constitute a commitment on the part of the Government of Georgia 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 the Government of Georgia by virtue of such firm or consortium having responded to this Request for EOI. All costs incurred by respondents as a result of this Request for EOI and any subsequent requests for information shall be for the Candidate's account only.

14. Improper Influence

Any attempt by any Candidate or their representatives to influence the EOI process in any way may result in the Candidate being disqualified.

15. Rights of the Government of Georgia

The Government of Georgia reserves the right to:

- waive or change the requirements of this Request for EOI (including the Shortlisting Criteria) from time to time without prior notice being given by it, through an announcement on the Ministry's official website;
- seek clarification or documents in respect of a Candidate's submission;
- disqualify any Candidate that does not submit a compliant EOI in accordance with the instructions in this Request for EOI;
- disqualify any Candidate that is liable for serious misrepresentation in relation to its EOI;
- withdraw this Request for EOI at any time, or to re-invite Candidates on the same or any alternative basis, through an announcement on the Ministry's official website;
- choose not to award any contract as a result of this process or to proceed to shortlisting or to issue a Request for Proposals (RFP) to shortlisted Candidates; and/or
- make whatever changes it sees fit to the timetable for EOI submission and evaluation process, or to the structure, or to content of this Request for EOI, depending on approvals processes or for any other reason, through announcement on the Ministry's official website.

16. Governing law

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

Annex 1 – Shortlisting Criteria

A. Experience

The experience statement and information submitted with the Candidate's EOI must demonstrate that it, or any of its named subcontractors which have confirmed their willingness to participate in the Project, together has or have:

(a) at least five (5) years of experience in the building, operation and attracting financing for projects of a similar nature; and

(b) experience in the development and operation of one or more logistics centers; and

(c) experience in, and/or knowledge of meeting the requirements of the logistics industry.

B. Financial Standing

(d) The consolidated group financial statements submitted by the Candidate with its EOI must demonstrate that it has (or, where the Candidate is a consortium, that its consortium members together have) sufficient financial standing to act as Investor in relation to the Project, in the opinion of the Governmental Commission.

(e) The Candidate must not be exposed to any claims, proceedings or liabilities (either pending or within the previous five (5) years) which could cause its financial standing to fall below the level referred to in (d) above, as evidenced by the list of litigation and arbitration proceedings disclosed together with its EOI.

Annex 2 – Glossary

Building area	Calculated total floor area size (in square metres) of the planned buildings (including logistics service facilities as well as facilities for logistics intensive industries and trade);
CAPEX	Capital expenditure;
KPI	Key Performance Indicator;
Letting rate	The proportion of lettable space, hence land plots and buildings (logistics service facilities as well as logistics intensive industries and trade) that is actually let;
Ratio pallet places per sqm	Estimated average ratio of amount pallet places per square metre of floor area size of the planned buildings (related to logistics service facilities only);
TEU	Twenty-foot equivalent unit;
Throughput capacity	Calculated maximum throughput capacity in tonnes per annum based on planned total building area size (including logistics service facilities as well as facilities for logistics intensive industries and trade).