



PARTNERSHIP FUND

Attracting private sector financing to the energy projects in Georgia

July 2017

About The Partnership Fund

Snapshot

Background

- Established in 2011
- 100% State-owned
- Total Assets 3.0 bn USD
- Total Equity 1.0 bn USD

FitchRatings BB- (Outlook Stable)

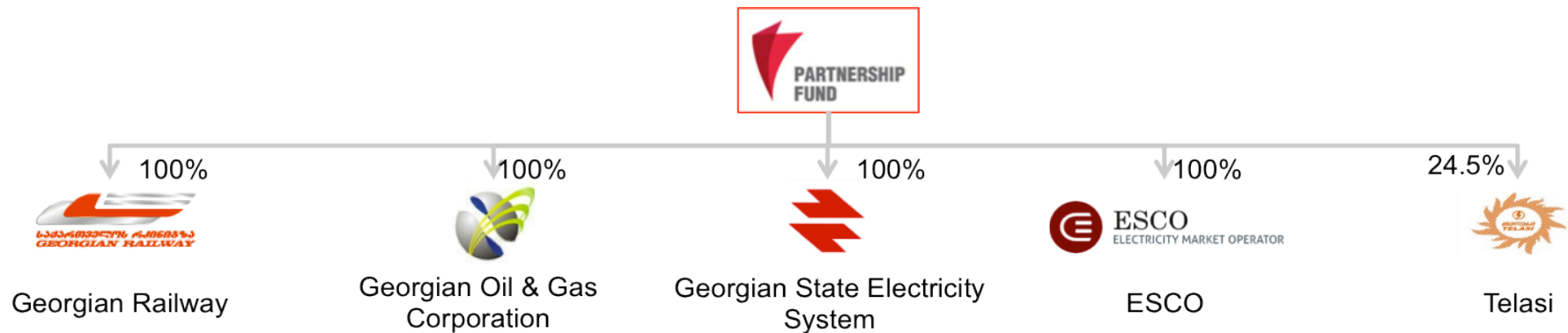
Mission

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

Corporate Structure

- **Supervisory Board** - eight board members: five Government officials and three top managers of the leading local commercial banks and chaired by Prime Minister of Georgia
- **Management Board** - an executive body of PF, responsible for the day-to-day management
- **Investment Board** - responsible for the assessment of investment projects and providing its recommendations to the Supervisory Board

Asset Management – Ownership of Georgia's Strategic Assets



Investment Activity – five key sectors

Energy

Agribusiness

Real Estate and
Tourism

Manufacturing

Logistics



About The Partnership Fund

Investment Mandate

Equity, Mezzanine and Debt Financing

- Greenfield as well as brownfield financing
- Stable mid-to-long term financing
- Predetermined exit strategy
- Enables projects to attract senior financing from commercial sources or IFIs

Investment Criteria

- Commercially viable projects
- Requested Fund's participation - up to 49% of project's total equity
- Experienced partner or availability of specialized operator
- Fund does not take part in daily business operations

Project Initiation

- Investors must present Business Plan and financial model
- Each Project goes through in-depth analyses and evaluation process conducted by a team of experienced professionals
- Fund also initiates feasibility studies by third party consultants in selected sectors and markets them to potential investors both in Georgia and abroad

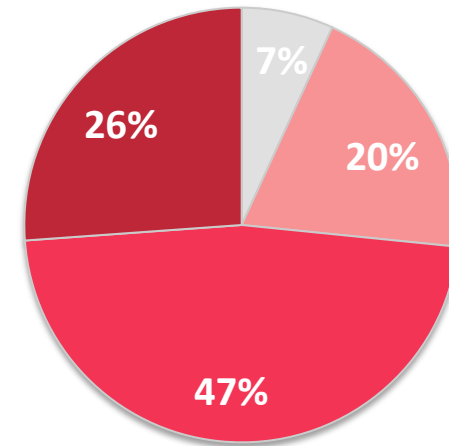
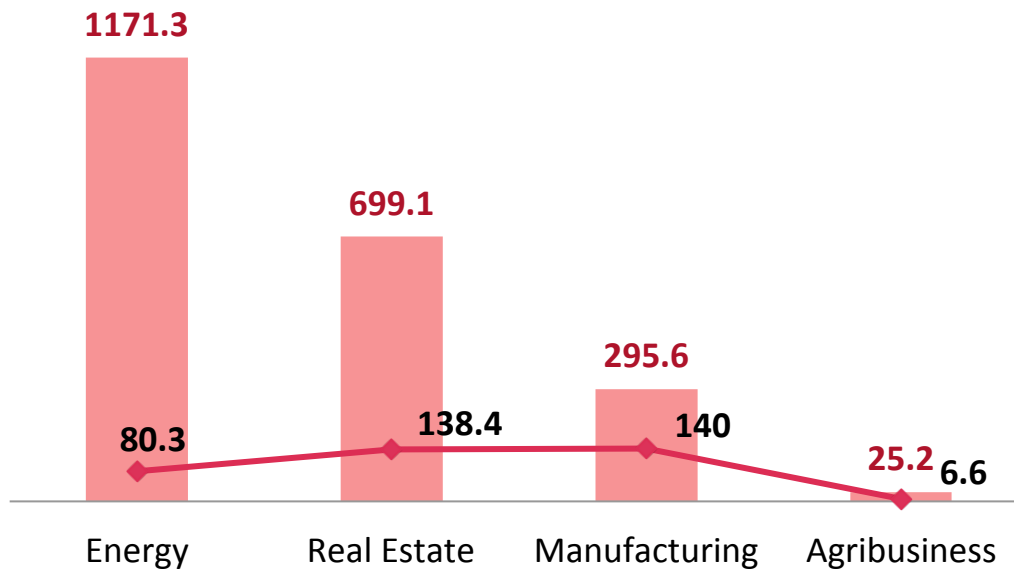
Partnership Fund's Portfolio

Snapshot

■ Total Projects Size (\$m)

◆ Funds Investment (\$m)

PF's **\$1** investment attracts additional **\$7** in the projects

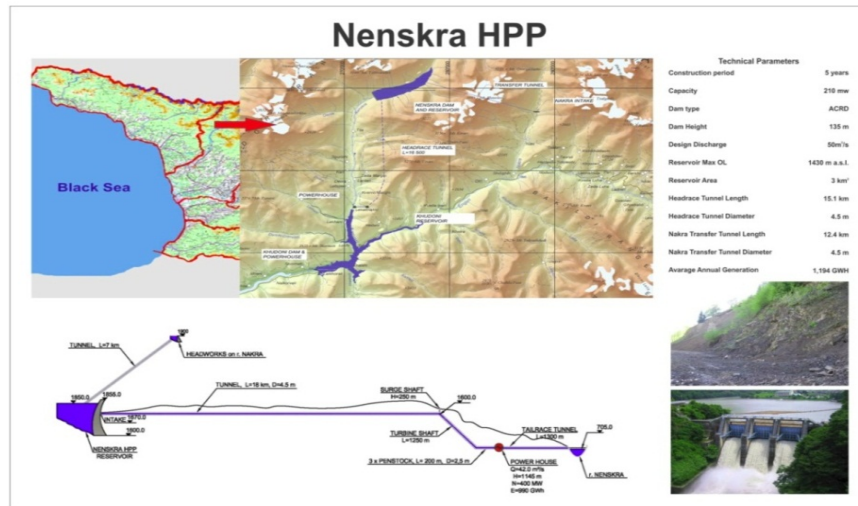


PF's investment by sectors:

- Energy
- Real Estate
- Manufacturing
- Agribusiness

- Total projects size 2.5 bn USD
- Fund's portfolio 300 m USD
- **16** projects are Under Implementation, more than **30** projects in pipeline, **3** projects Exited (with the average IRR of 17%), **8** projects - Completed and under operation
- Expected IRR 15-17%
- Fund invests with: OPIC, IFC, EBRD, EIB, ADB, other IFIs and private partners (Elbit Systems, K-water, KazMunaiGaz and etc.)

Investment Summary



- Location: Svaneti, Georgia (Nenskra river)
- Installed Capacity: 280 MW
- Potential Generation: 1,194 GWh.
- Project Cost (Including Financial Costs): \$895 mln
- Fund Participation: 26 mln USD
- Equity Structure
 - Fund - 10% K-Water (Korea) - 90%
 - Lenders: EBRD, ADB, EIB, KDB
- Lenders: EBRD, ADB, EIB, KDB
- Status: Under Construction

■ Main Sponsor



- K-water – a strong and experienced lead sponsor which is 100% owned by South Korean Government with AA3/AA- international credit rating

■ Project

- JSC Nenskra Hydro will sell 100% of dispatched electricity domestically (to ESCO).
- Implementation Agreement(IA), Power Purchase Agreement(PPA) and One full, fixed price, turnkey EPC Contract signed on Aug 2015.
- Hydro power plant is specifically projected for the state purposes: reduction of autumn-winter internal market deficit (replacement of import)
- K-water issued LNTF to EPC contractor and started equity investments;
- Intake Weir : 12.5 m(H), 50 m(L)
- Design Standard: ICOLD, EURO CODE



Thank you!

www.Fund.ge

(+995) 322 99 04 48

info@fund.ge