



HOW TO BUY A PROPERTY?

FOR POTENTIAL INVESTORS

Information on state-owned properties for sale can be obtained at the Ministry of Finance and Economy of Ajara A.R. Investors may explore web-pages www.mofea.ge and www.investinbatumi.ge for property sales.

The Ministry offers various types of properties for Greenfield (lands) and Brownfield (lands with buildings) investments for development of different businesses, such as:

- ▶ Tourism (recreational resorts, ski resorts, hotels, hostels, restaurants, cafes, etc.)
- ▶ Construction & Real Estate (residential, business, commercial areas, etc.)
- ▶ Agriculture (greenhouse farming, citrus & fruit farming, animal farming, vinery, tobacco products, etc.)
- ▶ Gambling (casinos, slot machines, etc.)

- ▶ Manufacturing (textile and leather, wood processing, food and beverages, plastics, metal and non-metal products, etc.)
- ▶ Regional and Global Logistic Services
- ▶ Other sectors

Once the decision is made, an application shall be filed at the Ministry where qualified and multilingual staff will assist you in choosing the relevant property for your business initiative.

The application form should include the following:

- ▶ Information about the applicant (a) for a physical person: name, address, identification number and contact details; (b) for a legal entity: name of the company and its director, identification code of the company).
- ▶ Land cadastral code (e.g. 05.01.06.010)
- ▶ The applicant's proposal must specify: what business will be managed on the purchased land, the amount of planned investment, the number of local people employed, and the timeframe (approximate date when the company will start operating).

WHO CAN APPLY AND HOW LONG DOES IT TAKE TO PURCHASE A STATE-OWNED PROPERTY?

N.B. Any interested party can apply to buy a state-owned property in Ajara. There is no distinction between a Georgian citizen and a foreign country citizen. An overseas investor goes through the same procedures as a Georgian citizen when buying a state-owned property in Ajara.

PROCEDURES FOR SALE SET BY THE MINISTRY

The Georgian Law on State Property Privatization lists 3 forms of privatization:

- Auction
- Direct Selling
- Direct Selling on the basis of competitive bidding

A buyer of the property may be a Georgian or a foreign citizen or a legal person or association of persons, whose property is less than 25% ownership of to the state or local governing body. In the case of agricultural land privatization, the buyer can be a citizen of Georgia or a private legal entity registered in Georgia.

The process of property privatization, lease and transfer of the rights is implemented by the Ministry of Finance and Economy of Ajara A.R.

The information about bids is published on the web page www.eauction.ge. After privatization the property owner can pay price in full price or by installments. The successful applicant of the auction must pay the property price within 7 - 30 calendar days. If the condition-bound auction is announced, the payment period must not exceed 2 years. In case of privatization through the condition-free auction, the purchase agreement shall be signed within 1 month after the auction is held.



- The decision of direct sale/direct sale on basis of the competitive bidding and direct property lease/transfer of rights is made by the Chairman of the Government of Ajara A.R. The purchase agreement shall be signed within 3 months after issuing the decision, and the successful applicant must pay the price within the period determined by the Chairman of the Government of Ajara A.R.
- In case of direct sale a buyer shall provide a bank guarantee before concluding the purchase agreement and in case of condition-based auction: within 1 month after the auction is held. The bank guarantee must be at least 5% of the investment obligations and the expiry date must exceed the period of meeting investment obligation by at least 2 months.



- In case of property privatization/lease/transfer of the rights the period for conducting an auction may be minimum 5 and maximum 45 calendar days.
- In case of bidding a deposit/bank guarantee must not be less than 10% of the initial privatization price. The validity of the bank guarantee must exceed the period of payment obligation by at least 15 calendar days.
- In case of privatization the ownership rights are transferred after a purchase agreement is signed and the filing with the corresponding registering authority is completed.

PROPERTY LEASING

The property can be leased with or without terms and conditions, with or without payment, with or without bidding.

It is banned to burden the leased property with a mortgage, a collateral, a servitude, or conclude any kind of ownership agreement and issue individual administrative-legal act to replace the owner, unless otherwise stated by law.

The beneficiary (physical or legal entity) of the leased property with the payment obligation must pay the lease price and maintain the property during the lease time. Transferring the property to physical or legal persons with or without payment and without an auction is possible only by the decision of the Chairman of the Government of Ajara A.R.

The bank guarantee/deposit must equal to the lease price of the 3 month period in case of the property leasing; if the property is leased within the period of less than 6 months, 30% of initial price must be paid. The validity of the bank guarantee/deposit must exceed the period of leasing time of at least 7 calendar days.