



## 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](http://www.mofea.ge) and [www.investinbatumi.ge](http://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](http://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 3month 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.



# LICENSES, PERMITS AND CERTIFICATES

## PROCEDURES FOR ISSUING CONSTRUCTION PERMIT

The main principles for setting the requirements and issuing permits are transparency and 'one-stop-shop'.

Buildings and civil works fall into 5 different classes:

Class I: No construction permit required

Class II: Low risk level

Class III: Moderate risk level

Class IV: High risk level

Class V: Extreme risk level (buildings of special importance).

The categorization is based on the parameters of buildings to be constructed and demolished.

The process for construction permitting covers three stages:

### STAGE I

Setting the conditions for city spatial planning: approval of conditions for land plot use for construction II, III, IV class buildings - up to 10 days. For recreational territories like: Bakhmaro, Bakuriani, Ureki-Shekvetili and also for buildings requiring eco expertise- up to 15 days. For V Class Buildings- up to 30 days. Approval of conditions for using a land plot for construction means determining the requirements for the construction project documents stipulated by law..

### STAGE II

Approval of an architectural/construction design (an architectural design, a structural layout or/and a technological design): up to 18 days. For IV, V Class Buildings and also for recreational territories: Bakhmaro, Bakuriani, Ureki-Shekvetili and also for buildings requiring eco expertise- up to 20 days. Approval on an architectural/construction design means agreeing on architectural, structural layout, technological design for a factory or/and industrial unit. All these documents might be required upon necessity.

### STAGE III

Issuing a construction permit, i.e. certificate: up to 5 days. As for V Class Buildings- up to 10 days. At this stage, a permit issuing authority shall receive documents required for the respective Class. If no other administrative authority is involved in the permitting, the process may be finalized in one stage incorporating all three stages.

The main requirements for constructing building on a land plot are as follows:

- Land plot development coefficient (K1)
- Land plot development intensity coefficient (K2)
- Land plot greenery coefficient (K3)
- Functional conditions of buildings
- Dimensions of buildings and number of floors
- Construction site setting if public space/area is used

Batumi Municipality approves the general plan for land use, which overrules the city zoning.

A finished constructed unit is put in operation after its conformity with the construction permit terms and conditions is confirmed and supported by respective documentation.

The decision on II class buildings commissioning is made in 5 days after application is presented, as for III class buildings- up to 15 days. The decision for IV and V class buildings and parts of buildings is made within 30 days.