

# Proposal for Potential Investors

- Fund of Direct Investments with the capital of 350 million USD in Georgia



Tbilisi  
2017

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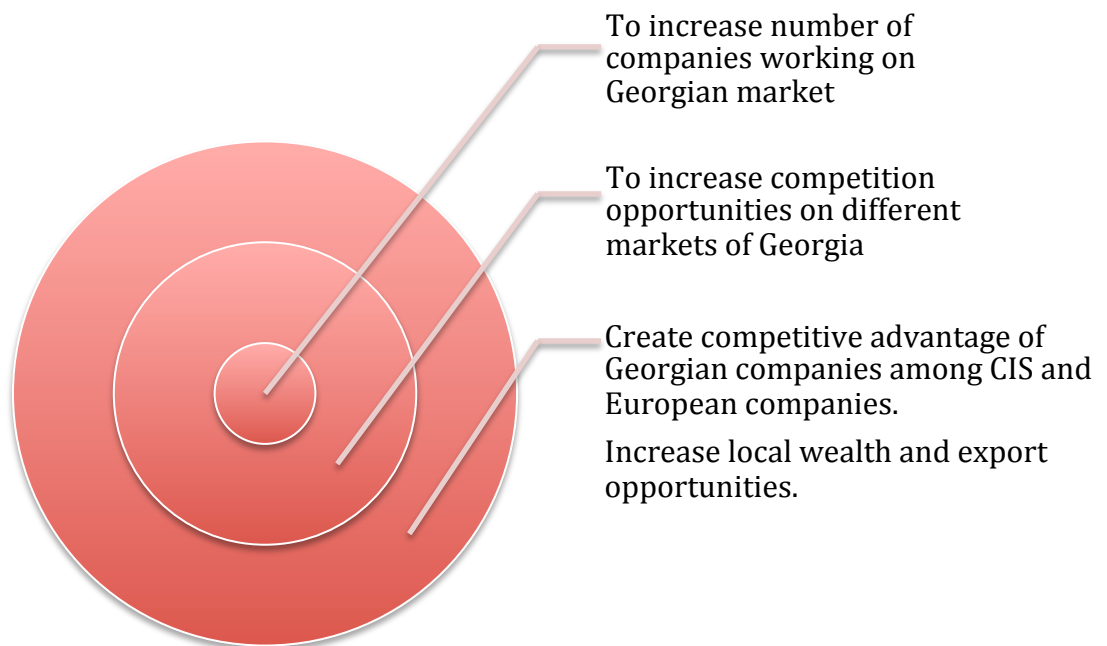
## **Vision .**

Company “DEGTYAREV CLUB GEORGIA” proposing good opportunity of creating fund of direct investments in Georgia with capital of 350 million USD during 10 years.

The fund will conduct a real investment in the enterprises of various industries (portfolio companies). The fund will invest its own money and funds of credit institutions in Europe, Asia and America.

Fund will implement activities by acquisition, merging or modernisation (informational technologies, human resources) of portfolio companies.

## **Main Goals of Fund:**



### **Objects of Investment:**

- Start-ups
- Companies with already working experience

Revenue of Fund will consist of income from started start-ups and from acquired or merged companies.

Main advantage of our proposal for potential investors is higher income (with less risk) compared to market interest rate.

The Income depends on the amount of invested capital in portfolio companies in long/short term.

It's more risky to invest in separate companies and get high revenue. We offer to invest in different portfolio companies assets which will become guarantee of high income.

### **Working Process of Fund .**

Fund will be actively involved in financing portfolio companies and increase their market value by experience of Georgian companies management and sell directly to interested bodies or by IPO.

A) After receiving financial resources fund will buy shares of existing Georgian companies and create start-ups.

DEGTYAREV CLUB GEORGIA proposes three type of strategy of portfolio company management:



Also there are additional tools in order to increase efficiency of portfolio companies:

- Participation in mission, goal and strategy management.
- Create company short term and long term goals.
- Case studies
- Risk Management
- Evaluation of Business
- Write Business plan

B) After Increasing market values of portfolio companies Fund will use two separate ways:

## 1 Way

- Sell company directly to interested entities who owns required financial resources to purchase company or company assets

## 2 Way

- Go on IPO which offers different private investors and companies good opportunities invest their capital in company shares

### C) Fund Management:

DEGTYAREV CLUB GEORGIA with international consulting firms will manage fund.

#### Responsibility of team are:

- Detailed studies of Georgian market, find opportunities and trends, create proposals of portfolio investments.
- Discussion three type of proposals on DEGTYAREV CLUB GEORGIA committee:
  - Start-Up ,
  - Existing business development
  - Business management.
- Negotiate investors on interest rate and on commission of DEGTYAREV CLUB GEORGIA team.
- Create diversified package of proposals.
- Plan and implements different type of programs which will help to increase market value of company.
- Internal control management.
- Manage independent working of each department of portfolio company. Each investments is under DEGTYAREV CLUB GEORGIA team management.

## **Proposal of Portfolio companies.**

<b>Business</b>	<b>Capital</b>	<b>Action Strategy of Portfolio companies</b>	<b>Direct Investment (mln. USD)</b>	<b>NPV (USD) before sales</b>
<b>Purchase of land plots in Tbilisi (Krtsanisi, Saburtalo, Tskneti, Digomi) for selling opportunities after 3 years</b>	Beginning Stage of Finance	Minimum Investment (1 Strategy)	53,6	10,2
<b>Purchase of existing business (Hotels, Restaurants, Business centres in Tbilisi, Mestia and Bakuriani) for selling opportunities after 5 years</b>	Increase of Capital	Partnership (3 Strategy)	17	4,4
<b>Hotel management, Construction of new Hotels with Casino (Batumi, Tbilisi, Gudauri) for selling opportunities after 7 years</b>	Beginning Stage of Finance	Start-up (2 Strategy)	18,9	3,6
<b>Construction of trade and entertainment centres in Tbilisi for selling opportunities after 7 years</b>	Beginning Stage of Finance	Start-up (2 Strategy)	96,2	8,7
<b>Manufacturing factories to increase local production (packaging, cartoon, sugar, construction materials) for selling opportunities after 7 years</b>	Beginning Stage of Finance	Start-up (2 Strategy)	120,6	10,5
<b>Construction of mineral water production factories</b>	Beginning Stage of Finance	Start-up (2 Strategy)	2,8	7,2

**for selling  
opportunities after 7  
years**

**Investment in existing  
wineries for selling  
opportunities after 7  
years**

Increase of  
Capital

Partnership  
(3 Strategy)

3,5

0,7

**Acquisition of  
hygienic materials  
business for selling  
opportunities after 5  
years**

Increase of  
Capital

Partnership  
(3 Strategy)

10,5

1,8

**Build cow and sheep  
farms for selling  
opportunities after 7  
years**

Beginning  
Stage of  
Finance

Start-up  
(2 Strategy)

0,8

0,8

**Construction of  
Hydro Power plants  
(6mgv) on the river  
IORI in Georgia c for  
selling opportunities  
after 10 years**

Beginning  
Stage of  
Finance

Start-up  
(2 Strategy)

9,7

1,6

**Total:**

333,6

49,5

### **Conclusion.**

Direct Investment industry well developed in the middle of 80's in Europe and stated following points:

Direct Investment strengthens economy by creating new companies and updating old ones.

- It helps to develop deep knowledge of company management, creating new work places and gain competitive advantage on international market.

Direct investments help private companies develop on local market and increases level of innovation and transparency in management of companies.

- Direct Investment helps to develop local workforce skills.

We hope our proposal will interest potential investors and "Business Angels".

Sincerely,  
Partner  
Partner

Konstantin Berianidze  
Sergey Degtyarev