

REAL ESTATE DEVELOPMENT PROPOSAL – TBILISI, GEORGIA

3 STORY APARTMENT BUILDING

Residential construction has been increasing in Tbilisi, Republic of Georgia, driven by a growing demand for more modern apartments, an influx of new residents, and economic improvement which is stimulating residential sales. The greatest limiting factor in the construction of new properties is financing. Interest rates are extremely high (anywhere from 20% to 45%) requiring that most new projects are self-funded. Although this is a problem for builders it is a tremendous opportunity for investors. Costs of construction and materials are low. Demand is high. Supply limited. Return on Investment exceptional!

The following proposed project is for a three (3) story middle income apartment complex of approximately 2100 square meters. Costs include purchase of land, all materials, labor, government fees, ongoing project accounting, and costs of sales (including commissions and VAT). The Developer will receive NO profits until the project is completed, and the investors have been paid in full. After return of principal Investors will be guaranteed to receive 40% of the Net Profits or 30% of the principal invested, whichever is greater.

The project is located in one of the most popular residential areas of Tbilisi. Current prices for such properties start at \$1500 per square meter. We believe this property will sell for at least that amount, perhaps more. In the following analysis we used this number to suggest the possible Return on Investment of 54.5%. We also included a “Worst Case Scenario” of selling at \$1000 per square meter to show that even in that unlikely scenario the Investor will still make 30% on the investment.

Expected Construction Period: 8 to 12 months.



COST AND PROFIT ANALYSIS

TOTAL COST OF PROJECT	\$1,000,000.00		
		@ \$1000/sqm	@ \$1500/sqm
PROJECTED GROSS REVENUE:	\$2,100,000.00	\$2,100,000.00	\$3,150,000.00
COST OF SALES – est 25% (commissions & VAT)	\$525,000.00	\$525,000.00	\$787,500.00
NET REVENUE	\$1,575,000.00	\$1,575,000.00	\$2,362,500.00
NET PROFIT	\$575,000.00	\$575,000.00	\$1,362,500.00
INVESTOR GUARANTEED 30%	\$300,000.00		
INVESTOR 40% OF NET PROFIT	\$230,000.00		\$545,000.00
RETURN ON INVESTMENT		<u>30.0%</u>	<u>54.5%</u>

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