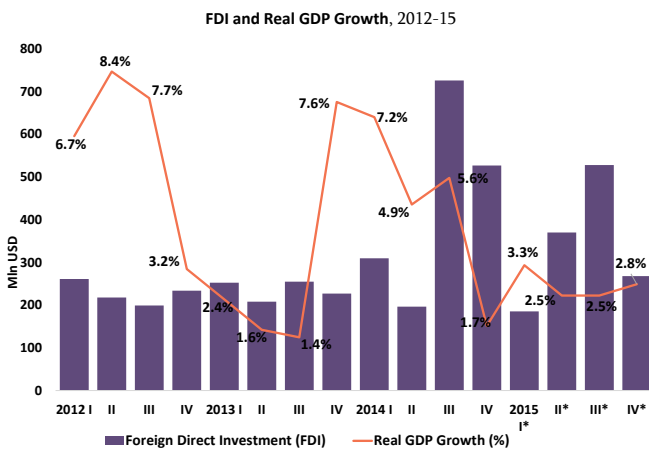


In 2015, according to the preliminary data, the volume of Foreign Direct Investment (FDI) amounted to US\$1 351 mln in Georgia, which is US \$407.4 mln less than the adjusted indicator of 2014. This indicator is an important gauge of the stability of the economic environment and exchange rate.

In this period, the biggest investors in Georgia by country were Azerbaijan (40.1%), United Kingdom (14.1%) and Netherlands (8.2%). According to sectors, the highest proportion of FDI was in the transport and communications sector (44%), while the most attractive location for investors was still Tbilisi (81%).



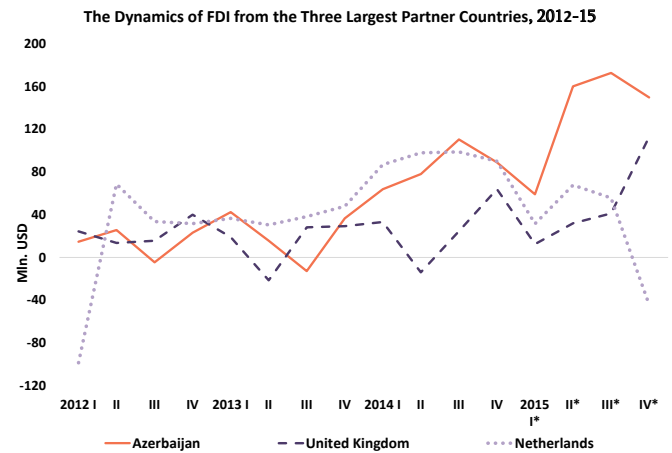
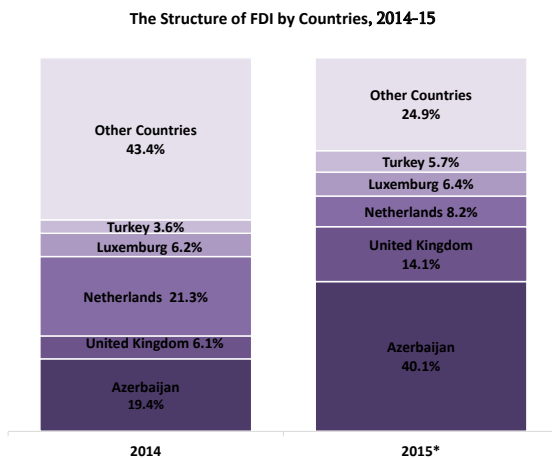
In 2015, the volume of FDI increased by 23.2%, compared to 2014. It decreased during the first quarter (-40.2%), third quarter (-27.3%) and fourth quarter (-49.1%), but during the second quarter it showed significant growth (88.6%).

In this period, FDI amounted to 8% of GDP, which is 2.7 percentage point less compared to the corresponding indicator of 2014.

In 2015, according to the preliminary data, the growth of real GDP amounted to 2.8%. In the first quarter, GDP saw an increase of 3.2%, while in the second and third quarters it rose by 2.5%, and in the fourth quarter it increased by 2.9%.

Source: GeoStat

In 2015, the top five investors in Georgia by country were as follows: Azerbaijan (40.1%; US \$541.8 mln), United Kingdom (14.1%; US \$198.4 mln), Netherlands (14.2%; US \$111 mln), Luxembourg (6.1%; US \$86.6 mln) and Turkey (10.8%; US \$77.3 mln). This breakdown differs from the FDI results in the previous year. In 2014, the top five foreign investors included China (12.4%, US \$217.9 mln) and USA (10.3%, US \$181.9 mln), while Turkey and the United Kingdom were not among them.



Source: GeoStat

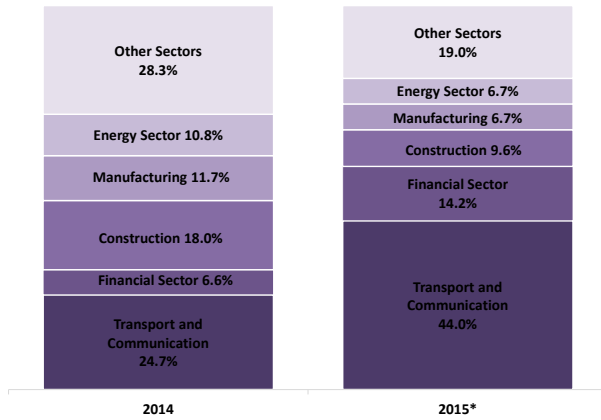
In 2015, compared to 2014, the volume of FDI increased from the following countries: Azerbaijan (58.7%), United Kingdom (96.3%) and Turkey (22.5%), while FDI decreased from Netherlands (-70.3%) and Luxembourg (-21.0%).

In 2015, the breakdown of FDI by economic sector was as follows: transport and communications (44%), financial sector (14.2%), construction (9.6%), manufacturing (6.7%), energy sector (6.7%) and other sectors (19%). This composition differs from the FDI structure of 2014. In 2014, included in the top five sectors was real estate (7.9%), while the financial sector did not appear.

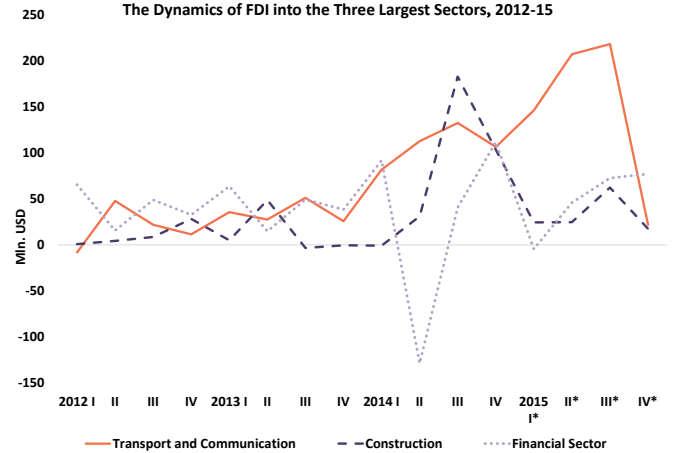
In 2015, compared to the previous year, the volume of FDI into the transport and communications sector increased (37%), while its share of overall FDI also increased (19.3 percentage point). It should be noted that in the period of 2012-2015, the volume of FDI into the transport and communications sector showed an increasing trend, but in the fourth quarter of 2015 the volume of investments into this sector declined significantly (-79.5%).

In 2015, compared to 2014, the volume of investments into the financial sector increased significantly (65.8%), while construction (-59.2%), manufacturing (-55.8%) and the energy sector (-52.7%) all suffered a decline in this regard.

The Structure of FDI by Sectors, 2014-15



The Dynamics of FDI into the Three Largest Sectors, 2012-15

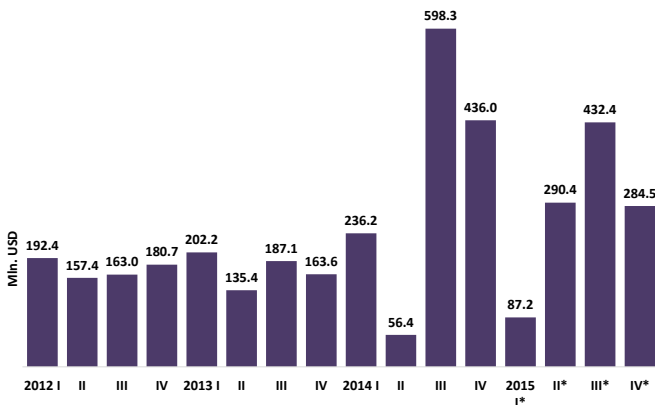


Source: GeoStat

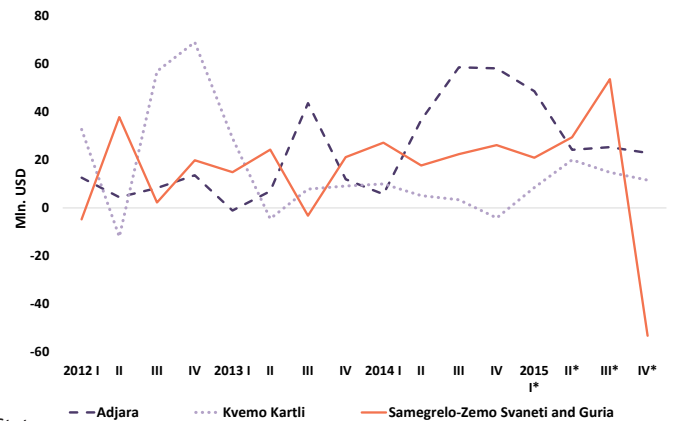
In 2015, the total volume of FDI into Tbilisi increased by 17.5%, compared to the previous year. FDI to the other regions of Georgia declined more than in Tbilisi, meaning that the capital's share of total FDI increased by 5.5 percentage point and reached 81%.

In 2015, the most popular regions, after Tbilisi, among foreign investors were: Adjara (9%), Kvemo Kartli (4.1%) and Samegrelo-Zemo Svaneti and Guria (3.8%). Here, compared to the previous year, the volume of investments increased in Kvemo Kartli (0.3%), while the inflows of FDI in Adjara (-23.8%) and in Samegrelo-Zemo Svaneti and Guria (-45.7%) declined.

The Dynamics of FDI in Tbilisi, 2012-15



The Dynamics of FDI in the Three Largest Regions, 2012-15



Source: GeoStat

Basic Economic Indicators	2012	2013	2014	I 2015	II 2015	III 2015	IV 2015	2015
Nominal GDP (mIn USD)	15846.8	16139.9	16528.5	3325.0*	3407.6*	3545.0*		
Per capita GDP (USD)	3523.4	3599.6	3680.8	884.5*	913.4*	950.5*		
GDP real growth (%)	6.4%	3.3%	4.8%	3.2%*	2.5%*	2.5%*	2.9%*	2.8%*
Consumer Price Index (annual average)	99.1	99.5	103.1					104.0
Foreign Direct Investment (mIn USD)	911.6	941.9	1 758.4	175.3*	354.7*	489.0*	267.9*	1 351.1
Unemployment Rate (%)	15%	14.6%	12.4%					
External Public Debt (mIn USD)	4739	4202	4200	3989	4181	4195	4315	4315
Poverty level (relative)	22.4%	21.4%	21.4%					

Source: National Statistics Office of Georgia
National Bank of Georgia
Ministry of Finance of Georgia

Forecasted*