

AC Milan's Kaladze Plans \$1.5 Billion Georgian Fund (Update1)

By Helena Bedwell



April 3 (Bloomberg) -- AC Milan soccer star **Kakha Kaladze** and two former members of the government seek to raise \$1.5 billion to invest in his native Georgia, whose economy has grown an average of 9.3 percent a year since 2004.

Kaladze, together with former Prime Minister **Zurab Noghaideli** and ex-Finance Minister **Alexi Aleksishvili**, plan to invest in projects ranging from property development to hydropower through their new fund, **Kala Capital**, Kaladze said by telephone from Milan today. Their project has the support of President **Mikheil Saakashvili**.

"We're in talks with individual and institutional investors in the U.K., the U.S. and some in Italy, who are especially interested in our energy projects," Kaladze said. "We'll announce their names when talks are complete."

Georgia, a Black Sea country of 4.6 million people located between Russia and Turkey, expects to lure \$2 billion in foreign investment this year, according to Saakashvili. Its \$10 billion economy expanded 12.4 percent last year, the most since the Soviet Union collapsed in 1991.

Saakashvili said he's "confident" Kaladze's company will be successful. "It has huge potential," he said. "

Football doesn't last forever, and it's great to see successful Georgians like **Kakha Kaladze** coming home to take part in the country's development," Saakashvili said at a Kala presentation in Tbilisi earlier this week.

Trendsetter

Kaladze said Kala's first venture, **Progress Bank**, is scheduled to open in September. Another unit, Capital Energy, will invest in hydro and wind power, while a third, Arsenal, will build one of the largest residential, hotel and business complexes in Tbilisi, he said.

The 10-year investment target, if achieved, "would equal something like 6 percent of direct foreign investment over the period," said **Yulia Tsepliaeva**, a Moscow-based economist at Merrill Lynch & Co. "If he does it, a lot of other successful Georgians with careers abroad could do something similar."

Kaladze became the most expensive Georgian soccer player ever in 2001, when AC Milan paid Ukraine's Dinamo Kiev a transfer fee of 16 million euros (\$24.9 million) for him. Georgian mobile-phone operator **Magti GSM** made him the face of its national advertising campaign last year.

'Name and Reputation'

"The biggest thing I bring to this project is my name and my reputation," Kaladze said.

Fame has come at a cost for Kaladze. His brother Levan was kidnapped for ransom and then murdered in Georgia in 2001. Five people were convicted for the crime.

"I had kept away from doing business in Georgia because of my family circumstances, but I never lost interest," Kaladze said.

Vazha Beridze, head of the Tbilisi-based Association of Young Businessmen and Financiers, said

Kaladze has every chance of succeeding as an investor in Georgia.

"His partners are experienced businessmen. They have the money, the reputation and the approval of the government," Beridze said. "They're off to a great start, but it will be a few years before we see how well they deliver on their promises."

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Last Updated: April 3, 2008 11:15 EDT