

## AUCTION RULES

### Article 1. General Part

1. The present Auction Rules (hereinafter referred to as "Auction Rules") have been approved by the shareholders of "Qartli Wind Farm" LLC (hereinafter referred to as "**company**"): JSC Georgian Energy Development Fund (hereinafter: the "**Fund**") and JSC Georgian Oil and Gas Corporation (hereinafter referred to as "**the Corporation**", hereinafter together referred to as "**Sellers**") and this statement is based on the Action Plan (hereinafter referred to as the "**Action Plan**") of alienation in the form of a public auction of a 100% shares of "Qartli Wind Farm" LLC , approved by the Decree No. 1963 of Government of Georgia on September 13, 2019 and determines the terms and conditions of the alienation of 100% shares of Sellers in the authorized capital of the company in the form of the public auction (hereinafter "**the Auction**").
2. The purpose of the auction is to ensure the transfer of ownership of the shares through the auction to the person that will offer the highest price for the purchase of the "shares" during the auction and pay in accordance with the rules of the auction.
3. The "Auction" shall be conducted on the basis of the applicable legislation, Action Plan and the present Rules for conducting the auction.

### Article 2. Auction Commission

1. Organizing the Auction and identifying the winner is ensured by the auction commission established by the Sellers consisting of 3 members:
  - George Chikovani (P / N 01026005186) Chairman / Member
  - Giorgi Chachibaia (P / N 62001037359) - Deputy Chairman / Member
  - Vazha Khidasheli (P / N 01008001106) - Member
  - Jubo Turashvili (P / N 01001072930) - Secretary of the Commission
2. The decision of the Auction commission is made at the session of the commission. All members of the commission shall be notified about the convocation and agenda of the meeting.
3. The meeting is authorized to make a decision if all members of the commission are present. The Commission shall decide unanimously on any matter.
4. The auction commission provides:
  - 4.1. Receipt / registration of the bidders;
  - 4.2. Disclosure of confidential information to shareholders on the basis of the relevant non - disclosure agreement;
  - 4.3. Examine applications received and request additional information / documentation from interested parties if necessary;
  - 4.4. Disqualification of bidders;
  - 4.5. Conducting Auction and identifying the winner;
  - 4.6. Approving the results of the Auction;
  - 4.7. Conduct other activities to organize the auction and identify the winner.

### **Article 3. Introducing Confidential Information / Documentation**

1. In order to provide interested persons with the opportunity to participate in the Auction, the fee for acquiring confidential information / documentation related to “Qartli Wind Farm” LLC shall be set at 5000 (five thousand) GEL.
2. The fee shall be paid by depositing money into the bank account of “Qartli Wind Farm” LLC.
3. The amounts paid pursuant to this Article shall be distributed as a dividend to the sellers in proportion to the shares in their possession prior to the conclusion of the share purchase agreement.

### **Article 4 - Auction Announcement**

1. Sellers shall, at least 2 months prior to the Auction, ensure that the announcement (hereinafter referred to as the “Announcement”) of the alienation of the shares in form of a public auction is published on the company’s and Sellers' websites.
2. The Announcement shall include the following information:
  - a) Description / listing of the Shares and property owned by the company;
  - b) The time and place of completion of the application for bidding (hereinafter referred to as the "Application for bidding");
  - c) Conditions for participation in the Auction;
  - d) Form and conditions of the guarantee for the conclusion of the Share Purchase Agreement;
  - e) Rules and conditions for conducting Auction trading and identifying the winner;
  - f) Draft pre-sale agreement and draft share agreement.
3. Anyone wishing to participate in the Auction may obtain information about the shares and the company prior to the auction. Confidential information shall be transmitted to the auctioneer on the basis of the documentation provided for in Article 5 (1) of this Rule.

### **Article 5. Pre-qualification Stage**

1. The interested parties shall submit the following documents to the Commission in order to participate in the Auction:
  - a) An application on signing a non-disclosure agreement (enclosed form) for the purpose of acquainting with the documentation related to “Qartli Wind Farm” LLC for the purpose of participation in the auction;
  - b) Document certifying payment of confidential information / documentation fee;
  - c) Contact information of interested person (telephone, address, e-mail);
  - d) Identity card of representative of interested party and document of representation (if interested person acts through representative);
  - e) The Action commission is entitled to request from the interested party any additional documentation;
2. The "Auction Application" shall be submitted to the Commission not later than 15 days prior to the Auction.

3. In order to participate in the auction, after disclosing confidential public documents, but 15 days prior to the auction, the interested parties shall additionally submit:
  - Unconditional and irrevocable bank guarantee for securing a share purchase agreement - 1,500,000 (one million five hundred thousand) GEL to be issued by a commercial bank licensed in Georgia. The amount of the guarantee shall not exceed 15% of the share capital of the issuing bank. The warranty period shall be at least two months longer than the deadline for the Buyer to discharge its obligations.
  - Information about the interested person:
    - a) **in the case of a natural person:**
      - a.a) Identity card;
      - a.b) Guarantee provided for securing a share purchase agreement.
    - b) **in the case of a legal person:**
      - b.a) Registration Certificate (excerpt);
      - b.b) Charter;
      - b.c) Identification of the person authorized for Society's leadership / representation and document confirming their authority;
      - b.d) Certificate from the relevant institution that no insolvency case is being conducted against the Society;
      - b.e) A certificate from a relevant institution that no public-law restriction on the property of the interested person has been registered;
      - b.f) Certificate from the relevant institution that there is no reorganization or liquidation against the interested person;
      - b.g) About the Interested person's beneficial owner;
      - b.h) The decision of the authorized management body of the interested party on the conclusion of the share purchase agreement in case of participation and winning of the interested person in the Auction;
4. The documents referred to in paragraph 3 of this Article shall be prepared /issued by the next Auction date and shall be duly certified (notary / legalization/apostille).
5. After the expiry of the deadline for submission of applications, the application shall be rejected.
6. The Auction Commission shall study the submitted documentation and, in the absence of any defect, shall notify the interested parties on the compliance of the submitted documentation with the Auction conditions. In case of non-submission of documents and / or improper submission of the documents, the interested person will not be admitted to the auction.

#### **Article 6 - Conditions for Participation in the Auction**

1. On April 12, 2016, the Fund, the Corporation, the company, and European Bank for Reconstruction and Development (hereinafter "EBRD") signed a Project Finance, Subordination and Share Agreement (hereinafter "the Agreement of April 12, 2016"). The information and documents referred to in paragraph 1 of this Article shall be promptly provided to EBRD for the purpose of carrying out the checks provided for in paragraph 5 (b) of Article V of this Agreement.

2. The Bidder who has made the choice under Article 7, paragraph 2 (b), by submitting a "Notification of Non-Disclosure Agreement" and / or "Auction Application", acknowledges and agrees to:
  - a) He is obliged to negotiate independently, without any involvement and / or support of the "Sellers," with regard to the passage of the checks provided for in Article 5 (b) of Article V of the Contract of April 12, 2016 and / or the acquisition of EBRD's consent to the acquisition of "Shares";
  - b) In order to comply with the requirements of Article V, Section 5.01 (b) of the Contract of April 12, 2016, he shall furnish any information that may be required by EBRD for the purposes of the same Article of the Agreement of April 12, 2016;
  - c) The Sellers, taken separately as well as together, are not responsible for delaying EBRD's decision under paragraph 3 (b) of this Article and / or delaying EBRD's consent to the acquisition and / or purchase of the "shares". / Or refusing to consent and / or based on these facts;
  - d) The Sellers are exempt from any and all liability and / or claim that may be directly or indirectly related to the disqualification provided for in paragraph 3 (b) of this Article and / or delay in obtaining and / or refusing to consent to EBRD's acquisition of the shares and / or deriving from these facts.
3. The bidder is disqualified:
  - a) On the grounds set forth in paragraph 2 (c) of this article, and / or when EBRD" delays the EBRD's consent to the acquisition of "Shares" and / or refuses to consent, unless the person participating in the "Auction" has already undertaken, or undertakes, after receiving a EBRD request, to pay the required amount to the Sellers for the purpose of repaying the EBRD's loan in advance (hereinafter "Prepaid Loan Amount"), which issued under a Loan Agreement between EBRD and the company on January 11, 2016 (considering the changes that were made on September 11, 2016, hereinafter "the Loan Agreement"), and/or
  - b) In other cases provided for by the "Auction procedure".
  - c) If after the Auction and the winner is identified he is disqualified on the grounds provided for in paragraph 2 (c) of this Article, the winning person shall be obliged to pay the Sellers "Repaid loan Amount", otherwise, the Sellers may use the warranty provided to secure the contract.

#### **Article 7. Initial Price of Shares and Auction Trading.**

1. The Bidder, by registering as a Bidder, confirms and agrees that the purchase price of the shares (hereinafter referred to as the "Bid Price") is the sum of the following components:
  - a) The value of the "Shares" themselves, which will be formed as a result of the Auctioning. However, the initial value of the "Shares" will be determined by the audit firm BIDIO.
  - b) "Prepayment Loan Amount", in the cases provided for by this Rule, if the person wishing to participate in the Auction has indicated his willingness to pay.
2. For the purposes of Auction trading, the initial value of the shares referred to in paragraph 1 (a) of this Article shall be used.

3. The initial value of the shares shall be - 14,250,000 (fourteen million two hundred and fifty thousand) USD equivalent GEL, in accordance with the official exchange rate established by the National Bank of Georgia at the date of payment.
4. The bid for trade is US \$ 150,000 (Hundred and Thousand Thousands) equivalent in GEL.

#### **Article 8. Rule of Participation in Auction Trading**

1. Auction trading shall be conducted in accordance with the "Action Plan" and the "Auction Rules" hereof.
2. When submitting the "Auction Bid", the person wishing to participate in the Auction shall state in writing his choice in case of winning the Auction:
  - a) Pay the "Sellers" the "Prepaid Loan Amount", or
  - b) Ensure that EBRD has consented to the acquisition of the "Shares", replacement of the company in the Loan Agreement and the Project Agreement (hereinafter referred to as the "Project Agreement" with the Loan Agreement) and waiving the obligations of the Fund and the Corporation under the Project Agreement.

#### **Article 9. Preliminary and Final Agreements Rule on Purchase of Shares**

1. 1. Within 10 days after the Commission has approved the results of the auction, the winner (hereinafter referred to as the "Winner") shall conclude with the Sellers a prior agreement for the purchase of "Shares", under which the "Winner" shall ensure:
  - a) In the event of his declaration under Article 6 (2) (a) and Article 4 (4) (a) - Transfer of the "Purchase Price" to the bank account designated by the "Sellers" within 20 days of the signing of the pre-contract;
  - b) In the event of a declaration under Article 6 (2) (b), he shall provide:
    - b.a) Within 40 days of the prior agreement, EBRD consent to the acquisition of the "Shares", the replacement of "company" in the "Project Agreements" and the exemption from the obligations of the Fund and the Corporation under the "Project Agreements" (including the signing of relevant agreements and entry into force). The "Winner" shall be fully responsible for the fulfillment of the terms and conditions set out in this subsection and relieve the "Sellers" of any liability and / or claim arising out of or in connection with the non-fulfillment of these terms;
    - b.b) Transfer of the "purchase price" to the bank account designated by the "Sellers" within 20 days of receiving EBRD consent.
2. Within 15 days after the full fulfillment of the obligations assumed by the previous contract, the "Winner" shall conclude the main contract of Purchase of Shares and registration of the transfer of ownership of the shares to the "Winner" in accordance with the legislation.
3. Without prejudice to the provisions of Article 9, failure by the "winning person" to fulfill its obligations under the prior agreement within the time limit prescribed shall result in the loss of the right to purchase "shares" by the "Winner", termination of the prior agreement, transfer

of the full amount of the guarantee of the purchase agreement to the "Sellers" and the application of other measures of liability under the prior agreement and applicable law.

#### **Article 10. Responsibility of the "Winner"**

1. In the event of failure to comply with the terms of the pre-auction and / or "Auction" and / or the final agreement, the Sellers shall be entitled to apply in writing to the Auctioneer and "Winner" and to specify an additional reasonable time limit for performing the obligations. At the same time, until the payment obligations are fully fulfilled, the "Winner" will be subject to a penalty amounting to 0.1% of the unpaid amount on each overdue calendar day. Issues relating to the use of liability measures against the Auctioneer and the "Winner" are governed by the present "Auction Rules", the "Application", the Preliminary and Final Purchase Agreements. At the same time, the Sellers will be entitled to require the issuing guarantor to make a "share" purchase agreement without unconditional transfer of the full amount of the Guarantee to the Sellers' bank account.
2. In the event of full and / or non-performance by the "Winner" of its obligations under the Additional Terms set forth by the "Sellers," the Sellers shall be entitled to unilaterally terminate the Prior Share Purchase Agreement. In the event of termination of the Agreement, the Sellers will be entitled to require the Organization issuing a guarantee for the conclusion of a Share Purchase Agreement to unconditionally deposit the full amount of the Guarantee into the Sellers Bank Account.