



**GEORGIAN
POST**

**Electronic Auction (eAuction)
Terms & Conditions of Sale**

For

**51% of Shares of Georgian Cargo LLC
Owned by Georgian Post LLC**

2021

Terms and conditions for sale of 51% share in Georgian Cargo LLC. (ID No: 203836233) owned by Georgian Post LLC (ID No: 402155190) via electronic auction (eAuction)

1. Subject of the Auction and Time Frames Thereof

Georgian Post LLC, as an universal postal operator, invites interested parties to participate in the electronic auction (**eAuction**) announced for the sale of a 51% share in Georgian Cargo LLC, owned by Georgian Post LLC and respective investment, in accordance with present terms and conditions.

1.1. Initial Value of the Share

The initial value of the 51% share of Georgian Cargo LLC (ID No: 402155190; Legal address: 2, Station Square, 4th floor, Tbilisi) owned by Georgian Post LLC (ID No: 203836233) is 3 500 000 (three million five hundred thousand) GEL.

Registration of the winner of the auction as the owner of the 51% share of Georgian Cargo LLC in the Register of Entrepreneurs and Non-Entrepreneurial (Non-Commercial) Legal Entities is considered to be the purchase of the 51% in Georgian Cargo LLC.

1.2. Investment Obligation

1.2.1. Investment of at least 8 000 000 (eight million) GEL in the capital of Georgian Cargo LLC shall be made within 24 calendar months from the purchase date of the 51% share in Georgian Cargo LLC by the winner of the auction.

1.2.2. The investment by the winner of the auction in the capital of Georgian Cargo LLC will not lead to an increase of the 51% of the shares owned by the winner.

1.2.3. Before all the terms and conditions of the present Auction Terms are fulfilled, the relevant obligations will be registered in the Register of Entrepreneurs and Non-Entrepreneurial (Non-Commercial) Legal Entities on the 51% share of Georgian Cargo LLC transferred to the ownership of the winner of the auction. The registration of the mentioned obligations will be terminated immediately upon confirmation of fulfillment of the obligations by Georgian Post LLC.

1.2.4. Upon the agreement with Georgian Post LLC, the winner of the auction will be entitled to invest machinery, equipment, automated equipment and devices, vehicles/transportation facilities and other inventory required for international cargo and logistics business into Georgian Cargo LLC instead of monetary investment in accordance with paragraph 1.2.1 of the present Auction Terms. The value of the material contribution (determined by an audit assessment qualified as an auditor and registered in the registry published on the website of the Accounting, Reporting and Audit Supervision Service Auditors as the person performing Financial Reporting

Audits of the Persons of Public Interest) will be considered as the part of the investment sum.

- 1.2.5. The investment of the asset in accordance with paragraph 1.2.4. by the winner of the auction into the Georgian Cargo LLC capital will not lead to increase of the 51% share owned by the winner.
- 1.2.6. The investment made by the winner of the auction into the capital of Georgian Cargo LLC shall be used to finance the capital expenditures required for development of international cargo and logistics business of Georgian Cargo LLC within the time frame provided in paragraph 3.2. and launching of the business of Georgian Cargo LLC as per paragraph 3.4. of the present Auction Terms.

1.3. Guarantee Amount (Down Payment) for Participation in the Electronic Auction (eAuction)

The guarantee amount (down payment) for participation in the electronic auction (eAuction) is 705 000 (seven hundred and five thousand) GEL, which can be submitted in the form of a bank guarantee and/or non-cash payment.

The term of validity of the guarantee amount (down payment) shall exceed the term of payment of the full cost (value) of the share with 30 calendar days.

- 1.3.1. The guarantee amount (down payment) paid by the winner of the auction for participation in the auction remains with Georgian Post LLC if:
 - the winner of the auction does not present within the time frame determined by this Auction Terms requested documentation or the documentation presented reveal that the winner of the auction does not meet the Auction Terms requirements;
 - the winner of the auction does not present an unconditional and irrevocable bank guarantee in accordance with paragraph 4.1. to ensure obligations/liabilities pursuant to the present Auction Terms;
 - the winner of the auction refuses to execute a Georgian Cargo LLC 51% share purchase agreement or registration of the share in the Register of Entrepreneurs and Non-Entrepreneurial (Non-Commercial) Legal Entities as per the present Auction Terms;
 - the Georgian Cargo LLC 51% share purchase agreement with the winner of the auction is terminated on the basis of a violation/breach of any of the present Auction Terms.
- 1.3.2. The guarantee amount (down payment) paid for participation in the auction in the form of a non-cash payment will be considered at the time of the final settlement of the share value by the winner of the auction.
- 1.3.3. The guarantee amount for participation in the auction, presented as an unconditional and irrevocable bank guarantee, will be returned to the winner of the auction no later than within 3 working days upon the final settlement of the share value in accordance with the present Auction Terms.

1.4. Auction Term - 15 Calendar Days.

2. Identifying the Auction Winner

The winner of the auction will be the person who presents the highest bid for the value of the 51% share of Georgian Cargo LLC (ID No: 402155190) during the electronic auction and at the same time takes the investment obligation in accordance with paragraph 1.2. of the present Auction Terms and fully agrees to present Auction Terms and the documents attached thereto.

2.2. Each bid is 50 000 (fifty thousand) GEL.

2.3. In case if there is only 1 participant in the auction only one bid will be added to the initial value of the share (3 500 000 GEL plus 50 000 GEL).

3. Schedule of the Financial Obligation

- 3.1. The winner of the auction shall ensure payment of Georgian Cargo LLC (ID No: 402155190) 51% share purchase price in accordance with following the schedule:
- The winner of the auction shall pay Georgian Post LLC a sum in the amount of no less than 1 000 000 (one million) GEL no later than 3 months following the date of the purchase of the 51% share of Georgian Cargo LLC;
 - The winner of the auction shall ensure payment to Georgian Post LLC of the remaining amount of the share value no later than 12 months after the date of the purchase of the 51% share of Georgian Cargo LLC.
- 3.2. The winner of the auction shall fully fulfill investment obligations under the present Auction Terms no later than 24 months after the date of the purchase of the 51% share of Georgian Cargo LLC.
- 3.3. The schedule of investment obligation shall be defined by Georgian Post LLC. The failure by Georgian Post LLC to present the schedule to the winner of the auction does not relieve the latter of the obligation of making the investment in accordance the present Auction Terms no later than 24 months after the date of the purchase of the 51% share of Georgian Cargo LLC.
- 3.4. The winner of the auction shall invest in the Georgian Cargo LLC capital 200 000 (two hundred thousand) GEL within 3 working days after the purchase of the 51% share of Georgian Cargo LLC to ensure launching of Georgian Cargo LLC business and its smooth startup operation (this includes expenses for the accounting program, obtaining/acquiring licences or/and permits, registration and other costs and expenses). The sum specified in this paragraph shall be considered as the amount of the investment to be made by the winner of the auction in accordance with paragraph 1.2.1 of these Auction Terms.

4. Bank Guarantee

- 4.1. The winner of the auction shall submit to Georgian Post LLC an unconditioned and irrevocable bank guarantee in the minimum amount of 800 000 (eight hundred thousand) GEL within 10 working days from the date of announcing the winner of the electronic auction (according to the procedure defined in paragraph 12.3 of the present Auction Terms). The term of the bank guarantee validity shall exceed the term of fulfillment of the investment obligation specified in paragraph 3.2 of

the present Auction Terms with 30 days. In Georgia bank guarantees are requested to be issued by banking institutions licensed by the National Bank of Georgia. The bank guarantees issued by banking institutions registered abroad need to be certified by a banking institution licensed by the National Bank of Georgia.

- 4.2. The bank guarantee is subject to immediate full cash disbursement in the event if Georgian Post LLC terminates the purchase agreement executed with the winner of the auction on the 51% share in Georgian Cargo LLC due to violation of the present Auction Terms.
- 4.3. Georgian Post LLC is also entitled to recover the penalty imposed upon the winner of the auction in accordance with the present Auction Terms through the bank guarantee. In such an event, only the penalty amount is subject to cash disbursement.
- 4.4. In the event of occurrence of the circumstances specified in paragraph 4.3 of the present Auction Terms, the winner of the auction shall refill the bank guarantee as specified in paragraph 4.1. herein up to 800 000 (eight hundred thousand) GEL within 10 working days after the withdrawal or present new bank guarantee. In case if the winner of the auction fails to refill the bank guarantee or provide a new one, Georgian Post LLC will have the right to immediately unilaterally terminate the share purchase agreement.
- 4.5. In the event if the winner of the auction does not present the bank guarantee required within the period specified in paragraph 4.1 of the present Auction Terms, winner shall lose the right to conclude the purchase agreement for the 51% shares in Georgian Cargo LLC. At the same time the results of the auction shall be canceled.
- 4.6. The bank guarantee issued in accordance with 4.1. shall be returned to the winner of the auction =no later than 3 working days after the date of fulfillment of the investment obligation and the share value payment to full extent thereof.

5. Liability for Non-Fulfillment of Financial Obligations

- 5.1. In case of any breach of the schedule of performance of the financial obligations by the winner of the auction, including violation of the investment obligations, the winner of the auction shall be subject a penalty in the amount of 0.1% of the financial obligations due for each overdue date until full fulfillment of the obligation or until the termination of the agreement as per the terms and conditions of the present Auction Terms.
- 5.2. In the event if the financial obligations of the winner of the auction is not fulfilled within 3 consecutive months, Georgian Post LLC is entitled to unilaterally terminate the agreement on the purchase of the 51% share of Georgian Cargo LLC at any time after the expiration of the 3-month term and on the basis of a unilateral application to the relevant registering body restore the ownership right on the 51% share transferred to the winner of the auction. In such a case, the amount paid by the winner of the auction to Georgian Post LLC as well as other

expenses incurred by the winner in pursuit of performance of the Auction Terms will not be subject to reimbursement and will remain with of Georgian Post LLC.

- 5.3. Occurrence of the circumstances specified in paragraph 5.2 of these Auction Terms shall not relieve the winner of the auction of the payment of the penalty imposed under paragraph 5.1 arising before the termination of the relevant purchase agreement.
- 5.4. The liability set forth in this paragraph shall not apply to non-performance of the obligations under article 4 of the present Auction Terms.

6. Terms and Conditions of Sale and Pledging the Company Shares

- 6.1. Before the fulfillment of these Auction Terms, in case of sale of the 51% share of Georgian Cargo LLC by the winner of the auction, is subject to a prior written approval by Georgian Post LLC. Moreover, the obligations as per these Auction Terms shall be fully and unconditionally transferred to the person acquiring the share, including the obligation to present the bank guarantee(s).
- 6.2. The winner of the auction shall not be entitled to pledge the share of Georgian Cargo LLC transferred to him/her without the prior written consent of Georgian Post LLC, save of the case when the winner of the auction pledges the share in his/her ownership in order to receive funds to realize the right prescribed in paragraph 7.1 of the present Auction Terms. In such an event the amount for the purchase of the share shall be directly transferred by the issuer of funds to the bank account of Georgian Post LLC.

7. Option to Purchase the Share

- 7.1. The winner of the auction is entitled to option to purchase, while the other shareholder is obliged to sell the 49% of the shares remaining in his/her ownership according to the market value thereof at the time of the purchase (taking into consideration paragraph 8.1 of the present Auction Terms), to be determined by an international auditing company selected by Georgian Post LLC. The international auditing company will be selected out of the so-called "Big Four" (KPMG, PWC, Deloitte, EY). The costs of the valuation will be covered by the winner of the auction. The winner of the auction will be given the right to purchase the 49% of the shares within 5 years after the date of the purchase of the 51% of shares (Registration of the winner of the auction as the owner of the 49% of Georgian Cargo LLC shares in the Register of Entrepreneurs and Non-Entrepreneurial (Non-Commercial) Legal Entities shall be considered as purchase).
- 7.2. The exercise of the right to purchase 49% of the shares by the winner of the auction in accordance with paragraph 7.1 does not release the winner from the obligation under the present Auction Terms and does not affect occurrence of the legal consequences pursuant to the present Auction Terms, including those set forth in paragraph 5 herein above for non-fulfillment of the same.

- 7.3. In the event if the obligations specified in these Auction Terms are not completely fulfilled by the time of purchase of the 49% of the shares, the fulfillment of the obligations undertaken under these Auction Terms shall be deemed to be the essential term and condition for the purchase of 49% of the shares. In case of any violation thereof, paragraph 5 of the present Auction Terms will be activated and 100% of the shares of Georgian Cargo LLC will be registered in the Register of Entrepreneurs and Non-Entrepreneurial (Non-Commercial) Legal Entities on the name of Georgian Post LLC. In such an event the amount paid to Georgian Post LLC as well as other costs and expenses incurred and borne by the winner of the auction for fulfilment of these Auction Terms will not be reimbursed and will remain with Georgian Post LLC.

8. Distribution of Profit

- 8.1. Before the entire value of the 51% of the shares of Georgian Cargo LLC is paid by the winner of the auction, 100% of the Georgian Cargo LLC profit will be received by Georgian Post LLC. From the year in which the winner of the auction pays the value of the 51% of the shares in Georgian Cargo LLC to full amount thereof, the winner will be entitled to receive profit in proportion to his/her share.
- 8.2. After the occurrence of the circumstances specified in paragraph 8.1 of the present Auction Terms, the profit of Georgian Cargo LLC shall be subject to mandatory annual distribution in the year following the accounting year. At the same time, the shareholders of Georgian Cargo LLC may unanimously decide not to distribute the profit.

9. Management of the Company

- 9.1. The governing body of Georgian Cargo LLC is the Shareholders' Meeting. The decisions at the meeting are taken by simple majority of votes, with the exceptions prescribed by paragraph 9.2 of these Auction Terms.
- 9.2. The following decisions are made unanimously by shareholders of Georgian Cargo LLC (with 100% of the votes):
- Defining, changing or adding new directions of the main activity;
 - Amendment/addition of the articles of association and other corporate documents;
 - Approval of the annual budget of Georgian Cargo LLC (which includes annual profit and loss reports, cash flow statement, capital change report) and budget execution report;
 - Establishment of a subsidiary, initiation of insolvency proceedings / liquidation / merger / acquisition / reorganization / sale / pledge of the company or its subsidiary;
 - Increase or decrease of the capital;
 - Change in equity participation / structure;
 - Borrowing or issuing loans / credits or other financial commitments;
 - Buying / selling / mortgaging real estate of a company or a subsidiary;
 - Advance withdrawal of annual profit / dividend.

- 9.3. In the event if the shareholder(s) of Georgian Cargo LLC do(es) not agree to the company annual budget draft, the budget adopted and approved in the previous year shall remain to be in force.

10. Requirements Toward Bidders

- 10.1. Both natural persons (citizens of Georgia or a foreign country or persons not having any citizenship) as well as legal entities registered in Georgia or abroad, in whose property the share of participation of a state body or a municipality/municipalities is less than 25%, have the right to participate in the auction.
- 10.2. There should be no insolvency/litigation and liquidation process being conducted against the bidder in accordance with the rules established by the legislation in effect.
- 10.3. There should be no public legal restrictions imposed upon the bidder and/or the property owned by him/her and the bidder should not be registered in the registry of debtors.

11. Information/Documentation to be Presented by the Auction Winner

Within 15 working days upon the winning in the auction the winner is requested to present to Georgian Post LLC the following information/documents before the purchase the 51% share of Georgian Cargo LLC:

- 11.1. The auction winner's

11.1.1. If he/she is a natural person:

- Copy of a document verifying his/her identity;
- Contact details;
- Information on absence of public legal restrictions and absence of his/her registration in the registry of debtors.

11.1.2. If he/she is a legal entity:

- Company name and legal address;
- Contact details;
- Extract from the entrepreneurial register/constituent instruments (in case of a foreign enterprise, documents certified in accordance with the law);
- Certified copies of the company articles of association;
- Information on absence of public legal restrictions and absence of registration in the registry of debtors.

- 11.2. In the event if the winner of the auction does not present the requested information/documentation within the time frame specified in paragraph 11 of these Auction Terms, he/she shall lose the right to conclude the purchase

agreement for the 51% of shares in Georgian Cargo LLC and the auction results shall be canceled.

12. Announcing the Winner of the Auction and Registration of the Ownership Right on the Share

- 12.1. After the winner of the auction presents the documents specified in paragraph 11 of these Auction Terms within 5 working days thereupon Georgian Post LLC will examine validity of the presented documentation and their compliance with these Auction Terms. In case if the documentation submitted by the winner of the auction appears to have any technical omissions/discrepances Georgian Post LLC will be entitled to request clarification and set a reasonable clarification period for the winner of the auction, not less than 2 working days.
- 12.2. If the documents presented by the auction winner do not comply with the requirements specified in paragraphs 10 and 11 of these Auction Terms, the results of the auction will be canceled.
- 12.3. Within 2 working days after establishing the compliance of the presented documents Georgian Post LLC shall announce winner of the auction by written notification and request bank guarantee in accordance with paragraph 4 of these Auction Terms.
- 12.4. Within 5 working days after the submission of the bank guarantee by the winner of the auction the parties enter into an agreement on purchase of a 51% share in Georgian Cargo LLC and within 3 working days after execution of the agreement ensure registration of the auction winner in the Register of Entrepreneurs and Non-Entrepreneurial (Non-Commercial) Legal Entities as the owner of the 51% shares of Georgian Cargo LLC. In case if the winner of the auction refuses to enter into the share purchase agreement with Georgian Post LLC or get registered in the registration body within the time frame set forth in this paragraph, Georgian Post LLC shall return to the winner the bank guarantee, the share purchase agreement will not be concluded or the concluded share purchase agreement will be terminated and the guarantee amount paid for participation in the auction (down payment) will remain with Georgian Post LLC.

13. Auction Participants' Consent

- 13.1. All the auction participants shall agree to the present Auction Terms and all the documents attached thereto.

14. Obligation of Georgian Post LLC

- 14.1. No later than 3 months after the purchase of a 51% share in Georgian Cargo LLC the winner of the auction, Georgian Post LLC assumes an irrevocable obligation to insure that all the movable and immovable property specified in the Annex to the present Auction Terms is transferred, in accordance with existing legislation, into the capital of Georgian Cargo LLC as required for the operation of the

international shipping and logistics business. (In the Annex the movable and immovable property is listed as of January 1, 2021 (the value of which is established in accordance with the conclusions No 000845121, No 001398421 and No 001803021 of LEPL Levan Samkharauli National Forensics Bureau); Further, vehicles (transportation facilities) purchased by Georgian Post LLC through an electronic tender and also handed over by the founder in 2021, with the total value of **7 365 919 (seven million three hundred sixty-five thousand nine hundred nineteen) GEL**. The list of the property provided in Annex No 1 may be amended to meet status quo on the date of handing over. Within the same period, Georgian Post LLC also ensures the transfer into the capital of Georgian Cargo LLC of all the movable property which has been purchased or will be purchased for the purposes of international cargo and logistics business from May 1, 2021 until the transfer of international cargo and logistics business into Georgian Cargo LLC. Pursuant to this paragraph, the total value of the property invested in the capital of Georgian Cargo LLC shall not exceed or be less by 10% of the total value of the movable and immovable property referred to in the same paragraph as specified in Annex.

- 14.2. In the event if Georgian Post LLC cannot ensure performance of the obligation within the time frame prescribed by paragraph 14.1. and the winner of the auction does not have the first installment specified in paragraph 3.1. of the of these Auction Terms for the purchase of 51% share of Georgian Cargo LLC paid, the payment of the first installment will be postponed for the period that will be required for fulfillment of the obligation of Georgian Post LLC as per paragraph 14.1 of the present Auction Terms by no more than 60 days.
- 14.3. In case if despite the provisions of paragraph 14.2. herein above Georgian Post LLC fails to fulfill its obligation, the winner of the auction shall be entitled to request cancelation of the auction results and termination of the purchase agreement for the 51% share of Georgian Cargo LLC. In this case, the winner of the auction will receive the bank guarantee, the guarantee amount (down payment) paid and other amounts that was paid to Georgian Post LLC in accordance with these Auction Terms, no later than within 5 working days upon such written request by the auction winner. At the same time, the winner of the auction shall not have the right to request reimbursement of the expenses incurred by him/her, indemnification of the costs and expenses borne, fines or any other direct or indirect damage including unrecieved income.
- 14.4. After the winner of the auction presents the bank guarantee in accordance with the present Auction Terms, within the scope of its competence, Georgian Post LLC shall ensure:
 - 14.4.1. Transfer of the employees of international cargo and logistics business to Georgian Cargo LLC;
 - 14.4.2. Upon such necessity, mobilization of new employees and servicing personnel for Georgian Cargo LLC;
 - 14.4.3. Implementing the basic operating processes related to international cargo and logistics at Georgian Cargo LLC and concluding agreements related to business operations. Meanwhile, until the business is transferred to Georgian Cargo LLC according to the present paragraph all the existing

contractual rights and obligations related to international cargo and logistics will remain with Georgian Post LLC.

- 14.5. Currently Georgian Post LLC has 390 persons employed for international cargo and logistics business. The winner of the auction shall unconditionally and irrevocably acknowledge and agree that the 390 employees of the Georgian Post LLC cargo and logistics business shall be employed in Georgian Cargo LLC under the same terms and conditions of their labor agreements and for the term thereof.
- 14.6. Georgian Post LLC, within the scope of its competence, taking into account the peculiarities of the business, will ensure performance of the terms and conditions provided in paragraph 14.4 of these Auction Terms within a reasonable time. Georgian Post LLC will exercise its best efforts to ensure completion of this process within the time frame set in paragraphs 14.1 and 14.2 of these Auction Terms. At the same time, the winner of the auction and Georgian Post LLC provide their preliminary consent that in the event if this process is not completed within the time terms envisaged by paragraphs 14.1 and 14.2 herein above, it shall not be considered to be a breach of the obligation by Georgian Post LLC and therefore, the right of the winner of the auction to terminate the agreement shall not arise, as well as the right to claim reimbursement of the expenses incurred or indemnification of any other direct or indirect damages, including the claim for the unreceived incomes.
- 14.7. The list of the movable and immovable property attached to the present Auction Terms shall be transferred in the capital of Georgian Cargo LLC "as is". The interested persons have the right to inspect the property. No claims regarding the condition of the property will be accepted after winning the auction.

15. Settlement of Disputes and the Applicable Laws

Any dispute arising out of the Georgian Cargo LLC 51% share purchase agreement concluded between the auction winner and Georgian Post LLC shall be governed by the Georgian laws, and the disputes will be reviewed solely by the Georgian courts in accordance with the rules established under the Civil Procedure Code of Georgia.

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