



## JSC Caucasus Energy & Infrastructure

Tbilisi, 22 February 2017

### *To the Attention of the Shareholders JSC Caucasus Energy and Infrastructure*

The Supervisory Board and Directorate of JSC Caucasus Energy and Infrastructure (I/C: 205209059) (the “**Company**”) calls an Extraordinary General Meeting (EGM) of shareholders of the Company to be held on 17<sup>th</sup> March 2017, at 11:00 AM at Radissonblu Iveria Hotel, meeting room #2, 1 Rose Revolution Square, Tbilisi.

#### **The agenda of the meeting is as follows:**

1. Approval of resignation of Mr. David Nils Östby.
2. Election of one member of the Supervisory Board.  
*For information purposes: Salink Limited has nominated Margot Jacobs, USA citizen passport number 483706119 issued on 7<sup>th</sup> April 2011 by Department of State valid till 6 April 2021, residing at Tessinvagen 38, 13239 Saltsjoe-Boo, Sweden. Any other nominations by the shareholders will be accepted by the Company if received before or on 7<sup>th</sup> March 2017.*
3. Approval of the term sheet signed by the Company, Mr. Bidzina Bejuashvili, Salink Limited, Catapel Limited and Kairos Pegasus Fund Ltd. and all transactions contemplated therein (the “**Term Sheet**”).  
*For the purpose of full disclosure: the Term Sheet is made available for review by the shareholders at the premises of the Company during business hours starting from 28 February 2017. The copy of the Term Sheet shall be enclosed to the minutes of the EGM meeting. According to the view of 4 main shareholders of the Company, the Company has been facing a deadlock over the past two years. The four main shareholders of the Company, holding in aggregate 93.03% of shares of the Company agreed on the transaction contemplated in the term sheet, which allows all willing shareholders to exit from the Company at reasonable terms. Before voting the shareholders are urged to familiarize themselves with the terms of the Term Sheet, Loan Agreement and CEI Corporate Guarantee and, if they deem necessary, obtain sufficient legal and financial advice as to the subject matter of such documents.  
On order of voting: due to complexity of the exit structure and variety of mechanisms comprising it, it has been acknowledged by the Supervisory Board that the whole exit transaction, including all mechanisms comprising it, shall be voted in concordance, meaning that each of the section 3 - 9 below shall be deemed approved only in case all other sections from this list are approved as well. This voting instruction shall be deemed as made to each of sections 4-9, as if it was repeated in each of those sections.  
This section 3 shall be voted only by the shareholders who are not interested parties thereto.*
4. Approval of the redemption (share buy-back) by the Company under the following terms and conditions:
  - i. The Company shall redeem (buy-back) the common shares and GDRs of all existing shareholders of the Company, willing to fully or partially exit the Company (the “**Share Buy-Back**”). The maximum amount of the common shares and shares denominated in GDRs to be redeemed constitutes 25% of the Company share capital, namely 6 346 289 common shares. In case shareholders submit redemption notices with regard to more than 6 346 289 common shares, the Company shall be obliged to purchase only 6 346 289 common shares on a *pro rata* basis from all shareholders, who have submitted redemption notices;
  - ii. Redemption shall be carried at the price of 0.42 USD per common share and 4.12 USD per GDR, which shall be payable to residents of Georgia in GEL at the currency rate of exchange set by the National Bank of Georgia on the payment date, while to non-residents of Georgia it shall be payable in USD. The purchase price includes the fixing fees to be borne by the Company but excludes any broker fees to be paid by each shareholder with respect to the shares redeemed by the Company;

- iii. By 7<sup>th</sup> April 2017 shareholders willing to have their shares redeemed shall notify the Company about the number of ordinary shares and GDRs to be redeemed and bank account details, where the purchase price shall be paid. This notification shall also contain a waiver of any claims towards the Company and its management for any prior breaches, which shall become valid upon receipt of the full amount of the redemption price by the relevant shareholder;
  - iv. By 14<sup>th</sup> April 2017 the Company shall notify shareholders, who have submitted the redemption notice as per section (iii), about the number of the Company shares it is allowed to redeem pursuant to 25% rule defined in section (i) above;
  - v. By 20<sup>th</sup> April 2017 all shareholders, who have submitted the redemption notice, shall transfer to the Company such number of shares as notified to it by the Company pursuant to section (iv) above. The Company shall not be obliged to purchase any shares exceeding such number;
  - vi. By 30<sup>th</sup> April 2017 the Company shall pay the purchase price to each of the shareholder, who have transferred its shares within the Share Buy-Back procedure.
5. Cancellation of GDRs following their redemption for the purpose of conversion into the common shares, at the expense of the Company.
  6. Cancellation of all common treasury shares purchased by the Company in course of the Share Buy-Back upon redemption of common shares and cancellation of GDRs.
  7. Approval of the loan agreement between the Company and 100% subsidiary of Mr. Bidzina Bejushvili (the “**Debtor**”) and issuance of the loan to the Debtor in accordance with the following terms and conditions (the “**Loan Agreement**”):

Principal Amount:	up to 5 550 000 USD.
Allocation:	payment of the purchase price to Salink Limited and Catapel Limited pursuant to the Share Purchase Agreement (as defined in the Term Sheet).
Interest Rate:	10% annual.
Maturity Date:	30 June 2020.
Disbursement Date	Within 5 Business Days upon Debtor’s request
Repayment:	Principal amount and interest to be repaid together on the Maturity Date; prepayment allowed.
Loan Origination Fee:	N/A.
Collateral:	first ranking pledge of shares and GDRs purchased by the Debtor from Salink Limited and Catapel Limited.
Availability Period:	from the date of approval of this loan by the Company EGM till 10th July 2017 or the date of full exit of Salink Limited and Catapel Limited from the Company, whichever occurs earlier.
Condition Precedent to Disbursement:	No amount is drawn down under the CEI Corporate Guarantee.
Condition Subsequent to Disbursement:	Execution and registration of the first ranking pledge of shares/GDRs purchased by the Debtor from Salink Limited and Catapel Limited.

*For the purpose of full disclosure: the Loan Agreement and the Sale and Purchase Agreement is made available for review by the shareholders at the premises of the Company during business hours starting from 28 February 2017. The copy of the Loan Agreement shall be enclosed to the minutes of the EGM meeting.*

*This section 7 shall be voted only by the shareholders who are not interested parties thereto.*

8. Approval of the corporate guarantee issued by the Company for the benefit of Salink Limited and Catapel Limited to secure the Debtor’s obligations under the Share Purchase Agreement (the “**CEI Corporate Guarantee**”), whereby the Company, acting as a joint guarantor of the Debtor undertakes to pay to Salink Limited and Catapel Limited the amount equal to the purchase price payable under the Share Purchase Agreement, within 10 (ten) Calendar Days upon request of the latter in writing. The fee payable by the Debtor for any disbursement made under the CEI Corporate Guarantee shall constitute 10% per annum, accrued on the disbursed amount. The utilized amount under the guarantee shall be repaid through a bullet repayment by the

Debtor, together with accrued interest no later than 30 June 2020. Obligation of the Debtor to repay the amount drawn down under the CEI Corporate Guarantee shall be secured by first ranking pledge of shares/GDRs purchased by the Debtor from Salink Limited and Catapel Limited under the Sale and Purchase Agreement.

*For the purpose of full disclosure: the CEI Corporate Guarantee is made available for review by the shareholders at the premises of the Company during business hours starting from 28 February 2017. The copy of the CEI Corporate Guarantee shall be enclosed to the minutes of the EGM meeting.*

*This section 8 shall be voted only by the shareholders who are not interested parties thereto.*

9. Approval of any and all actions already carried out by the director of the Company for the purposes of complying with the terms and conditions of the Term Sheet, including execution of the Term Sheet by the Company and other agreements contemplated thereby.

Shareholders can receive detailed information regarding the issues on the EGM agenda from the Supervisory Board or the company management. The shareholders may request further clarifications regarding any item on the agenda from the management and the Supervisory Board during the meeting (orally) or in a written form. Shareholders will get a response to any written requests submitted to the management or Supervisory Board before 7<sup>th</sup> March 2017 or the applicable item will be added to the agenda.

The shareholders (or their representatives) holding the ordinary shares of the company as of 20<sup>th</sup> February 2017 (the record date) at 18:00 in the public registrar, operated by the share registrar JSC Kavkasreestri are invited to participate in the Extraordinary General Meeting of Shareholders, scheduled on 17<sup>th</sup> March 2017. The rights of the shareholders to participate in the meeting may be checked from 7<sup>th</sup> March 2017 until 16<sup>th</sup> March 2017 with the share registrar of JSC Caucasus Energy and Infrastructure – JSC Kavkasreestri, at 74a Chavchavadze Avenue, Tbilisi, Georgia.