



JSC Caucasus Energy & Infrastructure

Tbilisi, 28 March 2017

To the attention of the GDR holders, nominal holders and the shareholders of JSC Caucasus Energy and Infrastructure who hold their share with the nominal holders

IMPORTANT NOTICE

The Extraordinary General Meeting (EGM) of shareholders of Caucasus Energy and Infrastructure, JSC (I/C: 205209059) (the “**Company**”) held in Tbilisi, Georgia on 17 March 2017 resolved that 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 (including shares denominated in GDRs), 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 (the “**25% Rule**”).

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.

Since some shareholders of the Company hold their shares through nominal holders (brokers or custodians) (the “**Nominal Holders**”), this notification aims to specify the rules and procedures relevant for participation of such shares and GDRs in the Share Buy-Back approved by the EGM of shareholders of the Company on 17 March 2017.

Instructions for participation in the Share Buy-Back for the shares expressed in GDRs or shares held through the Nominal Holders:

1. All shareholders willing to have their shares and/or GDRs redeemed by the Company shall so notify the respective Nominal Holder with whom the former holds the shares/GDRs by way of filling out and returning to the Nominal Holder the executed original copy of the notification form attached hereto as Annex No.1 (the “**Redemption Notice**”).
2. **The shareholder shall deliver the Redemption Notice to the Nominal Holder by courier or through a registered mail, or via email if so allowed by the Nominal Holder, by 17:00 (Tbilisi time) on 7 April 2017. Late Redemption Notices or those provided in the form other than as annexed to this notice will not be considered for the Share Buy-Back.**

3. By 8 April 2017, each Nominal Holder shall notify the Company of the Redemption Notices received from the shareholders and provide the Company with the aggregate amount of the shares and GDRs to be redeemed by the Company. The Nominal Holder shall further provide the Company with copies of all received Redemption Notices.
4. By 13th April 2017 the Company shall notify the Nominal Holders about the number of the Company shares/GDRs it is allowed to redeem from those shareholders who are registered with the Nominal Holder and who have submitted the Redemption Notice in due and timely manner, provided that the Company shall not be required to purchase any shares/GDRs exceeding the threshold under the 25% Rule. The Nominal Holder shall immediately, but not later than 14 April 2017 shall notify of the same to the relevant shareholders.
5. By 20th April 2017, all shareholders, who hold the shares/GDRs through nominal holder and who have submitted the Redemption Notice, shall authorize the Nominal Holder to effect transfer to the Company of such number of shares/GDRs as notified to it by the Nominal Holder pursuant to Section 4 above. The Company shall not be obliged to purchase any shares/GDRs exceeding such number. Procedure relevant for the transfer of shares/GDRs to the Company is provided below in Sections 6 and 7.
6. **Shareholder may transfer to the Company the common shares held through the Nominal Holder:**
 - a. at the securities registrar - by way of registration of the shares by the Nominal Holder at the instructions of the shareholder in the name of the Company with the independent securities registrar – JSC Kavkasreestri, at 71 Vazha-Pshavela Ave. 10th block, 7th floor, Tbilisi, 0186, Georgia, such transfer being subject to payment of the respective purchase price by the Company following the registration of shares in the name of the Company; In this case, the Company remains responsible towards the Nominal Holder, whereas the Nominal Holder is liable to transfer the purchase price received from the Company to the relevant shareholder; or
 - b. at the broker - if the Company and the shareholder hold brokerage accounts with the same brokers, the Share Buy-Back can be effected within the scope of nominal holding of such broker. The broker which whom both parties maintain accounts shall receive the transfer forms of instructions envisaged under the applicable law and shall settle the transaction on the basis of DVP settlement provided that the relevant parties have credited respective assets on their respective accounts with such broker, that is the shares by the shareholder and cash by the Company.
7. **The shareholder shall transfer to the Company the GDRs held through the Nominal Holder,** bearing in mind that the Company holds brokerage account with JSC Galt & Taggart (a company organized and existing under the laws of Georgia, with identification code: 211359206, whose principal administrative office is at 79 Aghmashenebeli Ave., Tbilisi, Georgia) (hereinafter “**Galt & Taggart**”)), with Galt & Taggart in the following manner:
 - a) a GDR holder shall hold/open a brokerage account with Galt & Taggart (request for opening of the brokerage account shall be sent to the following email address: st@gt.ge),

- b) instruct the relevant Nominal Holder (where the shareholder maintains its GDRs) to transfer GDRs to Galt & Taggart (Clearstream acc. 19694) and notify Galt & Taggart regarding transfer of GDRs via the following email: bo@gt.ge; and
- c) instruct Galt & Taggart on transfer of the above GDRs or any part thereof to the Company.

Galt & Taggart shall carry out the DVP settlement only if the relevant parties have credited respective assets on their respective accounts with Galt & Taggart, that is the GDRs by the shareholder and cash by the Company.

- 8. If the shareholder, who holds the share of GDRs through Nominal Holder, and the Company agree on the different terms and conditions of the settlement, they shall promptly notify so the respective Nominal Holder and present the respective agreement in writing all relevant instructions. The Nominal Holder bears no responsibility for any agreement and settlement carried out between the Company and the shareholder outside the scope of nominal holding.
- 9. Any broker fees related to the above transactions shall be borne by the shareholder with respect to the shares/GDRs redeemed by the Company from such shareholder. The amount of and the terms of payment of such fees, as well as details of conclusion and execution of the transactions and other terms and conditions relevant for perfection of the services of the Nominal Holder shall be further agreed between the shareholder and the Nominal Holder. Nominal Holder is authorized to independently polish the notification form to be provided to the shareholders and/or draw up transfer orders or instruction forms, in full compliance with the applicable laws, goals of the Company referred to above and the interests of the shareholders.
- 10. Settlement within the Share Buy-Back procedure as per above Sections shall be completed by 30th April 2017.

Caucasus Energy and Infrastructure

Annex No.1

DRAFT REDEMPTION NOTICE FORM

(For the shareholders who hold shares or GDRs through Nominal Holders)

Shareholder:

To: **[Please insert the name of the Nominal Holder]**

Address: [●]

Attention: [●], Director

Telephone: [●]

Date: _____ April 2017

Dear [●],

I/We, _____ being the shareholder of Caucasus Energy and Infrastructure, JSC (I/C: 205209059) (the “**Company**”) (who maintain shares/GDRs at the brokerage/nominal holding account maintained with you), hereby express my/our consent to participation in the Share Buy-Back with the terms and conditions as approved by the Extraordinary General Meeting of Shareholders of the Company held on 17 March 2017 and further specified in your notice of _____ March 2017.

I/We understand that

- 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 (including shares denominated in GDRs), 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; and
- the 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.

Subject to the above, I/We ask the Company to redeem within the Share Buy-Back process:

1. _____ ordinary shares of the Company

2. _____ GDRs of the Company

I/We shall transfer to the Company such number of shares/GDRs as notified by you to me/us by 14 April 2017 via email at the following email address:

Please kindly instruct the Company and enter into the share/GDR transfer agreement with the condition that the settlement must be carried out by way of transfer of the purchase price relevant for the shares/GDRs transferred by me/us to the Company to my nominal holding/brokerage account maintained with you.

Please kindly withhold the brokerage service fee in the amount of _____ for the brokerage account.

In absence of any different instruction, please kindly transfer the remaining amount (subject to withholding of any additional bank transfer charges) of the purchase price to my/our bank account on the business day immediately following the day of settlement:

Intermediary:	
SWIFT:	
ABA:	
Beneficiary's Bank:	
SWIFT:	
Beneficiary's Account No.:	
Beneficiary:	

In addition to the above, I/we waive any and all claims towards the Company and its management which I/we may have in relation to investment made into the Company, management or operations thereof, whether in contract or in law, whether known or unknown. Such waiver of claims shall become valid upon receipt of the full amount of the purchase price for my/our shares/GDRs redeemed by Company.

Sincerely,

Shareholder:	
By:	
Title:	
Signature:	