

LOAN AGREEMENT

in implementation of the Financial Protocol signed on 24 November 2008
between **GEORGIA** (the Government of **GEORGIA**)
and the Government of the **FRENCH REPUBLIC**

BETWEEN

THE MINISTRY OF FINANCE OF GEORGIA
acting in the name and on behalf of the Government of **GEORGIA**

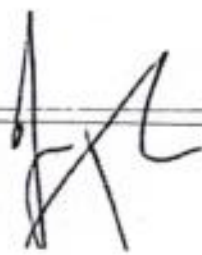
AND

NATIXIS
acting in the name and on behalf of the Government of the **FRENCH REPUBLIC**

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PREAMBLE

Whereas **GEORGIA** (the Government of **GEORGIA**) and the Government of the **FRENCH REPUBLIC** signed a Financial Protocol on November 24, 2008, hereinafter called the "Protocol," by which the French Government has provided the Georgian Government with a French government loan up to a maximum amount of **FOUR MILLION SIX HUNDRED AND NINETY THOUSAND EUROS (EUR 4 690 000)** hereafter called the "Loan".

The Loan is intended for the financing of the purchase in **FRANCE** of a system including a primary and a secondary radar as well as the associated equipments and services for the Tbilisi International Airport and **GEORGIA's** civilian air navigation mentioned in the Protocol.

The Loan also finances, on an exceptional basis, the purchase of Georgian or foreign goods and services within the limit of 20 % of the financial support, the execution of the contracts being under the responsibility of the French suppliers.

Whereas in article 4 of the Protocol, the signing of a Loan Agreement between the **MINISTRY OF FINANCE OF GEORGIA** acting in the name and on behalf of the Government of **GEORGIA** and **NATIXIS**, acting in the name and on behalf of the Government of the **FRENCH REPUBLIC** has been provided for, in order to specify the modalities of utilization and repayment of the Loan.

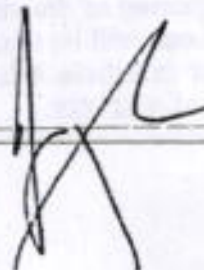
The **MINISTRY OF FINANCE OF GEORGIA**, acting in the name and on behalf of the Government of **GEORGIA**,
represented by Nika **GILAU**R**I**, Minister of Finance of **GEORGIA**

on the one hand,

NATIXIS, acting in the name and on behalf of the Government of the **FRENCH REPUBLIC**,
represented by Bernard **LEMPERIERE**, Deputy Director of Institutional Activities

on the other hand,

HAVE HEREBY AGREED AS FOLLOWS :



ARTICLE 1.- Amount and purpose of the Loan

The Loan, up to a maximum amount of **FOUR MILLION SIX HUNDRED AND NINETY THOUSAND EUROS (EUR 4 690 000)** is intended for the financing of the purchase in **FRANCE** of a system including a primary and a secondary radar as well as the associated equipments and services for the Tbilisi International Airport and **GEORGIA's** civilian air navigation mentioned in the Protocol.

The shipment shall be considered as a French service if it is executed under a bill of lading issued by a French shipping company or under an airway bill issued by a French air freight company, or under a road bill issued by a French company, and is certified as being a French service by the appropriate French authorities.

The shipment insurance shall be considered as a French service if it is taken out with a company approved on the French market.

However, the financing may be extended to goods and services originating from countries other than **FRANCE** in accordance with provisions of Article 1 of the Protocol.

The Loan will be placed at the disposal of the **MINISTRY OF FINANCE OF GEORGIA** by **NATIXIS** according to the modalities stated in articles 2, 3 and 4 hereunder.

ARTICLE 2.- Opening of drawing rights on the Loan

The parties to the contracts registered to the Protocol shall neither offer or give, nor seek, accept or get promised, directly or indirectly for themselves or for another party any undue pecuniary or other advantage from or to a third party and/or any other, which would or could be construed as an illegal or corrupt practice. The **MINISTRY OF FINANCE OF GEORGIA** and **NATIXIS** declare that, to the best of their knowledge, the said contracts have not been and will not be the matter of any practice described hereabove.

Each contract, relating to the implementation of the project mentioned in the Protocol, signed between a French supplier and Sakaeronavigatsia Ltd (hereinafter "Georgian buyer" or "buyer") and registered to the Protocol in accordance with article 6 of the Protocol, will be hereinafter called the "Contract". A copy of the Contract bearing the seal of the Head of Economic Mission to the French Embassy in **GEORGIA** competent for **GEORGIA** will be forwarded to **NATIXIS**; the Head of Economic Mission will have mentioned on the Contract the amount to be financed under the Protocol.

Once it has received this copy of the Contract and the authorization to pay from the **MINISTRY OF FINANCE OF GEORGIA** given through a letter of general instructions -in terms of the specimen letter annexed hereto-, **NATIXIS** will inform the French supplier of the registration of the Contract under the Protocol. Moreover, **NATIXIS** shall require from the French supplier that it agrees to submit itself to the possible control of the application of the sums disbursed and of the compliance of the commitments taken, in particular of their conformity with the French rules of financing relating to the financial protocols.

After having received such agreement from the French supplier, **NATIXIS** will open for the Project drawing rights on the Loan up to 100 % of the amount to be financed as mentioned by the Head of Economic Mission.

ARTICLE 3.- Conditions to be met prior to the drawings on the Loan

After the opening of drawing rights on the Loan, as defined in article 2 above, the disbursements on the Loan will be made for the account of the **MINISTRY OF FINANCE OF GEORGIA**, as provided for in article 4 hereafter, when the following conditions have been fulfilled to the satisfaction of **NATIXIS**:



a) submission to NATIXIS of the authorization of the MINISTER OF FINANCE OF GEORGIA to sign this Loan Agreement;

b) for each Contract:

. submission to NATIXIS of the powers of attorney and specimens of signature of the representatives of the Georgian buyer, when for payment to the French supplier the documents are required to be approved by the representatives of the Georgian buyer;

. submission to NATIXIS by the French supplier, after first downpayment, of a document confirming coming into force of the Contract.

ARTICLE 4.- Drawings on the Loan

The first downpayment provided for in each Contract shall be between 10% and 20% of the amount of the Contract to be financed under the Protocol, after deduction of the amount of freight and insurance, and shall be paid by drawing on the Loan.

As far as the financing of freight and insurance is concerned, no payment can be made prior to the actual shipment.

Each drawing on the Loan shall be made available to the French supplier within the limit of the Contract, on presentation to NATIXIS of photocopies of the documents specified in the Contract.

Should NATIXIS consider that additional documents are required to enable it to check that a drawing application complies with the French regulations relating to financial protocols, then NATIXIS would request such documents from the French supplier.

NATIXIS shall pay the French supplier the amount due within the limits provided for in article 2. The only responsibility of NATIXIS in examining the photocopies of the documents mentioned above shall be to ascertain that they appear on their face to be in accordance with the terms and payment conditions of the Contract and the terms of this Loan Agreement. The scope of such examination shall be in accordance with the Uniform Customs and Practice for Documentary Credits (latest version).

NATIXIS shall make the payments within fifteen working days of having received and found the documents acceptable.

At the end of each calendar quarter, NATIXIS will send to the MINISTRY OF FINANCE OF GEORGIA the statement of the drawings made on the Loan during the said calendar quarter. This statement shall specify the date and amount of each drawing.

The payments made by NATIXIS to the French supplier according to the modalities provided for in articles 2, 3 and 4 hereabove shall constitute the fulfilment by NATIXIS of the mandate given by the MINISTRY OF FINANCE OF GEORGIA in its letter of general instructions mentioned in article 2 and shall attest of the accomplishment of the Loan extended by the Government of the French Republic to GEORGIA (the Government of GEORGIA).

ARTICLE 5.- Repayment of principal - Payment of interest on the Loan

The right to be repaid arises for NATIXIS from the payments made by it, regarding the Loan, for the account of the MINISTRY OF FINANCE OF GEORGIA in execution of this Loan Agreement. The Loan will be divided in successive portions, each corresponding to the drawings made by NATIXIS during a calendar quarter.

Each portion of the Loan, which has a duration of eighteen (18) years, is repayable in ~~twelve (12) years, in twenty four (24) equal and successive half-yearly~~

instalments, the first one falling due seventy eight (78) months after the last day of the calendar quarter during which drawings have been made. Each portion of the Loan bears interest at the rate of one point one per cent (1,1%) per annum, computed on the disbursed and not yet repaid principal amounts.

Interest accrues as from the date of each drawing and is calculated on the basis of a year of three hundred and sixty (360) days and a month of thirty (30) days. Interest is payable half yearly, in arrears, the first instalment falling due six (6) months after the last day of the calendar quarter during which drawings have been made.

At the end of each calendar quarter, for each portion of the Loan as defined above, NATIXIS will forward as soon as possible to the MINISTRY OF FINANCE OF GEORGIA four (4) copies of the schedule of repayment of principal and corresponding interest. NATIXIS shall annex to this schedule the statement of the drawings made on the Loan mentioned in article 4.

Errors or omissions excepted, this repayment schedule will constitute an unconditional and irrevocable commitment of payment by the MINISTRY OF FINANCE OF GEORGIA acting in the name and on behalf of the Georgian Government, in favour of NATIXIS for all the instalments drawn up in the said schedule.

On each maturity date, the MINISTRY OF FINANCE OF GEORGIA will credit the amount due, to the account n° 30007 99999 63565775000 89 of NATIXIS opened in its books, in PARIS.

The date of payment of a maturity of principal or interest is, when it falls due a non-working day in FRANCE, postponed to the working day which follows.

On encashment of the said amount, NATIXIS shall acknowledge receipt to the MINISTRY OF FINANCE OF GEORGIA of the payment made.

ARTICLE 6.- Claims or defences originating from a Contract

All undertakings entered into by the MINISTRY OF FINANCE OF GEORGIA pursuant to this Loan Agreement and in particular, the commitment to pay the instalments of principal and interest, are independent of the commitments entered into between the Georgian buyer and the French supplier pursuant to the terms of the Contracts.

Accordingly, no claims or defences which the Georgian buyer might have against the French supplier arising out of the Contract may be set forth against NATIXIS and therefore interfere with the repayment of any sums due pursuant to this Loan Agreement.

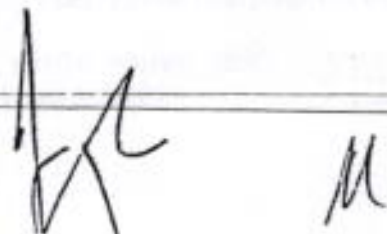
ARTICLE 7.- Currency of accounting and payment - Place of payment

The amount of each Contract is expressed in Euros.

The Loan is granted and repaid in Euros.

Any payment of the sums due by the MINISTRY OF FINANCE OF GEORGIA to NATIXIS shall be made by crediting the account n° 30007 99999 635657775000 89 of NATIXIS opened in its books, in PARIS, with the following reference:

D.A.I/P.E.E. - Loan n°B60



ARTICLE 8.- Recovery of sums resulting from the calling into play of guarantees issued in the frame of a Contract

In the event guarantees (bank guarantees, bonds...) in favour of the Georgian buyer are issued in the frame of a Contract, the **MINISTRY OF FINANCE OF GEORGIA** shall inform the Georgian buyer that the benefit resulting from the calling into play of the guarantees has to be assigned in favour of **NATIXIS**. Consequently, the text of these guarantees shall provide for a clause specifying that any sum resulting from the calling into play of these guarantees, will be paid in full and directly to **NATIXIS**.

In case the said guarantees are supported by counter-guarantees, the counter-guarantor shall attest that it will pay in full and directly to **NATIXIS** the funds resulting from the calling into play of the said guarantees.

The proceeds encashed by **NATIXIS** by right of these guarantees will be applied in accordance with article 12.

ARTICLE 9.- Taxes - Duties - Fees and other expenses

The Loan shall not be used to finance any direct or indirect taxes, custom duties, levies or administrative expenses in **GEORGIA**.

To reserve the financial resources provided for under the Protocol to the development of **GEORGIA**, it is agreed between the French and the Georgian Governments that, for the registered Contracts, should the supply of goods and services, including technical assistance by French companies in the framework of the Protocol, as well as import, export, purchase, utilisation or disposal of goods and services contributing to the production of such supplies under the Protocol be subject to any public taxes, custom duties or any other levies in **GEORGIA**, such public taxes, duties and levies, whatever their object or nature, shall be to the charge of the Georgian buyer.

Furthermore, the reimbursement of principal and the payment of interest and fees in connection with the execution of the Protocol shall be made net of any taxation in **GEORGIA**. However, should any event whatsoever prevent the payment of the due amounts, the **MINISTRY OF FINANCE OF GEORGIA** should ensure that **NATIXIS** is paid at first request and promptly the exact difference.

Any duties, taxes of any kind, stamp charges, present or future, in relation to this Loan Agreement legally due in **FRANCE** will be to the charge of **NATIXIS**.

ARTICLE 10.- Interest on overdue payments

Without prejudice to the provisions of article 11 hereafter, that is to say without this article 10 prejudicing the right to request repayment in advance or constituting a reason for delay in payment, any maturity of principal or interest not paid on due date by the **MINISTRY OF FINANCE OF GEORGIA** will automatically be subject to interest on overdue payments from its due date until the actual date of payment.

According to the article 4 of the Protocol, this interest on overdue payments will be computed at the rate of three point ninety nine per cent (3.99 %) per annum increased by three per cent (3%) per annum i.e. a total of six point ninety nine per cent (6.99 %) per annum. Such interest, whenever accrued for a full year, will itself bear interest at the rate above indicated of six point ninety nine per cent (6.99 %) per annum .

[Handwritten signatures]

ARTICLE 11.- Interruption of the Loan - Acceleration of repayment of the Loan

No further drawing of the Loan might be required from NATIXIS and all sums regarding the Loan due by the **MINISTRY OF FINANCE OF GEORGIA** to NATIXIS will become immediately payable at the first request of NATIXIS in any of the following circumstances:

- Interruption, cancellation, partial or total termination of a Contract for any reason whatsoever; the interruption of the Loan and the repayment in advance of the Loan will apply only to the part of the Loan relating to the Contract interrupted, cancelled or terminated. However, in such a case, at the request of the **MINISTRY OF FINANCE OF GEORGIA**, NATIXIS with the approval of the French Authorities could maintain the Loan already paid;
- Default of payment by the **MINISTRY OF FINANCE OF GEORGIA** with regard to any of its undertakings of payment resulting from this Loan Agreement;
- Failure of performance by the **MINISTRY OF FINANCE OF GEORGIA** of any one of the conditions, stipulations or undertakings arising from this Loan Agreement;
- Any act or decision of the Georgian Government that might prevent the performance of this Loan Agreement.

Any request for the repayment in advance of the Loan in the above mentioned cases will be made without any other formalities or legal decision, by sending a mere registered letter to the domicile of the **MINISTRY OF FINANCE OF GEORGIA** as mentioned in article 14 hereafter.

In no event may any delay or omission by NATIXIS exercising its rights as mentioned above, be considered by the **MINISTRY OF FINANCE OF GEORGIA** as a waiver of these rights, or as a consent to the default of payment by the **MINISTRY OF FINANCE OF GEORGIA**.

ARTICLE 12.- Application of the sums received by NATIXIS

Except for the repayment of principal and the payment of interest stated in articles 5 and 10, any sum received by NATIXIS under this Loan Agreement, especially pursuant to articles 8 and 11, will be applied by NATIXIS as follows:

- in priority, to the payment of any arrears;
- then:
 - . either to the repayment of the principal remaining due in compliance with the repayment schedule(s) issued, the said repayment schedule(s) being recalculated accordingly ;
 - . either by deduction of the drawings made on the Loan during the calendar quarter when NATIXIS receives the corresponding proceeds;
 - . or, by deduction from the drawings made on the Loan during the preceding calendar quarters, the corresponding repayment schedule(s) being recalculated accordingly;

ARTICLE 13.- Governing Law

The execution of this Loan Agreement is governed by French Law.

ARTICLE 14.- Election of domicile

For the purpose of performance of this Loan Agreement, the parties hereto elect domicile as follows:

- for the **MINISTRY OF FINANCE OF GEORGIA**:

External Relations Department
16, Gorgasali street, 0114, TBILISI, (Georgia)

Telephone : +99532-446461

Telefax : +99532-457443

- for **NATIXIS**:

Poste Clients
Direction des Activités Institutionnelles
30, avenue Pierre Mendès-France
75013 PARIS (France)

Adresse postale :
Poste Clients
Direction des Activités Institutionnelles
BP 4
75060 PARIS Cedex 02

E. Mail : d.a.i@natixis.com

Telex : 690370

Telephone : (33-1) 58 19 26 42 / 26 52

Telefax : (33-1) 58 19 26 70

ARTICLE 15.- Interpretation - Matters not defined - Disputes

Should any problems of interpretation or other matter not defined by this text arise during the execution of the present Loan Agreement, NATIXIS and the **MINISTRY OF FINANCE OF GEORGIA** would, in a spirit of mutual understanding and goodwill, try to find adequate solutions by means of an exchange of letters.

In case of any dispute, the concerned parties agree to negotiate to settle this matter on an amicable basis, with possible recourse to the consultation of their respective government.

If no solution appears, the dispute will be submitted to government of the **FRENCH REPUBLIC** and to the government of **GEORGIA** which will decide on the suitable means to solve it.

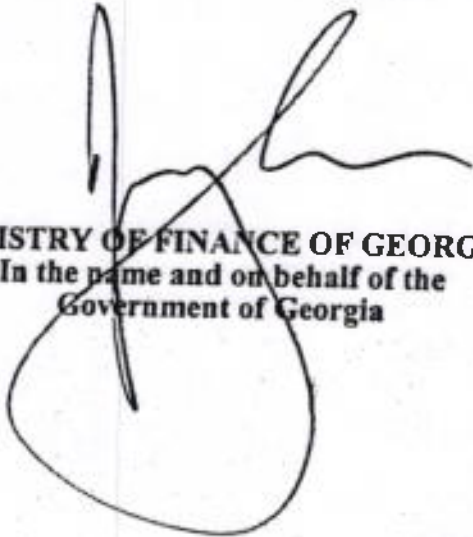
 

ARTICLE 16.- Entry into force

The present Loan Agreement shall enter into force after its signature and on the date of the written notification by the Georgian party to the French party that it has fulfilled its internal legal procedure for the entry into force of the present Loan Agreement.

Done in **TBILISI**, on
both texts being equally authentic.

in duplicate, in French and in English,



MINISTRY OF FINANCE OF GEORGIA
In the name and on behalf of the
Government of Georgia



NATIXIS

16.12.2008