

LAW OF GEORGIA
ON JSC PARTNERSHIP FUND

Article 1 - JSC Partnership Fund

1. The JSC Partnership Fund ('the Fund') is a joint stock company provided for by the Law of Georgia on Entrepreneurs and founded by the State.
2. The State's participation in the activities of the Fund is limited to the powers of the shareholders provided for by this Law, the Law of Georgia on Entrepreneurs and the Charter of the Fund. The State is not involved in the daily activities of the Fund or in developing the investment strategy of the Fund.
3. The Fund is independent in its activities and is guided by the Law of Georgia on Entrepreneurs, the Civil Code of Georgia, this Law, the Charter of the Fund, and other legislative and subordinate normative acts of Georgia.
4. The objectives of the Fund are to:
 - a) make profit and ensure an increase in the value of its financial assets;
 - b) attract investment;
 - c) create jobs;
 - d) support the completion of delayed projects and develop and/or finance new projects;
 - e) administer its shares in implemented projects;
 - f) conduct any other activities not prohibited by law.

Law of Georgia No No5099 of 11 October 2011 – website, 21.10.2011.

Law of Georgia No5600 of 23 December 2011 – website, 30.12.2011.

Law of Georgia No5746 of 2 March 2012 – website, 15.3.2012.

Article 2 – The Fund's guiding principles for financing projects

1. The guiding principles of the Fund's activities are to:
 - a) determine the strategy and objectives of investment or other kinds of activities and implement them in accordance with the Charter of the Fund;
 - b) implement investment or other kinds of activities through transparent and fair procedures, impartially, and taking into account best business practices.
2. The Fund shall consider a project in the agricultural sector if its value is at least GEL 5 million, and in the non-agricultural sector if its value is at least GEL 30 million, unless the Supervisory Board decides otherwise.
3. In the case of a relevant decision of the Supervisory Board, the person wishing to participate in the project shall submit a bank guarantee in the amount of at least 10% of the investment amount.
4. The Fund shall not consider projects directly related to the service sector, unless the Supervisory Board decides otherwise.

Law of Georgia No5099 of 11 October 2011 – website, 21.10.2011.

Law of Georgia No5600 of 23 December 2011 – website, 30.12.2011.

Law of Georgia No5746 of 2 March 2012 – website, 15.3.2012.

Article 3 - Sources of financing and resources of the Fund

1. The Fund shall attract and administer funds.
2. The sources of financing of the Fund may be:
 - a) grants attracted from international financial institutions;
 - b) loans from international financial institutions and other entities, which are to be paid off by the Fund itself;
 - c) return on investment;



d) dividends received from companies transferred by the State to the Fund and/or from companies established by the Fund itself;

e) income derived from the sale of shares and securities;

f) the capital contributions of the founder of the Fund;

g) other resources permitted by the legislation of Georgia.

3. The liability of the Fund to its creditors is limited to its whole property, and the State, as a shareholder of the Fund, shall not be liable for the obligations of the Fund.

Law of Georgia No5099 of 11 October 2011 – website, 21.10.2011.

Law of Georgia No5746 of 2 March 2012 – website, 15.3.2012.

Article 4 - Form of the Fund's participation in projects

1. The Fund shall dispose of at least 25% of its shares upon the implementation of a project.

2. The decision to dispose of its shares shall be taken in accordance with this Law and the Charter of the Fund.

3. Decisions on the distribution of partners' powers in companies founded with the participatory interest of the Fund, and on the forms of the participatory interest of the Fund in a project, and the amount of the participatory interest, shall be made by the Supervisory Board in accordance with the Charter of the Fund.

4. A project shall be co-financed by the private sector, including by equity contributions, loans, guarantees (surety), or otherwise. The preparatory work required for the implementation of the project may not be covered by private sector co-financing. A project may be financed without co-financing.

Law of Georgia No5600 of 23 December 2011 – website, 30.12.2011.

Law of Georgia No5746 of 2 March 2012 – website, 15.3.2012.

Article 4¹ - Tax regime

The Tax Code of Georgia shall apply to the activities of the Fund.

Law of Georgia No574 6 of 2 March 2012 – website, 15.3.2012.

Article 5 - Governance structure of the Fund

1. The governing bodies of the Fund are the Supervisory Board and the Management Board.

2. The advisory body of the Fund is the Investment Board.

Article 6 - Supervisory Board

1. The Supervisory Board is composed of representatives of the Government of Georgia and persons invited from the private sector.

2. The Supervisory Board is headed by the Prime Minister of Georgia.

3. The composition of the Supervisory Board is determined by the Government of Georgia.

3¹. The terms for selecting individuals from the private sector as members of the Supervisory Board is determined by the Charter of the Fund.

4. The Supervisory Board shall make the final decision on the financing of a project by a majority of votes based on the proposals and recommendations submitted by the Investment Board,

5. The Supervisory Board shall monitor the management of the approved project and may exercise other powers as determined by the Charter of the Fund.

Law of Georgia No574 6 of 2 March 2012 – website, 15.3.2012.

Law of Georgia No1256 of 20 September 2013 – website, 01.10.2013.

Article 7 - Management Board

1. The main functions of the management board include the preparation of projects and their presentation before the Supervisory Board of the Fund,



and the management of approved projects, as well as the exercise of other powers as determined by the Charter of the Fund and the Supervisory Board.

2. Projects are managed by the Chief Executive, who shall be appointed and may be dismissed by the Supervisory Board.

3. The Management Board shall agree its structure and the number of its members with the Supervisory Board.

4. The Chief Executive shall personally manage the implementation of a project.

Law of Georgia No5746 of 2 March 2012 – website, 15.3.2012.

Article 8 - Investment Board

1. The Investment Board is a consultative body of the Fund, operating under the Supervisory Board; its main functions are to assess the effectiveness and sustainability of a project, and to prepare proposals and recommendations and submit them to the Supervisory Board.

2. The Investment Board consists of experts and representatives from the private sector.

3. The number of members and the composition of the Investment Board shall be approved by the Supervisory Board.

Article 9 - Reporting procedure of the Fund

The Chair of the Supervisory Board of the Fund shall submit an annual report on the annual activities carried out by the Fund to the Government of Georgia. The Fund shall publish the form of annual audited financial statements every year.

Law of Georgia No5746 of 2 March 2012 – website, 15.3.2012.

Law of Georgia No1256 of 20 September 2013 – website, 01.10.2013.

Article 10 - Liquidation of the Fund

The liquidation of the Fund shall be carried out in accordance with the legislation of Georgia.

Law of Georgia No5746 of 2 March 2012 – website, 15.3.2012.

Article 11 - Entry into force

This Law shall enter into force upon promulgation.

President of Georgia

M. Saakashvili

Tbilisi

8 April 2011

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