

PROCEDURE FOR PROJECT INITIATION, APPROVAL AND SELECTION OF PARTNERS

Article 1. Scope of regulation

The rule of project initiation, approval and selection of partners (hereinafter "rule") determines the rule of identification, initiation, approval, evaluation, approval and partner selection of projects in JSC "Georgian Energy Development Fund" (hereinafter -the "Fund").

Article 2. Identification of the Project

2.1. The project is identified by the fund or the shareholder of the fund. The project can also be identified by the investor within the framework of the investment offer.

2.2 The identification and preparation of the project is carried out according to this rule and other regulations applicable in the fund and the strategy/action plan of the fund.

Article 3. Project initiation, preparation and approval

3.1. The project is initiated by the fund or a shareholder of the fund.

3.2 After identifying the project, the director of project management or the representative of the project management department prepares the concept of the project in accordance with the regulations in force in the fund and presents it to the management board for consideration.

3.3 The management board of the fund makes a decision on starting the preparation of the project or rejecting it. The Council's decision shall be based on the following criteria:

- a) energy and/or strategic importance of the project;
- b) preliminary assessment of the economic impact of the project;
- c) availability of funds for project implementation;
- d) assessment of the fiscal risks that the project may cause.
- e) experience and financial sustainability of persons participating in the project;
- f) project risk assessment

3.4 If the project concept is approved by the management board, the director of project management and/or the representative of the project management department starts the preparatory work for the project evaluation and, if necessary, ensures the involvement of other structural units and employees of the fund.

3.5 When preparing the project evaluation, the cost of the project and the expected social and economic consequences of its implementation should be evaluated; In the case of fund

participation, the availability of equity participation of the fund and other issues, which are provided for in the final presentation of the project description.

3.6 Based on the final presentation of the project description and submitted documentation, the Fund's Management Board makes a decision to approve the project, refuse to approve the project, or modify the project.

3.7 The final presentation of the project description should include the following information:

- a) location of the project;
- b) a brief description of the technology;
- c) Initial assessment of generation, which should include monthly breakdown.
- d) the primary network connection scheme (distance to the connection substation);
- e) brief analysis of the statuses (public/private) of land plots required for the project;
- f) initial cost estimation and economic assessment;
- g) From the financial model of the project:
 - g.a) Project IRR
 - g.b) Equity IRR
 - g.c) NPV
 - g.d) Payback
 - g.e) DSCR
- h) recommendations of the project management department;

Article 4 Initiative offer

4.1 The private initiator has the right to prepare and submit an initiative offer to the fund.

4.2 The initiative offer must be submitted in accordance with this rule and other regulations in force in the fund.

4.3 The director of project management of the fund and/or the project management department ensures the implementation of relevant measures for its initiation and submission to the management board of the fund.

4.4 The procedure for reviewing and approving projects identified by a fund or shareholder and identified through an initiative offer is identical.

Article 5 Minimum decision-making criteria:

- Positive NPV (Net Present Value);

• In the case of the fund's participation in the project sought by the investor, attention is paid to the investor's experience.

Article 6 Project implementation plan

6.1. If the shareholder approves the final presentation of the project description, a formal project implementation plan is prepared, which contains detailed information about each indicator. A separate Formal project implementation plan is prepared for every project, to determine activities such as: the procedure for budget approval, the procedure for preparing and monitoring the procurement plan, the procedure for developing and monitoring the main KPIs according to the technology of the project.

6.2 In case of approval of the final presentation of the project description by the shareholder, the functions of the responsible persons and/or partners are determined, and an analysis of the acceptable benefits as a result of the implementation of the project is prepared. At the mentioned stage, the possible risks related to the project are also evaluated, the plan of mitigation measures for the mentioned risks and the initial list of studies to be conducted for the preparation of the project are determined.

Article 7 Data quality

7.1 In the initiation and approval process, data quality is important. Data quality must meet certain standards such as validity, reliability, timeliness, accuracy and completeness. Those responsible for data collection must ensure the quality of this data.

Article 8. Partner selection procedure and types of selection process

8.1 The Fund implements the project independently or together with a partner.

8.2. In order to implement the project, the Fund is authorized to select a partner, if the project is not initiated within the scope of the investment offer.

8.2. The announced selection process for selecting a partner is public and open to the participant of the selection process who meets the established requirements for the selection process.

Article 9. Documentation of investor selection process, selection criteria, selection commission

9.1. The documentation of the partner selection process must contain the information necessary for the preparation and submission of the application for the selection process by the fund, as well as the partner selection criteria, procedures and relevant deadlines.

9.2 The Fund has the right to make changes in the documentation of the partner selection process, in such a case the term of familiarization with the application and documentation of the selection process extends from the announcement of the selection process until the corresponding change is made unless the said change is of a technical nature or aims to correct or clarify a technical defect.

9.3 Documentation requirements for the partner selection process, the procedure for making changes to it and its publication, as well as the requirements for the qualification stage of the selection process and the procedure and methodology for evaluating proposals within the selection process are determined by the Fund.

9.4 In the framework of the partner selection process, the criteria for the evaluation of proposals should not cause limit of competition.

The project implementation period, the amount of funding to be implemented, the quality of the work to be performed/the service to be provided can be defined as the criteria for the evaluation of the proposals as well as other criteria, depending on the specifics of the project, or a combination of the mentioned criteria. Criteria and rules for evaluating proposals for the project are determined by the Fund.

9.5 The Fund creates a selection commission. The members of the selection commission are appointed persons employed in the fund, as well as, if necessary, depending on the specifics of the project, other invited persons. Experts and specialists of the relevant field may be invited to the selection commission with the right of deliberative vote.

9.6 The selection committee evaluates the submitted applications. The rules of activity of the selection commission are determined by the fund.

9.7 After evaluating the applications and implementing the stages of the partner selection process, the Fund will present the agreed/negotiated conditions of the partnership agreement to the fund's shareholder.

9.8 The results of the evaluation of the partner selection process and the agreed/negotiated conditions of the partnership agreement, together with the conclusion of the Ministry of

Justice of Georgia (if necessary), will be submitted to the shareholder of the fund for consideration.

Article 10. Stages of partner selection process

10.1. The main stages of the partner selection process are:

- a) announcing the selection process;
- b) submission of qualification documentation by the participants of the selection process;
- c) qualification evaluation of the participants of the selection process;
- d) invitation to submit proposals;
- e) submission of proposals by the participants of the selection process;
- f) evaluation of proposals within the selection process;
- g) selection of a short list and/or identification of the winning participant;
- h) conducting negotiations regarding the terms of the partnership agreement with the participants of the selection process, the short-listed or the winning participant;
- i) conclusion of partnership cooperation agreement.

10.2 The participant of the selection process has no right to submit more than one application or proposal for the same selection process. The participant of the selection process has the right to change his/her application or proposal to the selection commission at any time before the submission deadline. The participant of the selection process also has the right to refuse to participate in the selection process at any time before the announcement of the winner. The aforementioned refusal does not limit the rights of the authorized body to claim from the means of securing the corresponding demand, including bank guarantees.

Article 11. Conclusion of partnership cooperation agreement

11.1. In the partner selection process, the participant of the selection process who meets the qualification requirements (if any) and whose proposal, according to the evaluation of the selection commission and the shareholder, contains the best conditions compared to the proposals of other participants, is declared the winner.

11.2 In the partner selection process, a partnership cooperation agreement is concluded with the winning participant in accordance with the conditions and procedures determined by the selection process documentation and the fund's regulations.

Article 12. Basic conditions of partnership cooperation agreement

12.1 The partnership agreement must contain the main conditions, including: the subject of the partnership agreement, the type, amount and form of joint financial resources; the procedure for implementing such organizational change for which the partner needs the consent of the fund, including the change of the company's partner; Terms and conditions of partner replacement or withdrawal from the company by the fund; the rule of distribution and transfer of rights and obligations between the parties (if any), the term of validity of the agreement; Access pay/performance-based pay and/or other payments to the private partner(if any); Basis, procedure and consequences of termination of the agreement.

12.2 It is possible to make clarifications and/or additions to the documentation of the partner selection process, including taking into account the selection process applications submitted by the participants of the selection process at the qualification evaluation stage.

12.3. It is forbidden to admit a person at the stage of the partner selection process who has been convicted of financing terrorism, fraud and/or money laundering.

12.4. At the stage of the partner selection process, additional criteria for the ineligibility of a person are determined by the Fund.