Special Terms of the Pledge Agreement

Annex #1

1. **Hierarchy of the Main Terms and the Special Terms of the Pledge Agreement**
   1.1. The legal relationship between the **Parties** arising out of the Pledge Agreement is governed by: (a) the Pledge Agreement – the Main Terms, (b) Special Terms of the Pledge Agreement and (c) Any additional agreement executed by and between the Parties in relation to the Pledge Agreement (including Amendments/Additions thereto). These documents together constitute the entire agreement, each being an integral part of the others. In the event of discrepancy between the terms of the aforementioned documents, the Main Terms of the Pledge Agreement and the additional agreement related thereto shall prevail.
2. **Rights and Obligations of the Parties**
   2.1. <u>The Owner shall:</u>
      2.1.1. Give the Pledgee prior written notice regarding the sale, pledge, lease, rent or other kinds of encumbrances on the Pledged Item or any part thereof, and/or the execution of any deal related to the Pledged Item;
      2.1.2. Upon completion of the registration of the sale and purchase/alienation transaction of the Pledged Item deal at LEPL Service Agency of the Ministry of Internal Affairs of Georgia, notify the Pledgee in writing of the change in the ownership of the Pledge Item;
      2.1.3. Take all necessary measures to safeguard the Pledged Item, maintain it in good condition and protect it against third-party interference and claims;
      2.1.4. Bear the maintenance costs of the Pledged Item until the pledge registration is cancelled;
      2.1.5. Notify the Pledgee of all issues and events that may affect the Pledged Item (including the emergence of a tax lien, mortgage/pledge rights, seizure or any other claims and/or rights related to the Pledged Item);
      2.1.6. No later than 2 (two) days from the Pledgee's demand:
         2.1.6.1. Submit/present to the Pledgee any and all information and/or documentation pertaining to the Pledged Item;
         2.1.6.2. Ensure that any document (statement, agreement, etc.) required for the Pledgee to fully exercise its right(s) under the Pledge Agreement are duly signed and forthwith delivered to the Pledgee;
         2.1.6.3. Transfer to the Pledgee direct ownership of the Pledged Item together will all the related documentation;
         2.1.6.4. Insure the Pledged Item in his/her name and at his/her own expense, covering the risks required by the Pledgee, in compliance with the terms and conditions of the Master Agreement and the annexes thereto. The Pledgee is entitled to satisfy its claims from the insurance proceeds. If the insurance policy does not cover the entire validity period of the Agreement, it should be renewed periodically at least no later than 14 (fourteen) days prior to the policy expiration date. The policy must indicate the Pledgee as the sole recipient of the insurance proceeds and stipulate that the Pledgee shall not be required to make any payments including the insurance premium;
         2.1.6.5. Forthwith notify the Bank regarding any changes in his/her identification data, contact information, status or activity.
      2.1.7. Bear all expenses (payments, fees, taxes, etc.) related to the execution and registration of the Pledge Agreement, the amendment thereof and registration of any amendments and/or additions, and the cancellation of the Pledge Agreement and the registration thereof;
         2.1.7.1. Apply to the Bank for the termination of the Pledge Agreement upon full and proper fulfillment of the liabilities secured by the Pledge;
         2.1.7.2. Submit the Bank's letter of confirmation regarding the termination of the Pledge Agreement for registration to LEPL Service Agency of the Ministry of Internal Affairs of Georgia.
      2.1.8. not allow sham and/or fraudulent transactions with regard to the Pledged Item;

2.1.9. If any type of encumbrance under public law (tax lien/pledge/mortgage and/or seizure) is registered on the Pledged Item, ensure that the termination of the encumbrance is registered no later than 30 (thirty) calendar days after the imposition thereof.

2.1.10. If the title to the Pledged Item is lost or the Item is damaged and/or destroyed, pledge another movable property of the same value and likewise acceptable to the Bank no later than 5 (five) calendar days thereafter in order to secure the liabilities set forth in the Main Terms of the Pledge Agreement. If the obligation set out in this Sub-Paragraph is not satisfied in a timely manner and if the Pledgee so requires, amortize the secured liability/ies by the amount of the damages / the value of the Pledged Item;

2.1.11. In the event of alienation of the Pledged Property, apply to LEPL Service Agency of the Ministry of Internal Affairs of Georgia together with the future owner of the Pledged Item, for the registration of the future owner as the Pledgor. If the Owner fails to fulfill the obligation set out in this Sub-Paragraph, the Bank is entitled to demand from the Owner compensation for any harm caused by non-fulfillment hereof. Furthermore, the Bank shall not be precluded from applying to LEPL Service Agency of the Ministry of Internal Affairs of Georgia on its own for the purpose of registering the future owner as the Pledgor;

2.2. <u>The Owner is entitled to:</u>

2.2.1. use the Pledged Item for its intended purpose and prevent its deterioration or depreciation beyond its normal wear and tear;

2.2.2. upon the Pledgee's prior written consent, convert, divide or merge the Pledged Item with other assets so that its actual value does not decrease (provided the asset with which the Pledged Item is merged is free from any third-party claims, encumbrances and restrictions). Furthermore, the Parties hereby agree that pledge rights under the Pledge Agreement shall apply to the entirety of the newly formed asset resulting from the merger of the Pledged Item with another asset, to an asset incorporated into the Pledged Item as its integral part or added to it, to an asset resulting from the modification of the Pledged Item, to any and all accessories of the Pledged Item, or to a product of the Pledged Item.

2.3. <u>The Pledgee is entitled to:</u>

2.3.1. Require the Owner to transfer management over the Pledged Item to the Pledgee or a person selected by the Pledgee if it is found that the Owner fails to (does not or is unable to) satisfy any of his/her/its liabilities/obligations;

2.3.2. Visit and inspect the Pledged Item as well as any document related thereto at any time (the Owner entitles the Pledgee to obtain any such documents from any individual/entity);

2.3.3. If during the validity period of the Pledge Agreement the value of the Pledged Item decreases or is likely to decrease, the Pledgee may require the Owner to pledge additional property acceptable to the Pledgee or restore the Pledged Item within a term set by the Pledgee;

2.3.4. Rescind the Pledge Agreement and require immediate and full satisfaction of claims (liabilities) secured by the Pledge and for this purpose, repossess the Collateral Item or realize it otherwise, as prescribed by the Pledge Agreement:

2.3.4.1. If the Owner defaults on and/or breaches any warranty, representation and/or obligation set forth herein, or if documents and/or information submitted for the purpose of executing the Pledge Agreement are found fake or inaccurate;

2.3.4.2. If the Client, his/her/its Surety, any party to any agreement executed to secure the Master Agreement(s) and/or the Surety thereof face bankruptcy/liquidation; bankruptcy proceedings are started (through court) and/or any of the persons mentioned herein goes into liquidation based on their own decision.

2.3.5. If there are several borrowers under the Master Agreement(s), at its own discretion, reduce their number at any time during the validity term of the Pledge Agreement, without giving the Owner advance notice/without the Owner's prior consent.

2.3.6. If the liabilities secured by the Pledge Agreement are also secured by other real/movable property mortgage/pledge, unilaterally cancel mortgage/pledge on any of the property items on its own initiative, without giving the Owner advance notice/without the Owner's prior consent.

2.4. The Pledgor may not remove the Pledged Item outside the borders of Georgia without the Pledgee's prior written consent.

3. The Owner's Representations and Warranties

3.1. The Owner represents and warrants that:

3.1.1. Information supplied by him/her/it to the Bank (including its business activity details and taxpayer status) as of the date of execution of the Main Terms of the Pledge Agreement is true, accurate, complete and exhaustive.

3.1.2. There are no pending litigations, including criminal, administrative, or civil proceedings, to which the Owner is a party (as a claimant, respondent, third party, etc.), that may threaten his/her/its title to the Pledged Item and/or the fulfillment of the terms and conditions of the Pledge Agreement or any other agreements concluded with the Pledgee;

3.1.3. He/she is aware of the type and amount of credits already drawn and the Pledgee's corresponding security claims, as well as of the type and amount of the Pledgee's future claims under future agreements to be entered into by the Client/the Borrower, which the property (the Pledged Item) shall secure in favor of the Pledged Holder;

3.1.4. The Owner is thoroughly familiar with the Master Agreement and understands its content.

4. Processing and Non-Disclosure of Owner Information

4.1. TBC Bank JSC (address: 7 Marjanishvili, Tbilisi) will collect/process all credit/non-credit and other relevant information about the individual/entity (the Owner) related to data delivery to/retrieval from the Credit Information Bureau (CIB) according to the rules/on the terms and conditions envisaged by the law of Georgia. This information is processed for customer creditworthiness analysis and will be available to CIB's authorized users as stipulated in the law (lending organizations and information providers/receivers). Upon the the customer's (including the data subject's) request, the data processor shall correct, update, add, block, erase/delete or destroy the data if they are incomplete, inaccurate, outdated or have been collected and processed unlawfully.

4.2. The Owner grants the Bank an unconditional authority to perform the following activities during the validity period of the Pledge Agreement, without any limitations (as to the amount/volume), and without the Owner's additional consent:

4.2.1. In compliance with the effective legislation and in order to provide an efficient and uninterrupted service to the Owner, retrieve from the electronic database of LEPL State Services Development Agency the necessary amount of the Owner's personal data;

4.2.2. Disclose to the court, the arbitral tribunal and/or a third party (as required by law) any information about the Owner (including information about the Owner's bank accounts, transactions, account balances and liabilities) and any agreement concluded with the Owner;

4.2.3. Supply information about the Owner's liabilities towards the Bank to the Client, the Client's Surety/ies and/or any person whose assets secure the Client's liability/ies, and/or upon request, provide any person mentioned herein with copies of relevant agreements made between the Bank and the Owner. Furthermore, spread information about any breach of the Owner's liabilities under any agreement between the Owner and the Bank through any channel, provided any person mentioned herein is spreading information about the Bank.

4.2.4. For problem asset(s) management purposes, supply the Bank's contractor problem assets management company with any information about the Owner and any agreement made with the Owner, if the Owner/the Borrower fails to perform in a timely manner and/or properly any of his/her/its liabilities towards the Bank. The problem assets management company, on its part, undertakes to protect information supplied by the Bank;

4.2.5. Supply, as necessary, any information about the Owner and any agreement made with the Owner to the Bank's auditors, consultants, advisors and other natural or legal persons belonging to a similar category. The latter, on their part, undertake to protect information supplied by the Bank;

4.2.6. For the purpose of proposing and offering various services to the Owner (including various facility offers), supply necessary information (including the Owner's personal data) to the Bank's subsidiaries or other related entity/ies. The latter, on their part, undertake to keep the information supplied by the Bank confidential;

4.3. Issues related to personal data processing are additionally regulated by the Bank's Privacy Policy, published on the Bank's website: https://tbcbank.ge/ka/privacy-policy.

4.4. Any information exchanged between the Parties under the Pledge Agreement, whether documented or oral, shall be deemed strictly confidential. Each party shall keep the information received strictly confidential and do not disclose it to any third party. The Party shall prevent any third-party access to the confidential information on a best-efforts basis, while in the event of disclosure, forthwith notify the other party and take all necessary steps to stop the disclosure. The Party undertakes to compensate for all damages that may be inflicted on the other party as a result of unlawful disclosure of information (including reputational harm), regardless of the amount of damage. The Party shall not bear responsibility if confidential information is spread/disclosed as required by the law of Georgia.

5. Closing Provisions

5.1. The pledge shall take effect upon the registration of the pledge right at LEPL Service Agency of the Ministry of Internal Affairs of Georgia and remain in force for an indefinite term (until the Bank confirms the termination thereof in writing).

5.2. Issues not covered in the Pledge Agreement shall be regulated by the Parties in compliance with the law of Georgia.

5.3. Communication between the Parties is regulated by the Main Terms of the Pledge Agreement.

5.4. The Parties agree that the information published on the Bank's website and maintained in the Bank's database (software), as well as electronic copies and printouts thereof, certified by the Bank, have evidential value and may serve to substantiate or challenge the occurrence of any facts or events pertaining to the contractual relations.

5.5. The Owner may not assign any of his/her obligations or rights under the Pledge Agreement to any third party without the Bank's prior written approval.

5.6. The Bank is entitled to transfer to a third party any of its rights acquired under the Pledge Agreement in whole or in part without the Owner's consent.

5.7. All terms and provisions of the Pledge Agreement shall apply to and are binding upon the assignees/transferees and legal successors of the Parties (including the new owner of the Pledged Item). Furthermore, upon transfer of title to the Pledged Item, the transferee/legal successor to the Pledged Item shall forthwith apply to the Bank and receive from the Bank information regarding the liabilities secured by the pledge, the debtors/borrowers and any amendments to the Pledge Agreement, which may not have been submitted to the Public Registry for registration.

5.8. The Parties hereby acknowledge that the Pledge Agreement accurately reflects their true intent, which they express as a result of reasonable understanding of the Pledge Agreement, rather than solely by reference to its literal wording.

5.9. Amendment(s) and addition(s) to the Pledge Agreement can be made based on the Parties' mutual agreement in writing, with the exception of amendment(s) and/or addition(s) to the provision of the Special Terms, which the Bank may amend unilaterally and which will be published as per the rules for the publication of this Document. Any amendment and/or addition to the Pledge Agreement, including the Owner's consent, shall be deemed to be an integral part of the Pledge Agreement even if it has not been submitted to the relevant registration agency for registration.

5.10. If any of the provisions of the Pledge Agreement is or will be void in the future, this shall not result in the voidance of the entire Agreement. All provisions of the Pledge Agreement, except the one voided, shall remain valid.

5.11. The Pledge Agreement has been composed in Georgian. If translated into a language other than Georgian, the Georgian version shall prevail in the event of any conflict between the Georgian and non-Georgian versions.

5.12. The supervisory authority of the Bank is the National Bank of Georgia (address: 0114 Tbilisi, 2 Sanapiro str.; website: www.nbg.gov.ge).