

## SETTLEMENT AGREEMENT

This Settlement Agreement is made between:

1. Georgia, duly represented by Tina Burjaliani, First Deputy Minister of Justice of Georgia, authorized to represent Georgia and to conclude this Settlement Agreement by virtue of Decree of the President of Georgia No. 70 dated 30 June 2011;
2. the Ministry of Justice of Georgia;
3. the Office of the General Prosecutor, Ministry of Justice of Georgia;
4. the Ministry of Internal Affairs of Georgia;
5. the Constitutional Security Department;
6. the Ministry of Defense of Georgia;
7. the Financial Police (now the Investigative Department), Ministry of Finance of Georgia;
8. the Taxation Department (now the Revenue Service of Georgia), Ministry of Finance of Georgia;
9. the National Communications Commission of Georgia;
10. the Tbilisi Municipality;

(Parties 1-10 are referred to as the "**Georgian Parties**".)

11. Inna Gudavadze ("**IG**"), born on 20 February 1955 in Tbilisi, Georgia;
12. Iya Patarkatsishvili, born on 17 March 1983 in Tbilisi, Georgia;
13. Liana Zhmotova, born on 6 May 1980 in Tbilisi, Georgia; and
14. Natela Patarkatsishvili, born on 1 May 1933 in Tbilisi, Georgia.

(Parties 11-14 are referred to jointly as the "**AP Family Parties**".)

(The parties are referred to individually as a "**Party**" and together as the "**Parties**".)

### PREAMBLE

- (A) On 12 February 2008, Georgian businessman Arkadi Patarkatsishvili ("**AP**") passed away. He was survived by, inter alios, his wife, IG, and their two daughters, Iya Patarkatsishvili and Liana Zhmotova, his son, David Patarkatsishvili, by his mother

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Natela Patarkatsishvili and by his sisters Mzia Tortladze and Nana Patarkatsishvili and half-brother Iakob Patarkatsishvili.

- (B) Prior to the passing away of AP, criminal proceedings N2-090071372 (November 2007), N 74078439 (7 November 2007) and 74078497 (28 December 2007) were brought against him by the Georgian authorities (the "**Georgian Criminal Proceedings**"). The Georgian Criminal Proceedings continued following the passing away of AP and remain ongoing.
- (C) Before and following the passing away of AP, certain judicial orders were issued in connection with the Georgian Criminal Proceedings, effectively freezing assets belonging to AP, namely orders in criminal case number N2-090071372 with registered numbers N12/76, N12/341 and N12/503, which orders have been lifted as of the date of this Settlement Agreement.
- (D) Following the passing away of AP, the management and control of his estate (the "**AP Estate**") has given rise to extensive litigation before the courts of a number of jurisdictions, none of which involve the Georgian Parties. Such litigation includes:
- (i) An action currently pending before the Supreme Court of Georgia numbered AS-967-1246-09, in which IG requests a ruling that a "Letter of Wishes" and "Deed of Appointment of Executor of the Estate" (appointing Joseph Kay as executor), both dated 14 November 2007 and apparently signed by AP, are null and void ab initio. The specific request for such a ruling shall be referred to as "**Request 1**".
  - (ii) An action pending in Tbilisi City Court numbered N2/4669-08, in which IG requests the dismissal of a petition by Joseph Kay that a certain title deed issued by Notary Public Irma Pirtskhalava to IG on 3 October 2008 be declared invalid. The specific request for such a ruling shall be referred to as "**Request 2**".
  - (iii) An action pending in Tbilisi City Court numbered N2/1967-08, in which IG and other AP Family Parties request that a defamation claim brought by Joseph Kay be dismissed. The specific request for such a ruling shall be referred to as "**Request 3**".

These three actions shall collectively be referred to as the "**Georgia Court Litigation**". Requests 1, 2 and 3 shall collectively be referred to as the "**AP Family Parties' Claim**".

- (E) The litigation arising out of the management and control of the AP Estate further includes an action before the English High Court and numbered HC08C0359, brought by AP's former business associate Boris Berezovski against IG and Joseph Kay, pursuant to which Mr. Berezovski claims ownership of 50% of all AP's investments.
- (F) On 10 December 2008 IG sent a notice of arbitration to the Georgian Parties, pursuant to the Law Of Georgia On Promotion Of Investments And Guarantees (the "**Arbitration**"). Acting in her capacity as beneficiary of a 50% matrimonial share in the AP Estate, IG alleges in the Arbitration that two specific assets, Imedi TV and a lease between the Tbilisi Municipality and Lynx Ltd relating to Mtatsminda Park (an

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amusement park located in the hills above Tbilisi), belonged to her husband, and were the subject of expropriatory actions attributable to some of the Georgian Parties, both before and after the passing away of AP. In the Arbitration, IG and her daughters request to be given ownership of Imedi TV and that the lease on Mtatsminda Park be reinstated or, in the alternative, seek compensation in an amount preliminarily assessed as exceeding US\$ 400 million.

- (G) By an application to amend the claim dated 9 April 2010, IG sought to bring additional claims over Imedi TV and Mtatsminda Park, on the basis of her alleged right as heir to AP, and to join her daughters Iya Patarkatsishvili and Liana Zhmotova as new claimants in the Arbitration, on the basis of their alleged rights as heirs to AP.
- (H) The Georgian Parties continue to deny all the allegations of wrongdoing made in the Arbitration by IG and her daughters.
- (I) Pursuant to a Procedural Order dated 9 October 2009, the Arbitration was bifurcated so that jurisdictional objections raised by the Georgian Parties, and the subsequent application to amend the claim, would be heard and resolved as a preliminary matter. A jurisdictional hearing was scheduled to take place on 28-30 April 2011 in Paris.
- (J) In discussions held in early 2011, the Parties expressed their mutual interest in settling the Arbitration.
- (K) The AP Family Parties remain unwilling to enter into any settlement unless and until (i) the Georgian Criminal Proceedings have been finally closed and (ii) the Georgia Court Litigation has been finally resolved and the AP Family Parties' Claim successfully determined in their favour in all material respects, all of which are matters as to which the Georgian Parties have no control. The events listed in items (i) and (ii) above are referred to as the "**AP Family Issues**".
- (L) In this context, the Parties have previously agreed to suspend the Arbitration and, subject to the outcome of such AP Family Issues, have agreed to settle all disputes between them, as set out in this Settlement Agreement, in consideration of the mutual concessions set forth below.

**IT IS NOW HEREBY AGREED AND DECLARED AS FOLLOWS:**

**I. FINAL RESOLUTION OF THE AP FAMILY ISSUES**

- (1) For the purposes of this Settlement Agreement:
  - (a) "**Final Resolution of the AP Family Parties' Claim**" shall mean that the competent Georgian court has issued a final and non-appealable decision that has the effect of finally disposing of the Georgia Court Litigation in a manner that upholds the AP Family Parties' Claim in all material respects and, in particular and for the avoidance of doubt, by the competent Georgian court delivering a final judgment in favour of the AP Family recognising that the "Letter of Wishes" and "Deed of Appointment" are null and void ab initio.
  - (b) "**Closure of the Georgian Criminal Proceedings**" shall mean that the competent Georgian authority has issued a final and non-appealable decision that has the effect of disposing of all claims in such Criminal Proceedings in a

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manner that prevents any such claims being re-asserted or advanced in any further form against AP, the AP Estate or anyone at all.

- (2) The “**Final Resolution of the AP Family Issues**” shall be deemed to occur on the last date when each of the following shall conclusively have taken place, provided that Request 1 is finally determined (for the purposes of Final Resolution of the AP Family Parties’ Claim) by 15 August 2011 and that the remainder all take place by no later than 31 December 2011:
- (a) Final Resolution of the AP Family Parties’ Claim; and
  - (b) Closure of the Georgian Criminal Proceedings.
- (3) The Final Resolution of the AP Family Issues shall be a condition precedent to the entry into force of the waivers, releases, discharges and undertakings provided in Article III of this Settlement Agreement. In the event that the AP Family Issues shall not all have been resolved for the purposes of clause (2) above by 31 December 2011, the Parties shall promptly meet to discuss the settlement of the Arbitration. If such meeting does not result in an agreement among the Parties within one calendar month of such meeting, then any Party shall be free to resume the Arbitration.

## II. TAX COMPROMISE

- (1) In furtherance of this Settlement Agreement, the Georgian Parties undertake to waive to the fullest extent permitted by Georgian law the right to recover any outstanding taxes due as at the date of this Settlement Agreement to the Georgian government by the companies listed in **Appendix A**. For such purpose, within 20 days following the Final Resolution of the AP Family Issues, Georgia (or, alternatively, such of the Georgian Parties as are capable of entering into the following) and the companies listed in **Appendix A** will enter into tax agreements in accordance with Georgian law for that purpose (the “**Tax Compromise**”). The Georgian Parties further undertake to provide all administrative assistance within their power in completing the liquidation of the companies listed in **Appendix A**.
- (2) Fulfillment of the Tax Compromise shall be a condition precedent to the entry into force of the waivers, releases, discharges and undertakings provided in Article III of this Settlement Agreement. In the event that the Tax Compromise shall not have occurred by 31 December 2011, the Parties shall promptly meet to discuss the settlement of the Arbitration. If such meeting does not result in an agreement among the Parties within one calendar month of such meeting, then any Party shall be free to resume the Arbitration.

## III. SETTLEMENT UNDER CONDITIONS PRECEDENT

Immediately and automatically effective on the date of Final Resolution of the AP Family Issues or the Tax Compromise, whichever occurs last (the “**Effective Date**”):

- (1) All claims in the Arbitration shall be withdrawn with prejudice. To this end, within ten calendar days of the Effective Date, IG or her legal advisers shall immediately write to the arbitral tribunal appointed in the Arbitration, advising it that the dispute has been settled, withdrawing the Arbitration and all claims irrevocably and with

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prejudice, and advising it that the Georgian Parties and IG will each bear half of the arbitrators' fees and administrative costs in relation to the Arbitration (the "Withdrawal Letter"). Within five calendar days of the receipt of the Withdrawal Letter, the Georgian Parties shall write to the same arbitral tribunal acknowledging and confirming the contents of the Withdrawal Letter.

- (2) The AP Family Parties, for themselves and all entities they control, their successors, assigns, officers, duly appointed agents, and representatives for the purposes of the Settlement Agreement, irrevocably and forever discharge and release the Georgian Parties, as well as any of Georgia's organs, agencies, instrumentalities (including all organizations directly or indirectly owned or controlled by Georgia), agents and representatives for the purposes of the Settlement Agreement, from any and all claims, suits, rights, causes of action or demands in litigation or arbitration for money damages or other relief to remedy any alleged harm, pecuniary or non-pecuniary loss, damage or injury, whether direct or indirect, contingent or actual, past, present or future, currently known or unknown, pled or unpled, which they had, have, or may have, in connection with any facts, circumstances, acts, transactions, and/or events that have already occurred as at the date of this Settlement Agreement, arising out of or in any way related to any asset or right of any nature that is or was controlled by, or belongs or belonged to, or is alleged to be controlled or have been controlled by or to belong or have belonged to, AP or the AP Estate or any of the AP Family Parties (including, without limitation, the following assets: Imedi TV (including any loans extended to Imedi TV, directly or indirectly, by AP), Mtatsminda Park, Agara Sugar Factory, and Standard Capital Georgia LLC). For the avoidance of doubt this Sub-Article (2) shall not affect any Party's right to enforce the rights and obligations created pursuant to this Settlement Agreement or any investment protection rights in relation thereto.
- (3) The AP Family Parties confirm (for the avoidance of doubt) that, as at the date of this Settlement Agreement:
  - (a) They have no further claims in relation to Imedi TV against the current owner of Imedi TV or against the Georgian Parties, or against any of Georgia's organs, agencies, instrumentalities (including all organizations directly or indirectly owned or controlled by Georgia), agents or representatives.
  - (b) They have no further claims in relation to Mtatsminda Park or Lynx Ltd against the Georgian Parties, as well as against any of Georgia's organs, agencies, instrumentalities (including all organizations directly or indirectly owned or controlled by Georgia), agents or representatives, or against the current leaseholder and operator of Mtatsminda Park.
- (4) The AP Family Parties undertake, jointly and severally, to indemnify and hold the Georgian Parties, as well as any of Georgia's organs, agencies, instrumentalities (including all organizations directly or indirectly owned or controlled by Georgia), agents and representatives, harmless against any claims, proceeding and/or action, including legal fees incurred in connection therewith ("Claims"), that may be taken against any of such parties by any person or entity in connection with any alleged rights (whether creditor, matrimonial, succession or other rights) relating to Imedi TV, Mtatsminda Park and/or Lynx Ltd, or to any assets in, or alleged to be part of, the AP Estate in Georgia (whether before, pending, or after the distribution of assets),

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including without limitation any claims or actions brought or that may be brought by Boris Berezovski, Olga Safonova, David Patarkatsishvili, Mzia Tortladze, Nana Patarkatsishvili, Iakob Patarkatsishvili and/or actual or former shareholders of Imedi TV; provided that the indemnity provided in this Sub-Article (4) shall not cover any Claims arising out of acts or omissions of the Georgian Parties which occurred, with respect to Imedi TV after 18 February 2008 and before the date of this Settlement Agreement or, with respect to Mtatsminda Park, after September 2008 and before the date of this Settlement Agreement or any Claims from Mr Joseph Kay or any associate or affiliate of his at any time in any respect whatsoever. The AP Family Parties and the Georgian Parties mutually undertake to cooperate with each other in good faith in defending any such Claims, proceeding and/or action. Without prejudice to the aforesaid, the obligation of the AP Family Parties to indemnify Claims will be subject to the obligation of the Georgian Parties, as appropriate, to give prompt and reasonable notice to the AP Family Parties of any fact, matter or circumstances which might result in a Claim and not to admit liability or make or agree any payment or compromise in respect of any such Claim (without the express written consent of the AP Family Parties) and if requested to do so by the AP Family Parties to enable them and/or their professional advisers to have conduct of all aspects of such Claims on behalf of the Georgian Parties or any and all of them including conduct of any legal proceeding and/or action. For the purposes of this Sub-Article (4) the Georgian Parties confirm that they are not aware of any fact, matter or circumstances which might reasonably give rise to a Claim.

#### IV. UNDERTAKING SUBSEQUENT TO THE SETTLEMENT

The Parties agree to negotiate in good faith and procure, within two calendar months (or such other period as may be agreed in writing between the Parties) following the Withdrawal Letter, that the Tbilisi Municipality, as lessor, and an entity belonging to AP Family Parties, as lessee, shall sign a new lease on Mtatsminda Park, which new lease shall be on reasonable terms and cover substantially the same territory as the lease dated 11 April 2007 between Lynx Ltd. and the Tbilisi Municipality and shall be regarded by the Parties as an investment.

#### V. NO ADMISSION OF LIABILITY

This Settlement Agreement shall not be construed as an admission of liability or wrongdoing on the part of any Party, nor (except as expressly provided by this Settlement Agreement) as any concession, acknowledgement or agreement by any Party.

#### VI. COSTS AND EXPENSES

The Georgian Parties and the AP Family Parties shall each bear their own costs (including legal fees and all expenses) in connection with the Arbitration and the negotiation, preparation and completion of this Settlement Agreement, and fulfillment of any obligations in connection with this Settlement Agreement. Additionally, the Georgian Parties and the AP Family Parties shall each bear half of the arbitrators' fees and administrative costs in relation to the Arbitration, and no Party shall seek any compensation from the other Party for arbitrators' fees and/or administrative costs borne in relation to the Arbitration.

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## VII. CONFIDENTIALITY

This Settlement Agreement shall be treated by the Parties as strictly confidential, shall not be disclosed to any third parties, other than the Parties' lawyers, consultants or advisers, or as required by law.

## VIII. ENTIRE AGREEMENT

Save as may be expressly agreed in writing between the Parties, this Settlement Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes any prior or contemporaneous oral or written agreements, negotiations, or discussions with respect to the subject matter hereof.

This Settlement Agreement may not be altered, modified, or amended, nor may any of its provisions be waived, unless by agreement in writing duly executed by the authorized representatives of the Parties.

## IX. DRAFTING OF SETTLEMENT AGREEMENT

The Parties agree that they shall be deemed co-drafters in the event of any interpretation or construction of the terms of this Settlement Agreement and, therefore, that no *contra proferentem* presumption shall apply.

## X. GOVERNING LAW

This Settlement Agreement and any non-contractual obligations arising out of or in relation to this Agreement shall be governed by and interpreted in accordance with the laws of England to the exclusion of its conflict of laws rules.

## XI. ARBITRATION

All disputes arising out of or in connection with this Settlement Agreement shall be finally settled under the Rules of Arbitration of the International Chamber of Commerce by three arbitrators appointed in accordance with the said Rules. The place of arbitration shall be Paris, and the language of the arbitration shall be English. For purposes of arbitrator appointment, the AP Family Parties, on the one hand, and the Georgian Parties, on the other hand, shall each be considered as one party.

## XII. REPRESENTATION OF GEORGIAN PARTIES

For the purpose of this Settlement Agreement, the Georgian Parties are all represented by Party No. 1, Georgia.

## XIII. AUTHORITY AND POWER

Each individual executing this Agreement on behalf of a Party hereto represents and warrants that he or she has been fully empowered by such Party to execute this Agreement and that all necessary action to authorise execution of this Agreement by him or her has been taken by him or her and such Party.

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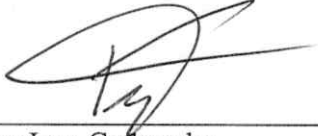
**XIV. COUNTERPARTS**

This Settlement Agreement may be executed in any number of counterparts and by different Parties on separate counterparts, each of which is an original but, together, they constitute one and the same agreement. The Georgian Parties shall receive one signed original of this Settlement Agreement and the AP Family Parties shall receive the other signed original. This Settlement Agreement shall be considered to have been executed only when all Parties have signed the Settlement Agreement and signed counterparts have been exchanged among the Parties.

**For and on behalf of the Georgian Parties**


  
\_\_\_\_\_  
Name: Tina Burjaliani  
Position: First Deputy Minister of Justice  
Date: 6.07.2011

**The AP Family Parties:**

  
\_\_\_\_\_  
Name: Inna Gudavadze  
Date: 6.07.11

  
\_\_\_\_\_  
Name: Iya Patarkatsishvili  
Date: 6.07.11

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Name: Liana Zhmotova  
Date:

  
\_\_\_\_\_  
Name: Natela Patarkatsishvili  
Date: 6.07.11



**Appendix A**  
**List of Companies**

List of Companies for Tax Settlement / Support in Liquidation

#	კომპანიების დასახელება	Company Name	Notes	Tax Settlement	Liquidation
1	შპს სტანდარტ კაპიტალ საქართველო	Standard Capital Georgia LLC		Yes	Yes
2	შპს ფინანსური ინვესტიციების მართვის კომპანია	Financial Investment Management Company LLC		Yes	Yes
3	საინვესტიციო ფონდი სტანდარტ კაპიტალ საქართველო	Investment Fund Standard Capital Georgia		Yes	Yes
4	სააქციო საზოგადოება მაუდი	JSC Maudi		Yes	
5	შპს ლინქსი	Lynx LLC	If we take over	Yes	
6	შპს მიაწმინდა ლინქსი	Miatsminda Lynx LLC	If we take over	Yes	
7	შპს ეი-პი მენეჯმენტი	AP Management LLC		Yes	
8	შპს ვესტერნ სანჯორჯია	Western Sun Georgia LLC		Yes	Yes
9	შპს ზურგოვანი	Zurgovani LLC		Yes	
10	შპს საქართველოს ტელეკომი	Georgian Telecom LLC			Yes
11	შპს დიგომი რივიერა ვენტურსი	Digomi Riviera Ventures LLC		Yes	Yes
12	შპს დიქსი დეველოპმენტ ჯორჯია	Dixy Development Georgia LLC		Yes	Yes
13	შპს ბელარ	Belair LLC		Yes	
14	ვიდი მედია	Vidi Media		Yes	
15	იბერიკა	Iberika		yes	
16	ეპოქა 2000	Epoqa 2000		yes	
17	სინემა	Sinema		yes	

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4. the Ministry of Internal Affairs of Georgia;
5. the Constitutional Security Department;
6. the Ministry of Defense of Georgia;
7. the Financial Police (now the Investigative Department), Ministry of Finance of Georgia;
8. the Taxation Department (now the Revenue Service of Georgia), Ministry of Finance of Georgia;
9. the National Communications Commission of Georgia;
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  - (iii) An action pending in Tbilisi City Court numbered N2/1967-08, in which IG and other AP Family Parties request that a defamation claim brought by Joseph Kay be dismissed. The specific request for such a ruling shall be referred to as “**Request 3**”.

These three actions shall collectively be referred to as the “**Georgia Court Litigation**”. Requests 1, 2 and 3 shall collectively be referred to as the “**AP Family Parties’ Claim**”.

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- (H) The Georgian Parties continue to deny all the allegations of wrongdoing made in the Arbitration by IG and her daughters.
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- (J) In discussions held in early 2011, the Parties expressed their mutual interest in settling the Arbitration.
- (K) The AP Family Parties remain unwilling to enter into any settlement unless and until (i) the Georgian Criminal Proceedings have been finally closed and (ii) the Georgia Court Litigation has been finally resolved and the AP Family Parties' Claim successfully determined in their favour in all material respects, all of which are matters as to which the Georgian Parties have no control. The events listed in items (i) and (ii) above are referred to as the "AP Family Issues".
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  - (b) "Closure of the Georgian Criminal Proceedings" shall mean that the competent Georgian authority has issued a final and non-appealable decision that has the effect of disposing of all claims in such Criminal Proceedings in a

manner that prevents any such claims being re-asserted or advanced in any further form against AP, the AP Estate or anyone at all.

- (2) The “**Final Resolution of the AP Family Issues**” shall be deemed to occur on the last date when each of the following shall conclusively have taken place, provided that Request 1 is finally determined (for the purposes of Final Resolution of the AP Family Parties’ Claim) by 15 August 2011 and that the remainder all take place by no later than 31 December 2011:
  - (a) Final Resolution of the AP Family Parties’ Claim; and
  - (b) Closure of the Georgian Criminal Proceedings.
- (3) The Final Resolution of the AP Family Issues shall be a condition precedent to the entry into force of the waivers, releases, discharges and undertakings provided in Article III of this Settlement Agreement. In the event that the AP Family Issues shall not all have been resolved for the purposes of clause (2) above by 31 December 2011, the Parties shall promptly meet to discuss the settlement of the Arbitration. If such meeting does not result in an agreement among the Parties within one calendar month of such meeting, then any Party shall be free to resume the Arbitration.

## II. TAX COMPROMISE

- (1) In furtherance of this Settlement Agreement, the Georgian Parties undertake to waive to the fullest extent permitted by Georgian law the right to recover any outstanding taxes due as at the date of this Settlement Agreement to the Georgian government by the companies listed in **Appendix A**. For such purpose, within 20 days following the Final Resolution of the AP Family Issues, Georgia (or, alternatively, such of the Georgian Parties as are capable of entering into the following) and the companies listed in **Appendix A** will enter into tax agreements in accordance with Georgian law for that purpose (the “**Tax Compromise**”). The Georgian Parties further undertake to provide all administrative assistance within their power in completing the liquidation of the companies listed in **Appendix A**.
- (2) Fulfillment of the Tax Compromise shall be a condition precedent to the entry into force of the waivers, releases, discharges and undertakings provided in Article III of this Settlement Agreement. In the event that the Tax Compromise shall not have occurred by 31 December 2011, the Parties shall promptly meet to discuss the settlement of the Arbitration. If such meeting does not result in an agreement among the Parties within one calendar month of such meeting, then any Party shall be free to resume the Arbitration.

## III. SETTLEMENT UNDER CONDITIONS PRECEDENT

Immediately and automatically effective on the date of Final Resolution of the AP Family Issues or the Tax Compromise, whichever occurs last (the “**Effective Date**”):

- (1) All claims in the Arbitration shall be withdrawn with prejudice. To this end, within ten calendar days of the Effective Date, IG or her legal advisers shall immediately write to the arbitral tribunal appointed in the Arbitration, advising it that the dispute has been settled, withdrawing the Arbitration and all claims irrevocably and with

prejudice, and advising it that the Georgian Parties and IG will each bear half of the arbitrators' fees and administrative costs in relation to the Arbitration (the "**Withdrawal Letter**"). Within five calendar days of the receipt of the Withdrawal Letter, the Georgian Parties shall write to the same arbitral tribunal acknowledging and confirming the contents of the Withdrawal Letter.

- (2) The AP Family Parties, for themselves and all entities they control, their successors, assigns, officers, duly appointed agents, and representatives for the purposes of the Settlement Agreement, irrevocably and forever discharge and release the Georgian Parties, as well as any of Georgia's organs, agencies, instrumentalities (including all organizations directly or indirectly owned or controlled by Georgia), agents and representatives for the purposes of the Settlement Agreement, from any and all claims, suits, rights, causes of action or demands in litigation or arbitration for money damages or other relief to remedy any alleged harm, pecuniary or non-pecuniary loss, damage or injury, whether direct or indirect, contingent or actual, past, present or future, currently known or unknown, pled or unpled, which they had, have, or may have, in connection with any facts, circumstances, acts, transactions, and/or events that have already occurred as at the date of this Settlement Agreement, arising out of or in any way related to any asset or right of any nature that is or was controlled by, or belongs or belonged to, or is alleged to be controlled or have been controlled by or to belong or have belonged to, AP or the AP Estate or any of the AP Family Parties (including, without limitation, the following assets: Imedi TV (including any loans extended to Imedi TV, directly or indirectly, by AP), Mtatsminda Park, Agara Sugar Factory, and Standard Capital Georgia LLC). For the avoidance of doubt this Sub-Article (2) shall not affect any Party's right to enforce the rights and obligations created pursuant to this Settlement Agreement or any investment protection rights in relation thereto.
- (3) The AP Family Parties confirm (for the avoidance of doubt) that, as at the date of this Settlement Agreement:
  - (a) They have no further claims in relation to Imedi TV against the current owner of Imedi TV or against the Georgian Parties, or against any of Georgia's organs, agencies, instrumentalities (including all organizations directly or indirectly owned or controlled by Georgia), agents or representatives.
  - (b) They have no further claims in relation to Mtatsminda Park or Lynx Ltd against the Georgian Parties, as well as against any of Georgia's organs, agencies, instrumentalities (including all organizations directly or indirectly owned or controlled by Georgia), agents or representatives, or against the current leaseholder and operator of Mtatsminda Park.
- (4) The AP Family Parties undertake, jointly and severally, to indemnify and hold the Georgian Parties, as well as any of Georgia's organs, agencies, instrumentalities (including all organizations directly or indirectly owned or controlled by Georgia), agents and representatives, harmless against any claims, proceeding and/or action, including legal fees incurred in connection therewith ("**Claims**"), that may be taken against any of such parties by any person or entity in connection with any alleged rights (whether creditor, matrimonial, succession or other rights) relating to Imedi TV, Mtatsminda Park and/or Lynx Ltd, or to any assets in, or alleged to be part of, the AP Estate in Georgia (whether before, pending, or after the distribution of assets),

including without limitation any claims or actions brought or that may be brought by Boris Berezovski, Olga Safonova, David Patarkatsishvili, Mzia Tortladze, Nana Patarkatsishvili, Iakob Patarkatsishvili and/or actual or former shareholders of Imedi TV; provided that the indemnity provided in this Sub-Article (4) shall not cover any Claims arising out of acts or omissions of the Georgian Parties which occurred, with respect to Imedi TV after 18 February 2008 and before the date of this Settlement Agreement or, with respect to Mtatsminda Park, after September 2008 and before the date of this Settlement Agreement or any Claims from Mr Joseph Kay or any associate or affiliate of his at any time in any respect whatsoever. The AP Family Parties and the Georgian Parties mutually undertake to cooperate with each other in good faith in defending any such Claims, proceeding and/or action. Without prejudice to the aforesaid, the obligation of the AP Family Parties to indemnify Claims will be subject to the obligation of the Georgian Parties, as appropriate, to give prompt and reasonable notice to the AP Family Parties of any fact, matter or circumstances which might result in a Claim and not to admit liability or make or agree any payment or compromise in respect of any such Claim (without the express written consent of the AP Family Parties) and if requested to do so by the AP Family Parties to enable them and/or their professional advisers to have conduct of all aspects of such Claims on behalf of the Georgian Parties or any and all of them including conduct of any legal proceeding and/or action. For the purposes of this Sub-Article (4) the Georgian Parties confirm that they are not aware of any fact, matter or circumstances which might reasonably give rise to a Claim.

#### **IV. UNDERTAKING SUBSEQUENT TO THE SETTLEMENT**

The Parties agree to negotiate in good faith and procure, within two calendar months (or such other period as may be agreed in writing between the Parties) following the Withdrawal Letter, that the Tbilisi Municipality, as lessor, and an entity belonging to AP Family Parties, as lessee, shall sign a new lease on Mtatsminda Park, which new lease shall be on reasonable terms and cover substantially the same territory as the lease dated 11 April 2007 between Lynx Ltd. and the Tbilisi Municipality and shall be regarded by the Parties as an investment.

#### **V. NO ADMISSION OF LIABILITY**

This Settlement Agreement shall not be construed as an admission of liability or wrongdoing on the part of any Party, nor (except as expressly provided by this Settlement Agreement) as any concession, acknowledgement or agreement by any Party.

#### **VI. COSTS AND EXPENSES**

The Georgian Parties and the AP Family Parties shall each bear their own costs (including legal fees and all expenses) in connection with the Arbitration and the negotiation, preparation and completion of this Settlement Agreement, and fulfillment of any obligations in connection with this Settlement Agreement. Additionally, the Georgian Parties and the AP Family Parties shall each bear half of the arbitrators' fees and administrative costs in relation to the Arbitration, and no Party shall seek any compensation from the other Party for arbitrators' fees and/or administrative costs borne in relation to the Arbitration.



## **VII. CONFIDENTIALITY**

This Settlement Agreement shall be treated by the Parties as strictly confidential, shall not be disclosed to any third parties, other than the Parties' lawyers, consultants or advisers, or as required by law.

## **VIII. ENTIRE AGREEMENT**

Save as may be expressly agreed in writing between the Parties, this Settlement Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes any prior or contemporaneous oral or written agreements, negotiations, or discussions with respect to the subject matter hereof.

This Settlement Agreement may not be altered, modified, or amended, nor may any of its provisions be waived, unless by agreement in writing duly executed by the authorized representatives of the Parties.

## **IX. DRAFTING OF SETTLEMENT AGREEMENT**

The Parties agree that they shall be deemed co-drafters in the event of any interpretation or construction of the terms of this Settlement Agreement and, therefore, that no *contra proferentem* presumption shall apply.

## **X. GOVERNING LAW**

This Settlement Agreement and any non-contractual obligations arising out of or in relation to this Agreement shall be governed by and interpreted in accordance with the laws of England to the exclusion of its conflict of laws rules.

## **XI. ARBITRATION**

All disputes arising out of or in connection with this Settlement Agreement shall be finally settled under the Rules of Arbitration of the International Chamber of Commerce by three arbitrators appointed in accordance with the said Rules. The place of arbitration shall be Paris, and the language of the arbitration shall be English. For purposes of arbitrator appointment, the AP Family Parties, on the one hand, and the Georgian Parties, on the other hand, shall each be considered as one party.

## **XII. REPRESENTATION OF GEORGIAN PARTIES**

For the purpose of this Settlement Agreement, the Georgian Parties are all represented by Party No. 1, Georgia.

## **XIII. AUTHORITY AND POWER**

Each individual executing this Agreement on behalf of a Party hereto represents and warrants that he or she has been fully empowered by such Party to execute this Agreement and that all necessary action to authorise execution of this Agreement by him or her has been taken by him or her and such Party.

#### XIV. COUNTERPARTS

This Settlement Agreement may be executed in any number of counterparts and by different Parties on separate counterparts, each of which is an original but, together, they constitute one and the same agreement. The Georgian Parties shall receive one signed original of this Settlement Agreement and the AP Family Parties shall receive the other signed original. This Settlement Agreement shall be considered to have been executed only when all Parties have signed the Settlement Agreement and signed counterparts have been exchanged among the Parties.


#### For and on behalf of the Georgian Parties

\_\_\_\_\_  
Name: Tina Burjaliani  
Position: First Deputy Minister of Justice  
Date:

#### The AP Family Parties:

\_\_\_\_\_  
Name: Inna Gudavadze  
Date:

\_\_\_\_\_  
Name: Iya Patarkatsishvili  
Date:

 06.07.2011  
\_\_\_\_\_  
Name: Liana Zhmotova  
Date: 06.07.2011

\_\_\_\_\_  
Name: Natela Patarkatsishvili  
Date:

**Appendix A**  
**List of Companies**

## List of Companies for Tax Settlement / Support in Liquidation

#	კომპანიების დასახელება	Company Name	Notes	Tax Settlement	Liquidation
1	შპს სტანდარტ კაპიტალ საქართველო	Standard Capital Georgia LLC		Yes	Yes
2	შპს ფინანსური ინვესტიციების მართვის კომპანია	Financial Investment Management Company LLC		Yes	Yes
3	საინვესტიციო ფონდი სტანდარტ კაპიტალ საქართველო	Investment Fund Standard Capital Georgia		Yes	Yes
4	სააქციო საზოგადოება მაუდი	JSC Maudi		Yes	
5	შპს ლინქსი	Lynx LLC	If we take over	Yes	
6	შპს მთაწმინდა ლინქსი	Mtatsminda Lynx LLC	If we take over	Yes	
7	შპს ეი-პი მენეჯმენტი	AP Management LLC		Yes	
8	შპს ვესტერნ სან ვიორჯია	Western Sun Georgia LLC		Yes	Yes
9	შპს ჯურგოვანი	Zurgovani LLC		Yes	
10	შპს საქართველოს ტელეკომი	Georgian Telecom LLC			Yes
11	შპს დიგომი რივიერა ვენტურსი	Digomi Riviera Ventures LLC		Yes	Yes
12	შპს დიქსი დეველოპმენტ ჯორჯია	Dixy Development Georgia LLC		Yes	Yes
13	შპს ბელარი	Belair LLC		Yes	
14	ვიდი მედია	Vidi Media		Yes	
15	იბერიათელი	iberiateli		yes	
16	ეპოქა 2000	Epoqa 2000		yes	
17	სინემა	Sinema		yes	