

**SRG REAL ESTATE LLC**  
  
**THE CHARTER**  
  
**OF**  
  
**THE RISK AND AUDIT COMMITTEE**  
  
**OF**  
  
**THE SUPERVISORY BOARD**

**1. Purpose and Authority of the Risk and Audit Committee**

The purpose of the Risk and Audit Committee (the “Committee”) is to assist the Supervisory Board in discharging its oversight responsibility relating to (1) the accounting and financial reporting practices of SRG Real Estate LLC (the "Company") and its subsidiaries, including the integrity of the Company's financial statements; (2) administration and financial controls and the Company's compliance with legal and regulatory requirements pertaining to finance, accounting and tax ; (3) the Company’s outside accounting (and, if different, audit) firm's qualifications and independence; and (4) the performance of the Company's internal audit function and of the Company's outside audit firm, in respect of the audit; (5) risk assessment and oversight processes.

The Committee is established and authorized by the Supervisory Board. The Committee decisions are of an advisory nature and the final decision authority rests with the Board. The Supervisory Board provides all necessary resourcing and support to the Committee.

**2. Committee Membership**

The Supervisory Board appoints a Committee of at least three members, consisting entirely of Supervisory Board Members, and designates one member, who is the Independent Member of the Supervisory Board (in accordance with the Georgian Legislation) as chairperson.

Each member of the Committee must be in financial or legal matters, as determined by the Supervisory Board.

The members of the Committee will split the functions within the Committee.

Each member of the Committee is obliged to participate in the meetings and act in a good faith.

**3. Functioning of the Committee**

The Committee shall meet at least four times per year, either in person or

telephonically/electronically, and at such times and places as the Committee shall determine. The majority of the members of the Committee shall constitute a quorum. The decisions of the Committee are made by the majority of votes of the total members of the Committee.

The Committee shall meet separately in executive session, at least once a year, with each of management, the principal internal auditor of the Company, the outside [accounting/audit] firm and the chief risk officer. The Committee may request that any officer or employee of the Company or the Company's outside counsel or outside [audit/accounting] firm, or any other person, attend a meeting of the Committee or meet with any member of, or consultant to, the Committee.

With the consent of the Supervisory Board, the Committee shall have the authority to retain such outside counsel, accountants, experts and other advisors as it determines appropriate to assist it in the performance of its functions and shall receive appropriate funding, as determined by the Supervisory Board, from the Company for payment of compensation to any such advisors.

The Committee may invite to its meetings other members of the Supervisory Board, members of the Company's management and such other persons as the Committee deems appropriate. The Committee may exclude any person (other than a member of the Committee and Supervisory Board) from a meeting as the Committee deems appropriate.

The Committee meetings are documented by the secretary in the relevant minutes. The draft minutes are circulated among members of the Committee and after confirmation is executed by the chairman of the Committee.

The Committee shall report regularly to the full Supervisory Board with respect to its activities.

#### **4. Committee Authority and Responsibilities**

Among its specific duties and responsibilities, the Committee shall:

- *Recommendation of outside [audit/accounting] firm.* Recommend to Supervisory Board the audit/accounting firm of the Company. The Committee shall also oversee the work of the audit/accounting firm (including recommending to the Supervisory Board resolution of any disagreement between management and the audit/accounting firm regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services.
- *Periodic Reports and the Disclosure Process.* Meet to review and discuss with management, internal audit and the audit firm: (a) the annual audited and quarterly financial statements of the Company and its reporting subsidiaries; (b) specific disclosures in accordance with the Georgian Legislation. Management's Discussion and Analysis of Financial Condition and Results of Operations; (c) the matters required to be discussed pursuant to International Statement on Auditing Standards (d) significant deficiencies and material weaknesses in the design or operation of internal controls and procedures for financial reporting, any changes made or proposed to such controls and procedures, and any fraud by any person involved therewith; (e) any reports of the audit firm and disclosures concerning internal controls and procedures for financial reporting and disclosure controls and procedures;

- *Review of Accounting Matters.* Review and discuss with management and the audit firm, as applicable: (a) the scope of any audit, the results of the annual audit examination by the audit firm, and any problems or difficulties the auditor encountered in the course of its audit work and management's response; (b) any reports of the audit firm with respect to interim periods; (c) major issues regarding accounting principles, alternative accounting treatments, accounting estimates and financial statement presentations and disclosures; (d) major issues as to the adequacy of the Company's internal controls and special audit steps adopted in light of material control deficiencies; (e) material written communications between the audit firm and management; (f) accounting treatment for unusual transactions; (g) the effect of regulatory and accounting initiatives on the financial statements of the Company; (h) earnings press releases, and corporate practices with respect to earnings press releases and financial information and earnings guidance provided to analysts and ratings agencies; .
- *Financial Risk Exposure.* Discuss with management the Company's and its subsidiaries' material financial risk exposures and the steps management have taken to monitor and control such exposures, including the Company's risk assessment and risk management policies.
- *Internal Audit Review.* With respect to the Company's internal auditing and controls, on an annual basis, review (a) the quality and composition of the Company's internal audit staff and the reporting relationship amongst the internal auditor, financial management and the Committee; (b) the risk assessment process, scopes and procedures to determine whether they are adequate to attain the internal audit objectives, as determined by management; (c) the internal audit plan developed by the Company and explanations of deviations therefrom and proposed changes thereto; (d) significant fraud or regulatory non-compliance; (e) any difficulties encountered by internal audit in the course of their audits;
- *Tax Matters.* Review tax compliance and issues with internal tax staff and external advisors, as needed.
- *Relationship with Audit Firm.* Evaluate the qualifications, performance and consider, at least annually, the independence of the audit firm and obtain and review a report by the audit firm describing any relationships between the audit firm and the Company and any other relationships that may adversely affect the independence of the audit firm and, based on such review, assess their independence consistent with standards determined by the Georgia Legislation. The Committee shall actively engage in a dialogue with the audit firm with respect to any disclosed relationships or services that may impact their objectivity and independence and take, or recommend that the Supervisory Board take, appropriate action to oversee the independence of the audit firm. The Committee shall also (a) review and evaluate the lead partner of the audit firm working on the Company's business, and take into account the opinions of management and the Company's internal auditors and (b) evaluate the composition of the audit team to confirm that members would comply with any rotation requirements imposed by securities regulators and professional accounting standards.
- *Review of Audit Firm.* Obtain and review, at least annually, a report by the audit firm describing (a) the audit firm's internal quality control procedures and (b) any material issues raised by the most recent internal quality control review, or peer review, or by any inquiry

or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the audit firm, and any steps taken to deal with such issues.

- *Confidential Complaint Procedure.* Annually review procedures for (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- *Legal and Regulatory Compliance.* Review the Company's compliance systems with respect to legal and regulatory requirements that affect financial reporting, including reviewing the Company's codes of conduct and compliance programs.
- *Annual Assessments.* Annually evaluate the performance of the Committee and assess the adequacy of the Committee Charter.
- *Risk.* The Committee monitors the processes in place for the early detection and minimization of risks that could endanger the livelihood of the Company, and risk management systems in general.
- *Other.* Perform any other activities consistent with this Charter, the Company's by-laws and governing law, as the Committee or the Supervisory Board deems necessary or appropriate. The Committee investigates any cases that may be raised by the shareholders in relation to external auditors, internal audit, and financial reporting. The Committee establishes systems and criteria for attending to such matters and the confidentiality principles to be applied.

## **5. Limitation of Committee's Responsibilities**

Although the Committee has the responsibilities and powers set forth in this charter, it is not the duty of the Committee to prepare financial statements, plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the independent auditors of the Company.