

LAW OF GEORGIA
ON STATE PROPERTY

Chapter I - General Provisions

Article 1 - Scope of the Law

1. This Law regulates relations concerning the management, administration and transfer into use of the state property of Georgia.

2. (Deleted).

3. (Deleted).

4. (Deleted).

5. This Law shall not apply to:

a) the cases specified in Article 10¹(3)(e) of the Law of Georgia on Public Procurement;

b) the transfer or any other administration of useful parts and materials obtained after the reconstruction, repair, dismantling or demolition of state-owned buildings transferred for use to state bodies of Georgia, to the bodies of the Autonomous Republic of Abkhazia, of the Autonomous Republic of Ajara or to local self-government bodies or to legal entities under public law for the purpose of covering, in full or in part, the costs of reconstruction, repair, dismantling or demolition of these buildings by such body or legal entity under public law;

c) the transfer or any other administration of the useful parts and materials obtained as a result of the reconstruction, repair, dismantling or demolition of buildings transferred for use to the state bodies of Georgia, to the bodies of the Autonomous Republic of Abkhazia, or to the Autonomous Republic of Ajara or to local self-government bodies or to legal entities under public law, shall be effected by such body or legal entity under public law for the purpose of covering, in full or in part, the costs of reconstruction, repair, dismantling or demolition of the buildings in accordance with the procedures and conditions established by the Government of Georgia;

c) the cases determined by the Law of Georgia on the Recognition of Property Rights on the Parcels of Land Held (Used) by Natural Persons and Legal Persons under Private Law;

d) the cases determined by the Law of Georgia on Housing Relations;

d¹) the relations determined by the Law of Georgia on the Development of Comprehensive Special Procedures for the Systematic and Sporadic Registration of Rights on Land Plots within the State Program;

e) the cases determined under the legal act of the Government of Georgia on the Approval of the procedure for the gratuitous transfer into ownership of non-privatised residential and non-residential (isolated and non-isolated) space to lawful users by the local executive authorities', and under the legal act of the Government of Georgia on the Transfer into ownership of state-owned residential and non-residential space that is on the books of the Ministry of Defence of Georgia;

f) protected areas, except for protected landscapes and territories designated for multiple use as provided for by Article 4(1)(bb) of this Law, or state forest funds, except for former collective farm forests and Sovkhoz forests within the territorial borders of the settlements specified in Article 4(1)(e) of this Law, and Articles 29¹ and 36(1¹) of this Law;

g) goods purchased for natural persons under healthcare and social assistance programmes, or to the distribution and transfer of disposable and rapidly wearing items, and pharmaceutical and food products (except for property transferred or to be transferred to state ownership);

h) property sent or transferred to a foreign state authority for the purpose of humanitarian assistance, or property transferred as a gift or award;

i) the utilisation, alienation and any other administration of state-owned military property (including property acquired as a result of the writing off and/or utilisation of such property) carried out pursuant to a legal act of the Government of Georgia and/or of an official authorised by the Government of Georgia;

j) the transfer of printed or electronic publications held by or published with the support of the Ministry of Culture and Monument Protection of Georgia, to natural persons and legal persons under private law for promoting Georgian culture;

k) the administration of blood components, which is carried out pursuant to the Ordinance of the Government of Georgia on the Rules and Conditions for Disposing of Blood Components;

l) the administration of state-owned immovable things for the purpose of the placement of line structures of electronic communication networks, cellular, TV and radio towers. The procedure and conditions for the administration of state-owned immovable things for that purpose shall be determined by an order of the Minister of Economy and Sustainable Development of Georgia.

6. In the cases determined by this Law, state property shall be managed and administered by the National Agency of State Property ('the Property Agency'), a legal entity under public law (hereinafter LEPL) of the Ministry of Economy and Sustainable Development of Georgia ('the Ministry').

6¹. The Property Agency shall also exercise other powers determined by the Government of Georgia, including the facilitation of the administration of



the property of interested legal entities under public law and of those legal entities under private law that are established by the state and/or in which the state owns an ownership interest/share.

7. State policy concerning the management and administration of state property shall be determined and implemented by the Ministry.

8. Individual administrative acts issued by the Property Agency may be appealed to the Ministry and thereafter to a court.

Law of Georgia No 3963 of 10 December 2010 – LHG III, No 74, 24.12.2010, Art. 444

Law of Georgia No 6377 of 5 June 2012 - website, 15.6.2012

Law of Georgia No 1037 of 6 September 2013 - website, 23.9.2013

Law of Georgia No 1665 of 29 November 2013 - website, 4.12.2013

Law of Georgia No 2475 of 29 May 2014- website, 4.6.2014

Law of Georgia No 2878 of 11 December 2014 – website, 23.12.2014

Law of Georgia No 5156 of 3 June 2016- website, 17.6.2016

Article 2 - Definition of terms used in this Law

For the purposes of this Law the terms used herein have the following meanings:

- a) state property – movable and immovable things and intangible assets owned by the state;
- b) administration of state property – the transfer of title of state property to a self-government unit, as well as the privatisation, transfer of management rights, sale, lease, distribution and destruction of state property according to procedures established by the legislation of Georgia;
- c) privatisation – the acquisition of title to state property by natural and legal persons or by their associations as provided for by this Law by electronic and/or public auctions, direct sale, competitive direct sale and the transfer of title free of charge, as well as through a trade outlet or a third person, and also by the acquisition of an ownership interest or shares or share certificates directly or through an intermediary, by public or private offer or any other form of offer corresponding to the practice established at a recognised foreign stock exchange or in international capital markets for the given period;
c¹) a recognised foreign stock exchange - a stock exchange entered on the list of stock exchanges recognised by the National Bank of Georgia under Article 2(62) of the Law of Georgia on the Securities Market;
- d) transfer of state property for use – a transfer of state property with the right to use as provided for by the legislation of Georgia;
- e) transferor of state property for use – a property administrator that transfers state property for use on behalf of the State;
- f) transfer of management rights – a transfer of the right to manage a state-owned ownership interest and shares (ownership interest and shares) to natural or legal persons or to other entities;
- g) property transferred to state ownership – property transferred to state ownership through the criminal, civil and administrative proceedings of Georgia, and property transferred (transferred in kind) to state ownership under the Law of Georgia on Enforcement Proceedings and the Law of Georgia on Insolvency Proceedings, and property transferred (passed) to state ownership under the Tax Code of Georgia, and property transferred to state ownership by inheritance and donation, and property subject to sale, and ownerless and heirless property transferred to state ownership, as well as unreturned goods after a test purchase under the Tax Code of Georgia;
- h) distribution of state-owned movable property – a gratuitous transfer, in accordance with the legislation of Georgia, by the Service Agency of the Ministry of Finance of Georgia ('the Agency'), a legal entity under public law operating within the system of the Ministry of Finance of Georgia, of the property transferred to it for administration and of the property transferred to state ownership;
- i) destruction of state-owned movable property – destruction by the Agency, in accordance with the legislation of Georgia, of the property transferred to it for administration or of property transferred to state ownership;
- i¹) property transferred for administration – state-owned movable property which has been transferred for use to and/or is on the books of a state authority and/or of a legal entity under public law, and which was transferred to the Agency for further administration after a decision was made on its administration;
- j) third person – a natural or legal person or an association of persons that facilitates the privatisation of state property;
- k) sale of movable property transferred to state ownership – the sale by the Agency of movable property transferred to state ownership by auction, direct sale or through a third person;
- l) ownership interest and shares– ownership interests and shares registered with an appropriate registration authority in the name of the State;
- m) initial transfer for use – the transfer for use of state property that has not been previously transferred for use to the Government of Georgia, to the Autonomous Republic of Abkhazia, to the Autonomous Republic of Ajara or to local self-government bodies, or to natural and legal persons by a property administrator;
- n) privatisation plan – a set of information on cadastral survey/planning drawings of forests located within the territorial boundaries of a locality, their cadastral data, area, location and the privatisation price of the land plots calculated on the basis of such information;



- o) household book – a register recording the households and their members within the territorial boundaries of an administrative unit, being a settlement (village, township, city) or aggregation of settlements (community), confirming the fact that specified people reside in a specific locality and are members of a specific household;
- p) state-owned unleased agricultural land plot – a state-owned agricultural land plot that has not been leased as of 25 January 2005;
- q) state-owned leased agricultural land plot – a state-owned agricultural land plot that is the subject of a lease agreement;
- r) privatisation of a forest located within the territorial boundaries of a settlement – the non-gratuitous privatisation of the forest lands of former collective farms and of Sovkhoz with or without the forests located on them;
- s) (deleted);
- t) immovable thing – state-owned immovable property, agricultural land, forests within the territorial boundaries of a settlement, protected landscape and/or multiple use areas;
- t¹) immovable property – a state-owned non-agricultural land plot with or without a building on it (under construction, completed or demolished), a building unit (under construction, completed or demolished), a line structure, or perennial plants on the land;
- t²) agricultural land – an agricultural land plot used for the production of crops and livestock (poultry or fish farming) products with or without the perennial plants and/or buildings on it;
- u) unconditional and irrevocable bank guarantee – an unconditional and irrevocable bank guarantee to be submitted for the administration of state property;
- v) deposit – the amount of money to be paid as a security deposit into the account specified by the entity conducting privatisation in the form of an auction or in any other form; the freezing of the money in the bank account of the participant shall be treated as equivalent to a deposit, which will be transferred to the entity conducting the auction if the participant wins the auction or violates the procedure and conditions established by this Law;
- w) application – expression of intent by a prospective bidder to participate in an auction, thereby confirming that he/she/it has reviewed the procedure and conditions of the auction and agrees with them. An application includes information on the auction participant, the name of the state property, the initial privatisation price and other information;
- x) privatisation proceeds – the amount of money received from the privatisation of state property or from the transfer of the management rights to such property, which is transferred to the state budget of Georgia, the budgets of the Autonomous Republics of Abkhazia and Ajara and/or to local self-government units;
- y) privatisation price – the amount of money to be paid by the buyer of state property or by the acquirer of management rights to state property, which consists of the privatisation amount and the amount payable to a third person and/or to another entity (if any);
- z) initial privatisation amount – the minimum cost of the state property upon the privatisation of or the transfer of management rights to such property, the price of which is raised during the bidding;
- aa) initial privatisation price – the amount of money at which state property is offered for privatisation or the transfer of management rights and which consists of the initial privatisation amount and the amount payable to a third person and/or another entity (if any);
- bb) service fee – the amount of money determined under an ordinance of the Government of Georgia and payable for the services provided by the Property Agency; the service fee shall be transferred to the account of the Property Agency;
- cc) privatisation amount – the amount of money that consists of the privatisation proceeds and the payments to the Property Agency (if any);
- dd) initial price of transfer for use – in the case of transfer of state property for use, the minimum amount of the property subject to transfer for use, at which the state property is made available for transfer for use and the price of which is raised during the bidding;
- ee) price of transfer for use – in the case of the transfer of the property for use, the amount of money to be paid by the beneficiary for the use of the property, which consists of the amount of the transfer of the property for use and the payments to the Property Agency (if any);
- ff) payments to the Property Agency – a portion of the privatisation amount or the price of transfer for use determined by the Government of Georgia, which will be transferred to the account of the Property Agency in the case of privatisation or transfer of management rights or transfer for use by the Property Agency; and a portion of the payments specified in Article 49¹(2) of this Law that is transferred to the account of the Property Agency in the amount determined by the Government of Georgia; and the amount of money determined by an ordinance of the Government of Georgia for the services provided by the Property Agency;
- gg) amount of the transfer for use – the amount of money payable to the respective budget in the case of transfer of property for use;
- hh) property administrator – the Ministry or the Property Agency or an authority acting within the scope of powers delegated by the Ministry or the Property Agency, a person using state property (except for natural persons and legal entities under private law, including the Agency when the Agency is carrying out its functions related to the administration of a property transferred to state ownership and to the administration of movable property transferred to it for administration) that exercises the powers determined by this Law in accordance with the procedure and in the manner established by an ordinance of the Government of Georgia.

Law of Georgia No 3806 of 12 November 2010 – LHG III, No 66, 3.12.2010, Art. 414

Law of Georgia No 3963 of 10 December 2010 – LHG III, No 74, 24.12.2010, Art. 444



Law of Georgia No 5063 of 11 October 2011 – website, 21.10.2011

Law of Georgia No 5928 of 27 March 2012 – website, 19.4.2012

Law of Georgia No 6332 of 25 May 2012 – website, 12.6.2012

Law of Georgia No 6377 of 5 June 2012 - website, 15.6.2012

Law of Georgia No 1665 of 29 November 2013 - website, 4.12.2013

Law of Georgia No 2878 of 11 December 2014 – website, 23.12.2014

Law of Georgia No 5156 of 3 June 2016- website, 17.6.2016

Article 3 - Acquirer of state property

1. An acquirer of state property (except for cases of privatisation of state-owned agricultural land plots) may be a citizen of Georgia or a foreign citizen, or a legal entity under private law or an association of such entities, in the property of which the participatory interest of a state or local self-government body of Georgia is less than 25%, as well as a non-entrepreneurial (non-commercial) legal entity established by the State, by another entity or jointly by the State and another entity, the National Bank of Georgia, and also the Georgian Apostolic Autocephalous Orthodox Church, in the case of a direct sale by a decision of the Government of Georgia.

1¹. An acquirer of property transferred to the Agency for administration and of movable property transferred to state ownership may be a citizen of Georgia or a foreign citizen, or a legal entity under private law or an association of persons, a state authority, a local self-government body, or a legal entity under public law.

2. The privatisation of a state-owned agricultural land plot shall be possible for a fee for citizens of Georgia or legal entities under private law registered in Georgia, and free of charge for the Georgian Apostolic Autocephalous Orthodox Church and for those homeless citizens of Georgia who have lived or live in the occupied territories of Georgia.

3. By a decision of the Government of Georgia, the procedure and conditions for the transfer of state-owned unleased agricultural land plots in the form of a gratuitous privatisation to the homeless citizens of Georgia who have lived or live in the occupied territories of Georgia shall be determined by an ordinance of the Government of Georgia. The relevant property administrator shall prepare and submit the issue to the Government of Georgia for the making of a decision.

4. (Deleted).

5. With the consent of the Government of Georgia, the property administrator shall transfer title to state property free of charge to natural persons and/or legal entities under private law, the National Bank of Georgia and to the Georgian Apostolic Autocephalous Orthodox Church, in return for the transfer of the equivalent property into state ownership. The procedure and conditions for the transfer of such property shall be determined by the Order of the Minister of Economy and Sustainable Development of Georgia.

Law of Georgia No 3963 of 10 December 2010 – LHG III, No 74, 24.12.2010, Art. 444

Law of Georgia No 5014 of 1 July 2011 – website, 14.7.2011

Law of Georgia No 6332 of 25 May 2012 – website, 12.6.2012

Law of Georgia No 6377 of 5 June 2012 - website, 15.6.2012

Law of Georgia No 1037 of 6 September 2013 - website, 23.9.2013

Article 3¹ – Procedure for entering into a transaction upon the privatisation of a state-owned immovable thing

1. In the case of the privatisation of a state-owned immovable thing, an appropriate agreement shall be entered into between the agency conducting the privatisation and the acquirer of the property, which shall be the basis for the registration of the title to the property with the Public Registry and for the creation of appropriate obligations (including the obligation to pay the privatisation price, if any).

2. In the case of the privatisation of a state-owned immovable thing by an unconditional auction, the form of the appropriate agreement shall be approved by the Ministry. The agency conducting the privatisation shall issue a winning bid confirmation in a written and/or electronic form.

3. In the case of privatisation by auction, an appropriate agreement shall be entered into within 45 calendar days after the auction is held, or in the case of privatisation by direct sale by the Government of Georgia, within three months after the adoption of the appropriate act.

4. The purchaser shall pay the privatisation price within the time limits determined by the agency conducting the privatisation, which must not be less than seven days and not more than two calendar years after the auction, and shall submit to the agency conducting the privatisation a document confirming the payment (the obligation to submit a document confirming the payment of the privatisation price shall not apply to cases where property is transferred for administration or use by electronic auction).

5. Within 30 calendar days after the submission of a document confirming the fulfilment of the obligation, the entity administering the state property shall issue a written or electronic confirmation of the fulfilment of the obligation in full or in part, which is the basis for registration with the Public Registry and for the discharge from or change of relevant obligations.



6. Where there are investment conditions, with the consent of the property administrator, the acquirer of the property may mortgage the acquired immovable thing in order to fulfil privatisation obligations.

7. In the absence of investment conditions, the acquirer may mortgage the acquired immovable thing in order to fulfil privatisation obligations.

8. In the case of mortgaging a state-administered property under paragraphs 6 and 7 of this article, upon the transfer of the mortgaged property into the ownership of the mortgagee in the case of the sale (irrespective of the form of sale) of the mortgaged property, under the Law of Georgia on Enforcement Proceedings or under the Civil Code of Georgia, due to the failure of the mortgagor to meet the mortgagee's claims secured by the mortgage, the privatisation obligations undertaken by the acquirer of the property before the State and the rights and duties originating from the relevant agreement shall be fully transferred to the new and each subsequent owner if the relevant information on the privatisation obligation(s) is registered in the records on the immovable thing with the Public Registry before the property is mortgaged.

Law of Georgia No 3963 of 10 December 2010 – LHG III, No 74, 24.12.2010, Art. 444

Law of Georgia No 5928 of 27 March 2012 – website, 19.4.2012

Law of Georgia No 6332 of 25 May 2012 – website, 12.6.2012

Law of Georgia No 6377 of 5 June 2012 - website, 15.6.2012

Law of Georgia No 1037 of 6 September 2013 - website, 23.9.2013

Law of Georgia No 1665 of 29 November 2013 - website, 4.12.2013

Law of Georgia No 2878 of 11 December 2014 – website, 23.12.2014

Article 4 - State property not subject to privatisation

1. The following state property shall not be subject to privatisation:

- a) the subsoil;
- b) water resources;
- c) territorial waters;
- d) the continental shelf;
- e) the state forest fund, except for former collective and Sovkhoz forests within the territorial boundaries of settlements;
- f) the airspace;
- g) state preserves;
- h) national parks;
- i) natural monuments;
- j) sanctuaries;
- j¹) recreation areas and/or special construction regulation zones determined by the Government of Georgia;
- k) without the appropriate conditions and approval of the Ministry of Culture and Monuments Protection of Georgia, duly confirmed objects of historical, cultural and artistic value, cultural and artistic buildings, as well as the land plots on which such buildings are located;
- l) religious buildings and places of worship (functioning and no longer functioning), and their ruins, as well as the land plots on which they are located;
- m) historical and cultural state archives of special importance;
- n) state holdings of cinema, photo and phono documents of special importance;
- o) archives and collections of special importance held by the ministries (and their agencies) and the scientific and research institutions of Georgia;
- p) museum collections and holdings of special importance;
- q) house-museums of special importance;
- r) dispatching facilities of the energy sector;
- s) property used by legal entities under public law and in which public schools and higher educational and scientific institutions of Georgia are operating;
- t) berths, hydraulic structures, lighthouses, beacons and water areas of ports of special importance;
- u) motorways (in the absence of roads of alternative importance);



v) means of air traffic, management and control;

w) runways of special importance;

x) the frequency spectrum;

y) the position of Georgia on the geostationary orbit;

z) state pantheons;

aa) property transferred for the accommodation of the Prosecutor's Office of Georgia, of the Ministry of Defence, the Ministry of Internal Affairs, the State Security Service and the Special State Protection Service of Georgia as provided for by the legislation of Georgia;

bb) the following state-owned agricultural land:

bb.a) pasture lands, except for pasture lands leased out before 30 July 2005 and pasture lands attached thereto, under an act duly issued by the relevant state or local self-government (government) body, and the facilities located on these lands, where such facilities are in the private ownership of natural and/or legal persons and/or are in state ownership;

bb.b) cattle driving routes;

bb.c) the first zone (strict access area) of the sanitary protection zone of water supply bodies;

bb.d) the land allocated for historical, cultural, natural, worship and religious monuments;

bb.e) the lands of the protected areas, except for protected landscapes and multiple use areas;

bb.f) agricultural lands held in usufruct by budgetary institutions and legal entities under public law;

bb.g) land plots in the vicinity of the following rivers of Georgia: Enguri, Rioni, Kvirila, Mtkvari, Khrami, Tergi, Ksani, Aragvi, Supsa, Bakhvistskali, Khobi (Khobistskali), Tekhura, Tskhenistskali, Dzirula, Nenskra, Kintrishi, Jejora, Khanistskali, Gubazeuli, Paravani, Stori, Nakri, Kheleduli, Jonouli, Sakauri, Chakvistskali, Tsablarastskali, Samkuristskali, Magani, Pirikita Alazani, Avanskhevi, Dumali, Chelti, Chveshuri (chashuri), Duruji, Chkhorotsku, Iori, Lebarde, Tsachkhuri, Bzholiskhevi, Chanistskali, Merisi (Akavreti), Shavi tskali, Uraveli, Khumpreri, Kvirilistskali, Jutistskali (Juta), Snostskali, Khda (Khdistskali), Amala, Chkheri, Kesia, Mnaisistskali, Chorokhi and Adjaristskali, which are intended for the construction of new sources of renewable energy and the X and Y coordinates of which are approved by the Order of the Minister for Economy and Sustainable Development of Georgia.

2. The agricultural land specified in paragraph 1(bb.b - bb.d and bb.g) of this article may be privatised only in the case of important projects, regarding which a decision has been made by the Government of Georgia upon the recommendation of the property administrator. In addition, the land specified in paragraph 1(bb.c) of this article may be privatised only where sanitary protection conditions have been duly taken into account.

3. The agricultural land specified in paragraph 1(bb.b and bb.d) of this article may be transferred in the form of privatisation only to citizens of Georgia left homeless, who live or have lived in the occupied territories of Georgia.

4. The property located on recreation territories and/or special construction regulation zones may be privatised only by a decision of the Government of Georgia. The Government of Georgia may delegate this authority for a specified period of time to another administrative body or self-government unit.

5. (Deleted).

6. The list of state property of special importance shall be approved by the Government of Georgia.

Law of Georgia No 3963 of 10 December 2010 – LHG III, No 74, 24.12.2010, Art. 444

Law of Georgia No 4519 of 8 April 2011 - website, 15.4.2011

Law of Georgia No 4957 of 24 June 2011 – website, 11.7.2011

Law of Georgia No 6377 of 5 June 2012 - website, 15.6.2012

Law of Georgia No 1037 of 6 September 2013 - website, 23.9.2013

Law of Georgia No 3965 of 8 July 2015 - website, 15.7.2015.

Article 5 - Information on privatisation and sale of state property by auction

1. Information on the privatisation of state property by auction shall be published on the website www.eauction.ge and/or www.nasp.gov.ge, which will be considered as an official publication of the information. An auction shall be announced and bidding shall take place on the website: www.eauction.ge or www.nasp.gov.ge. In order to ensure the publicity of and access to information, the information on the privatisation of state property by public auction shall also be published in such periodic publications as are published at least five times a week and which are distributed throughout Georgia.

¹1. The procedure for publishing the information specified in paragraph 1 of this article shall not apply to diplomatic missions and consular offices of Georgia abroad; such missions and offices shall publish information on the privatisation by auction of movable property transferred to them for use, and/or held on their books, in accordance with the Regulations approved by the Minister of Economy and Sustainable Development of Georgia.



2. In the case of the privatisation of former collective farm forests and Sovkhoz forests located within the territorial boundaries of settlements, information on a public auction shall be published in the press and placed in the building of the relevant municipality Sakrebulo.

3. The time limits for publishing information on the privatisation of state property by public auction shall be determined by the agency conducting the privatisation.

4. (Deleted).

5. (Deleted).

6. (Deleted).

7. (Deleted).

8. (Deleted).

Law of Georgia No 3963 of 10 December 2010 – LHG III, No 74, 24.12.2010, Art. 444

Law of Georgia No 6332 of 25 May 2012 – website, 12.6.2012

Law of Georgia No 1665 of 29 November 2013 - website, 4.12.2013

Article 5¹ - Integrated automated management tools

1. The Ministry, the Property Agency and the Agency shall use special software and integrated automated management tools for record management and access to information.

2. The Ministry, the Property Agency and the Agency shall have the right to adopt, publish or issue any information and document, as well as an individual administrative act related to the exercise of the powers granted under this Law, by means of the integrated automated management tools. An individual administrative act published/issued under this paragraph need not include the details specified in Article 52(1)(d) of the General Administrative Code of Georgia.

[2. The Ministry, the Property Agency and the Agency shall have the right to adopt, publish or issue any information and document, as well as an individual administrative act related to the exercise of the powers granted under this Law, by means of the integrated automated management tools. An individual administrative act published/issued under this paragraph must comply with the requirements established by the Law of Georgia on Electronic Document and Electronic Trustworthy Service. **(Shall become effective from 1 July 2018)**]

3. The Ministry, the Property Agency and the Agency may store or issue as an electronic copy any document prepared or held by them.

4. (Deleted – 21.4.2017, No 657).

5. Data may be entered manually and/or electronically in a document published or issued by the Ministry, the Property Agency and the Agency.

6. Where the Ministry or the Property Agency certifies a copy of a document held by them issued in paper form, they shall certify that it is a true copy of the original.

7. A document of the Ministry or of the Property Agency may be issued in electronic form by means of an appropriate link on the official website. An individual administrative act of the Ministry shall be considered published after its publication on the official website of the Ministry (www.economy.gov.ge), and an individual administrative act of the Property Agency shall be considered published after its publication on the official website of the Property Agency (www.nasp.gov.ge). Time limits related to a published individual administrative act shall be calculated from the moment when an interested person reads it.

Law of Georgia No 3963 of 10 December 2010 – LHG III, No 74, 24.12.2010, Art. 444

Law of Georgia No 5720 of 28 February 2012 - website, 9.03.2012

Law of Georgia No 6332 of 25 May 2012 – website, 12.6.2012

Law of Georgia No 6377 of 5 June 2012 - website, 15.6.2012

Law of Georgia No 4910 of 18 March 2016 - website, 28.3.2016

Law of Georgia No 657 of 21 April 2017 – website, 10.5.2017

Article 6 - Conditions for participating in an auction

1. The purpose of the transfer by auction of state property for use or administration is to grant the right of ownership/use/management to the auction participant that, in the process of bidding, offers to the entity administering the state property the highest privatisation price or the highest price of transfer for use, and where an auction is announced with conditions, to grant the right of ownership/use/management to the auction participant that undertakes to meet the announced conditions and that, in the process of bidding, offers the entity administering the state property the highest privatisation price or the highest price of transfer for use.

2. State property may be administered by electronic auction. If the state-owned property is not sold/transferred for use, it may be administered by public



auction. The procedure and conditions for the accounting for, storage, evaluation and administration of the property transferred to the Agency for administration shall be determined by the Minister of Finance of Georgia. The Regulations on the Administration of Other State Property by Public Auction shall be approved by the Minister of Economy and Sustainable Development of Georgia.

3. In order to participate in an auction a person shall submit an unconditional and irrevocable bank guarantee/deposit. The amount of the bank guarantee/deposit shall be determined on a case by case basis by the agency conducting the privatisation or transfer of management rights or transfer for use.

3¹. In the case of the administration/transfer for use of state property by electronic auction a person interested in participating in the auction shall submit an unconditional and irrevocable bank guarantee/deposit as specified in paragraph 3 of this article, and the successful bidder shall submit the privatisation price or the price of the transfer for use of the state property through the unified settlement system available on the website www.eauction.ge.

4. In the case of the administration of state property by auction, the auction results shall be annulled if:

- a) the winner of the auction fails to pay in full the privatisation price within the time limits determined by the agency conducting the privatisation under this Law;
- b) the winner of the auction refuses to sign an appropriate agreement.

4¹. (Deleted - 28.2.2012, No 5720)

4². (Deleted - 28.2.2012, No 5720)

5. In the cases specified in paragraph 4 of this article, the amount of the unconditional and irrevocable bank guarantee/deposit (less the amount of money payable to the Property Agency as determined by the Government of Georgia) shall be transferred to the respective budget.

6. Excluding the cases specified in paragraph 5 of this article, an auction result shall be annulled and the amount of the unconditional and irrevocable bank guarantee/deposit (less the amount of money payable to the Property Agency as determined by the Government of Georgia) shall also be transferred to the respective budget if the auction participant violates the procedure and/or the conditions determined by the relevant normative acts.

6¹. In the case of the violation of the rules and conditions established for the administration of state property by auction, the amount of the penalty, the procedure for allowing additional time and the rules and conditions for annulling the auction results shall be determined by the Order of the Minister of Economy and Sustainable Development of Georgia, or where a property is transferred to the Agency for administration or to state ownership, by the Order of the Minister of Finance of Georgia.

7. If the property administrator postpones an auction or, before holding the auction, revokes the decision on the administration/transfer for use of state property by auction, the paid deposit or the submitted unconditional and irrevocable bank guarantee shall be returned to the auction participants.

8. If the auctioned state property is not administered, a decision to administer the state property at a modified initial privatisation price and/or in the form of a conditional auction shall be considered as a repeat auction. The initial privatisation price of the state property may be reduced to 50% at the repeat auction; and if the state property is not sold at this price, the initial privatisation price may be further reduced.

9. If the auctioned state property is not administered by the State, the entity administering the state property may make a decision to administer the state property under the same conditions by a prolonged auction.

10. Paragraph 2 of this article shall not apply to Chapter III of this Law.

11. Paragraphs 3 and 3¹ of this article shall not apply to Chapter V of this Law. In the case of the sale of movable things transferred to state ownership by the Agency, the procedure and conditions for submitting a bank guarantee/deposit shall be determined by the Order of the Minister of Finance of Georgia.

Law of Georgia No 3963 of 10 December 2010 – LHG III, No 74, 24.12.2010, Art. 444

Law of Georgia No 5014 of 1 July 2011 – website, 14.7.2011

Law of Georgia No 5720 of 28 February 2012 - website, 09.3.2012

Law of Georgia No 5928 of 27 March 2012 – website, 19.4.2012

Law of Georgia No 6332 of 25 May 2012 – website, 12.6.2012

Law of Georgia No 6377 of 5 June 2012 - website, 15.6.2012

Law of Georgia No 2878 of 11 December 2014 – website, 23.12.2014

Article 6¹ - Third persons

The conditions for a third person to initiate the privatisation of state-owned immovable things and the payment procedures shall be determined by the Order of the Minister of Economy and Sustainable Development of Georgia.

Law of Georgia No 3963 of 10 December 2010 – LHG III, No 74, 24.12.2010, Art. 444

Law of Georgia No 6377 of 5 June 2012 - website, 15.6.2012



Law of Georgia No 352 of 20 March 2013 - website, 28.3.2013

Law of Georgia No 2878 of 11 December 2014 – website, 23.12.2014

Article 6² - Special cases of determining the privatisation price

If state property is privatised by a conditional auction, in the cases determined by the Ordinance of the Government of Georgia, the initial privatisation price of the state property may be less than the market price, or in the case of state-owned unleased agricultural land, less than the price established under Article 9(1) of this Law.

Law of Georgia No 1665 of 29 November 2013 - website, 4.12.2013

Article 6³ - Transfer of title to state property free of charge

1. A decision on the transfer of title to state property free of charge shall be made by the Government of Georgia. By a decision of the Government of Georgia, the title to state property may be transferred free of charge to internally displaced persons from the occupied territories of Georgia, as well as to the Georgian Apostolic Autocephalous Orthodox Church.

2. In order for the Government of Georgia to make a decision under paragraph 1 of this article, the issue shall be prepared and submitted to the Government of Georgia by the property administrator.

3. If the title to state property is transferred free of charge, an appropriate agreement shall be entered into between the property administrator and the acquirer of the property within three months after the adoption of an appropriate act by the Government of Georgia.

Law of Georgia No 2878 of 11 December 2014 – website, 23.12.2014

Article 6⁴ - Competitive direct sale of state property

A decision on the competitive direct sale of state property shall be made by the Government of Georgia. In individual cases, the Government of Georgia may delegate the decision-making powers to the Minister of Economy and Sustainable Development of Georgia.

Law of Georgia No 4910 of 18 March 2016 - website, 28.3.2016

Chapter II - State-owned Agricultural Land

Article 7 - Forms of privatisation of state-owned agricultural land and agencies conducting privatisation

1. The forms of privatisation of state-owned agricultural land are:

- a) an auction;
- b) direct sale:
 - b.a) direct sale;
 - b.b) competitive direct sale;
 - b.c) direct sale of leased agricultural land;
- c) transfer of title free of charge.

2. State-owned unleased agricultural land plots shall be privatised by auction by the property administrator.

3. State-owned unleased agricultural land plots shall be privatised by direct sale and by competitive direct sale on the basis of a decision of the Government of Georgia.

4. A special decision on the privatisation of individual state-owned agricultural land plots within the 500-metre border line determined under the Law of Georgia on the State Borders of Georgia shall be made by the Government of Georgia with the prior consent of the Ministry of Internal Affairs of Georgia and shall take into account state and public interests.

5. State-owned leased agricultural land plots shall be privatised by direct sale by the property administrator.

6. A property administrator may enter into an agreement with a third person who will initiate the privatisation of the state-owned agricultural land and, where necessary, prepare cadastral survey/planning drawings.



7. (Deleted- 11.12.2014, No 2878).

8. (Deleted- 11.12.2014, No 2878)).

Law of Georgia No 3963 of 10 December 2010 – LHG III, No 74, 24.12.2010, Art. 444

Law of Georgia No 6377 of 5 June 2012 - website, 15.6.2012

Law of Georgia No 1037 of 6 September 2013 - website, 23.9.2013

Law of Georgia No 2878 of 11 December 2014 – website, 23.12.2014

Law of Georgia No 5156 of 3 June 2016- website, 17.6.2016

Article 8 - Initiation of privatisation by auction of state-owned unleased agricultural land plots; planning/surveying and setting out of such property

1. The privatisation of state-owned unleased agricultural land plots by auction may be initiated by a citizen of Georgia, a legal entity under private law registered in Georgia, the property administrator and a third person.

2. In the case of the initiation of privatisation by auction of state-owned unleased agricultural land by a citizen of Georgia, a legal entity under private law registered in Georgia or by a third person, they shall apply to the property administrator.

3. State-owned unleased agricultural land plots shall be planned/surveyed and set out by the property administrator or the initiator of the matter;

4. If a citizen of Georgia, a legal entity under private law registered in Georgia or a third person wants to privatise a state-owned unleased agricultural land plot by auction for the purpose of initiating privatisation, they shall:

a) select a state-owned unleased agricultural land plot(s) and, where necessary, divide it(them) into parcels of optimum size(at least 3 hectares each). This limitation shall not apply if the area of a land plot is less than 3 hectares;

b) prepare a detailed cadastral survey/planning drawing(s) of the selected state-owned unleased agricultural land plot(s) and obtain information on its(their) category and quality;

c) submit to the agency conducting the privatisation an expression of interest in the privatisation of the state-owned unleased agricultural land plot(s) by auction.

Law of Georgia No 3963 of 10 December 2010 – LHG III, No 74, 24.12.2010, Art. 444

Law of Georgia No 6377 of 5 June 2012 - website, 15.6.2012

Law of Georgia No 5156 of 3 June 2016- website, 17.6.2016

Article 9 - Initial privatisation price of state-owned unleased agricultural land plots put up for auction and the procedure of payment of the privatisation price

1. The initial privatisation amount of state-owned unleased agricultural land plots put up for auction shall be determined by the Government of Georgia according to administrative and territorial units. If a state-owned outbuilding(s) and ancillary structure(s) and/or perennial plants are located on the state-owned unleased agricultural land plot, the auctioned state-owned unleased agricultural land plot shall be sold at the price of the land plot irrespective of the outbuilding(s) and ancillary structure(s) and/or perennial plants located on it.

2. Within 30 calendar days after the auction, the winner of the auction shall pay the privatisation price of the state-owned unleased agricultural land plot and present to the property administrator a document certifying the payment. The property administrator shall issue a confirmation of the fulfilment of obligations in full or in part in a written or electronic form (via the website of the Property Agency www.privatization.ge in case of the Ministry or the Property Agency), which shall serve as the basis for the discharge or modification of obligations registered with the Public Registry.

Law of Georgia No 3963 of 10 December 2010 – LHG III, No 74, 24.12.2010, Art. 444

Law of Georgia No 5720 of 28 February 2012 - website, 09.03.2012

Law of Georgia No 5928 of 27 March 2012 – website, 19.4.2012

Law of Georgia No 6377 of 5 June 2012 - website, 15.6.2012

Law of Georgia No 1665 of 29 November 2013 - website, 04.12.2013

Article 10 - Privatisation of state-owned unleased agricultural land plots by direct sale and by competitive direct sale

1. The purpose of privatising state property by direct sale is to transfer the title of ownership to the purchaser that fulfils, in full and in good faith, the condition(s) determined for the privatisation of state property by direct sale, or in the case of competitive direct sale, to transfer the title of ownership to the interested person (a potential investor) that fulfils, in full and in good faith, the condition(s) determined for the privatisation of state property by competitive direct sale.



2. The direct sale and competitive direct sale of state-owned unleased agricultural land plots shall be carried out by a decision of the Government of Georgia upon the initiation and/or recommendation of the property administrator.

2¹. In the process of preparing the privatisation of a state-owned unleased agricultural land plot by direct sale on the basis of a decree of the Government of Georgia, the property administrator shall request an applicant to submit a bank guarantee specified in Article 20 of this Law.

3. The competitive direct sale of a state-owned unleased agricultural land plot shall be carried out if:

- a) there are multiple investment conditions;
- b) the conditions offered by the interested persons are alternative.

4. The procedures specified in this article for the competitive direct sale of state-owned unleased agricultural land plots shall commence upon the expression of interest by an interested person(s).

5. The proposals of interested persons shall be reviewed by the property administrator, or in special cases, by the Government of Georgia, and they shall make a decision on carrying out appropriate measures for the purpose the competitive direct sale.

6. For the purpose of competitive direct sale a property administrator, or in special cases, the Government of Georgia, shall publish its decision on the conditions of the privatisation of a state-owned unleased agricultural land plot in the national and/or international media and shall determine the time limits for expression of interests, which normally must not be less than 30 calendar days. If a delay may damage state and/or public interests, the time limits may be reasonably reduced by a decision of the Government of Georgia, as long as the publicity of the process and information for potential investors is ensured.

7. The property administrator shall review the submitted applications after the deadline for expression of interests expires and shall submit the substantiated proposals to the Government of Georgia (to the Property Agency, through the Ministry) on the competitive direct sale of the state-owned unleased agricultural land plot. A decision on the direct sale of state-owned unleased agricultural land plots shall be made by the Government of Georgia.

8. In the case of a competitive direct sale, in order to ensure the fulfilment of the conditions of privatisation of a state-owned unleased agricultural land plot, the interested person shall, before the expiration of the deadline for the expression of interests, provide an unconditional and irrevocable bank guarantee, or deposit a sum in the appropriate account in the amount of 10% of the asking price of the state-owned unleased agricultural land plot. If the conditions for privatisation of a state-owned unleased agricultural land plot contain investment obligations, the bank guarantee specified in this paragraph shall be submitted or the sum shall be deposited to the appropriate account in order to ensure that the obligations determined by the conditions of privatisation of the state-owned unleased agricultural land plot are undertaken (an appropriate agreement shall be entered into). If the amount of the offered investment exceeds the cost of the state-owned unleased agricultural land plot, the unconditional and irrevocable bank guarantee or the deposited sum must be equivalent to 10% of the offered investment amount. In the event of failure to meet the privatisation conditions, the sum shall be transferred to the state budget of Georgia. In the case of investment obligations, after undertaking obligations (and entering into an appropriate agreement) with respect to the conditions of privatisation, the unconditional and irrevocable bank guarantee/the deposited sum shall be used for the purposes specified in Article 20(1) of this Law.

9. The Government of Georgia may make a decision on the competitive direct sale of a state-owned unleased agricultural land plot without the measures specified in this article.

10. In the case of the privatisation of a state-owned unleased agricultural land plot by direct sale or by competitive direct sale on the basis of a decision of the Government of Georgia, the amount of the price of the land and the procedure for its payment shall be determined by an appropriate decision of the Government of Georgia.

11. The procedure for the competitive direct sale of state property provided for in this article shall not apply to state-owned immovable property that has been transferred for use to and/or is on the books of a state authority/legal entity under public law.

Law of Georgia No 3963 of 10 December 2010 – LHG III, No 74, 24.12.2010, Art. 444

Law of Georgia No 5014 of 1 July 2011 – website, 14.7.2011

Law of Georgia No 6377 of 5 June 2012 - website, 15.6.2012

Law of Georgia No 1037 of 6 September 2013 - website, 23.9.2013

Article 11 - Transfer of title to state-owned unleased agricultural land plots to Georgian Apostolic Autocephalous Orthodox Church

Under Article 11 of the Constitutional Agreement between the State of Georgia and the Georgian Apostolic Autocephalous Orthodox Church:

- a) the agricultural land plots used by the Georgian Apostolic Autocephalous Orthodox Church shall be declared as being under the ownership of the Church;
- b) by agreement with the Ministry, the Georgian Apostolic Autocephalous Orthodox Church may receive the title to state-owned unleased agricultural land plots free of charge.

Article 12 - Conditions for privatising state-owned leased agricultural land plots by direct sale

1. State-owned leased agricultural land plots shall be subject to privatisation by direct sale.



2. The necessary precondition for privatising a state-owned leased agricultural land plot by direct sale shall be a lease agreement entered into between the State and the lessee and registered with the Public Registry.

3. A state-owned leased agricultural land plot shall be privatised by direct sale on the basis of a lease agreement, an excerpt from the Public Registry and a cadastral plan.

4. A state-owned leased agricultural land plot may not be privatised in parts. If a state-owned leased agricultural land plot consists of several, spatially/geographically separated land plots, the lessee may purchase a lease of the desired state-owned leased agricultural land plot(s). In the case of privatisation of a portion of a state-owned leased agricultural land plot(s), the lease agreement on the remaining part of the state-owned leased agricultural land plot(s) shall be annulled and it (they) shall be sold in accordance with the procedure determined by this Law for privatising state-owned unleased agricultural land plots.

5. Unless the lessee applies to the appropriate body for the privatisation of the state-owned leased agricultural land plot by direct sale, after the expiration of the deadline specified in Article 47(4) of this Law the state-owned leased agricultural land plot(s) shall be sold in accordance with the procedure determined by this Law for privatising state-owned unleased agricultural land plots.

6. A lease agreement of a state-owned leased agricultural land plot may be amended and/or supplemented, terminated or annulled by the property administrator in accordance with the legislation of Georgia, and the property administrator shall also be entitled to complete the procedure of leasing the state-owned agricultural land plot. The monitoring of the payment of the rent determined by the lease agreement and the submission of information to the appropriate authorities shall be ensured by the authorised body of the relevant local self-government unit within the powers delegated to it by the state authority.

7. Within 10 business days after the receipt of the lessee's application, the property administrator shall be obliged to review the submitted documents and if the documents are correct, send a notice to the lessee for the payment of the appropriate privatisation price; and if the lessee submits a document certifying the payment of the privatisation price, the property administrator shall, within 15 calendar days after the submission of the document, enter into a purchase agreement with the acquirer for the state-owned leased agricultural land plots and outbuilding(s) and ancillary structures and/or perennial plants located on it in order to register the title of ownership with the Public Registry; or in the case of payment of the privatisation price by instalments, the property administrator shall enter into a purchase agreement containing the obligation to pay the remaining part of the privatisation price.

Law of Georgia No 3963 of 10 December 2010 – LHG III, No 74, 24.12.2010, Art. 444

Law of Georgia No 6377 of 5 June 2012 - website, 15.6.2012

Article 13 - Privatisation proceeds from state-owned leased agricultural land plots and the procedure for the payment of the privatisation price

1. In the case of privatisation by direct sale, the privatisation proceeds from the state-owned leased agricultural land plots shall be determined by the Government of Georgia according to administrative and territorial units. The privatisation price of a state-owned leased agricultural land plot may be reduced by a decision of the Government of Georgia. If state-owned outbuilding(s) and ancillary structures and/or perennial plants are located on a state-owned agricultural land plot, the land plot and the outbuilding(s) and ancillary structures and/or perennial plants located on it shall be sold at the privatisation price of the state-owned leased agricultural land plot.

2. The lessee may pay the privatisation price of the state-owned leased agricultural land plot in full or by instalments during one year. A purchase agreement shall be entered into in the case of the payment of 50% of the price.

Law of Georgia No 3963 of 10 December 2010 – LHG III, No 74, 24.12.2010, Art. 444

Law of Georgia No 6377 of 5 June 2012 - website, 15.6.2012

Chapter III - Privatisation of Forests within the Territorial Boundaries of Settlements

Article 14 - Forests subject to privatisation

Former collective farm forests and Sovkhoz forests within the territorial boundaries of settlements shall be subject to privatisation under this Law.

Article 15 – Privatisation of forest land plots located within the territorial boundaries of settlements by public auction

1. Forest land plots within the territorial boundaries of a settlement shall be privatised by public auction. If a successful bidder is not determined by a public auction, the public auction shall be held again. A purchase agreement shall be entered into between the agency conducting the privatisation and the successful bidder of the auction.

2. A citizen of Georgia or a group of citizens (persons) of Georgia, registered in the household book or according to their ID card resident within the territorial boundaries of a specific administrative unit, a settlement (village, township, city), or of an aggregation of settlements (community), shall have the right to participate in a public auction.

3. The conditions for privatising forest land plots within the territorial boundaries of a settlement shall be:

a) the use of the forest land plot according to the intended purpose;



b) the protection of unique specimens existing in the forest land plot and included in the Red List of Georgia;

c) the absence of restrictions for third persons to use the forest products (berries and fruits of other plants), non-wood forest products and water bodies of general use (rivers, ravines, springs, ditches, etc.) existing on the forest land plots, or to hunt.

4. In the case of the alienation of the forest land plot by the acquirer, a preemptive right shall be granted to the citizens of Georgia registered in the household book and/or according to their ID cards resident within the territorial boundaries of a specific administrative unit, a settlement (village, township, city) or of an aggregation of settlements (community).

Law of Georgia No 3963 of 10 December 2010 – LHG III, No 74, 24.12.2010, Art. 444

Article 16 - Obligations of the property administrator in the case of privatisation of forests within the territorial boundaries of settlements

In the case of the privatisation of a forest located within the territorial boundaries of a settlement, the property administrator shall have the following obligations:

a) approval of the privatisation plan. A privatisation plan may be approved according to the principle of grouping the land plots subject to privatisation by lots;

b) registration with the appropriate registration offices of the Public Registry of the State's title to the forest land plots located within the territorial boundaries of the settlement;

c) the organisation and holding of a public auction, the execution of a purchase agreement with the successful bidder of the auction and confirmation of the payment of the privatisation price after the submission of a document certifying the payment.

Law of Georgia No 3963 of 10 December 2010 – LHG III, No 74, 24.12.2010, Art. 444

Law of Georgia No 6377 of 5 June 2012 - website, 15.6.2012

Article 17 - Initial privatisation amount of forest land plots subject to a public auction and located within the territorial boundaries of a settlement; and the procedure for the payment of the privatisation price

1. The initial privatisation amount of each hectare of a forest land plot(s) subject to public auction and located within the territorial boundaries of a settlement shall be GEL 200.

2. The privatisation proceeds received from the privatisation of forests within the territorial boundaries of a settlement shall be transferred to the budget of the respective local self-government unit.

3. The winner of a public auction shall, within 30 calendar days after the entry into a purchase agreement, pay the price of the forest land plot located within the territorial boundaries of a settlement and submit to the agency conducting the privatisation a document certifying the payment. The agency conducting the privatisation shall issue a written confirmation of the fulfilment of obligations, which shall serve as the basis for the discharge of obligations registered with the Public Registry.

Law of Georgia No 3963 of 10 December 2010 – LHG III, No 74, 24.12.2010, Art. 444

Law of Georgia No 6377 of 5 June 2012 - website, 15.6.2012

Chapter IV - State-owned Immovable Property

Article 18 - Forms of privatisation of state-owned immovable property and agencies conducting privatisations

1. The forms of privatisation of state-owned immovable property are as follows:

a) auction;

b) direct sale:

b.a) direct sale;

b.b) competitive direct sale;

c) transfer of title free of charge.

2. State-owned immovable property shall be privatised by auction by the property administrator.

3. State-owned immovable property shall be privatised by direct sale, competitive direct sale or by transfer of title free of charge, on the basis of a decision of the Government of Georgia under Article 3(5) and Article 6³ and Article 10 of this Law, as well as by direct sale, by the property administrator in accordance with Article 18¹ of this Law.



4. The property administrator may enter into an agreement with a third person who shall ensure the initiation of the privatisation of state-owned immovable property and, where necessary, the preparation of cadastral survey/planning drawings.

Law of Georgia No 3963 of 10 December 2010 – LHG III, No 74, 24.12.2010, Art. 444

Law of Georgia No 6377 of 5 June 2012 - website, 15.6.2012

Law of Georgia No 1037 of 6 September 2013 - website, 23.9.2013

Law of Georgia No 2878 of 11 December 2014 – website, 23.12.2014

Law of Georgia No 5156 of 3 June 2016- website, 17.6.2016

Article 18¹ - Privatisation of state-owned leased immovable property by direct sale

1. The property administrator may privatise by direct sale to a lessee state-owned immovable property that was leased before 1 January 2007. The privatisation amount of the state-owned leased immovable property shall be five times its annual market lease price. The annual market lease price of the immovable property shall be determined by a certified appraiser of a body accredited by the Unified National Body of Accreditation - the Accreditation Centre.

2. A necessary precondition for privatising state-owned leased immovable property by direct sale shall be a lease agreement entered into between the State and the lessee and registered with the Public Registry.

Law of Georgia No 3963 of 10 December 2010 – LHG III, No 74, 24.12.2010, Art. 444

Law of Georgia No 6377 of 5 June 2012 - website, 15.6.2012

Article 19 - Procedure for determining the privatisation price of state-owned immovable property and payment procedure

1. The procedure for determining the privatisation price and the initial privatisation price of state-owned immovable property shall be approved by the Government of Georgia. Paragraph 6 of this article shall be taken into consideration when determining the privatisation price and initial privatisation price of state-owned immovable property.

2. Payment for the purchased state-owned immovable property may be made by a lump sum payment or instalment payments.

3. The winner of the auction shall pay the privatisation of the price of state-owned immovable property within the period established by the agency conducting the privatisation; the period shall be not less than 7 and not more than 30 calendar days from the close of the auction. If there is a conditional auction, the agency conducting the privatisation shall determine the time limits for the payment of the privatisation price; the period must not exceed two years from the close of the auction.

4. In the case of the privatisation of state-owned immovable property by direct sale, the purchaser shall pay the privatisation price of the state-owned immovable property after entering into an agreement, within the time limits determined by the Government of Georgia.

5. (Deleted - 28.2.2012, No 5720)

6. The normative price of a state-owned land plot shall be determined by the representative body, the Sakrebulo of the relevant self-government unit, by taking into consideration the market price of the land plot and in accordance with the procedure for determining the normative price of non-agricultural land plots by the Government of Georgia.

7. The Government of Georgia may determine a different procedure and/or another body for setting the normative price of non-agricultural land plots within the recreation areas approved under the relevant legal act of the Government of Georgia on Granting the Status of a Recreational Area to Health Resorts, Holiday Resorts, Ski Centres and Black Sea Coastal Areas and on Approving their Boundaries.

Law of Georgia No 3963 of 10 December 2010 – LHG III, No 74, 24.12.2010, Art. 444

Law of Georgia No 4965 of 24 June 2011 – website, 11.7.2011

Law of Georgia No 5720 of 28 February 2012 - website, 09.03.2012

Law of Georgia No 5928 of 27 March 2012 – website, 19.4.2012

Law of Georgia No 1037 of 6 September 2013 - website, 23.9.2013

Article 20 - Special conditions for privatising state-owned immovable property

1. If a precondition for the privatisation of a state-owned immovable property is an investment obligation, the purchaser shall, in the case of privatisation by direct sale, submit an unconditional and irrevocable bank guarantee in the amount of at least 10% of the investment obligation within the period between the adoption of an appropriate decree by the Government of Georgia and the conclusion of an appropriate agreement, or in the case of an auction, within one month from the auction; the validity of the unconditional and irrevocable bank guarantee shall be at least 4 months longer than the time limit for the fulfilment of the investment obligation. The amount of an unconditional and irrevocable bank guarantee specified in this



paragraph may be reduced by a decision of the Government of Georgia.

2. During the term of its validity, an unconditional and irrevocable bank guarantee/deposit shall ensure the payment of the penalty imposed on the purchaser for the failure to fulfil its obligations.

3. In the case of a reduction in the amount of an unconditional and irrevocable bank guarantee/deposit the purchaser shall be obliged to replenish it to its full amount within one month.

4. If an entity administering the state property annuls the agreement due to the failure of the purchaser to fulfil its obligations, the amount of the unconditional and irrevocable bank guarantee/deposit shall be fully transferred to the appropriate budget.

5. The obligation to submit an unconditional and irrevocable bank guarantee/deposit under this article shall not apply to those purchasers who are to be granted state-owned immovable property through privatisation, according to a memorandum entered into with the Government of Georgia, in relation to the construction of power plants.

6. If an agreement is unilaterally annulled due to the breach of the privatisation conditions determined by an appropriate agreement entered into for the privatisation of state property, the privatised property shall be returned to state ownership, and the right(s) of mortgage of a third person(s) registered with respect to such property shall be annulled if, before encumbering the property with the mortgage, the relevant information on the privatisation obligation(s) was registered with the Public Registry, in the records concerning the immovable thing. In addition, the State shall not compensate the purchaser for the sums paid and expenses incurred.

Law of Georgia No 5014 of 1 July 2011 – website, 14.7.2011

Law of Georgia No 1037 of 6 September 2013 - website, 23.9.2013

Law of Georgia No 1665 of 29 November 2013 - website, 04.12.2013

Law of Georgia No 2878 of 11 December 2014 – website, 23.12.2014

Article 21 - (Deleted)

Law of Georgia No 3963 of 10 December 2010 – LHG III, No 74, 24.12.2010, Art. 444

Article 22 - Nullity of a transaction on the privatisation of state-owned immovable property

1. The legal and property consequences of the nullification of a transaction on the privatisation of state-owned immovable property shall be determined by the legislation of Georgia.

2. The limitation period for disputes related to privatised state-owned immovable property shall be three years.

Article 23 - Management, administration and transfer for use of stated-owned immovable property of the Autonomous Republics of Abkhazia and Ajara

The state-owned immovable property of the Autonomous Republics of Abkhazia and Ajara shall be administered and transferred for use by the property administrator in accordance with this Law. Immovable property owned by the Autonomous Republics of Abkhazia and Ajara shall be administered by the executive authorities of the Autonomous Republics of Abkhazia and Ajara in accordance with this Law.

Law of Georgia No 6377 of 5 June 2012 - website, 15.6.2012

Chapter V - Property transferred to State Ownership

Article 24- Bodies administering property transferred to state ownership

1. The Ministry of Finance of Georgia shall be the body authorised by the State for the implementation of an effective policy of administration of movable property transferred to state ownership. The Ministry of Finance may sell, distribute or destroy movable property transferred to state ownership through the Agency.

2. State control over the Agency shall be exercised by the Ministry of Finance of Georgia. The Agency is managed by the General Director, who is appointed and may be dismissed by the Minister of Finance of Georgia. The Statute of the Agency shall be approved by the Minister of Finance of Georgia.

3. The procedure for administering immovable property transferred to state ownership shall be determined by Chapters II-IV of this Law. Immovable property transferred to state ownership may be transferred to the bodies provided for by Article 12(1) of the Law of Georgia on Special Investigative Activities for carrying out special investigative measures.

Law of Georgia No 5549 of 20 December 2011– website, 28.12.2011

Law of Georgia No 523 of 5 April 2013 - website, 24.4.2013



Article 25 - Purpose and functions of the Agency

1. The main purpose of the Agency is to account for, store, evaluate, administer, distribute, sell and/or coordinate measures for the destruction of movable property transferred to state ownership, and to address the problems in this area.
2. The Agency shall also exercise other powers granted to it by the legislation of Georgia, including the facilitation of the administration of the property of interested natural and legal persons.
3. A fee shall be determined for the facilitation of the administration of the property of interested natural and legal persons, which shall be fully transferred to the account of the Agency.
4. The procedure for the Agency to render services related to the facilitation of the administration of the property of interested natural and legal persons, as well as the types of services and the amount of service fees, shall be determined by the Government of Georgia.

Law of Georgia No 5748 of 2 March 2012 – website, 15.3.2012

Article 26 - Forms of administration of movable property transferred to state ownership

1. The forms of administration of movable property transferred to state ownership are as follows:
 - a) the sale of movable property transferred to state ownership by auction (including by on-line auction);
 - b) the sale of movable property transferred to state ownership by direct sale:
 - b.a) the sale of movable property transferred to state ownership by negotiations with one person;
 - b.b) the sale of movable property transferred to state ownership through a trade outlet (including by an online shop);
 - c) the sale of movable property transferred to state ownership through a third person;
 - d) the distribution of movable property transferred to state ownership;
 - e) the destruction of movable property transferred to state ownership;
 - f) the leasing of movable property transferred to state ownership.
2. The Agency may make a decision on the simultaneous use of an on-line auction and an on-line shop for the sale of movable property transferred to state ownership.

Law of Georgia No 4060 of 15 December 2010 – LHG III, No 74, 24.12.2010, Art. 444

Law of Georgia No 523 of 5 April 2013 - website, 24.4.2013

Article 27 - Procedure for administering movable property transferred to state ownership

1. A decision on the form of administration of movable property transferred to state ownership shall be made by the Agency, except for the cases specified in paragraphs 3 and 4 of this article.
2. Movable property transferred to state ownership may be sold by direct sale, negotiations with one person, through trade outlets or a third person based on the specifics and/or cost of the movable property transferred to state ownership.
3. If the value of perishable goods, which have been forfeited as a result of the commission of an offence provided for by the Administrative Offences Code or the Tax Code of Georgia, does not exceed the amount determined by an order of the Minister of Finance of Georgia, a decision on the distribution of such goods for social purposes shall be made by the body or the official authorised to forfeit the property, immediately upon the enforcement of the administrative or tax penalty on the confiscation of such goods.
4. Movable property transferred to state ownership may be transferred to state and local self-government bodies, as well as to other institutions and organisations with the approval of the Ministry of Finance of Georgia. Based on the type of the movable property transferred to state ownership, it may also be used for social purposes.
- 4¹. (Deleted– 5.4.2013, No 523).
5. Movable property transferred to state ownership must be destroyed if it cannot be used for any purpose.
6. (Deleted– 5.4.2013, No 523).
7. The procedure and conditions for determining the price of movable property transferred to state ownership, and for accounting for, storing, evaluating and administering such property, as well as the procedure for allocating the proceeds from the sale and lease of such property, shall be determined by the Order of the Minister of Finance of Georgia.



Article 28 - Procedure and time limits for appeal

1. A decision made or an action performed by the Agency with regards to the administration of movable property transferred to state ownership may be appealed according to the procedure established by the legislation of Georgia.
2. The right specified in paragraph 1 of this article shall originate from the receipt of notification on the decision made or the action performed by the Agency and shall be valid for one year.

Chapter VI - State-owned Movable Things

Article 29 - Forms of administration of state-owned movable property and administering bodies

1. A decision on the administration of state-owned movable property ('the movable property') shall be made by the state body/legal entity under public law to which the movable property has been transferred for use or on the books of which the movable property appears. A legal entity under public law that is subject to state control may make a decision on the administration of movable property only with the consent of the body exercising state control. Thereafter, the state body/legal entity under public law shall apply to the Agency for the purpose of the subsequent administration of the movable property. A decision on the form of administration of movable property shall be made by the Agency, except for the cases specified in Article 31¹(2) of this Law.

2. Paragraph 1 of this article shall not apply to:

- a) diplomatic missions and consular offices of Georgia abroad that administer the movable property transferred to them for use or held on their books. In privatising, by auction, the movable property transferred to them for use and/or held to their books, the diplomatic missions and consular offices of Georgia abroad shall follow the Regulations approved by the Minister of Economy and Sustainable Development of Georgia;
- b) the property received by a state body/legal entity under public law after writing off the fixed assets that have been transferred to it for use and/or held by it on its books, which cannot be used for any other purpose and which is to be destroyed by a decision of the head of the state body/legal entity under public law. The property received by a state body/legal entity under public law after writing off the fixed assets transferred to it for use and/or held by it on its books, which cannot be used for any other purpose, shall be destroyed according to the Regulations approved by the Ordinance of the Government of Georgia.

3. Unless a movable property has been transferred for use and/or is held on the books of another state body/legal entity under public law, it shall be privatised by auction by the property administrator, or a decision on a direct sale or on a competitive direct sale shall be made and corresponding conditions shall be determined by the Government of Georgia upon the recommendation of the property administrator in accordance with Article 10 of this Law.

3¹. The state-owned movable property and/or the movable property held on the books of a state body/legal entity under public law, which has been damaged by a person, may be transferred into the ownership of that person in return for the property of a value of not less than the book value of the damaged property before its damage. A state body/legal entity under public law may transfer the title to the movable property to a person based on a relevant individual administrative act and a relevant agreement, and receive in return and enter into its books the specified property.

4. Movable property (except for the property specified in paragraphs 2 and 3 of this article) shall be administered by the Agency.

5. After making a decision on the administration of movable property, the state body/legal entity under public law specified in paragraph 1 of this article shall transfer the property to the Agency.

6. The forms of administration of movable property by the Agency shall be as follows:

- a) the privatisation of movable property by auction (including an on-line auction);
- b) the privatisation of movable property through a trade outlet (including an on-line shop);
- c) the privatisation of movable property through a third person;
- d) the distribution of movable property;
- e) the destruction of movable property.

7. The Agency may make a decision on the simultaneous use of an on-line auction and an on-line shop to privatise movable property.



Law of Georgia No 523 of 5 April 2013 - website, 24.4.2013

Law of Georgia No 1037 of 6 September 2013 - website, 23.9.2013

Law of Georgia No 2878 of 11 December 2014 – website, 23.12.2014

Article 29¹ – Procedure for distributing wood resources

Wood resources obtained from felling carried out on a plot of land registered in the state ownership (except for a plot of land falling within borders of the state forest fund and on a protected landscape and multiple-use territories), and in the territories excluded from the state-owned state forest funds (including the territories left outside borders of the state forest fund after adjustment of the border of the state forest fund), from special felling and from felling carried out by the Legal Entity under Public Law of the Ministry of Environment and Natural Resources Protection of Georgia – the National Forestry Agency shall be stored by the same Agency, or in the territory indicated by a sub-agency of the Government of the Autonomous Republic of Ajara – the Legal Entity under Public Law within the system of the Environment and Natural Resources Office – the Forestry Agency of Ajara and they shall be distributed respectively by the Legal Entity under Public Law of the Ministry of Environment and Natural Resources Protection of Georgia – the National Forestry Agency, and in the territory of the Autonomous Republic of Ajara – the Legal Entity under Public Law – the Forestry Agency of Ajara according to the forest use procedure approved by the ordinance of the Government of Georgia.

Law of Georgia No 3963 of 10 December 2010 – LHG III, No 74, 24.12.2010, Art. 444

Law of Georgia No 4391 of 11 March 2011 – website, 17.3.2011

Law of Georgia No 5555 of 20 December 2011 – website, 28.12.2011

Law of Georgia No 6610 of 29 June 2012 - website, 10.7.2012

Law of Georgia No 796 of 4 May 2017 – website, 29.5.2017

Article 29² – Procedure for distributing fallen deadwood resources available on the shores of inland waters of Georgia

Procedure for storing and distributing fallen deadwood resources available on the shores of inland waters of Georgia being on plots of land registered in the state ownership, which do not fall within borders of the state forest fund and on a protected landscape and multiple-use territories, shall be defined under the forest use procedure approved by the ordinance of the Government of Georgia.

Law of Georgia No 796 of 4 May 2017 – website, 29.5.2017

Article 30 - Transfer of a movable thing to an insurer upon the occurrence of an insured event

1. Upon the occurrence of an insured event, in the cases determined by an insurance agreement, the relevant state body shall transfer the title to the immovable thing used by it to the insurer in return for the compensation by the insurer of the cost of that thing or in return for the transfer by the insurer of an identical undamaged thing under the conditions established by the insurance agreement.
2. Upon the occurrence of an insured event, the procedure and conditions for transferring an immovable thing to an insurer shall be determined by the Ordinance of the Government of Georgia.

Article 31 - Determination and payment of the privatisation price of movable things and execution of privatisation transactions

1. The procedure for determining the privatisation price and the initial privatisation price of movable things shall be approved by the Government of Georgia.
2. In the case of the privatisation of movable things payment shall be carried out under Article 19 of this Law.
3. In the case of privatisation of movable things, a purchase agreement shall be entered into between the agency conducting the privatisation and the purchaser. In the case of privatisation of movable things by unconditional auction, a purchase agreement shall be approved by the Ministry. The agency conducting the privatisation shall have the right to issue confirmation of the successful bid. In the case of privatisation by auction, a purchase agreement shall be entered into within 45 calendar days after the close of the auction, or in the case of privatisation by direct sale by the Government of Georgia, within three months after the adoption of the appropriate act.
4. The privatisation proceeds earned from the privatisation of a movable thing shall be fully transferred to the state budget of Georgia in accordance with the legislation of Georgia; the privatisation proceeds earned by diplomatic missions and consular offices of Georgia abroad from the privatisation of movable things, less the auction expenses, shall be transferred to the state budget of Georgia in accordance with the legislation of Georgia.
5. The property administrator shall have the right to conclude an agreement with a third person that ensures the initiation of the privatisation of a state-owned movable thing.
6. Paragraph 3 of this article shall not apply to the privatisation of movable property by the Agency by electronic auction.
7. In the case of privatisation of movable property by electronic auction, a certificate of acceptance shall be signed by the Agency and the purchaser.



8. The procedure for distributing the proceeds from the privatisation of movable property by the Agency shall be determined by an order of the Minister of Finance of Georgia.

Law of Georgia No 3963 of 10 December 2010 – LHG III, No 74, 24.12.2010, Art. 444

Law of Georgia No 5014 of 1 July 2011 – website, 14.7.2011

Law of Georgia No 5928 of 27 March 2012 – website, 19.4.2012

Law of Georgia No 6332 of 25 May 2012 – website, 12.6.2012

Law of Georgia No 6377 of 5 June 2012 - website, 15.6.2012

Law of Georgia No 523 of 5 April 2013 - website, 24.4.2013

Law of Georgia No 1037 of 6 September 2013 - website, 23.9.2013

Article 31¹ - Procedure for administering property transferred by the Agency for administration

1. The form of privatisation of property transferred by the Agency for administration may be selected according to the specifics and/or cost of the movable property.

2. The property transferred for administration may be transferred by the Agency to state and local self-government bodies, as well as to other institutions and organisations with the approval of the Ministry of Finance of Georgia. Based on its type, movable property may also be used for social purposes.

3. Property transferred for administration must be destroyed if it cannot be used for any purpose.

4. (Deleted– 5.4.2013, No 523).

Law of Georgia No 6332 of 25 May 2012 – website, 12.6.2012

Law of Georgia No 523 of 5 April 2013 - website, 24.4.2013

Chapter VII - Use of State Property

Article 32 - Facilities not subject to this Chapter

This Chapter shall not apply to:

a) state housing stock (except for heirless dwelling houses and apartments transferred and/or passed into state ownership under Article 1(4) of this Law);

b) buildings specified by the relevant legal act of the Government of Georgia on the Approval of the List of Types of Core (Unalienated) Assets Transferable to Local Self-government Bodies;

c) (Deleted - 29.11.2013, No 1665).

Law of Georgia No 1037 of 6 September 2013 - website, 23.9.2013

Law of Georgia No 1665 of 29 November 2013 - website, 04.12.2013

Article 33 - Forms and conditions for transferring state property for use

1. State property shall be transferred for use for a definite or indefinite period, for consideration or free of charge, and with or without an auction.

2. State property may be transferred for use to the state authorities of Georgia, to the bodies of the Autonomous Republics of Abkhazia and Ajara, to local self-government bodies and legal entities under public law, as well as to natural persons and legal entities under private law.

3. The transfer of a state-owned immovable thing for use shall be registered with the Public Registry by the state authority, by the body of the autonomous Republics of Abkhazia and Ajara, or by the local self-government body, the natural person, the legal entity under public law or by the legal entity under private law, to which the property has been transferred for use.

4. An entity accepting the state property for use may not mortgage, pledge, or encumber with easements the transferred state property, or enter into any other transaction relating to the administration of immovable property, or issue an individual administrative act that causes the replacement of the property owner, unless otherwise determined by this Law.

Law of Georgia No 1665 of 29 November 2013 - website, 04.12.2013



Article 34 - Transfer of property and work performed to a state body/legal entity under public law

A state body/legal entity under public law may, on behalf of the State, accept into state ownership or enter into its books, the property and/or the performed work transferred by a natural person or a by legal entity under private law.

Law of Georgia No 2878 of 11 December 2014 – website, 23.12.2014

Article 35 - Procedure for transferring property for use to state bodies, to the bodies of the Autonomous Republics of Abkhazia and Ajara, to local self-government bodies or to legal entities under public law

1. A state body, a body of the Autonomous Republics of Abkhazia and Ajara or a local self-government body shall apply to the property administrator for the initial transfer of the state property for use. Within two weeks after receiving the application, the property administrator shall make a decision, in the prescribed manner, to grant consent on the issue specified in the application, which shall be the basis for registering with the Public Registry the transfer of state property for use to the appropriate body, or to reasonably refuse to transfer the state property. In the case of a refusal of the property administrator, the transfer of the state property shall be decided according to the procedure established by the legislation of Georgia.

2. After the initial transfer of state property for use, a state body, or a body of the Autonomous Republics of Abkhazia or Ajara or a local self-government body may transfer that property for use to another state body or another body of the Autonomous Republics of Abkhazia or Ajara or to another local self-government body on the basis of an individual administrative act of the head of the respective body, regarding which a certificate of acceptance shall be drawn up. A state body, a body of the Autonomous Republics of Abkhazia or Ajara or a local self-government body may, in accordance with this Law, transfer for use the property that it has on its books.

3. A state body, a body of the Autonomous Republics of Abkhazia or Ajara or a local self-government body shall apply for the transfer of state property, in writing, with appropriate substantiation, to the state body, to the body of the Autonomous Republics of Abkhazia or Ajara or to the local self-government body to which that property has been transferred under the legislation of Georgia. The procedure for submitting an application, for reviewing the application and for making a decision shall be determined by the Ordinance of the Government of Georgia.

4. An individual administrative act specified in paragraph 2 of this article shall specify the time limit for the transfer of the state property for use (except for the transfer for an indefinite term), as well as other conditions for transfer (if any).

5. If a state property received for use by a state body, by a body of the Autonomous Republics of Abkhazia or Ajara or by a local self-government body, is transferred for use to another state body, or to another body of the Autonomous Republics of Abkhazia or Ajara or local self-government body, the agreement (if any) entered into between the property administrator and that body, under which the immovable property had been transferred for use, shall be annulled.

6. If the owner of the property cannot be identified, the state body, or the relevant body of the Autonomous Republics of Abkhazia or Ajara, shall apply to the property administrator for the transfer of the property for use. Within 30 calendar days after receiving the application, the property administrator shall make a decision on issuing consent on the issue specified in the application, based on which the state authority or the relevant body of the autonomous Republics of Abkhazia or Ajara may apply to the National Agency of Public Registry for the registration of the property as state property and for the registration of the transfer of that property to that body for use, or on reasonably refusing the transfer of the property. If the property administrator fails to make a decision within the established time limit, the state body or the relevant body of the autonomous Republics of Abkhazia or Ajara, may apply to the National Agency of Public Registry for the registration of the property as state property and for the registration of the transfer of the property to that body for use.

7. (Deleted- 11.12.2014, No 2878).

8. Paragraphs 1-6 of this article shall also apply to legal entities under public law, except for political associations of citizens, creative unions and the Georgian Apostolic Autocephalous Orthodox Church. A legal entity under public law that is subject to state control shall have the right to transfer the state property that is used by that entity only with the consent of the body exercising state control.

9. With the agreement of the Government of Georgia, a state body, a body of the Autonomous Republics of Abkhazia and Ajara, a local self-government body or a legal entity under public law may transfer property to a legal entity under public law that is not controlled by a state controlling body, for the forms of use determined by the Civil Code of Georgia, for definite or indefinite term, for consideration or free of charge.

10. In the case of a transfer of property for use under this article, the entity transferring the right to use shall write off the transferred state property from its books and the entity receiving the right to use shall enter the transferred property into its books.

Law of Georgia No 3963 of 10 December 2010 – LHG III, No 74, 24.12.2010, Art. 444

Law of Georgia No 5014 of 1 July 2011 – website, 14.7.2011

Law of Georgia No 6377 of 5 June 2012 - website, 15.6.2012

Law of Georgia No 2878 of 11 December 2014 – website, 23.12.2014

Article 36 - Procedure for transfer of state property for use to natural persons and legal entities under private law

1. State property shall be transferred by auction to a natural person or a legal entity under private law for consideration, for any form of use determined by the Civil Code of Georgia and with the consent of the property administrator, by the state body, by the body of the Autonomous Republics of Abkhazia and Ajara, by the local self-government body or the legal entity under public law to which the property has been transferred for use or which has the given property on its books. Unless the state property has been transferred for use, it shall be transferred for use to a natural person or a legal



entity under private law by the property administrator according to the established procedure.

1¹. A state-owned agricultural land plot may be transferred for use to natural persons and legal entities under private law for a maximum term of 49 years, except as provided for by law. The National Forestry Agency, a legal entity under public law of the Ministry of Environment and Natural Resources Protection of Georgia, and in the Autonomous Republic of Ajara, the Forestry Agency of Ajara, a legal entity under public law within the system of a sub-agency of the Government of the Autonomous Republic of Ajara, the Environment and Natural Resources Office shall, with the consent of the property administrator, transfer the lands of the state forest fund with the right of use for agricultural purposes and non-agricultural purposes for a maximum of 49 years, according to the legislation of Georgia.

1². A natural person and/or a legal entity under private law receiving state property for use for consideration shall be obliged to pay the price of the transfer of the state property for use and take care of the property during the period of its use until its return to the entity which transferred the property for use.

1³. According to a written request of the property administrator, an entity that uses state property and does not have a document certifying the right of lawful use of the property and which uses the property for entrepreneurial activities (commercial purposes), shall be obliged to pay to the state budget of Georgia the price of the transfer of property for use according to the market value (according to an expert/audit opinion) for the total period of use from the moment of registration of the state's property rights with the Public Registry.

2. Property may be transferred to natural persons and legal entities under private law for consideration or free of charge without an auction, except in the event of determining the right(s) of easement on immovable things, only with the consent of the Government of Georgia.

2¹. Easement rights of natural persons and legal entities under private law on an immovable thing shall be determined without an auction, for consideration or free of charge, by a decision of the property administrator.

2². In the case of a transfer of property for use to natural persons and legal entities under private law, for consideration or free of charge, without an auction, and based on a decision of the Government of Georgia, an agreement on the transfer of the property for use shall be entered into within three months from the adoption of the appropriate act.

3. The property administrator shall, without an auction, and in the prescribed manner, transfer the state-owned immovable property the privatisation of which is prohibited under this Law, in the form of gratuitous superficies, gratuitous usufruct and lending, only to enterprises established by the State or with the participatory interest of a legal entity under public law established by the State, where 50% or more of the equity (shares) is owned by the State or by the legal entity under public law established by the State.

Law of Georgia No 3963 of 10 December 2010 – LHGIII, No74, 24.12.2010, Art. 444

Law of Georgia No 4391 of 11 March 2011 – website, 17.3.2011

Law of Georgia No 5014 of 1 July 2011 – website, 14.7.2011

Law of Georgia No 6377 of 5 June 2012 - website, 15.6.2012

Law of Georgia No 485 of 25 March 2013– website, 05.4.2013

Law of Georgia No 1665 of 29 November 2013 - website, 04.12.2013

Law of Georgia No 2878 of 11 December 2014 – website, 23.12.2014

Law of Georgia No 4910 of 18 March 2016 - website, 28.3.2016

Law of Georgia No 796 of 4 May 2017 – website, 29.5.2017

Article 37 - Use of movable property transferred to state ownership

Movable property transferred to state ownership shall not be transferred for use, except for the cases specified in Article 27(4) of this Law and the cases of the leasing of the property.

Law of Georgia No 3963 of 10 December 2010 – LHG III, No 74, 24.12.2010, Art. 444

Law of Georgia No 6332 of 25 May 2012 – website, 12.6.2012

Law of Georgia No 1665 of 29 November 2013 - website, 04.12.2013

Article 38 - Procedure for determining the price of the transfer of state property for use and the rules of payment

1. The procedure for determining the price of transfer of state property for use shall be approved by the Government of Georgia.

2. In the case of a transfer of state property for use, the payment shall be made under Article 19 of this Law.

3. In the case of a non-gratuitous transfer of state property for use by the Ministry, the Property Agency or any other state authority, the amount of the transfer for use shall be transferred to the state budget of Georgia, and in the case of a non-gratuitous transfer of state property for use, by a body of the Autonomous Republics of Abkhazia or Ajara, or by a local self-government body or a legal entity under public law, the amount of the transfer for use shall be transferred to the budget of the body effecting the transfer.



Law of Georgia No 5014 of 1 July 2011 – website, 14.07.2011

Law of Georgia No 6377 of 5 June 2012 - website, 15.6.2012

Law of Georgia No 1037 of 6 September 2013 - website, 23.9.2013

Chapter VIII - State-owned Intangible Assets

Article 39 - State-owned intangible assets

1. State-owned intangible assets shall include ownership interests and shares, as well as all the claims and rights that may be transferred to other persons, or that are intended to provide the owner of the assets with material benefit and/or with the right to make a claim(s) against other persons.
2. Under the Law of Georgia on Entrepreneurs, the property administrator may establish joint stock companies and limited liability companies and/or non-entrepreneurial (non-commercial) legal entities on the basis of the state property.

Law of Georgia No 6377 of 5 June 2012 - website, 15.6.2012

Article 40 - (Deleted)

Law of Georgia No 6377 of 5 June 2012 - website, 15.6.2012

Article 41- Forms of administration of ownership interests and shares

1. The forms of administration of ownership interests and shares shall be:

- a) the privatisation of ownership interests and shares;
- b) the transfer of the management rights to ownership interests and shares.

2. Ownership interests and shares may be privatised by auction, by direct sale and competitive direct sale, and ownership interests and shares or share certificates may be privatised directly or through an intermediary, by public or private offer or another form of offer corresponding to the established practice at a recognised foreign stock exchange or of international capital markets at the given time.

Law of Georgia No 5063 of 11 October 2011– website, 21.10.2011

Law of Georgia No 2878 of 11 December 2014 – website, 23.12.2014

Article 42 - Privatisation of ownership interests and shares

1. An auction of ownership interests and shares may be either conditional or unconditional.
2. Ownership interests and shares may be privatised by direct sale or competitive direct sale, on the basis of a decision of the Government of Georgia, under Article 10 of this Law.
3. Ownership interests and shares or share certificates shall be privatised directly or through an intermediary by public or private offer, or by another form of offer corresponding to the established practice at a recognised foreign stock exchange or of international capital markets at the given time on the basis of the initiation and reasoned proposal of the property administrator, under Article 45¹ of this Law, and by a decision of the Government of Georgia.
4. Ownership interests and shares shall be transferred into the ownership of the acquirer of property on the basis of a decision of the Government of Georgia under Article 3(5) of this Law.
5. The special conditions specified in Article 20 of this Law shall apply to the privatisation of ownership interests and shares.
6. In the case of a transfer of ownership interests and shares into ownership under certain conditions, the acquirer of the property may, with the consent of the property administrator, pledge the acquired ownership interests and shares in order to fulfil privatisation obligations.
7. In the case of a transfer of ownership interests and shares into ownership under certain conditions, if the pledged property is transferred into the ownership of the pledgee or is sold under the Law of Georgia on Enforcement Proceedings or under the Civil Code of Georgia (irrespective of the form of sale) due to the failure of the pledger to fulfil the claims secured by the pledge, the privatisation obligations undertaken by the acquirer of the property before the State and the rights and duties originating from the relevant agreement shall be fully transferred to a new and each subsequent owner if, before the property is encumbered with pledge, appropriate information on the privatisation obligation(s) was registered in the records concerning ownership interests and shares with the appropriate registration authority.
8. If an agreement is unilaterally cancelled due to a breach of the privatisation conditions determined by the relevant agreement entered into for the



privatisation of ownership interests and shares, the privatised property shall be returned to state ownership; the security interest(s) of a third person(s) registered on such property shall be annulled if, before encumbering the property with the pledge, appropriate information on privatisation obligation(s) was registered with the Public Registry, in the records concerning ownership interests and shares. In addition, the State shall not compensate the purchaser for the sums paid and expenses incurred.

Law of Georgia No 5063 of 11 October 2011 – website, 21.10.2011

Law of Georgia No 6377 of 5 June 2012 - website, 15.6.2012

Law of Georgia No 1037 of 6 September 2013 - website, 23.9.2013

Law of Georgia No 2878 of 11 December 2014 – website, 23.12.2014

Article 43 - Transfer of the management rights to ownership interests and shares

1. The management rights to ownership interests and shares shall be transferred by auction or by direct transfer by a decision of the Government of Georgia.

2. The rights of a partner (shareholder) of an enterprise operating with the participatory interest of the State shall be exercised by the property administrator, which shall make a decision on the contribution of state property, including ownership interests and shares and monetary payment(s) into the equity of the enterprise operating with the participatory interest of the State.

2¹. (Deleted – 5.6.2012, No 6377).

3. (Deleted – 5.6.2012, No 6377) .

14.7.2011 Law of Georgia No 5014 of 1 July 2011 – website,

Law of Georgia No 5928 of 27 March 2012 – website, 19.4.2012

Law of Georgia No 6377 of 5 June 2012 - website, 15.6.2012

Law of Georgia No 1037 of 6 September 2013 - website, 23.9.2013

Article 44 - Procedure for determining the forms of privatisation of ownership interests and shares and transferring management rights to other entities under the legislation of Georgia

1. The procedure for determining the forms of privatisation of ownership interests and shares and for transferring their management rights to other entities under the legislation of Georgia shall be approved by the Minister of Economy and Sustainable Development of Georgia.

2. With the consent of the property administrator, a person administering state-owned ownership interests and shares transferred to it with management rights, shall make a decision on the contribution of state property, including ownership interests and shares and monetary payment(s) into the equity of the enterprise run by the person.

Law of Georgia No 5014 of 1 July 2011 – website, 14.07.2011

Law of Georgia No 5928 of 27 March 2012 – website, 19.4.2012

Law of Georgia No 6377 of 5 June 2012 - website, 15.6.2012

Article 45 - Determination and payment of the price of privatisation of ownership interests and shares and entry into agreements for privatisation transactions

1. The procedure for determining the privatisation price and initial privatisation price of ownership interests and shares shall be approved by the Government of Georgia.

2. In the case of the privatisation of ownership interests and shares, the payment shall be made under Article 19 of this Law.

3. In the case of the privatisation of ownership interests and shares an appropriate agreement shall be entered into between the agency conducting the privatisation and the acquirer of the property. The property administrator shall issue a successful bid certificate in written and/or electronic form. In the case of privatisation by auction, an appropriate agreement shall be entered into within 45 calendar days after the auction is held, or in the case of privatisation by direct sale by the Government of Georgia, within three months after the adoption of the appropriate act. In the case of the privatisation of ownership interests and shares, the right of ownership shall be transferred to the acquirer of the property after the registration with the appropriate registration authority; at the same time, the obligation to pay the privatisation fee (if any) shall also be registered.

4. The relevant property administrator shall enter into an agreement with a third person that will ensure the initiation of the privatisation of ownership interests and shares.

5. Paragraphs 2-4 of this article shall not apply to cases of the privatisation of ownership interests and shares, or share certificates directly or through an intermediary, by public or private offer or by another form of offer corresponding to the established practice at a recognised foreign stock exchange or of international capital markets at the given time.



Law of Georgia No 5063 of 11 October 2011– website, 21.10.2011

Law of Georgia No 5928 of 27 March 2012 – website, 19.4.2012

Law of Georgia No 6377 of 5 June 2012 - website, 15.6.2012

Law of Georgia No 1037 of 6 September 2013 - website, 23.9.2013

Law of Georgia No 2878 of 11 December 2014 – website, 23.12.2014

Article 45¹ - Procedure for privatising ownership interests and shares, or share certificates directly or through an intermediary, by public or private offer or by another form of offer corresponding to the established practice at a recognised foreign stock exchange or of international capital markets at the given time

1. Ownership interests and shares or share certificates shall be privatised directly or through an intermediary by public or private offer, by another form of offer corresponding to the established practice at a recognised foreign stock exchange or of international capital markets at the given time, on the basis of the initiation and reasoned proposal of the property administrator and by a decision of the Government of Georgia.

2. The property administrator shall determine a convenient time for offering ownership interests and shares or share certificates directly or through an intermediary, by public or private offer, by another form of offer corresponding to the established practice at a recognised foreign stock exchange or of international capital markets at the given time, and shall prepare relevant draft documents and carry out other measures determined by the legislation of Georgia.

3. A reasoned proposal of the property administrator, containing the general conditions of privatisation, including the form, term and other essential conditions of privatisation, shall be submitted to the Government of Georgia together with the draft documents prepared by the Agency.

4. In the case of approval of a reasoned proposal of the property administrator, the Government of Georgia shall make a decision by ordinance to privatise the ownership interests and shares, or share certificates directly or through an intermediary, by public or private offer or another form of offer corresponding to the established practice at a recognised foreign stock exchange or of international capital markets at the given time. An ordinance of the Government of Georgia shall define the privatisation conditions, including the:

a) quantitative or percentage values of the ownership interests and shares subject to privatisation, or the maximum and/or minimum limit(s) of those values;

b) price of privatisation (initial privatisation price, in the case of public offers) of ownership interests and shares or share certificates and the procedure and conditions for its payment;

c) main dates required for completing the privatisation process according to the schedule specified in the reasoned proposal of the property administrator, the time limit for entering into an appropriate agreement, other conditions for acquiring the title of ownership to the ownership interests and shares or share certificates, according to which the property administrator will offer ownership interests and shares or share certificates directly or through an intermediary, by public or private offer, or by another form of offer corresponding to the established practice at a recognised foreign stock exchange or of international capital markets at the given time, and shall carry out relevant measures.

5. Based on a decree of the Government of Georgia, the property administrator shall determine the appropriate privatisation conditions, which must comply with the decision of the Government of Georgia.

6. When the Government of Georgia is making a decision on the privatisation of share certificates, any limitation or obligation related to voting or other rights of the share certificates may be determined by a decree of the Government of Georgia (including the obligation of prior notification of the public regarding the issues determined by the decree of the Government of Georgia).

7. In the case of the privatisation of ownership interests and shares or share certificates directly or through an intermediary, by public or private offer, or by another form of offer corresponding to the established practice at a recognised foreign stock exchange or of international capital markets at the given time, the conclusion of relevant agreements by the agency conducting the privatisation, the payment of the privatisation price and the transfer of the title to the purchased property to the purchaser shall be effected in accordance with the procedures and within the time limits established by a decree of the Government of Georgia.

Law of Georgia No 5063 of 11 October 2011– website, 21.10.2011

Law of Georgia No 6377 of 5 June 2012 - website, 15.6.2012

Article 45² - Administration of state-owned claims and rights

1. Forms of privatisation of state-owned claims and rights shall be:

a) auction;

b) direct sale;

b.a) direct sale;



b.b) competitive direct sale.

2. State-owned claims and rights may be privatised by direct sale or competitive direct sale on the basis of a decision of the Government of Georgia, under Article 10 of this Law. State-owned claims and rights shall also be transferred into the ownership of the acquirer on the basis of a decision of the Government of Georgia, under Article 3(5) of this Law.

3. The procedure for determining the privatisation price and initial privatisation price of state-owned claims and rights shall be approved by the Government of Georgia, and in the case of privatisation, the payment shall be made under Article 19 of this Law.

4. In the case of the privatisation of state-owned claims and rights by auction, an appropriate agreement shall be entered into within 45 calendar days from the close of the auction, or in the case of privatisation by direct sale by the Government of Georgia, within three months from the adoption of the appropriate act.

5. The special conditions specified in Article 20 of this Law shall apply to the privatisation of state-owned claims and rights.

6. In the case of the privatisation of state-owned claims and rights by auction, the property administrator shall have the right to issue a confirmation of successful bid in written and/or electronic form.

7. In the case of a transfer of state-owned claims and rights into ownership under certain conditions, the acquirer of the property may, with the consent of the property administrator, pledge the acquired state-owned claims and rights in order to fulfil privatisation obligations.

8. In the case of a transfer of state-owned claims and rights into ownership under certain conditions, if the pledged property is transferred into the ownership of the pledgee or is sold under the Law of Georgia on Enforcement Proceedings or the Civil Code of Georgia (irrespective of the form of sale) due to the failure of the pledger to fulfil the claims secured by the pledge, the privatisation obligations undertaken by the acquirer of the property before the State and the rights and duties originating from the relevant agreement shall be fully transferred to a new and each subsequent owner if, before the property was encumbered with the pledge, appropriate information on the privatisation obligation(s) is registered in the records concerning state-owned claims and rights with the relevant registration body.

9. If the agreement is unilaterally annulled due to the violation of privatisation conditions determined by the relevant agreement entered into for the purpose of the privatisation of state-owned claims and rights, the privatised property shall be returned to state ownership; and the security interest(s) of a third person(s) registered on the property shall be annulled if, before encumbering the property with the pledge, appropriate information on privatisation obligation(s) was registered with the Public Registry, in the records concerning state-owned claims and rights. In addition, the State shall not compensate the purchaser for the sums paid and expenses incurred.

Law of Georgia No 2878 of 11 December 2014 – website, 23.12.2014

Chapter IX - Transitional Provisions

Article 46 - Measures to be carried out in connection with the entry of this Law into force

1. Within two months after the entry of this Law into force the Ministry shall prepare and approve:

a) the Regulations on the Procedure for Privatising the Forests within the Territorial Boundaries of Settlements;

b) a typical form of record certifying the purchase of a forest land plot;

c) the procedure for a third person to administer state-owned agricultural lands;

d) the procedure and conditions for transferring the title to state property to natural persons and/or legal entities under private law in return for the transfer by them to state ownership of the property equivalent to the said state property.

¹. Before 1 January 2011, the Ministry shall prepare and approve the procedure and conditions for the initiation of the privatisation of state-owned agricultural land by third persons.

2. Before 1 May 2011, the Ministry shall approve the procedure for carrying out an electronic auction for the administration of state property.

3. Before 1 June 2011, the LEPL National Agency of Public Registry under the Ministry of Justice of Georgia shall identify the lands of the state forest fund and the lands of former collective farm forests and Sovkhoz forests, and prepare appropriate drawings and submit to the Government of Georgia a draft ordinance on the establishment of the borders of the state forest fund.

³. Before 1 February 2011, the Government of Georgia shall establish the initial price of agricultural land plots according to administrative and territorial units.

4. Within two months after the entry into force of this Law, state authorities shall ensure the compliance of relevant subordinate normative acts with this Law.

5. Before 1 September 2011, the Special State Protection Service of Georgia shall register with the Public Registry property transferred to it for accommodation.

6. (Deleted- 11.12.2014, No 2878).

Law of Georgia No 3963 of 10 December 2010 – LHG III, No 74, 24.12.2010, Art. 444



Law of Georgia No 4957 of 24 June 2011 – website, 11.7.2011

Law of Georgia No 352 of 20 March 2013 - website, 28.3.2013

Law of Georgia No 2878 of 11 December 2014 – website, 23.12.2014

Article 47 - Temporary procedure for submitting an application for the privatisation/sale of state property, or for the privatisation of state-owned leased agricultural land plots by direct sale, or for the completion of the procedure concerning the leasing of state-owned agricultural land plots

1. Before the approval of the electronic auction procedure specified in Article 46(2) of this Law, state property shall be administered by public or electronic auction, on which the information shall be published on the website of the entity administering the state property and/or on the website www.eauction.ge, which shall be considered as official publication of information. In order to ensure the publicity of and access to information, information on the privatisation of state property by public auction shall be also published in the newspaper '24 Hours'.

2. (Deleted).

3. For the completion of a process of leasing state-owned agricultural land plots commenced before the entry into force of this Law, the relevant person shall, not later than 31 December 2010, submit an application to the Ministry, to its appropriate territorial body or to the appropriate executive authority of the Autonomous Republics of Abkhazia or Ajara acting within the powers delegated by the Ministry. After the expiration of this deadline, state-owned land plot(s) shall be sold according to the procedure established for the privatisation of state-owned unleased agricultural land plots.

4. For the privatisation of state-owned agricultural land plots and of the outbuilding(s) and ancillary structures and/or perennial plants on it by direct sale, the lessee shall, not later than 1 May 2011, submit an application to the Ministry, to its appropriate territorial body or to an appropriate executive authority of the Autonomous Republics of Abkhazia or Ajara acting within the powers delegated by the Ministry.

5. The procedures that were in effect before the entry of this Law into force shall apply to relations originating from before the entry of this Law into force with respect to the administration of state property.

6. Before 1 December 2010, this Law shall not apply to the cases specified in Article 10(3)(f) of the Law of Georgia on Public Procurement.

Law of Georgia No 3963 of 10 December 2010 – LHG III, No 74, 24.12.2010, Art. 444

Article 47¹ - Transfer to the ownership of a borrower of a movable thing transferred under a gratuitous loan agreement

1. The Ministry may review the issue concerning the obtaining by the borrowers of the title to movable things transferred for use under a gratuitous loan agreement entered into before 3 November 2009 by legal entities under public law if the legal entities under public law apply to the Ministry before 1 October 2011.

2. Paragraph 1 of this article shall not apply to weapons and musical instruments.

Law of Georgia No 5014 of 1 July 2011 – website, 14.07.2011

Article 47² Termination of a gratuitous usufruct agreement and transfer of property for use

State-owned property transferred to legal entities under public law under a gratuitous usufruct agreement shall be considered as transferred under Article 35(1) of this Law.

Law of Georgia No 5014 of 1 July 2011 – website, 14.07.2011

Article 47³ Termination of a gratuitous loan agreement and transfer of movable property for use

1. State-owned movable property transferred to state bodies and legal entities under public law under gratuitous loan agreements shall be considered as transferred under Article 35 of this Law and the corresponding gratuitous loan agreements shall be terminated.

2. This article shall not apply to gratuitous loan agreements entered into with the Georgian Apostolic Autocephalous Orthodox Church.

Law of Georgia No 5720 of 28 February 2012 - website, 09.03.2012

Article 47⁴ - Procedure for confirming title to the property privatised by lease-purchase, competition, auction or any other form before 1 January 2011

In the case of the privatisation of property by lease-purchase, competition, auction or any other form before 1 January 2011, if the due date for the confirmation of title to the relevant property is after 1 January 2011, the agency conducting the privatisation shall issue the confirmation of the fulfilment of the obligation to pay the privatisation price, which shall be the basis for the registration of title with the appropriate registration authority. In registering title of ownership, the purchaser shall also be obliged to register the obligations subject to fulfilment and confirmation.

Law of Georgia No 5928 of 27 March 2012 – website, 19.4.2012



Article 48 - Remission of penalty imposed/to be imposed for violation of the condition of administration/transfer for use of state property

1. A penalty imposed/to be imposed before 1 January 2011 on an entity purchasing and/or acquiring state property with the right to manage/use, due to the failure to submit to the property administrator the information on the fulfilment of the obligations undertaken under the relevant record/agreement, shall be remitted.
2. A penalty imposed/to be imposed before 1 January 2011 on the usufruct holder of state property for violation of the obligations regarding the insurance of the property transferred under the current/terminated usufruct agreement and/or the payment of utility payments, shall be remitted.

Law of Georgia No 1665 of 29 November 2013 - website, 04.12.2013

Article 48¹ - Remission of an unpaid penalty imposed/to be imposed for violation of conditions of administration/ transfer for use of state property and exemption from/deferment of contractual obligations

1. An unpaid penalty imposed/to be imposed before 1 January 2016 on an entity acquiring state property by usufruct for failure to submit to the property administrator the information on the fulfilment of obligations undertaken under the relevant record/agreement, shall be remitted.
2. An unpaid penalty imposed/to be imposed before 1 January 2014 on an entity acquiring a state-owned agricultural land plot for use for failure to pay the usage fee required under the relevant agreement on the transfer of the state property for use, shall be remitted and the entity shall be exempted from the obligation to pay the unpaid usage fee accumulated by that date, if such entity submits an appropriate application for remission/exemption to the Property Agency before 1 March 2018.
3. The obligation of an administrative body to issue an individual administrative act based on the application determined by the General Administrative Code of Georgia, shall not apply to the cases specified in paragraph 2 of this article.
4. A purchaser of state-owned agricultural equipment at less than GEL 100 shall be exempted from contractual obligations and an unpaid penalty imposed/to be imposed on the purchaser before 1 January 2016 for violation of the contractual obligations shall be remitted.
5. A purchaser of state-owned agricultural equipment (except for the cases specified in paragraph 4 of this article) shall be exempted from contractual obligations and an unpaid penalty imposed/to be imposed on the purchaser before 1 January 2016 for violation of the contractual obligations (including the obligation to pay the privatisation price) shall be remitted, and the time limit for paying the privatisation price shall be deferred until 1 January 2017. In the case of the privatisation of state-owned agricultural equipment by lease-purchase, the purchaser of the state property shall be exempted from the obligation to pay the rent originating from before 1 January 2014, and an unpaid penalty imposed/to be imposed on the purchaser before 1 January 2016 for violation of the obligation to pay the rent shall be remitted.

Law of Georgia No 4910 of 18 March 2016 - website, 28.3.2016

Article 49 - Change of state property privatisation conditions, exemption from sanctions imposed/to be imposed for violation of privatisation conditions

In relation to the purchasers of state property that applied to the Ministry not later than 1 July 2010 to lift the sanctions imposed for the violation of other obligations undertaken under the relevant record/agreement and/or to change/review obligations, the Ministry may, for the purpose of promoting investment activities, and taking into account public and private interests, and in the case of justified necessity, make a decision, with the consent of the Government of Georgia, on changing/reviewing the conditions of a record/agreement entered into for the privatisation of state property privatised by a previous form of auction or privatisation, or the conditions of a purchase agreement entered into for the privatisation of state property privatised by direct sale (except for the privatisation conditions established by the President of Georgia), and/or on lifting any sanctions imposed for the non-fulfilment of obligations. If there is a request to change/review the privatisation conditions established by the President of Georgia, the Ministry shall review the application of the purchaser of the state property and refer the issue, with an appropriate proposal (draft legal act) to the Government of Georgia, which may, for the purpose of promoting investment activities, and taking into account public and private interests, and in the case of justified necessity, submit to the President of Georgia a proposal on changing/reviewing the privatisation conditions established by the President of Georgia for the state property privatised by direct sale. A decision on changing/reviewing the privatisation conditions established by the President of Georgia for state property shall be made by the President of Georgia.

Article 49¹ - Change/annulment of a condition of privatisation/transfer of state property into ownership/ management/use and/or remission of a penalty imposed/to be imposed under the agreement

1. In those contractual relationships where one of the parties is the Property Agency and/or the Ministry, a party to the agreement may submit a reasoned request to the property administrator to change/annul a condition of the privatisation/transfer of state property into ownership/management/use, and/or to remit an unpaid penalty imposed/to be imposed under the agreement. The property administrator shall review the submitted request and, taking into consideration public and private interests, shall submit a proposal to the Government of Georgia for the making of a decision on changing/annulling the condition of privatisation/transfer of the state property into ownership/management/use, and/or on remitting the unpaid penalty imposed/to be imposed under the agreement.
2. In the case specified in paragraph 1 of this article, based on an application of the property administrator and by a decision of the Government of Georgia, the acquirer of state property/ the person receiving the right to manage/use, may be required to make an appropriate payment in return for changing/annulling the condition of privatisation/transfer into ownership/management/use of the state property; the amount of this payment shall be determined by the Government of Georgia. The payment shall be transferred to the state budget of Georgia, except for the payment to the Property Agency, which shall be transferred to the account of the Property Agency in the amount determined by the Government of Georgia.



3. In the case of the privatisation/transfer into management/use of state property by auction, the property administrator shall apply to the Government of Georgia under this article if the state property has been privatised/transferred into management/ use before 31 December 2012.

4. The citizens of Georgia to whom the state property has been transferred into ownership by privatisation by direct sale based on their status as an internally displaced person shall be exempted from the financial liabilities originating from before 1 July 2014 under the state property purchase agreement, including the obligation to pay a penalty imposed/to be imposed.

Law of Georgia No 5928 of 27 March 2012 – website, 19.4.2012

Law of Georgia No 6377 of 5 June 2012 - website, 15.6.2012

Law of Georgia No 1665 of 29 November 2013 - website, 04.12.2013

Law of Georgia No 2878 of 11 December 2014 – website, 23.12.2014

Law of Georgia No 4910 of 18 March 2016 - website, 28.3.2016

Article 49² - Exemption from payment of the fee imposed/to be imposed for unlawful use of state property

Natural and legal persons shall be exempted from the obligation to pay the fee for the unlawful use of state property for entrepreneurial activities (commercial purposes) under Article 36(1³) of this Law, and the price of the transfer of the state property for use payable for the period of use up to 17 September 2012. If the title to state property is registered with the Public Registry after 17 September 2012, natural and legal persons shall be exempted from the payment of the fee for unlawful use of state property for entrepreneurial activities (commercial purposes) under Article 36(1³) of this Law for the period up to the registration of the title to state property with the Public Registry.

Law of Georgia No 2878 of 11 December 2014 – website, 23.12.2014

Article 50 - Repealed normative acts

Upon the entry of this Law into force, the following laws shall be deemed void:

- a) the Law of Georgia of 8 July 2005 on the Privatisation of State-owned Agricultural Land (the Legislative Herald of Georgia, No 42, 29.7.2005, Art. 303);
- b) the Law of Georgia of 30 May 1997 on the Privatisation of State Property, Privatisation of the Property of Local Self-government Units and their Transfer for Use (the Gazette of the Parliament of Georgia, No 29-30, 9.7.1997, p. 15);
- c) the Law of Georgia of 25 December 2009 on the Administration of the Property Transferred to State Ownership (the Legislative Herald of Georgia, N 50, 31.12.2009, Art. 392);
- d) the Law of Georgia of 3 November 2009 on the Transfer of State-owned Property for Use (the Legislative Herald of Georgia, N 35, 19.11.2009, Art. 245).

Chapter X - Final Provision

Article 51 - Entry into force of this Law

This Law shall enter into force upon promulgation.

President of Georgia

M. Saakashvili

Tbilisi,

21 July 2010

No 3512–~~66~~

