

**«APPROVED»**

Appendix No. 5 to the Decision of the  
Supervisory Board of the Joint-Stock  
Company “Entrepreneurship Development  
Company” No. 2/24 dated “29” February  
2024

*(with amendments and additions introduced by the  
Minutes of the Supervisory Board meetings dated  
“29” April 2024 No. 6/24, “2” October 2024 No.  
9/24, and “28” April 2025 No. 3/25)*

**REGULATIONS  
ON THE PROCEDURE FOR PROVIDING SERVICE  
MORTGAGE BY THE JOINT-STOCK COMPANY  
“ENTREPRENEURSHIP DEVELOPMENT COMPANY”**

**“INTRODUCED”**

By the Executive Body of the JSC  
“Entrepreneurship Development Company”

**Tashkent – 2024**

## **CONTENTS**

- Chapter 1. General Provisions
- Chapter 2. Procedure for Conducting an Open Selection
- Chapter 3. Main Conditions for Providing Service Mortgage and Requirements for It
- Chapter 4. Procedure for Providing Service Mortgage
- Chapter 5. Rights and Obligations of the Parties to the Service Mortgage Agreement
- Chapter 6. Final Provisions

***Note:***

*This document is an unofficial translation of the original document in the Uzbek language and is provided for reference purposes only. In the event of any discrepancies, the original version of the document in the Uzbek language shall prevail.*

## **Chapter 1. General Provisions**

1. These Regulations is developed in accordance with the Law of the Republic of Uzbekistan “On Joint-Stock Companies and the Protection of Shareholders’ Rights,” Presidential Decree No. PF–193 of 10 November 2023, and Presidential Resolution No. PQ–312 of 7 September 2024, and regulates the process of providing service mortgage assistance by the Joint-Stock Company “Entrepreneurship Development Company” (hereinafter – the Company) to small and medium-sized business entities, as well as companies established with the primary participation of small, medium, and large business entities.

2. The following terms are used in these Regulations:

**service mortgage** — a special type of relationship under which one party (the Company), on behalf of the second party (the project initiator), acquires ownership of property (the transaction object) from a third party (the seller), as specified in the service mortgage agreement, on the basis of financial leasing, and transfers it to the project initiator for temporary use for a fee under the conditions defined in the agreement;

When providing service mortgage, priority is given to turnkey financing of projects in the fields of service provision and production activities. In such cases, the cost of the transaction object includes expenses for the acquisition of land plots for the object, construction of buildings and structures, purchase of equipment, as well as provision of necessary infrastructure systems, and such an object is classified as a property complex;

The Company may also provide other types of financial assistance in the form of service mortgage, which are implemented on the basis of a separate procedure for providing such financial assistance;

**transaction object** — real estate and equipment used for entrepreneurial activity, including property complexes (excluding natural resources and property withdrawn from circulation or restricted in circulation);

**parties to the transaction** — the Company, the project initiator, and the seller;

**project initiator** — the person receiving the transaction object for use under the service mortgage agreement.

**seller** — a person or third party that sells the transaction object to the Company.

**open competition** — the process of selecting a project or project initiator for compliance with the financing conditions when providing service mortgage assistance;

**application form** — a document completed by the project initiator when

applying to the Company for the implementation of service mortgage;

**authorized body of the Company** — the responsible collegial body of the Company that makes decisions on the selection and financing of projects (appointed on the basis of an appropriate order);

**term of the service mortgage agreement** — the period until full fulfillment of the obligations of the parties under the service mortgage agreement;

**commencement date of the service mortgage** — the date on which the Company transfers funds to the seller in order to acquire ownership of the transaction object specified in the service mortgage agreement, acting on behalf of the project initiator;

**service mortgage payments** — the total reimbursement by the project initiator of the overall cost of the transaction object, the Company’s interest income or markup, as well as intermediary fees;

**main founder** — a founder whose share in the charter capital of the project initiator exceeds 50 percent and who is a small, medium, or large business entity;

**Company income** — income determined as the difference between the total amount of payments made by the project initiator under the service mortgage and the expenses related to acquiring the transaction object, delivering it, and bringing it into a condition suitable for its intended use.

3. Upon expiration of the service mortgage agreement, the Company may apply the practice of transferring ownership of the transaction object to the project initiator. In this case, the project initiator is obliged to reimburse the Company for all expenses related to the acquisition of the transaction object, its delivery, preparation for operation, as well as to pay the agreed interest.

4. Service mortgage is provided to financially stable business entities (those having no overdue liabilities to the budget or on loans, and having completed the reporting period with a profit) on the principles of payment, repayment, and targeted use.

5. Service mortgage is provided under the following conditions:

to enterprises classified as medium-sized business entities that have been operating for more than twenty-four months and have ensured employment of at least thirty-five people as of the date of application;

to enterprises classified as small business entities that have been operating for more than twenty-four months, have ensured employment of at least fifteen people as of

the date of application, and have annual income exceeding 6 billion UZS;

to enterprises classified as medium-sized business entities that have been operating for more than twenty-four months and have ensured employment of at least fifteen people as of the date of application — under the conditions established for enterprises classified as small business entities.

In cases where the main founder, who has been operating for more than twenty-four months, participates in the service mortgage agreement as an additional borrower or guarantor, the service mortgage may be provided to the project initiator under the following conditions:

within the terms established for enterprises classified as medium-sized business entities, provided that the main founder’s annual income exceeds 10 billion UZS and employment of at least thirty-five people is ensured as of the application date;

within the terms established for enterprises classified as small business entities, provided that the main founder’s annual income exceeds 6 billion UZS and employment of at least fifteen people is ensured as of the application date.

6. Service mortgage is provided for projects in the fields of production and service provision, with priority given to supporting projects in the areas of manufacturing, tourism, trade and services, as well as the establishment and development of roadside infrastructure facilities in territories where detailed development plans and master plans are available.

7. At the time of applying to the Company, the project initiator must not have a negative credit history or overdue liabilities to the budget, must not be undergoing liquidation, and no bankruptcy proceedings must have been initiated against it, and the enterprise must not be operating at a loss.

8. Service mortgage is provided for all types of entrepreneurial activities carried out by the project initiator that are not prohibited by law, except for the project directions listed in Appendix 2.

9. Enterprises whose charter capital includes a share contributed by the Company are not eligible to receive service mortgage until the corresponding liability is fully repaid.

10. If the Project Initiator has an existing outstanding obligation under a service mortgage but fully complies with payment discipline and has no overdue debt, the Initiator is entitled to use the service mortgage multiple times within the established overall limit.

11. Property acquired by the Company under the service mortgage and

transferred to the Project Initiator must be mandatorily insured by the Project Initiator against any possible losses related to accidental destruction, loss, theft, damage, deterioration, or premature wear of the transaction object. If the transaction object is insured by the Company, all expenses related to the insurance must subsequently be reimbursed to the Company by the Project Initiator. In such cases, the terms of payment, reimbursement, and deadlines are specified in the service mortgage agreement.

12. The decision to acquire the transaction object for its subsequent transfer to the Project Initiator under a service mortgage agreement is made by the authorized body of the Company.

13. In all other cases not covered by these Regulations, decisions are made by the Supervisory Board of the Company.

14. The provision of service mortgage and coordination of related activities are carried out by the Project Management Center (hereinafter – the Center).

## **Chapter 2. Procedure for Conducting an Open Selection**

15. In the competition, Project Initiators submit project application forms through the system or by email.

The authorized body of the Company may conduct the open selection on a continuous basis within the parameters established by the decision of the Company's Asset and Liability Management Committee.

16. The information indicated in the submitted application forms undergoes a scoring analysis in accordance with paragraphs 5 and 7 of these Regulations.

17. For application forms that successfully pass the scoring review, the projects are subject to a preliminary on-site study by the Company's territorial representative, or, if unavailable, by a Center employee. In doing so, the following issues are examined:

- the feasibility of implementing the project in the designated territory;
- the availability of necessary infrastructure;
- the availability (formation) of the initiator's own sources of equity participation for project implementation;
- the prospects for further development of the project and other factors.

18. Based on the results of the study, the territorial representative, or in their absence, the Center employee, presents a conclusion on each project.

19. Project Initiators who are granted service mortgage are selected in descending order based on the number of jobs created during the implementation of the project, and financing is carried out within the limit allocated for the corresponding territory.

20. The Company provides coverage of the stages of the open selection process by publishing information on each project on its official website and in social media.

### **Chapter 3. Main Conditions for Providing Service Mortgage and Requirements for It**

21. When financing a transaction considered under the service mortgage mechanism, the Company's maximum share must not exceed 70 percent of the transaction amount, but not more than 10 billion UZS for entrepreneurs classified as medium-sized business entities and not more than 5 billion UZS for entrepreneurs classified as small business entities.

For enterprises classified as medium-sized business entities with annual income exceeding 50 billion UZS, when financing a transaction involving the acquisition of real estate or a property complex (a ready business complex), the Company's maximum share may amount to up to 20 billion UZS, but not more than 70 percent of the transaction amount.

Additionally, instead of the Project Initiator's share in the transaction object, real estate valued at no less than 1.7 times the corresponding share (or its part) may be provided as collateral.

22. The amount of financing under the service mortgage is determined by the authorized body of the Company based on the market value of the object to be acquired (as determined by an independent appraisal organization) and/or the contractual value. At the same time, to reduce the Company's risks, the Company's maximum share in the transaction must not exceed:

for real estate objects or property complexes — 70 percent of their value;

when acquiring new equipment with a production age not exceeding 1 year — 70 percent of the contractual value of the object;

when acquiring previously used equipment with a production age not exceeding 1 year — 50 percent of the market value of the object;

when acquiring equipment with a production age from 1 to 3 years — 30 percent of the market value of the object.

23. Service mortgage is not provided for the acquisition of previously used equipment with a production age exceeding 3 years.

24. The value of buildings and structures, previously used equipment as determined in an independent appraisal report, as well as the contractual value of new equipment confirmed on the basis of conclusions issued by independent consulting

companies, serves as the basis for concluding transactions and for subsequent payments by the Company. Responsibility for the accuracy of the price lies with the project initiator, the independent appraisal organization, and the consulting firm.

When acquiring equipment and other property by the Company on behalf of project initiators, the requirements of public procurement legislation do not apply.

25. The following are not accepted as service mortgage objects:

movable property with a production age exceeding 3 years;

buildings, structures, and land plots located within the territory of an enterprise and not having direct access to the building red line;

buildings and land plots located on a shared land territory and owned by different proprietors;

equipment for which an independent appraisal organization has established a depreciation level exceeding 60 percent;

certain types of equipment that cannot be used independently outside the overall technological chain of a complex;

property which, due to its historical, cultural, or other value, or for other reasons, cannot be pledged, removed from state ownership, privatized, or seized;

certain types of property owned by individuals that cannot be subject to foreclosure under applicable law.

26. The maximum transaction term is 7 years.

27. The grace period for the principal debt is established based on the characteristics of the project.

28. The term of the service mortgage, within the established limits, is determined based on various principles, including:

the operational lifespan of the transaction object;

the likelihood of the project being classified as a priority project (based on Government decisions and protocols);

the payment capacity of the project initiator;

other factors.

#### **Chapter 4. Procedure for Providing Service Mortgage**

29. If the project initiator fails to submit the complete required set of documents, the Company has the right not to accept the documents until they are fully completed and may return them.

30. All project documents are submitted by small and medium-sized business entities to the Company or its territorial representative for the purpose of assessing the



financial condition and effectiveness of the proposed project.

31. Responsibility for the completeness, accuracy, and reliability of the submitted documents lies with the project initiator and/or the person who signed them.

32. Based on the results of the analysis of the submitted documents, the Center prepares the corresponding conclusion and submits it for consideration to the authorized body of the Company.

33. If the authorized body of the Company adopts a positive decision, the project initiator is notified of the readiness to proceed with transactional arrangements under the service mortgage and to formalize the service mortgage agreement.

34. After the service mortgage agreement is signed between the Company and the project initiator, a sale and purchase agreement for the transaction object is concluded between the project initiator, the seller, and the Company. Payment by the Company to the seller for the transaction object is made in the manner and within the timeframes specified in the sale and purchase agreement of the transaction object.

At the same time, the Company is permitted to make advance payments of up to fifty (50) percent from the funds (share) of the project initiator on the basis of import contracts concluded by the initiator.

35. From the moment the acceptance certificate for commissioning of the transaction object is signed and the right to use the object is transferred to the project initiator, the service mortgage transaction is considered completed.

36. The term of the service mortgage begins from the date the funds are transferred for the purpose of acquiring ownership of the transaction object, and from this date interest is accrued at the rate established in the service mortgage agreement.

37. The interest rate for financial assistance under the service mortgage is established based on the decision of the Company's Asset and Liability Management Committee, and the interest rate may not be lower than a rate exceeding the Central Bank's base rate by 4 percentage points.

38. In addition, at the request of the project initiator and depending on the project term, the transaction may be provided on deferred payment terms by applying a markup to the Company's share in financing the transaction.

The markup is calculated at not less than the following levels: for a project term of 1 year — 1.17 times; for a project term of 2 years — 1.31 times; for a project term of 3 years — 1.43 times; for a project term of 4 years — 1.52 times; for a project term of 5 years — 1.58 times; for a project term of 6 years — 1.62 times; for a project term of 7 years — 1.64 times. If the project initiator makes early payments, the initially agreed payments are subject to full payment. The size of the markup may be changed by decision

of the Asset and Liability Management Committee depending on supply and demand in the financial market.

If the project initiator timely and properly fulfills the conditions of the service mortgage agreement, the initially agreed payments may be proportionally reduced by the Company in accordance with the actual period of service use.

In case of overdue payments under the service mortgage (leasing), the Company, in accordance with the agreement, accrues and collects penalty sanctions from the project initiator. Collected penalties are directed by the Company to charitable purposes in the manner prescribed by law.

39. The acceptance certificate for commissioning of the transaction object is signed by the participants: the Company and the project initiator.

40. Transfer by the project initiator of rights, obligations, or other interests arising from the service mortgage agreement to a third party is permitted only with the written consent of the Company.

41. All expenses related to the delivery, installation, and preparation of the transaction object for operation are covered by agreement either by the seller or by the project initiator.

42. The project initiator has the right, at any time before the expiration of the service mortgage agreement, to purchase the transaction object into ownership, provided that all payments are fully settled in advance. From the date of full settlement of payments, the terms of the agreement are considered fully fulfilled.

43. After full settlement of payments under the service mortgage agreement, the transaction object is transferred into the ownership of the project initiator.

44. The main stages of implementing the service mortgage are carried out in the order specified in Appendix 1 to these Regulations.

45. When providing assistance in the form of a service mortgage, a one-time intermediary fee is charged in the amount approved by the Supervisory Board.

## **Chapter 5. Rights and Obligations of the Parties to the Service Mortgage Agreement**

46. The Company does not bear responsibility to the project initiator for the seller's fulfillment of the requirements established in the sale and purchase agreement of the transaction object, nor for the competitiveness (reasonableness) of the stated price.

47. The Company has the right to unilaterally terminate the service mortgage agreement in the following cases, if the project initiator:

does not use the transaction object in accordance with the terms of the service mortgage agreement or violates the conditions of its use two or more times;  
significantly deteriorates the condition of the transaction object;  
fails twice consecutively to fully make payments for the use of the transaction object after the deadlines established in the service mortgage agreement;  
fails to carry out major repairs of the transaction object within the timeframes established in the service mortgage agreement;  
in other cases provided for by law.

48. In the event of termination of the service mortgage agreement, the project initiator is obliged to return the transaction object to the Company in the condition in which it was received, taking into account normal wear and tear and any changes agreed upon by the parties. The conditions and timeframes for returning the transaction object are defined in the service mortgage agreement.

49. As a result of the termination of the service mortgage agreement, the object returned to the Company is subject to sale in accordance with applicable legislation or may be offered to another project initiator. If the funds received from the sale of the transaction object are insufficient to fulfill the obligations, such funds shall be allocated as follows: first, proportionally toward repayment of the overdue principal debt and overdue interest; second, toward repayment of the accrued interest on current payments and the principal debt; and subsequently toward covering penalties and enforcement expenses. If the funds received from the sale of the transaction object are insufficient to cover the outstanding debt, the Company has the right to levy execution on other property of the project initiator in accordance with the procedure established by law.

## **Chapter 6. Final Provisions**

50. The Company provides service mortgage on a risk-based approach, and in doing so, the Company's employees do not bear responsibility for non-implementation of the project and its consequences.

51. Disputes arising in the course of implementing these Regulations shall be resolved in court in accordance with the legislation.

## **SCHEME FOR PROVIDING SERVICE MORTGAGE ASSISTANCE**

<b>Stages</b>	<b>Actions to be Performed</b>	<b>Responsible</b>
1-stage	Conducting the selection process within the approved project directions. The conditions for the selection process are published on the Company’s official website and communicated through social media.	Supervisory Board, Center, Public Relations Department
2-stage	Through the “Tadbirkor” information system and/or by email, the application form and information note are submitted.	Project Initiators
3-stage	The application data undergo scoring analysis, and projects that successfully pass the scoring review are examined on-site by the territorial representative, or, in their absence, by a Center employee, and a conclusion is prepared for them.	Territorial Representative
4-stage	The submitted projects are selected based on primary documents through an open competition.	Authorized (collegial) body of the Company
5-stage	Negotiations are conducted for the selected projects, and project documentation is accepted.	Project Initiator, Center
6-stage	Based on the project documentation, the corresponding conclusion on the initiator’s solvency and the effectiveness of the project is prepared.	Center

Stages	Actions to be Performed	Responsible
7-stage	A decision is made on financing the acquisition of the required real estate and equipment. The projects selected during the competition are published on the official website and on social media.	Authorized (collegial) body of the Company, Public Relations Department
8-stage	For the approved projects concerning the acquisition of the required real estate and equipment, the agreement and other documents are signed.	Management, Legal Department, Center
9-stage	A fee is charged for the review of project documents in accordance with the established tariff.	Project Initiator
10-stage	Based on the concluded transaction, real estate and/or equipment is acquired under a contract (in cases where real estate is acquired as the object of the transaction, the purchase agreement must be notarized). At the same time, if the acquired object is real estate, a report from an independent appraiser is required, and if the object is equipment, an expert conclusion on the price issued by an accredited expert organization is required.	Relevant structural units of the Company
11-stage	Commissioning of the transaction object.	Project Initiator
12-stage	Monitoring of payment discipline and carrying out monitoring activities.	Monitoring Department

Appendix 2 to the Regulations on the  
procedure for providing Service Mortgage by  
the Joint-Stock Company “Entrepreneurship  
Development Company”

**PROJECT DIRECTIONS FOR WHICH THE COMPANY DOES NOT  
PROVIDE ASSISTANCE IN THE FORM OF SERVICE MORTGAGE**

1. Buildings and equipment intended for organizing casinos and billiard halls, for the production of alcoholic and tobacco products and/or their sale.
2. Buildings and equipment for trade and public catering, as well as separately organized automobile fuel stations (except for trade and service facilities, roadside infrastructure facilities, including within complexes for operating fuel and trade points, as well as buildings and equipment used for the implementation of green technologies, including electric vehicle charging stations).
3. Acquisition of vehicles.
4. Projects implemented in the field of agriculture (except for meat and egg production, as well as buildings and equipment used for the storage, processing, and packaging of agricultural products).