

Date: 30.07.2009

As per the audits carried out by the tax auditors of Georgia Ministry of Finance for the October 2005-January 2009 accounts of TAV Urban Georgia LLC, an affiliate of TAV Airports Holding , a tax liability and penalty of 64,372,900 GEL (approximately 27 million Euros) has been imposed and notified.

The agreement between JSC Tbilisi International Airport ("the Administration") and TAV Urban Georgia LLC is a Build-Operate-Transfer Agreement. However, the existing legislation in Georgia is not sufficient enough to constitute a base for Build-Operate-Transfer projects. The said tax and its penalty mainly result from the assessment of the agreement as a Build-Transfer-Operate Agreement by the Georgian tax auditors, who have considered the acceptance of the Tbilisi Airport construction as the transfer of the investment to the Administration, asserted that the transfer is subject to VAT and cancelled the deducted VAT amount. Even if it is assumed for a moment as the transfer of the investment, the amount of VAT to be paid should be deducted by the exchange of invoices between the Administration and TAV Urban Georgia LLC.

We consider that the tax and the penalty imposed based upon the said assessment are exceptionally unfair and we shall use our right of objection before the Georgia Ministry of Finance. If we cannot resolve it that way, then we shall submit the matter to the court.

The public shall be notified at all stages of the matter.

We hereby state that the above clarifications are in compliance with the principles set forth in the Decree No 54 Series No VIII of the Capital Market Board, that it fully reflects the information we have received in this respect, that the information is compliant with the books, records and our documents, that we have accomplished our best in order to obtain the accurate and correct information, and that we are responsible for this clarification hereby.

TAV Airports Holding Inc.

Aziz Murat Uluğ
CFO

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