The Term Sheet is translated from Georgian. Only the Georgian version of the Preliminary Term Sheet is submitted to and approved by the National Bank of Georgia. In case of discrepancies, Georgian version shall prevail.

Joint Stock Company

Georgia Real Estate

(Identification number: 204517399)

Preliminary Term Sheet

Preliminary Term Sheet prescribes offering terms based on the information available at the date of its registration and represents the Term Sheet of the Final Prospectus.

This document defines the terms of the offer pertain to the direct, senior, unsecured, dematerialized bonds of up to $25,000,000 (twenty-five million dollars) in total nominal value, with a term of 24 months and fixed interest (hereinafter referred to as "coupon," "interest," or "interest benefit"), as specified in the 'conditions of the bond offering.' The final term Sheet document will be submitted to the National Bank of Georgia within ten working days following the approval of this prospectus.

Name of security	Direct, senior, unsecured Bonds of JSC Georgia Real Estate
Issuer's name, legal form, identification number and contact information :	Joint Stock Company Georgia Real Estate, ID No. 204517399, **Adress:** 10, G. Kartozia street, Tbilisi 0177, Georgia **Telephone:** +(995 32) 2 444 111, **Email:** info@gre.ge, **Website:** http://gre.ge/
Name and contact information of the Placement Agent 1:	JSC Galt & Taggart (ID No. 211359206) **Address:** 3, Pushkin Street, 0105, Tbilisi, Georgia **Email:** gt@gt.ge; sales@gt.ge **Website :** https://galtandtaggart.com/en **Telephone:** (+995 32) 2 401 111
Name and contact information of the Placement Agent 2:	JSC TBC Capital (ID No. 204929961) **Address:** Marjanishvili Street, 0102, Tbilisi, Georgia **Email:** info@tbccapital.ge **Website** : https://www.tbccapital.ge/ge **Telephone :** (+995 32) 2 272 733
Name and contact information of the authority responsible for approving the Prospectus:	National Bank of Georgia **Address:** 2, Sanapiro Street, 0114, Tbilisi, Georgia **Email:** info@nbg.gov.ge **Website :** www.nbg.gov.ge **Telephone:** (+995 32) 2 406 406 **Fax:** (+995 32) 2 406 577
Date of approval of the Prospectus:	
The validity term of the Prospectus	In accordance with the law, within 12 months of approval of Final Offering Terms Document

Approval of this Prospectus by the National Bank of Georgia pertains exclusively to its form and does not imply validation of the accuracy of the content or the investment value described herein.

Signed on behalf of JSC Georgia Real Estate:

Signatory:
Name, surname: Guram Akhvlediani
Position: Chief Executive Officer
Signature:

Signatory:
Name, surname: Givi Koberidze
Position: Chief Financial Officer
Signature:

Signatory:
Name, surname: Avtandil Namicheishvili
Position: Chairman of the Supervisory Board
Signature:

Signed on behalf of JSC Galt & Taggart:

Signatory:
Name, surname: Irakli Kirtava
Position: General Director
Signature:

Signed on behalf of TBC Capital LLC:

Signatory:
Name, surname: Mary Chachanidze
Position: Managing Director
Signature:

Please refer to the original, Georgian version of the document for relevant signatures & approvals

Information about the Bonds

Primary characteristics of bonds:

Interest (coupon)	The bond's interest rate is set based on its nominal value and is approximately [8.00% - 8.50]% annually.
Bond amortization terms	Principal amount of the bonds will be repaid on maturity date.
Interest accrual and payment	The interest is accrued at the abovementioned rate from the date of issuance of Bonds until the maturity date. The interest will be accrued based on a 365-day year. The accrued interest will be payable approximately once every 6 months on February 7 and on August 7. The first payment of accrued interest will be made on February 7, 2025.
Currency of the bonds	The bonds are denominated in US dollars.
Rights and Restrictions related to the Bonds	The Prospectus does not provide for any special rights and limitations related to the bonds, unless they are defined in the final Term Sheet.
Limitations to the free exchange of Bonds	The circulation of securities is not limited.
Credit rating of Issuer/Bonds	The issuer has not been assigned a credit rating.
Redemption Option	The Issuer has a call option, meaning the Issuer does not have the right to redeem the bonds within 1 (one) year from the bond issue date. Starting from 1 (one) year after the submitting of the Final Term Sheet document (August 7 2025), the Issuer will have the right to redeem the bonds at the redemption price, which is 101.0% of the nominal value plus accrued and unpaid interest (if any) on the date of early redemption. In the event of redemption, the bonds may be redeemed in whole or in part.
Maturity Date	Repayment of the bonds, i.e. payment of its principal amount and accrued and unpaid interest (if any) will take place on August 7, 2026.
Contact information of Central Depository	JSC "Central Depository of Securities of Georgia" (ID No. 204935400); Adress: Vazha-Pshavela N71, Saburtalo district, Building 10, Floor 7, Office N7, Tbilisi, Georgia; Telephone: (+995 32) 2 500 211; Email: info@gcsd.ge
Listing	Once the Bonds have been placed, the Issuer intends to apply to the Georgian Stock Exchange (GSE) and Tbilisi Stock Exchange for the Bonds to be admitted to the trading system and to the stock exchange listing. The "Issuer" complies with the conditions stipulated for admission to the securities trading system and stock exchange listing. For detailed information on the listing conditions of the Georgian Stock Exchange, please refer to the following link GSE | Listing Rules

	For detailed information on the listing conditions of the Tbilisi Stock Exchange, please refer to the following link : TSE | Listing Rules
Status and Ranking of the Bonds	Bonds constitute a direct, senior, unsecured obligation of the company. All bonds have an equal, identical legal status, without any precedence over each other.
Dividend policy	The "Company" does not have a dividend policy in place.

Information regarding the Offering:

The Offer	Direct, senior, unsecured bonds with a total nominal amount of up to US$ 25,000,000 (twenty-five million) with an estimated repayment date on August 7, 2026
Minimal placement lot	1 bond
Security	Coupon bond
Nominal value	USD 1,000 (one thousand)
Quantity of bonds	Up to 25,000 (twenty five thousand).
Total nominal value of the Issue	Up to USD 25,000,000 (twenty five million).
Issue Price	100% of the nominal value of the bond
Bond issue date	The issuance date of the bond is estimated to be on August 7, 2024
Minutes of the shareholders' meeting and management decisions approving the issuance	The shareholder's decision dated July 22, 2024
Deferred Placement Date of the Bonds	Any date between the issuance date of the bonds and the closing date of the offering, at which the bond is placed at the deferred placement price.
Deferred Placement price of the Bonds	The nominal value of the bonds plus the accrued interest from the date of issuance to the date of deferred placement of the bonds.
Offering period	The period of time from the approval of the final offer terms document to the completion of the offer, during which securities may be purchased
Offering Completion Date	The end date of the offer period is defined as the date on which one of the following events occurs: a) Expiration of the issue prospectus; b) Placement of publicly offered securities in full; c) Termination of public offering.
Maturity Date	Repayment of the bonds, i.e. payment of its principal amount and accrued and unpaid interest (if any) will take place on August 7, 2026.
Currency of the bonds	The bonds are denominated in US dollars.
The ranking of securities in the capital structure in case of insolvency/bankruptcy	According to the Law on Rehabilitation and Collective Satisfaction of Creditors, an insolvency estate shall be distributed in the following order:

	a. The expenses of the bankruptcy regime (which includes the expenses of the procedure provided for by Chapter V of the Civil Code of Georgia; the remuneration of a bankruptcy manager; and expenses related to proceedings, including expenses deriving from labor relations during bankruptcy proceedings, the expenses of property management, as well as the expenses of various professional services purchased by a decision of a manager); b. Liabilities arising with regard to the issues after the delivery by a court of a ruling declaring an application for insolvency admissible and opening a bankruptcy regime, including tax liabilities arising after the commencement of bankruptcy proceedings; c. Preferential claims; d. Preferential tax claims; e. Non-secured claims, including the amounts of payables arising before the declaring of an application for insolvency admissible, which are not covered by other sub-paragraphs of 104 (1) paragraph of the Law of Georgia on Rehabilitation and Collective Satisfaction of Creditors – claims of bondholders belong to this category. For more information, see the subsection " Risks relating to the right of bonds " of the Prospectus.
Calculation and Paying Agent	JSC Galt & Taggart (ID No. 211359206)
Default	If an "event of default" occurs, bondholders can declare all outstanding obligations due as per the conditions outlined in the Prospectus. They can demand immediate repayment of the bonds from the Issuer, including 100 percent of the principal amount (nominal) and accrued interest (if any). (Refer to the Prospectus chapter "Terms and Condition of the Bonds", subsection 10, "Events of Default" for more details.)
Reasons of the Offering and Use of Proceeds	The net proceeds from the issue of bonds will be used to refinance the existing bonds (ISIN Code: GE2700604178) (for more information, see the section "Reasons of the Offering and Use of Proceeds").
Net Proceeds	In case of full placement of the issued bonds, the net funds raised from the bonds will not be less than 98.5% of the total nominal value of the issued bonds.
Selling Restrictions	Bonds will be offered only within the jurisdiction of Georgia, in accordance with the legislation of Georgia.
Governing law	Legislation of Georgia.
Jurisdiction	Any dispute arising from the Prospectus and related to it will be resolved by applying to the court of Georgia, in accordance with the procedures specified in this Prospectus.
Main terms of Bond Placement Agreement	The agreement imposes an obligation on Placement Agent 1 and Placement Agent 2 (collectively referred to as the “Placement Agents”) to underwrite the bonds solely on a non-guaranteed basis. Each placement agent is responsible for assisting the Issuer in preparing the necessary documents for the bond placement (including the

	bond prospectus), acting as a placement agent, and providing advice to the company regarding the issuance, sale, and settlement of the bonds.
Placement and other commission fee	Placement fee does not exceed 1.5% of placed bonds. The commission shall be fully covered by the Issuer and no costs will be charged to the investors.

Possible payments imposed on investors

All fees associated with the placement of the Bonds are fully covered by the Issuer, ensuring that investors will not bear any additional costs under the offer.

Conflicts of interest related to the offering

The Issuer and the Placement Agent 1, also acting as the Calculation and Settlement Agent (Galt & Taggart) are indirectly related, with the Issuer representing 100% subsidiary of Georgia Capital PLC[1] (the "Ultimate Parent") which also indirectly holds 19.70% non-voting equity interest in the Bank of Georgia Group PLC, holding 100% of the JSC Galt & Taggart. Although, such connection could be potentially considered as certain risk factSor from the potential investor's perspective, the Issuer considers this to be non-material considering the non-voting nature of Ultimate Parent's equity interest in the Placement Agent 1, the fact that members of governing bodies of these companies are fully and completely separated and all the agreements associated with this transaction is made according to existing legislation, on a commercial basis.

There's a probability of bonds being purchased by JSC Bank of Georgia, which is one of the largest commercial banks in Georgia and is affiliated with Placement Agent 1 – both being members of the same Group – Bank of Georgia Group PLC. JSC Bank of Georgia's corporate banking department (which is responsible for corporate loan origination, as well as investments in bonds or other financial instruments) management has a mandate to make decisions for Placement Agent 1 by the Group (ultimate parent). Such circumstances might be the factor in potential conflict of interest between Placement Agent 1 and the Company, as well as between JSC Bank of Georgia and the Company. The Company believes such potential conflicts of interest might be insignificant, given following measures are taken:

a) Placement Agent 1 confirms that they will treat JSC Bank of Georgia as a regular investor, on the basis of equal rights and arm's length principles;

b) In the case of excessive demand from investors in purchase of bonds in the book-building process than envisaged in this prospectus and given such demand is settled partially (in proportion of the value in the received statements from investors or otherwise), decision on allocation is taken by the Company, not by Placement Agent 1.

The Issuer and the Placement Agent 2 (TBC Capital LLC), the Issuer's auditors and third parties or experts involved in the preparation of the Prospectus are not related parties and there is no conflict of interest between them.

There is a possibility that the portion of the Bonds will be purchased by one of the largest commercial banks, which is affiliated with Placement Agent 2 (Placement Agent 2 is a direct subsidiary of JSC TBC Bank). At the same time, the Placement Agent 2 and JSC TBC Bank's corporate lending division (responsible for issuing corporate loans and investing in bonds) share the same management team. The listed circumstances may give rise to a conflict of interests between Placement Agent 2 and the Issuer, between Placement Agent 2 and JSC TBC Bank, and between Placement Agent 2 and 10 Investors. However, the Issuer believes the potential conflict of interest is minimized considering the following circumstances:

(a) Placement Agent 2 declares and confirms that it will treat JSC TBC Bank as one of the investors based on principles of equality and fairness.

(b) In the event that, during the determination of the final interest rate (book-building process), potential investors express an interest in purchasing a quantity of bonds exceeding what is available under this prospectus, and applications are only partially fulfilled, the allocation will be conducted on a proportional basis or as otherwise determined by the Issuer, not by the Placement Agent 2.

The Issuer is not aware of any other existing or potential conflicts of interest related to the Offering.

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[1]Through JSC Georgia Capital (ID No. 404549690) – for the details please see legal structure of the Issuer in the sub-section of "General Overview of Prospectus, Key Information about the Issuer"

The Prospectus is translated from Georgian.
Only the Georgian version of the Prospectus has been submitted to and approved by the National Bank of Georgia.
In case of discrepancies, Georgian version shall prevail

Joint Stock Company

Georgia Real Estate

(Identification number: 204517399)

Bond Prospectus

Direct, senior, unsecured (up to 25,000 units) bonds with a total nominal amount of up to US$ 25,000,000 (twenty-five million), offered in one or more issuances as fixed-interest coupon bonds. For each issuance, the nominal value of each bond: US$ 1,000 (one thousand); the price for each issuance: 100% (one hundred percent) of nominal value; Detailed terms related to the issuance of the "bonds", including the total aggregate amount, denomination, interest payment frequency, exact issuance date, maturity and annual rate are specified in the current prospectus and the "Terms Sheet" document of related issuance. The final interest rate of the bonds will be determined during the book-building process. The frequency of bond coupon payments is specified as one of the following: a) monthly; b) quarterly; c) semi-annual; Term is defined as one of the following: 1) 1 year; 2) 2 years; 3) 3 years.

Bonds represent unsecured and senior liabilities of the Company.

JSC Georgia Real Estate (hereafter referred to as "GRE", the "Company" or the "Issuer") is responsible for the information contained in this Prospectus. To the best of the Company's knowledge and belief (which has taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to significantly affect the accuracy and completeness of such information. Furthermore, the Prospectus contains *all the material facts known to the Company and there has not been intentionally omitted information, which could affect the content of the Prospectus*.

Approval of this Prospectus by the National Bank of Georgia relates to its form only and may not be viewed as a conclusion on the accuracy of the content of the Prospectus or value of the investment described herein.

Persons responsible for preparation of the document:

JSC 'Georgia Real Estate' (ID: 204517399)

Statement of responsible person: *The responsible person declares, that „information presented in the prospectus includes all essential facts known, and there was no omission of such information, that would affect the content of the prospectus".*

Signed on behalf of JSC 'Georgia Real Estate':

Signatory:
Name, surname: Guram Akhvlediani
Position: Chief Executive Officer
Signature:

Signatory:
Name, surname: Givi Koberidze
Position: Chief Financial Officer
Signature:

Signatory:
Name, surname: Avtandil Namicheishvili
Position: Chairman of the Supervisory Board
Signature:

Signed on behalf of JSC Galt & Taggart:

Signatory:
Name, surname: Irakli Kirtava
Position: General Director
Signature:

Signed on behalf of TBC Capital LLC:

Signatory:
Name, surname: Mary Chachanidze
Position: Managing Director
Signature:

IMPORTANT INFORMATION FOR THE INVESTORS:

Prospective investor must read the following disclaimer before continuing reading this document. The disclaimer applies to the attached prospectus (the "**Prospectus**") and prospective investor is therefore advised to read it carefully. By accessing and using the Prospectus (including for investment purposes), an investor agrees to be bound by the following terms and conditions (including modifications made from time to time). If the prospective investor receives the Prospectus via electronic means, he/she acknowledges that this electronic transmission (with attached Prospectus) is confidential and intended only for the addressee. Therefore, the investor agrees that he/she will not forward, reproduce or publish this electronic transmission or the attached Prospectus to any other person.

Body responsible for approving the Prospectus:

National Bank of Georgia – address: Zviad Gamsakhurdia's Sanapiro street #1, 0114, Tbilisi, Georgia. Tel: 2 406 406. Email: info@nbg.gov.ge. Website: www.nbg.gov.ge

Limitation of the liability:

Furthermore, except for cases that may be explicitly provided for by applicable law, no person, including an authorized representative of the Issuer, CFO, member of the Supervisory Board, Chairperson of the Supervisory Board, Placement Agent, Calculation and Settlement Agent, Central Depository (hereafter referred to as Central Depository or Depository), other advisers of the Company nor any of their affiliates, directors, advisers or agents, other than the Issuer, accepts any responsibility whatsoever for the contents of this Prospectus, the accuracy or completeness of the information contained in this Prospectus or for any other statement, made or purported to be made by any of them or on its/their behalf in connection with the Company, or any information disclosed herein regarding the issuance and offering of securities specified in this document. Therefore, the Placement Agent and the advisers of the Company disclaim any liability under the law or other liability they might have in respect of this Prospectus, or any other statement made by them.

For the purposes of this Offering, the Placement Agent and Calculation and Settlement Agent are acting exclusively for the Issuer and for no one else in connection with the Offering. They will not regard any other person (whether he/she is a recipient of this Prospectus) as their client in relation to the Offering. Therefore, they will not be responsible to anyone other than the Company for providing services or for giving advice in relation to the Offering or any transaction or arrangement referred to herein.

This Prospectus does not constitute and may not be used for the purposes of an offer in any jurisdiction in which such an offer is not authorized or to any person to whom it is unlawful to make such an offer. No action is being taken to permit an offering of the Bonds described in this Prospectus or the distribution of this Prospectus (or any other offering materials relating to the Bonds) in any jurisdiction (other than Georgia).

The investor's confirmation: the attached Prospectus is delivered to the investor at his/her/its request and on the basis that the investor has confirmed to the Placement Agent 1: Galt & Taggart JSC (ID No. 211359206), address: 3, Pushkin street, Tbilisi 0105, Georgia, tel.: (+995 32) 2 401 111; Email: st@gt.ge (hereinafter referred to as the **"Placement Agent 1"**), Placement Agent 2: TBC Capital LLC (ID No. 204929961), address: 7, Marjanishvili street, Tbilisi 0102, Georgia, tel.: (+995 32) 2 272 727; Email: info@tbccapital.ge (hereinafter referred to as the **"Placement Agent 2"**) that the investor (i) is located outside the United States of America and is not a US citizen (as defined in Regulation S under the United States Securities Act of 1933), and (ii) is outside the United Kingdom and European Economic Area, and (iii) is a person into whose possession this Prospectus may lawfully be delivered in accordance with the laws of the jurisdiction in which he/she/it is located.

In case if this Prospectus has been made available to the investor in an electronic form, neither the Company, nor the Placement Agent or any of their respective affiliates accepts any liability or responsibility whatsoever in respect of any difference between the Prospectus delivered to the investor in an electronic format and the hard copy version, and/or the viruses and other destructive items arising from alterations and changes caused during the process of electronic transmission of the Prospectus. By accessing Prospectus, the investor consents to receiving it in electronic form.

For the avoidance of any doubts, the approved Prospectus published/made publicly available on the website of "National Bank of Georgia" shall prevail.

There has been no substantial (material) change after the submission of the Prospectus until its approval, and if some similar change occurs after the submission until the offering, the Prospectus will be updated accordingly.

A hard copy of the Prospectus will be made available to the investor upon request made to the Placement Agents.

Restriction: If a person has gained access to this document contrary to and notwithstanding the foregoing restrictions, he/she will not be authorized to purchase any of the securities described herein.

Approved by the National Bank of Georgia	Date of Approval
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Please refer to the original, Georgian version of the prospectus for relevant signatures & approvals

Table of Contents

Contents

General Overview of Prospectus

Introduction

Name of security	Direct, senior, unsecured Bonds of JSC Georgia Real Estate ("GRE")
Name, legal form, identification number and contact details of the Issuer	Joint Stock Company Georgia Real Estate, ID No. 204517399, Address: 10, G. Kartozia Street, Tbilisi 0177, Georgia. Telephone: (+995 32) 2 444 111 , Email: info@gre.ge, Website: www.GRE.ge
Name and contact information of the Placement Agent 1	JSC Galt & Taggart (ID No. 211359206) Address: 3, Pushkin Street, 0105, Tbilisi Email: gt@gt.ge; sales@gt.ge Website: https://galtandtaggart.com/en Telephone: (+995 32) 2 401111
Name and contact information of the Placement Agent 2	JSC TBC Capital (ID No. 204929961) Address: Marjanishvili Street, 0102, Tbilisi Email: info@tbccapital.ge Website: https://www.tbccapital.ge/ Telephone: (+995 32) 2 272 733
Name and contact information of the body responsible for approving the Prospectus	National Bank of Georgia, address: 2, Sanapiro Street, Tbilisi, 0114 Telephone: (+995 32) 2 406 406; Email: info@nbg.gov.ge; Website: www.nbg.gov.ge
Date of approval of the Prospectus	[]
Term of validity of the Prospectus	In accordance with the law, within 12 months of approval of Final Offering Terms Document

Important Information:

General Overview is the integral part of this Prospectus;

Any investment decision made by the investor should be based on the entire Prospectus and not only on the information provided in the General Overview;

The Issuer may become liable if the information represented in the General Overview is misleading or inaccurate or is not relevant to the main Prospectus or does not provide the basic information to help investors to make investment decisions regarding their investment in the offered securities;

An investment in Bonds involves high risk. Any prospective investor, who will purchase the Bonds, should be prepared to face the economic risk of his/her/its investment and take into account the fact that the repayment of the principal amount of the Bonds and accrued interest will depend on the Issuer's solvency. According to securities market regulations, information provided in the

Prospectus must be comprehensive, encompassing all essential information about the company, its operations, and the securities being issued, and be presented in a clear, understandable language facilitating straightforward analysis. Any supplementary information provided by the Company and/or the Placement Agents in relation to the Offer and Placement is not intended to serve as a comprehensive or independent evaluation of the risks associated with investing in the Bonds. Each investor is advised to make his/her/its own evaluation of the potential risks involved. In addition, the investor may lose all or part of the total invested amount.

The Prospectus and the information contained therein may be subject to introducing appropriate alterations and additions in case of change of circumstances, which will be reflected in the final Prospectus (e.g. specifying the interest rate, correcting technical errors, specifying the volume of the issue, etc.). The Issuer will inform the investors about such alterations and additions based on the procedure established by the law. Sale or public offering of the Bonds described herein is prohibited until the Prospectus is approved by the National Bank of Georgia.

Offering of the Bonds described in this Prospectus is made within the jurisdiction of Georgia as allowed by the applicable laws of Georgia. This Prospectus does not constitute an offer of securities for sale in any jurisdiction in which such an offer is unlawful.

Neither the Company nor the Placement Agents make any representation or warranty to any potential or actual purchaser of the Bonds regarding the legality of an investment in the Bonds by such purchaser under respective investment or similar laws applicable to such purchaser.

No person is authorised to disclose any information or make any representation not contained in this Prospectus and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Company or the Placement Agents. Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the operations of the Company since the date of approval of Prospectus.

This Prospectus should not be construed as legal, investment, business or tax advice. When making an investment decision, all investors should consult their advisors, as necessary, and determine for themselves whether it is legally permitted to purchase the securities under applicable investment or similar laws or regulations.

Warning

Bond Prospectus is not a simple document and it can be difficult for the investors to thoroughly understand and evaluate the product offered by this Prospectus. In making any investment decision, investors must rely on their own examination of the Company, the Bonds and the terms of this offering, including the benefits and risks involved (see the "Risk Factors" section). Each potential investor must determine the suitability of an investment in the Bonds in light of such investor's own circumstances. The issue of the Bonds under the Prospectus is public. Besides, all potential investors should:

i. Have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the benefits and risks of investing in the Bonds and the information contained in this Prospectus or any relevant supplement;
ii. Have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of his/her/its particular financial circumstances, an investment in the Bonds and the impact such investment will have on his/her/its overall investment portfolio;
iii. Have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where the currency (US$) for principal and interest payments is different from the currency in which the potential investor attracts or implements investments;
iv. Understand thoroughly the terms of the Bonds and be familiar with the behaviour of the financial markets in which they participate;

v. Be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and the ability to bear the applicable risks.

This record is for purposes of warning only and does not constitute a limitation of the Issuer's responsibility.

References:

The main references used in the Prospectus are as follows:

- Audited annual financial statements for 2023 and 2022 (https://reportal.ge/)
- Georgia Capital (https://georgiacapital.ge/);
- National Statistics Office of Georgia (www.geostat.ge)
- National Bank of Georgia (https://nbg.gov.ge/)
- Galt & Taggart Research Department (www.gt.ge)
- TBC Capital Research Department (www.tbccapital.ge)
- Georgian government's coronavirus prevention portal (www.stopcov.ge)
- "Our World in Data" (www.ourworldindata.org)
- Reporting Portal (https://reportal.ge/)
- JSC Georgia Real Estate Charter (Registration number: **B22160681**)

The responsible person states that *"when the information provided by a third party is used, the source is indicated, and it's affirmed, that this information has been processed correctly. The responsible person is not aware of important facts omitted from this information, which would make the information inaccurate and misleading."*

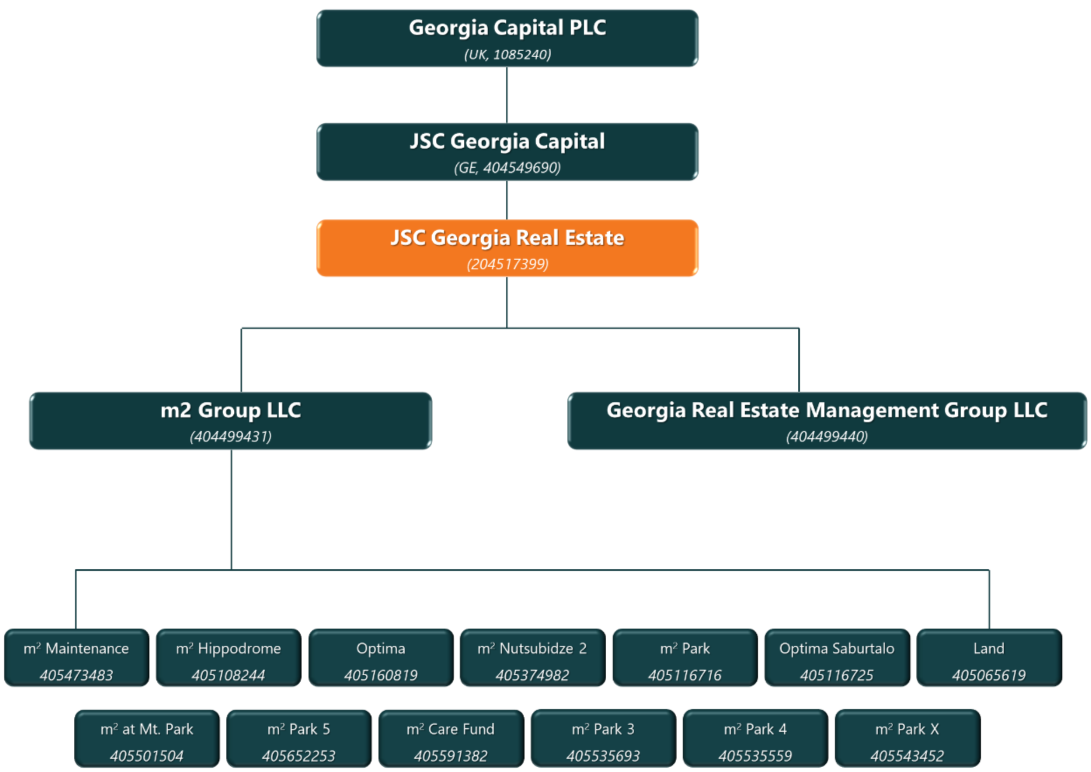
Information about the Issuer

The company was founded in September 2006 by JSC Bank of Georgia. The company initially focused on acquiring several units of commercial real estate, some of which have been rebuilt and maintained for future benefits. In 2010, the company made its first entry into the residential construction market with a pilot project involving the development of affordable housing on Chubinashvili Street. This initiative was successful, highlighting a robust demand for renovated apartments. Until 2019, the company operated under the name "m^2 Real Estate", thereafter, it rebranded and has since been known as "Georgia Real Estate."

The Issuer introduced the concept of "completed apartment renovation" to the residential building market and was the first to offer property management services to buyers after commissioning.

The company is fully owned by the holding company JSC Georgia Capital, which is wholly owned by Georgia Capital PLC, a UK-based holding company traded on the premium segment of the London Stock Exchange (Main Market). Today, the company holds a significant position in the country's real estate market.

The Issuer's group legal structure* as of the date of preparation of the prospectus is as follows:



**The chart illustrates the main business areas and subsidiaries of the issuer. For detailed information about the issuer's subsidiaries, refer to the subsection titled "Principal Activities".*

The primary business line of the Company is residential real estate development. In the past, the main directions of the Company also included hospitality and commercial real estate businesses, however, due to strategic changes, the company has completely exited the commercial real estate sector and it plans to fully divest or exchange its remaining hotel assets (Gudauri Lodge, Hotel Mestia, and land in Telavi) for other land plots. The decision to exit the mentioned business areas is attributed to two main factors: firstly, the company's shift towards an updated, asset-light business model, and secondly, the increased risks and lower-than-planned returns associated with those business areas. The latter was significantly influenced by the pandemic and a number of other factors/shocks that occurred in the recent period.

In June 2017, the company expanded its operations by acquiring BK Construction LLC (ID No. 404537809), a construction company with a presence on the market since 1993. In 2020, the company divested a 50% stake in BK Construction (no consideration was exchanged at the time, only an agreement was reached). Subsequently, on April 8, 2021, the company fully divested its subsidiary JSC New Development and the remaining 50% stake in BK Construction LLC, thereby exiting the construction business entirely.

In 2021, the company divested USD 45 million worth of hotel and commercial real estate assets, in which it no longer operates. In 2022 and 2023, the divestments amounted to USD 4.0 million and USD 40.0 million, respectively, from commercial assets and hotel. The majority of the cash received from the asset sales was utilized to repay debt obligations. "Georgia Real Estate" currently owns the "Gudauri Lodge" hotel, a 49-room hotel under construction in Mestia, and a land plot in Telavi, which the company plans to sell in the near future. As of March 31, 2024, the total book value of these assets is USD 14 million (representing 10% of total assets). "Gudauri Lodge," a 121-room upscale hotel, opened in December 2019 and has shown strong operational results.

As part of Georgia Capital's strategy to reduce debt obligations USD 31 million of subordinated debt was converted into equity in 2022.

As of today, the company has completed 11 residential complexes, totaling 2,892 apartments, all of which have been sold. Furthermore, more than half of the buildings in the current 5 projects have been completed, comprising 23 buildings and 1,823 completed apartments, with 97% of these apartments sold as of May 31. As of May 31, the company has completed a total of 4,715 apartments across both finished and ongoing projects, with nearly all units sold. The ongoing projects include 5,320 apartments distributed among the following projects: m^3 Saburtalo Phases I-V (2,445 apartments), m^2 at Nutsubidze II (411 apartments), m^2 at Mirtskhulava (1,472 apartments), m^2 at Chkondideli (817 apartments), and m^2 at Mtatsminda Park (175 apartments). Notably, 90% of the apartments in these ongoing projects have already been sold as of May 31 2024.

For detailed information about ongoing and completed projects, see the subsection *"Principal Activities"*

The issuer is **JSC Georgia Real Estate**. Address: 19, G. Kartozia street, Tbilisi 0177, Georgia. Country of registration: Georgia. Governing law: Legislation of Georgia.

Brief overview of the sector

Overview of the Hospitality Sector

Before the pandemic, Georgia’s tourism sector experienced rapid development due to factors such as visa-free travel with over 100 countries, rich culture, improved services, and strong government support. The country’s sea resorts, medical and recreational resorts, winter skiing destinations as well as year-round destinations, wine tourism, cultural attractions, and gambling businesses made tourism a key service sector.

Georgia’s tourism sector experienced significant growth during the period from 2015 to 2019, with a consistent increase in international visitors. The pandemic in 2020, however, introduced unprecedented challenges due to the closure of borders and the near-total suspension of international travel. As a result, Georgia’s tourism industry incurred substantial losses: in 2020, the number of international visitors fell by 80.4% (source: National Tourism Administration), and tourism revenues declined by 83.4%.

By the end of 2023, global tourism had recovered to 88% of pre-pandemic levels, and this strong recovery trend is expected to persist into 2024. Georgia's tourism recovery has experienced a slower recovery compared to the global average, achieving an 80% recovery rate in 2023 relative to 2019 levels. However, in the first quarter of 2024, the number of international visitors exceeded 1.2 million, reflecting an 8.6% increase over the same period in 2023 and an 87% recovery rate compared to 2019.

Construction sector

The construction sector remains the backbone of the economy, as the realization of the investment opportunities in the tourism industry, energy sector, residential and commercial real estate, and infrastructure projects requires the direct involvement of this sector.

According to preliminary data from Geostat, the construction sector experienced a real growth of 17.2% in 2023, following a 15.9% growth in 2022. This increase can be partially attributed to the low base effect from previous periods, as the sector has consistently declined in real terms every year since 2018 (except for a 1.1% growth in 2019). The pandemic and related restrictions have had a significant negative impact on both the overall economy and the construction sector. However, increased demand for real estate and construction has led to growth in the sector, both in nominal and real terms, from 2022 to the present. In 2021, the construction sector experienced a 23.9% decline in real terms, despite nominal growth of 1.6%. This nominal increase was largely driven by significant hikes in construction material prices, influenced by rising global commodity prices and disruptions in supply chains (which were among the effects of the pandemic). However, with increased demand for real estate from 2022 onward and the stabilization of construction material prices from 2023, the sector achieved a significant real growth rate of 17.2% in the same year.

Residential Real Estate

Residential real estate sector has been driving force of Georgian economy since mid-2000s. Over the period from 2010 to 2023, the GDP per capita experienced an average growth of 7.7% in dollars, positively contributing to growth of purchasing power of Georgian population. As a result, the growth in average income alongside increased real estate availability has driven up demand for residential properties, especially in Tbilisi and Batumi. Additionally, the impact of migration has significantly boosted the investment attractiveness of residential real estate starting from 2022.

Several factors positively influence demand in the sector. Need-based drivers include increasing urbanization, shrinking family sizes, income growth, mortgage affordability, housing improvements, and migration. Additionally, investment attractiveness-based factors such as rental yields, capital gains, and the lack of alternative investment opportunities also play significant roles.

The real estate market faced significant challenges in 2020 due to COVID pandemic. However, the government-initiated interest subsidy scheme has contributed to stable sales. Under this initiative, the state subsidized 4 percentage points of the interest rate on mortgage loans denominated in GEL taken out in 2020. After recovery in 2021, the real estate market in 2022 reached an all-time high with 42,974 apartments sold (+15.9% YoY) due to pent-up demand and increased numbers of migrants entering the market.

In 2023, 39,949 apartments were sold resulting in a 7% decrease from the previous year. Despite this decline, it's notable given the high sales base of the previous year. Primary market transaction accounted for 46.9% of total sales, amounting to 18,734 apartments.

It should be noted that the total area sold in Tbilisi increased by 5.7% from 2018 to 2023, with apartment sales value rising by 9.6% during the same period. This trend reflects a slight decrease in the average size of apartments, which measured 68 sqm in 2023 compared to 71 sqm in 2018.

The shareholders

JSC Georgia Capital, a 100% shareholder of the Issuer, is a leading holding company in Georgia, listed on the premium segment of the London Stock Exchange (Main Market, Ticker: CGEO). Its strategy is based on large-scale investment opportunities in Georgia requiring limited capital expenditures, which can reach equity value of at least GEL 300 million within 3-5 years of the initial investment. Under this model, the Company monetizes its investments by selling companies. Factors contributing to the Company's core strategy include access to capital, strong management capabilities, and rigorous corporate governance practices. As of March 31, 2024, the total value of its portfolio was GEL 4.0 billion. Georgia Capital's portfolio consists of investments in large companies (such as “Bank of Georgia”,” Vian”,” Evex”, “Gepha”, “Aldagi”, etc.), companies at the investment stage operating in the energy business and education sectors and other portfolio companies operating in the real estate development (the issuer), the beverage and auto services sectors.

For more information, please refer to the legal structure above in the "Key Information about the Issuer" section.

Issuer’s Management and the core management team of the group

The information presented below reflects the composition of the issuer’s governing body as of the date of preparation of the prospectus.

Guram Akhvlediani – CEO of GRE

Mr. Guram joined Georgia Real Estate in 2021 as a Technical Director and from 2022 he takes the position of the company's Chief Executive Officer. From 2015 to 2021, Mr. Guram held the position of Investment Planning and Project Management Departments at GGU, where he managed a portfolio of capital expenditures and initiated several renewable energy projects. Prior to GGU, Mr. Guram worked as an investment and financial analyst at Ontario Power Generation, one of the largest power generation companies in North America. He holds a bachelor’s degree in economics from “University of Toronto” and a master’s degree in economics from “York University”.

Givi Koberidze - CFO of GRE, Chairman of the Supervisory Board of m^2 Group

In 2018-2021 Mr. Givi has held various positions within JSC "Georgia Capital" ("GCAP"), the parent company of GRE. Most recently, he served as Vice President of the Strategy Department before joining "Georgia Real Estate". Prior to his tenure at Georgia Capital, he worked at Ernst & Young in the Strategy and Transactions Department (SaT) from 2016 to 2018. Mr. Givi holds a Bachelor of Business Administration degree in Finance from the Free University.

Avtandil Namicheishvili - Chairman of the Supervisory Board of GRE, Deputy CEO of GCAP, Chairman of the Supervisory Board of other businesses

In addition to his position as a Deputy CEO of Georgia Capital, Mr. Avtandil is a Chairman of the Supervisory Board of the group's renewable energy, beverage, residential real estate development. He was a General Counsel of BGEO Group, and before that he was a partner of a leading Georgian law firm. Mr. Avtandil has an LL.M. in International Business Law from “Central European University”, Hungary.

Irakli Gilauri - member of the Supervisory Board of GRE, CEO of GCAP, Chairman of the Supervisory Board of GCAP

Mr. Irakli is a Chairman of the Supervisory Board and CEO of Georgia Capital. He was also the CEO of BGEO Group from 2011 to May 2018, and before that he was the CFO of Bank of Georgia from 2004 and the CEO from 2006. Before that, he was a banker at the EBRD. Mr. Irakli has up to 20 years of experience in banking, investment and finance fields. Over the past decade, Mr. Irakli's leadership at BGEO/GCAP has played an important role in Georgian industries, including banking, healthcare, utilities, real estate, etc. He has an MS in Banking from “Cass Business School”.

Giorgi Vakhtangishvili – member of the Supervisory Boards of GRE and m^2 Group

Mr. Giorgi joined the company as a CEO in 2021. From September 2022, Mr. Giorgi is represented as a member of the supervisory boards of both GRE and m^2 Group. Before that he held the positions of both CEO and CFO at GGU (Georgian Global Utilities). In 2012-2015, Mr. Giorgi was the Executive Director of "m^2 Real Estate". He also held other managerial positions in BGEO Group companies. He has a bachelor's degree from the European School of Management (ESM).

Giorgi Alpaidze - member of the Supervisory Board of GRE, Chairman of Audit Committee of GRE, Chief Financial Officer at GCAP

Mr. Giorgi serves as the deputy CEO and CFO at Georgia Capital, and he is also a member of various business supervisory boards within the group. Until 2018, he held the position of CFO at BGEO Group, and before that he was the head of finance, funding and investment relations in this Group. Mr. Giorgi began his career at Ernst & Young's office in Georgia and moved to the USA office in 2010, where he worked as a senior manager until 2016 (in the New York office). He holds CPA certification in the USA and has a bachelor's degree from the European School of Management (ESM).

Ioseb Kurdadze - Independent Member of GRE's Supervisory Board and Audit Committee

From 2005 to 2012, Mr. Ioseb held various positions in Tbilisi and Khashuri municipal government organs. In different years, he held the positions of lawyer, head of the legal department and deputy chairman of the municipality. His responsibilities included analyzing and composing various types of contractual and individual administrative acts, preparing of all types of contracts and other legal documents, representing municipal interests in court, and managing various departments under the jurisdiction of the municipality.

Since 2012, Mr. Ioseb joined the JSC "Bank of Georgia" as a lawyer. In 2016, he was promoted to the head of the corporate and internal support team and then to Deputy Head of the Legal Department. In 2018-19, he worked as the head of the legal support department of JSC "Liberty Bank".

For more information on the issuer's corporate governance structure, please refer to the subsections - "Registration document"; "Governing Body and Management".

Issuer's auditors and third parties or experts involved in the Prospectus:

Issuer's financial auditor: Issuer's financial auditor is EY LLC ("EY"). ID No. 204441158. Address: 44, Kote Abkhazi St., Tbilisi, Georgia. E-mail: info@ge.ey.com

During the periods presented in the Prospectus, there was no change in the Company's financial auditor.

Issuer's Depositary: JSC Georgian Central Securities Depositary (ID No. 204935400). Address: 71, Vazha Pshavela Ave., Tbilisi, 0177; Tel.: (+995 32) 2 500 211; E-mail: info@gcsd.ge

Bondholders' representative: Nodia, Urumashvili and Partners LLC. (ID 204484628) Tel: (+995 32) 2 207 407 Address: 71, Vazha-Pshavela Ave., 4th floor, office No. 28, Tbilisi 0177, Georgia.

Individuals and legal entities involved in the offering

Placement, Calculation and Settlement Agent:

Placement, calculation and settlement agent: JSC Galt and Taggart (ID No. 211359206), country of registration: Georgia; Governing law: legislation of Georgia; Address: 3, Pushkin St., Tbilisi 0105, Georgia. Tel.: (+995 32) 2 401 111; E-mail: st@gt.ge.

The Company signed an agreement with placement agents - JSC Galt and Taggart (which also acts as a calculation and settlement agent) and TBC Capital LLC. The agreement obliges JSC Galt and Taggart and TBC Capital LLC to provide underwriting of bonds only on a non-guaranteed basis (under Best Effort conditions). The placement agent's duty is to prepare the documents necessary for the placement of bonds (including the bond prospectus), to act as a placement agent and provide the Company with advice related to the issuance, placement and settlement of the bonds. JSC Galt & Taggart as a Calculation and Settlement Agent should also calculate and settle the coupon and principal amount.

The Issuer and the Placement Agent 1, also acting as the Calculation and Settlement Agent (Galt & Taggart) are indirectly related, with the Issuer representing 100% subsidiary of Georgia Capital PLC[1] (the "Ultimate Parent") which also indirectly holds 19.70% non-voting equity interest in the Bank of Georgia Group PLC, holding 100% of the JSC Galt & Taggart. Although, such connection could be potentially considered as certain risk factor from the potential investor's perspective, the Issuer considers this to be non-material considering the non-voting nature of Ultimate Parent's equity interest in the Placement Agent 1, the fact that members of governing bodies of these companies are fully and completely separated and all the agreements associated with this transaction is made according to existing legislation, on a commercial basis.

There's a probability of bonds being purchased by JSC Bank of Georgia, which is one of the largest commercial banks in Georgia and is affiliated with Placement Agent 1 – both being members of the same Group – Bank of Georgia Group PLC. JSC Bank of Georgia's corporate banking department (which is responsible for corporate loan origination, as well as investments in bonds or other financial instruments) management has a mandate to make decisions for Placement Agent 1 by the Group (ultimate parent). Such circumstances might be the factor in potential conflict of interest between Placement Agent 1 and the Company, as well as between JSC Bank of Georgia and the Company. The Company believes such potential conflicts of interest might be insignificant, given following measures are taken:

a) Placement Agent 1 confirms that they will treat JSC Bank of Georgia as a regular investor, on the basis of equal rights and arm's length principles;
b) In the case of excessive demand from investors in purchase of bonds in the book-building process than envisaged in this prospectus and given such demand is settled partially (in proportion of the value in the received statements from investors or otherwise), decision on allocation is taken by the Company, not by Placement Agent 1.

The Issuer and the Placement Agent 2 (TBC Capital LLC), the Issuer's auditors and third parties or experts involved in the preparation of the Prospectus are not related parties and there is no conflict of interest between them.

There is a possibility that the portion of the Bonds will be purchased by one of the largest commercial banks, which is affiliated with Placement Agent 2 (Placement Agent 2 is a direct subsidiary of JSC TBC Bank). At the same time, the Placement Agent 2 and JSC TBC Bank's corporate lending division (responsible for issuing corporate loans and investing in bonds) share the same management team. The listed circumstances may give rise to a conflict of interests between Placement Agent 2 and the Issuer, between Placement Agent 2 and JSC TBC Bank, and between Placement Agent 2 and 10 Investors. However, the Issuer believes the potential conflict of interest is minimized considering the following circumstances:

(a) Placement Agent 2 declares and confirms that it will treat JSC TBC Bank as one of the investors based on principles of equality and fairness.

(b) In the event that, during the determination of the final interest rate (book-building process), potential investors express an interest in purchasing a quantity of bonds exceeding what is available under this prospectus, and applications are only partially fulfilled, the allocation will be conducted on a proportional basis or as otherwise determined by the Issuer, not by the Placement Agent 2.

The Issuer is not aware of any other existing or potential conflicts of interest related to the Offering.

[1] Through JSC Georgia Capital (ID No. 404549690) – for the details please see legal structure of the Issuer in the sub-section of "General Overview of Prospectus, Key Information about the Issuer"

Key Financial Indicators

The table below summarizes the company's key financial indicators, which are based on the issuer's audited IFRS financial statements for 2023 and 2022, and first quarter IFRS financial statements for the first three months of 2024 and 2023.

The type of auditor's report for the issuer's audited IFRS annual financial statements prepared for 2023 and 2022 is unqualified. The basis for the preparation of the report and additional details are indicated accordingly in the attached report.

Apart from the information described in the prospectus, no other significant events have occurred between March 31, 2024, and the date of the filing of the prospectus that may be material to the assessment of the issuer's solvency.

Consolidated Statement of Profit and Loss (Condensed) (000' GEL)	**2024 I Q. Unaudited**	**2023 I Q. Unaudited**	**2023 Audited**	**2022 Audited**
Sales of inventory property	54,061	34,237	231,841	177,226
Cost of sales – inventory property	(42,332)	(49,081)	(219,018)	(156,976)
Gross profit on sale of inventory property	**11,729**	**(14,844)**	**12,823**	**20,250**
Rental income	2,044	1,836	2,414	2,958
Property operating expense	(88)	(184)	(689)	(959)
Gross profit from rental activities	**1,956**	**1,652**	**1,725**	**1,999**
Revenue from property management	589	595	2,214	2,236
Cost of property management	(672)	(629)	(2,566)	(2,817)
Gross loss from property management	**(83)**	**(34)**	**(352)**	**(581)**
Gross profit	**13,602**	**(13,226)**	**14,196**	**21,668**
Gross profit margin	24.0%	-36.1%	6.0%	11.9%
Net loss from revaluation and disposal of investment properties	**(104)**	**(9,493)**	**(10,345)**	**(77,735)**
Administrative employee benefits expense	(2,387)	(2,874)	(10,503)	(12,587)
Depreciation and amortization	(768)	(632)	(2,676)	(3,205)
Other operating costs	(1,925)	(1,497)	(15,614)	(12,106)
Operating Profit (loss)	**8,418**	**(27,722)**	**(24,942)**	**(83,965)**
Operating profit margin	14.8%	-75.6%	-10.5%	-46.0%
Finance income	72	222	599	1,002
Finance expense	(5,495)	(7,736)	(23,481)	(28,835)
Net foreign exchange gain	(600)	6,940	526	34,331
Profit (Loss) before income tax expense	**2,395**	**(28,296)**	**(47,298)**	**(77,467)**
Income tax expense	-	-	-	-
Profit (Loss) for the year and total comprehensive profit (loss) for the year	**2,395**	**(28,296)**	**(47,298)**	**(77,467)**

Please refer to the full version of the company's consolidated statement of comprehensive income in the "Operational and Financial Overview" subsection.

Non-IFRS Financial Indicators (000' GEL)[3]	**2024 I Q.**	**2023 I Q.**	**2023**	**2022**
EBITDA (Profit before interest, taxes, depreciation and amortization and other non-operating items)	10,146	(17,647)	(4,183)	286
EBIT (Profit before interest, taxes and other non-operating items)	9,378	(18,279)	(6,859)	(2,919)

[3]This indicator is not measured by IFRS standards. The group's assessment may not be comparable to similarly named performance measures and information disclosed by other enterprises.

Consolidated statement of financial position (000'GEL	31-Mar-2024 Unaudited	31-Dec-2023 Audited	31-დეკ-2022 Audited
Assets			
Non–current assets			
Investment property	40,445	40,356	121,285
Investment property under construction	6,831	6,812	36,335
Inventory property	65,733	62,144	107,321
Long–term contract assets with customers	26,922	28,639	36,611
Other non-current assets	15,267	15,603	62,294
Total non-current assets	**155,198**	**153,554**	**363,846**
Current assets			
Inventory property	65,667	62,672	22,330
Prepayments and other assets	63,744	55,610	51,200
Short–term contract assets with customers	32,745	39,270	13,291
Time deposits with credit institutions	32,993	37,107	2,805
Cash at bank	22,670	10,016	22,546
Other current assets	5,551	1,722	4,897
Total current assets	**223,370**	**206,397**	**117,069**
Assets held for sale	1,196	7,250	-
Total assets	**379,764**	**367,201**	**480,915**
Equity			
Share capital	8,249	8,249	8,249
Share revenue*	279,145	278,336	274,486
Translation and other reserves	5,200	5,200	5,200
Accumulated loss	(262,814)	(265,209)	(217,911)
Total equity	**29,780**	**26,576**	**70,024**
Liabilities			
Non-current liabilities			
Loans received	2,281	23,891	73,151
Debt securities issued	-	-	93,684
Deferred revenue	61,439	60,546	133,554
Other non-current liabilities	3,483	5,393	7,666
Total non-current liabilities	**67,203**	**89,830**	**308,055**
Current liabilities			
Short–term portion of long–term loans received	67,765	28,005	39,288
Debt securities issued	97,921	95,591	1,954
Deferred revenue	54,104	69,630	21,781
Trade and other payables	37,011	26,983	21,540
Other current liabilities	25,980	30,586	18,273
Total current liabilities	**282,781**	**250,795**	**102,836**
Total liabilities	**349,984**	**340,625**	**410,891**
Total equity and liabilities	**379,764**	**367,201**	**480,915**

**The share revenue stated in the consolidated financial statements represents the surplus generated from the issuance of the company's shares, which exceeds their nominal value. According to the Law of Georgia "On Entrepreneurs," this surplus is categorized as "reserve capital." Its primary purposes include covering any losses incurred during the last fiscal year of the joint-stock company and facilitating the redemption of the company's shares, particularly when no other funds are available.*

Please refer to the full version of the company's consolidated statement of comprehensive income in the "Operational and Financial Overview" subsection.

For information on accumulated losses, refer to the "Operational and Financial Overview" subsection.

Key Financial Ratios

The ratios presented below for the years 2023 and 2022 are calculated using audited figures. However, the ratios themselves are not presented in accordance with IFRS (International Financial Reporting Standards), are unaudited, and do not measure the issuer's operational efficiency according to IFRS. The ratios provided below are also based on annualized figures as of March 31, 2024, for the corresponding period.
The issuer believes that the following indicators provide useful information to investors, enabling them to assess the company's financial condition, operational results, as well as the quality of its assets and key aspects of its business. It should be noted that the methodology used by the issuer to calculate these ratios may differ from the methods used by other companies for similar indicators and calculations.

	Financial Leverage Ratios	**31-Mar-2024 (LTM)**	**31-Dec-2023**	**31-Dec-2022**
1	Long-term Debt to Equity	0.10x	0.93x	2.40x
2	Interest Coverage Ratio (ICR)	0.53x	-1.06x	-2.91x
3	Total Debt Ratio	0.45x	0.41x	0.44x
4	Total interest-bearing liabilities to total equity	5.69x	5.60x	3.00x
	Profitability Ratios			
5	Return on assets (ROA)	(3.9) %	(11.2) %	(15.2) %
6	Return on equity (ROE)	(46.2) %	(97.9) %	(143.4) %
7	Return on capital employed (ROCE)	4.4 %	(8.6) %	(20.1) %
8	Gross Profit Margin	16.0 %	6.0 %	11.9 %
9	Operating Profit Margin	4.4 %	(10.5) %	(46.0) %
10	EBITDA Margin	9.2 %	(1.8) %	0.2 %
11	EBIT Margin	8.1 %	(2.9) %	(1.6) %
12	Net profit margin	(6.5) %	(20.0) %	(42.5) %
	Liquidity Ratios			
13	Liquid Assets/Total Assets	14.8 %	13.0 %	5.4 %
14	Liquid Assets/Current Liabilities	19.9 %	19.1 %	25.5 %
15	Current assets ratio	79.0 %	82.3 %	113.8 %
	Operating Ratios			
16	Fixed Asset Turnover	372.7 %	214.7 %	87.8 %
17	Days of Inventory outstanding (DIO)	216	212	318
18	Days of Receivables outstanding (DRO)	8	1	3
19	Days of payables outstanding (DPO)	52	42	49
20	Cash conversion cycle (CCC)	172	172	272
	Key financial covenants			
21	Total Interest-Bearing Liability to Total Assets [Limit <= 60%]	44.59 %	40.56 %	43.70 %
22	Total Secured Interest-Bearing Obligation with common assets [limit <=50%]	18.80%	14.53%	23.23%
	Selected ratios of credit rating from agencies methodologies			
23	EBIT / Interest Expense	0.98x	(0.29x)	(0.10x)
24	Gross Margin	16.0 %	6.0 %	11.9 %
25	Debt / Book Capitalization	85.0 %	84.9 %	75.0 %
26	Debt / EBITDA	7.17x	(35.61) x	734.76x

General notes:

1. Above are presented the main financial ratios, which, according to the issuer's assessment, are relevant for evaluating its business activities and specifics.

2. With the issuance of bonds and a long-term bank loan, the existing bonds are planned to be fully refinanced (ISIN: GE2700604178). According to the issuer's assessment, this transaction is not expected to have a significant impact on the presented ratios, except for the liquidity ratios. Refinancing the existing bonds will significantly improve the issuer's liquidity ratios. In particular, the "issued debt securities" of US$ 35 million classified as short-term liabilities (as of March 31, 2024, equivalent to 97,921 thousand GEL) will be reclassified as long-term liabilities as a result of refinancing. This refinancing will consequently affect the values of other relevant liquidity ratios as follows:
    - Liquid assets/current liabilities: 30.5%
    - Current assets ratio: 120.8%
3. Unless otherwise specified, the terms in the methodology for calculating the coefficients have the following meaning:
    - Income (total income) - the sum of income received from the sale of inventory property, rental income, income from property management (if any);
    - EBITDA (earnings before interest, taxes, depreciation and amortization expenses) - the operating profit (loss) allocated in the profit and loss statement without taking into account the effect of the profit and loss items listed below:
        - Share-based compensation acceleration costs, management termination costs and other expenses;
        - Loss on inventory property carried at net realisable value;
        - Loss from disposal of subsidiary companies;
        - Expected credit loss (accrual) recovery on trade and other receivables;
        - Net loss from disposal of property, plant and equipment;
        - Depreciation and amortization;
        - Net loss from revaluation and disposal of investment property;
        - Net loss from revaluation and disposal of investment property under construction;
    - EBIT (earnings before interest and tax expenses) - EBITDA minus depreciation and amortization expenses;
    - NOPAT – Operating loss multiplied (1-tax %);
    - Interest (loan) obligations - the sum of loans received, debt securities issued, lease and other interest obligations on the company's balance sheet; and
    - For such coefficients, in the calculation of which both balance sheet and profit and loss and/or cash flow indicators are used, the indicators of the relevant period as of March 31, 2024, are annualized with the data of the last 12 months (as specified in the methodology for calculating the relevant ratios);

1. **Long-term Debt to Equity Ratio** - Long-term interest-bearing liabilities divided by equity;
2. **Interest Coverage Ratio** - EBITDA divided by interest expense;
3. **Total Debt Ratio** - Interest-bearing liabilities divided by total assets;
4. **Total Loan Liabilities to Total Equity** - Total interest-bearing liabilities divided by the total equity;
5. **Return on Assets (ROA)** - Net income divided by the average assets of the last two years;
6. **Return on Equity (ROE)** - Net income divided by the average shareholders' equity of the last two years;
7. **Return on Investment (ROI)** - NOPAT divided by average shareholders' equity plus average interest-bearing liabilities;
8. **Gross Profit Margin** - Gross profit divided by revenue;
9. **Operating Profit Margin** - Operating profit divided by revenue;
10. **EBITDA Margin** - EBITDA divided by revenue;
11. **EBIT Margin** - EBIT divided by revenue;
12. **Net Profit Margin** - Annual net profit divided by revenue;
13. **Liquid Assets/Total Assets** - Cash and cash equivalents plus up to one-year trade receivables divided by total assets;
14. **Liquid Assets/Short-term Liabilities** - Cash and cash equivalents plus up to one-year trade receivables divided by short-term liabilities;
15. **Current Asset Ratio** - Short-term assets divided by short-term liabilities;
16. **Fixed Asset Turnover** - Income divided by the average balance of last two years' fixed assets, investment property and investment property under construction;

17. **Days Inventory Turnover** - Average inventory of the last two years divided by the cost of sales of inventory property for the period, multiplied by the number of days in the period;
18. **Days of accounts receivable turnover** - Average receivables of the last two years divided by the total revenue, multiplied by the number of days in the period;
19. **Days of accounts payable turnover** - Average payables of the last two years divided by the COS and related expenses, multiplied by the number of days in the period;
20. **Cash conversion cycle** - Days of inventory turnover plus days of accounts receivable turnover minus days of accounts payable turnover;

21-22 covenant coefficients have the values defined in the subsection "Terms and Conditions of the Bonds, 5. Covenants" of this prospectus; and

23-26 The calculation methodology is based on the below-mentioned calculation methodologies of credit rating agencies. However, the issuer does not assume responsibility for ensuring that these calculation methodologies for the mentioned ratios align with the approaches of credit agencies.

Analysis of Significant Variations in Key Ratios Over Time:

*(1) **Long-term Loans to Equity Ratio:** The ratio decreased by 2.30x from 2022 to the first quarter of 2024 (1Q 2024: 0.10x; 2023: 0.93x; 2022: 2.40x).

Long-term loans decreased by 85.2% (143,470 thousand GEL) as of December 31, 2023, due to both the reclassification of issued debt securities from long-term to short-term liabilities (the bonds mature in October 2024, hence classified as short-term in the company's 2023 full-year and first quarter of 2024 reports) and the repayment of loans from international institutions and local banks. This reduction includes the repayment of loans related to the hotel business, following the successful sale of two operating hotels under the "Ramada" brand, hotels under construction, and vacant land plots in 2023. The aggregated proceeds from these transactions were primarily used to repay loans taken from Georgian banks. For detailed information, see the total Liabilities subsection of the "Operational and Financial Overview".

As of March 31, 2024, long-term loans decreased by 87.4% (21,713 thousand GEL) due to the similar reclassification of loans from long-term to short-term liabilities.

The impact of the reduction in long-term loans was offset by the decrease in equity - as of December 31, 2023, the company's equity decreased by 62.0% (43,448 thousand GEL) compared to the same period of the previous year, driven by the total comprehensive loss in 2023.

In the first quarter of 2024, total equity increased by 12.1% compared to December 31, 2023, due to a profit of 2,395 thousand GEL and an increase in Share revenue by 809 thousand GEL.

***(2) Interest Coverage Ratio (ICR)**: As of March 31, 2024 (LTM), the ratio increased by 3.44x compared to 2022 (1Q 2024 (LTM): 0.53x; 2023: -1.06x; 2022: -2.91x).

The increase in the ratio is attributable to both an increase in operating profit and a decrease in financial expenses (1Q 2024 (LTM): 21,240 thousand GEL; 2023: 23,481 thousand GEL; 2022: 28,835 thousand GEL).

In 2022 and 2023, the company incurred operating loss. During 2023, the operating loss decreased by 70.3%, primarily lower net loss from the revaluation and disposal of investment property, which was significantly higher in 2022 (2023: (10,345) thousand GEL; 2022: (77,735) thousand GEL). In 2022, the company's management decided to significantly reduce the value of investment and investment properties under construction, considering the environmental factors/shocks following the post-COVID period. Additionally, the company announced the sale of these properties and was in the process of price discovery/negotiations for sale. Given the circumstances, a decision was made to significantly impair the value of the properties, most of which were sold in 2023, with the resulting loss recognized in that year.

As of March 31, 2024 (LTM), the company achieved positive operating profit amounting to 11,198 thousand GEL. This increase is driven by: a) Revenue from the sale of inventory property – attributable to the sale of an equivalent number of apartments as in 2023, a high rate of price increase, and the progress of construction work on relatively more profitable projects (revenue from sales is recognized based on construction progress in accounting); b) A smaller net (loss) income from the revaluation and disposal of investment property compared to the previous years (1Q 2024 (LTM): (956) thousand GEL).

***(4) Total Debt to Total Equity**: Despite the reduction in debt obligations from 2022 to March 31, 2024 (as described in the first point), the decrease in equity caused this ratio to increase by 2.69x (1Q 2024: 5.69x; 2023: 5.60x; 2022: 3.00x).

As of December 31, 2023, the loans received were reduced by 53.8% compared to the previous year - loans from international financial institutions were fully repaid, and loans from local commercial banks decreased by 42.4% compared to the same period of the previous year (as described in the first point).

As of March 31, 2024, loans increased by 35% compared to December 31, 2023, as the company obtain funds to finance ongoing projects (for detailed information, refer to the Loans and Issued Debt Securities subsection of the "Operational and Financial Overview").

Regarding equity (as described in the first point), as of December 31, 2023, equity decreased by 43,448 thousand GEL or 62.0%, primarily due to accumulated losses in 2023. In the first quarter of 2024, equity slightly increased due to the profit generated during the period.

***(6) Return on Equity (ROE)**: The ROE increased by 97.2% from 2022 to March 31, 2024 (LTM) (1Q 2024 (LTM): (46.20) %; 2023: (97.93) %; 2022: (143.41) %). The increase is attributed to a reduced total comprehensive loss (as described in the second point).

The total comprehensive loss decreased in 2023 primarily due to lower net (loss) income from the revaluation and disposal of investment property. In the first quarter of 2024, the company generated a positive net profit of 2,395 thousand GEL, driven by revenue from the sale of inventory property. Throughout the first quarter of 2024 and the full year of 2023, the company maintained sales of apartments and benefited from significant price growth, along with increased progress on more profitable construction projects (revenue from sales is recognized based on construction progress). Consequently, revenue from the sale of inventory property amounted to 54,061 thousand GEL in the first quarter of 2024 (+57.9% YoY increase).

***(8) Gross Profit Margin**: The gross profit margin increased by 4.1% from 2022 to March 31,2024 (LTM) (1Q 2024 (LTM): 16.0%; 2023: 6.0%; 2022: 11.9%).

Despite a 29.6% increase in revenue during 2023 (2023: 236,469 thousand GEL; 2022: 182,420 thousand GEL), the given indicator decreased due to a 34.5% decline in gross profit (2023: 14,196 thousand GEL; 2022: 21,668 thousand GEL). The decline in gross profit was driven by increased project budgets and higher costs of inventory property, directly linked to the rising construction cost index.

As of March 31, 2024 (LTM), the gross profit margin increased by 10.0%, attributed to cost normalization and the accelerated revenues (for detailed information, refer to the "Operational Results" section).

***(9) Operating Profit Margin**: The operating profit margin increased by 50.4% from 2022 to March 31, 2024 (LTM) (1Q 2024 (LTM): 4.37%; 2023: (10.55) %; 2022: (46.03) %). This improvement is attributed to the operating profit generated (1Q 2024 (LTM): 11,198 thousand GEL; 2023: (24,942) thousand GEL; 2022: (83,965) thousand GEL), which is mainly driven by a decrease in net (loss) income from the revaluation and disposal of investment property, as well as an increase in gross profit (refer to points 2 and 8 for details).

***(16) Fixed Asset Turnover Ratio**: The ratio increased by 285% from 2022 to March 31, 2024 (LTM) (1Q 2024 (LTM): 372.7%; 2023: 214.7%; 2022: 87.8%). The increase is driven by both revenue (refer to point 8) and the decrease in fixed assets (1Q 2024 (LTM): 54,475 thousand GEL; 2023: 54,824 thousand GEL; 2022: 165,423 thousand GEL). Fixed assets decreased during 2023 as the company sold hotels and vacant lands totaling 73,217 thousand GEL (mostly). This divestment was aligned with the issuer's strategy to exit the hotel and commercial assets management business (for detailed information, refer to the "Operational and Financial Overview" section).

Key financial ratios according to the methodologies of credit rating agencies

As disclosed in the prospectus, the Issuer does not have a corporate or bond rating assigned by an external credit rating agency.

For illustrative purposes, below is information about the ratios used by one of the rating companies, Moody's, in the process of assigning ratings to companies (only selected quantitative indicators).

The aforementioned does not in any way mean that in the case of obtaining a rating, the issuer would receive a rating determined in accordance with the indicators of the coefficients, as the process of assigning a rating is complex and a number of important factors, both quantitative and qualitative, are taken into account when deriving the final rating. For example, such factors include the possible support of the parent company, the country's rating, the company's corporate structure, the efficiency of business processes, etc. Also, according to the methodology of the rating agencies, the credit rating is determined mainly based on the forecast data, while the historical data has an auxiliary function.

In addition, according to the methodologies of credit agencies, the rating of the company's parent company and the quality of support received from the parent company are of great importance. It should be noted that JSC Georgia Capital has been assigned BB- (stable) S&P from Global. In addition, the issuer has received support from the parent company many times, including financially.

Therefore, the management believes that basing the rating of the company only on the mentioned ratios would be misleading and investors should assess the credit risks related to the company and the bonds themselves.

Additionally, the Issuer assumes no responsibility that the presented sector, methodology or ratio calculation approach is appropriate for any credit rating methodology and/or specific business activities of the Issuer.

Used methodology and source of calculation of coefficients:

https://ratings.moodys.com/rmc-documents/394515

Moody's Homebuilding and Property Development Industry rating methodology	31-03-2024 (LTM)	31-12-2023	31-12-2022	Aaa	Aa	A	Baa	Ba	B	Caa	Ca
	JSC „Georgia Real estate“										
EBIT / Interest Expense	0.98x	(0.29) x	(0.10) x	≥ 30x	20x - 30x	12x - 20x	7.5x - 12x	3x - 7.5x	0.75x - 3x	0x - 0.75x	< 0x
Gross Margin	16.0%	6.0%	11.9%	≥ 65%	55% - 65%	45% - 55%	35% - 45%	25% - 35%	15% - 25%	10% - 15%	< 10%
Debt / Book Capitalization	85.0%	84.9%	75.0%	< 20%	20% - 25%	25% - 30%	30% - 40%	40% - 50%	50% - 65%	65% - 80%	≥80%
Debt / EBITDA	7.17x	(35.61) x	734.76x	< 0.25x	0.25x - 0.5x	0.5x - 1x	1x - 2x	2x - 4x	4x - 6x	6x - 8x	≥ 8x

Methodology for calculating coefficients:

- **EBIT / Interest Expense** - Pretax income from continuing operations + interest expense + interest charged to cost of goods sold +depreciation+ impairments ± unremitted equity losses/income from off-balance sheet joint ventures + dividends received from off-balance sheet joint ventures ± extraordinary items) / (interest expense + interest capitalized
- **Gross Margin -** Gross profit (revenue minus the cost of goods sold) to revenue
- **Debt / Book Capitalization -** Total debt to book capitalization
- **Debt / EBITDA -** Debt to earnings before interest, taxes, depreciation and amortization

Brief overview of the material risks that are specific to the Issuer's business and offered securities:

Risks specific to industry and economy:

1. The risk of economic instability and investment volatility is high in developing countries such as Georgia:
1.1 Political and governmental instability in Georgia could have a material adverse impact on the local economy and the Company's business;
1.2. There are additional risk factors related to investing in emerging markets such as Georgia;
1.3. Depreciation of the national currency, Lari, against US$/other currencies of economically related countries may have a material adverse impact on the Company's business;
1.4. As the company operates within Georgia, it will be affected by changes in Georgian economic conditions.

2. Risks related to neighboring countries and the region:
2.1. Regional tensions may have an adverse impact on the local economy and the Company's business;
2.2. Disruptions in Georgia's neighboring markets may affect Georgia's economy.

3. Risks related to legislative and judicial systems:
3.1. Challenges may emerge, related to harmonizing the Georgian legislation with that of the EU, required by the DCFTA;
3.2. Uncertainties in the tax system in Georgia may result in the imposition of tax adjustments or fines against the Company and there may be changes in tax laws and policies in Georgia;
3.3. The uncertainties of the judicial system in Georgia, or any arbitrary or inconsistent state action taken in Georgia in the future, may have a material adverse impact on the local economy, which could, in turn, have an adverse impact on the business of the Company;
3.4. The Company may become subject to legal proceedings by its customers, contractors and regulators.

4. Risks related to regulatory framework:
4.1. New regulations in this or other industry may adversely affect the Company's business;
4.2. If the Company fails, in future, to comply with any effective regulation concerning the money laundering or financing terrorism or if the company appears to be associated with them, this may adversely impact the company.

Risks related to the business of the Issuer
5. Risks related to the real estate sale and construction services:
5.1. The Company may face risks related to cost, quality of construction materials and contractors during the construction;
5.2. The customers may not be able to make all of their payments to the Company;
5.3. The Company needs significant funding to support its business and may not be able to obtain necessary funds in a timely manner;
5.4. There is a risk related to the construction permits and approvals of projects;
5.5. The industry in which company operates is increasingly competitive;
5.6. The Company may not be able to sell hotels at a projected price;
5.7. Increased supply of newly built residential properties may result in price risk for the Company;
5.8. The Company may face property development completion, redevelopment and renovation risks.

6. Risks related to the Company's business activities in General:
6.1. The fair market value of the properties reflected in the appraisals may be an unreliable indication of its current market value;
6.2. The Company may face risks resulting from its consumer segmentation;
6.3. The Company may face operational risks inherent to its business activities;
6.4. The Company may face risks related to liquidity and Company's ability to settle its liabilities, which could have a material adverse impact on Company's business, financial condition and results of operations;
6.5. The company may violate the financial or non-financial covenants defined by the loan obligations;
6.6. Company's success in business depends on its ability to attract and retain senior management and key employees;
6.7. The Company may become involved in, named as a party to or the subject of, various legal proceedings;
6.8. The business is concentrated both geographically and operationally, which might cause diversification risks.

7. Risks related to unpredicted events:

7.1. Unpredicted events such as natural disasters, state of emergency, pandemic, natural calamity, etc. may have a material adverse impact on the Company;
7.2. Incomplete insurance of assets owned by the Company could have a significant adverse impact on the Company's earnings.
Risks related to the securities to be offered.

8. Risks related to market price, liquidity and interest rate of the bonds:
8.1. The market price of the bonds may be volatile;
8.2. There may not be an active trading market for the bonds;
8.3. Investors whose financial activities are denominated in a currency or currency unit other than the bond currency may receive less interest or principal than expected, as a result of fluctuations in exchange rates or potential regulations in currency operations;
8.4. The Bonds may be repaid or redeemed prior to the due date.

9. Risks relating to the right of bonds:
9.1. The bonds constitute unsecured obligations of the Company;
9.2. Transfer of the bonds is subject to geographical restrictions or restrictions on investors from other countries;
9.3. "The Terms and Conditions" of the Bonds may be modified or waivers for breaches of the "Terms and Conditions of the Bonds" may be issued in the future.

10. Risks relating to legislative/regulatory framework governing bonds, bondholding, etc.:
10.1. Any change of law in Georgia in the future may have a material adverse impact on the bonds, including their GSE listing and taxation of interest on the bonds;
10.2. Investors must rely on procedures of the Depositary, representative of bondholder and in corresponding cases - nominal holders of the bonds;
10.3. An investment in the bonds may involve certain legal investment considerations;
10.4. Application for purchase of bonds may be satisfied partially.

Terms of the Offering and Main Characteristics of Securities

The main characteristics of the securities are defined in the “Terms Sheet” document of the Bonds.

Possible costs imposed on the investors

The Bonds placement costs will be reimbursed in full by the Issuer and the investor will not incur any additional costs under the Offering.

Use of proceeds

The proceeds from the issue of Bonds will be fully used to refinance existing bond obligations. For more information about the use of proceeds, see the section "Reasons of the Offering and Use of Proceeds").

Conflicts of interest associated with the offering

The Issuer and the Placement Agent 1, also acting as the Calculation and Settlement Agent (Galt & Taggart) are indirectly related, with the Issuer representing 100% subsidiary of Georgia Capital PLC[2] (the “Ultimate Parent”) who also indirectly holds 19.70% non-voting equity interest in the Bank of Georgia Group PLC, holding 100% of the JSC Galt & Taggart. Although, such connection could be potentially considered as certain risk factor from the potential investor’s perspective, the issuer considers this to be non-material considering the non-voting nature of Ultimate Parent’s equity interest in the Placement Agent 1, the fact that members of governing bodies of these companies are fully and completely separated and all the agreements associated with this transaction are made according to existing legislation, on a commercial basis.

There’s a probability of bonds being purchased by JSC Bank of Georgia, which is one of the largest commercial banks in Georgia and is affiliated with Placement Agent 1 – both being members of the same Group – Bank of Georgia Group PLC. JSC Bank of Georgia’s corporate banking department (which is responsible for corporate loan origination, as well as investments in bonds or other financial instruments) management has a mandate to make decisions for Placement Agent 1 by the Group (ultimate parent). Such circumstances might be the factor in potential conflict of interest between Placement Agent 1 and the Company, as well as between JSC Bank of Georgia and the Company. The Company believes such potential conflicts of interest might be insignificant, given following measures are taken:

c) Placement Agent 1 confirms that they will treat JSC Bank of Georgia as a regular investor, on the basis of equal rights and arm’s length principles;
d) In the case of excessive demand from investors in purchase of bonds in the book-building process than envisaged in this prospectus and given such demand is settled partially (in proportion of the value in the received statements from investors or otherwise), decision on allocation is taken by the Company, not by Placement Agent 1.

The Issuer and the Placement Agent 2 (TBC Capital LLC), the Issuer's auditors and third parties or experts involved in the preparation of the Prospectus are not related parties and there is no conflict of interest between them.

There is a possibility that the portion of the Bonds will be purchased by one of the largest commercial banks, which is affiliated with Placement Agent 2 (Placement Agent 2 is a direct subsidiary of JSC TBC Bank). At the same time, the Placement Agent 2 and JSC TBC Bank's corporate lending division (responsible for issuing corporate loans and investing in bonds) share the same management team. The listed circumstances may give rise to a conflict of interests between Placement Agent 2 and the Issuer, between Placement Agent 2 and JSC TBC Bank, and between Placement Agent 2 and 10 Investors. However, the Issuer believes the potential conflict of interest is minimized considering the following circumstances:

[2] Through JSC Georgia Capital (ID No. 404549690) – for the details please see legal structure of the Issuer in the sub-section of “General Overview of Prospectus, Key Information about the Issuer”

(a) Placement Agent 2 declares and confirms that it will treat JSC TBC Bank as one of the investors based on principles of equality and fairness.

(b) In the event that, during the determination of the final interest rate (book-building process), potential investors express an interest in purchasing a quantity of bonds exceeding what is available under this prospectus, and applications are only partially fulfilled, the allocation will be conducted on a proportional basis or as otherwise determined by the Issuer, not by the Placement Agent 2.

The Issuer is not aware of any other existing or potential conflicts of interest related to the Offering.

To the best knowledge of the Issuer, the management of the Issuer, members of the management board or board of directors or shareholders do not intend to participate in the offering and purchase bonds. The Issuer has no information about a party that has preliminary expressed interest for purchase of more than 5% of the offering.

Information about the depositary of the Issuer is provided in the document on the “Terms and Conditions of the Bonds”.

Risk factors

Investing in Bonds involves certain risks. Investors should carefully read this Prospectus. In addition to the other information provided in the Prospectus, potential investors, before investing in the bonds, should carefully consider the risks described below, taking into account their own financial situation and investment objectives. Any of the risks described below could materially and adversely impact the Company business, financial condition and results of operations. If any of these risks materialize, they may adversely affect the market value of the Bonds. Furthermore, the factors described below are significant for the assessment of market risks related to the Bonds. Although the Company believes that the risks described below are the main risks associated with investments in the Bonds, other additional risks and uncertainties may emerge, which the company considers now insignificant or is unaware of and any of such risks and uncertainties may have consequences similar to those described below. The company, therefore, does not claim that the statements about the risks of bondholding described below are exhaustive.

Risks specific to industry and economy

1. The risk of economic instability and investment is high in such developing countries as Georgia:

1.1. Political and governmental instability in Georgia could have a material adverse effect on the local economy and the Company's business;

After gaining independence from the former Soviet Union in 1991, Georgia underwent a significant political transformation from a republic within a federal socialist state to an independent sovereign democracy.

Georgia is facing several challenges, one of which is the implementation of further economic and political reforms. However, reforms favorable to business and investors may not continue or may be reversed; Also, such reforms and economic growth may be hindered by any such changes that will affect the continuation or stability of the "Georgian Dream" government, or/and as a result of a rejection of reform policies by the President, the Parliament or other institutions.

In October 2010, the Parliament of Georgia approved amendments to the Constitution of Georgia, which provided for the expansion of the governing powers of the Parliament, the increase of the powers of the Prime Minister of Georgia, and the reduction of the functions of the President. In March 2013, the Parliament unanimously supported the constitutional amendments, which further reduced the functions of the President of Georgia. Any further changes in the powers of the Parliament, the President or the Prime Minister of Georgia may cause a political crisis or political destabilization or bring some other negative result to the political climate in Georgia.

In the parliamentary elections held in October-November 2020 (parliamentary elections included the first round held on October 31 and the second round held on November 21), Georgian Dream received 90 mandates in the 150-member parliament, 36 mandates were won by the opposition party - the United National Movement, and the rest were won by other parties. However, the opposition spectrum did not enter the Parliament and they went into protest mode. To neutralize the political tension, representatives of the European Union and the USA were actively involved in bilateral negotiations. They reached an agreement and in the late spring of 2021, all parties entered Parliament. The short-term political crisis that started in November 2020 had a certain impact on economic and investment activity. In addition, the attack on press representatives in July 2021 and the withdrawal of the ruling party from the agreement signed on April 19, 2021, under the auspices of the European Union or, accordingly, any further political instability may have a negative impact on Georgia's economic development, including the investment climate and private business activities.

On 5th April 2023, the US State Department imposed visa restrictions on three active and one former judges due to "abuse of power" and "involvement in corruption activities". Sanction also applies to family members. Georgian judicial system's reputation is damaged by this decision, and it also reduces trust in it.

Georgian parliament initiated law on "transparency of foreign influence" in spring 2024, which was followed by mass protests. Despite uninterrupted protests, Georgian Parliament passed the law on a third session on 14th May 2024 and on 28th of May overcame presidential veto. US State Department imposed visa restrictions on several dozen persons, including members of "Georgian Dream" party, MPs, employees of uniformed services and private persons. In addition, 2024 is also an election year. Parliament elections will be held in a fully proportional natura with a 5.0% barrier. This year parliament will also select new president. Based on events of previous election years, this year might also pose a risk of political instability.

1.2. There are additional risk factors related to investing in emerging markets such as Georgia;

Emerging markets may have higher volatility, limited liquidity, narrower export base and they are subject to more frequent changes in the political, economic, social, legal and regulatory environment than the developed markets. Emerging markets are subject to rapid change and are particularly vulnerable to market conditions and economic downturns elsewhere in the world.

In addition, reaction to events of international investors may cause a “contagion effect”, when investors disfavor an entire region or class of investment. If such a contagion effect occurs, Georgia could be adversely affected by negative economic or financial developments in other emerging market countries. Georgia has been adversely affected by contagion effects in the past, including the 1998 financial crisis in Russia and later global financial crisis and may be affected by similar events in the future.

Moreover, financial and political instability may also adversely affect the country’s economy. In such case, the outflow of capital will ensue which may seriously damage the financial system and eventually lead the economy to stagnation.

As of the date of submission of the Prospectus, the following ratings have been assigned to Georgia by international rating agencies:
Fitch Ratings, 21 June 2024 – BB (Stable Outlook);
Moody’s, 26 March 2024 – Ba2 (Stable Outlook);
S&P Global Ratings, 10 February 2024 – BB (Stable Outlook).

1.3 *Depreciation of the national currency, Lari, against US$/other currencies of economically related countries may have a material adverse impact on the Company’s activities;*

The Company, due to its activity, has a certain natural protection against the foreign exchange risk within the loan obligations, as its revenues, like the loan obligations, are mostly denominated in US dollars (the currency profile of the obligations can be found in the subsection "Operational and Financial Overview").

Despite this, the devaluation of the GEL may have a negative impact on the company's activities, due to the deterioration of fundamental economic factors (e.g., rising inflation) and the impact on the purchasing power of the local population, or for other reasons. It should be noted that the company sells residential real estate mostly to local customers (on average, 94% of total sales for current projects).

Although Georgian Lari is a fully convertible currency, there is no currency conversion market outside Georgia. There is a market in Georgia for converting Lari into other currencies, but the volume more or less is limited

According to the National Bank of Georgia, its official reserves stood at US$ 5 billion as of 31 December 2024, showing an annual 2.2% increase. The level of current reserves is adequate for the country to handle crises in the short term, according to the International Monetary Fund. Furthermore, the reserves may be used if the national currency exchange rate significantly depreciates due to one-off factors, because currency depreciation may adversely affect the country’s economy.

Over the years, the exchange rate of the Lari against the dollar saw notable changes due to both external shocks and seasonal factors. Among them, the following should be mentioned: the global shock of oil and industrial goods prices in 2015, Russia's ban on direct air flights in 2019, problems caused by the coronavirus pandemic (during which the exchange rate reached a historical maximum of 3.48 GEL per 1 US dollar), Russia's invasion of Ukraine. In the initial phase of the Russia-Ukraine war, the GEL started to depreciate unexpectedly along with other currencies of the region. In the period between February 24 and March 10, the GEL depreciated by 12.8% against the dollar, and the value of 1 dollar amounted to 3.40 GEL. In the following months, the Georgian economy showed resilience to the regional shock and maintained the level of capital inflows and domestic activity, as a result of which the GEL began to strengthen and as of 31 December 2022 it appreciated by 12.8% against US dollar. In 2023 exchange rate of GEL towards EUR slightly depreciated, which was mainly caused by stronger EUR against US dollar, however GEL has been stable towards US dollar in the course of 2023, which was mainly related to increased capital inflows and stricter monetary policy from the NBG (monetary policy rate was increased to 11% in 2022). Due to elevated currency inflows the NBG was also able to increase its official reserves – during 2022 net foreign currency purchase was US$ 564.5 million. This trend followed in 2023 as well and the NBGs official reserves increase by 2.2% annually to US$ 5 billion.

Instability of Lari is also related to certain political and economic factors, including inflation monitoring and control from the NBG. According to GeoStat annual consumer price inflation was 2.6% in 2018, 4.9% in 2019, 5.2% in 2020, 9.6% in 2021, 11.9% and 2.5% in 2022 and 2023, respectively. In response to elevated inflation, the NBG increased monetary policy rate to 11% in 2022 and reduced to 10.5% only in May 2023, when annual inflation came down to 2.7%. In December 2023 annual inflation was 0.4%, while in January 2024 it became 0.0%, which allowed the NBG to reduce monetary policy rate to 8.0%. Even though high inflation was a global phenomenon and was mainly a product of supply chain disruptions, strict monetary policy allows the NBG to reduce inflation to its target level, which has a crucial role in sustainable economic development. High inflation can impact financial and currency market stability, reduce purchasing power of consumers and decrease confidence in the economy. All of these might in turn deteriorate economic indicators of Georgia and affect clients of the company. Loose monetary policy from the NBG might also pose certain risks, as it strengthens expectations of Lari depreciation.

1.4. Because the company operates within Georgia, it will be affected by changes in Georgian economic conditions.

The Company's revenues are primarily dependent on Georgia, therefore the Company's performance is significantly affected by financial and economic developments in or related to Georgia, especially the economic activity of Georgia, and these effects will continue in the future. Factors such as gross domestic product (GDP), inflation, interest rates and currency exchange rates, as well as unemployment, personal income and the financial situation of companies, have a material impact on customer demand for products and services of the Company.

The crisis caused by the Covid-19 pandemic had a significant negative impact on the Georgian economy, which significantly affected the tourism sector, share of which in the Georgian economy is quite high. According to the preliminary data of GeoStat, in 2020, the economy of Georgia decreased by 6.8% compared to 2019.

Furthermore, as a result of the gradual lifting of the restrictions imposed for the management of the coronavirus pandemic, the economy of Georgia began to recover from March 2021, and in 2021, the economy of Georgia increased by 10.4% compared to 2020, and by 2.9% compared to the level of 2019. In early 2022, the Russia-Ukraine war increased uncertainty, trade disruptions, and commodity prices, which had a particularly negative impact on the region. The expected negative consequences of the war on the Georgian economy led to the deterioration of expectations regarding the growth of the economy. Nevertheless, after Georgia's economy showed resilience to regional shocks and maintained the level of capital inflows and domestic economic activity, growth expectations began to improve. Recovery in tourism, increased remittances and immigration from Russia/Ukraine/Belarus contributed to stable demand and improved foreign position. After two years of double-digit growth, the economy more-or-less stabilized in 2023 and GDP increased by 7.5%. Demand remains stable to this day, as evidenced by the healthy growth of loan portfolios and fiscal spending.

Georgia's economic growth prospects continue to face significant threats, including exchange rate volatility, weakening financial stability, inflation, budget execution and capital outflow risks. In addition, economic growth is adversely affected by frequent political instability, which can delay or freeze the inflow of foreign investment in the country. A market crisis and deterioration of economy in Georgia may lead to a decrease in consumer spending and have a serious negative impact on the liquidity and financial condition of the Company's customers in Georgia. Uncertain and unstable global economic conditions resulting from the geopolitical uncertainties might have a significant impact on Georgia's economy, which will accordingly adversely affect the Company's business, financial condition and results of operations.

2. Risks related to neighboring countries and the region:

2.1. Regional tensions may have an adverse effect on the local economy and the Company's business;

Georgia shares borders with Russia, Azerbaijan, Armenia and Turkey and could be adversely affected by political unrest within its borders and in surrounding countries. Since gaining independence in 1991, Georgia has had conflicts with the breakaway regions of Abkhazia and the Tskhinvali Region/South Ossetia, and with Russia. In August 2008, the conflict in the Tskhinvali Region/South Ossetia escalated. Georgian troops engaged with local militias and Russian forces, and Georgia declared a state of war. The tension regarding these regions persist as Russian troops continue to occupy Abkhazia and the Tskhinvali Region/South Ossetia and Russia recognized the independence of these regions. For example, in the summer of 2013, Russian border guards erected barbed wire fences along some parts of the demarcation line between Georgia and South Ossetia. Similar future actions will further increase tensions. The Government of Georgia has taken certain steps towards improving relations with Russia, but these steps have not resulted so far in any formal or legal changes in the relationship between the two countries.

In addition, the Armenia-Azerbaijan war in the period of September-October 2020, had a negative effect on the economic situation of the region, raising negative expectations for the recovery process of the region's economies in 2021. On October 10, 2020, a ceasefire agreement was signed in Moscow, however, on October 11, Armenia and Azerbaijan reported shelling of cities from each other. Azerbaijan has accused Armenia of attacking major cities at night, saying the country violated a ceasefire agreement reached in Moscow on October 10. Finally, on November 10, it became possible to reach a cease-fire agreement, which turned the situation around - easing the political tension in the region and, accordingly, neutralizing the negative expectations.

Russian invasion of Ukraine in 2022 might have further negative impact on Georgian economy. The war has already caused a humanitarian crisis and brought huge economic losses not only to the countries involved in the war, but also to the regional and global economy. Since the beginning of the war, the USA and the European Union have imposed several sanctions on Russia, the purpose of which was to increase the pressure on Russia to stop hostilities. The negative effects of this large-scale military conflict might further affect regional and global economies through raw materials markets, trade and financial channels. With the outbreak of war, fuel and food prices have risen, further fueling the already soaring inflation. In response to the increased pressure on prices, Western central banks are expected to keep interest rates high, leading to tighter global financial conditions. Further escalation or delayed resolution of the Russia-Ukraine conflict, any additional sanctions on Russia, increased levels of uncertainty, increased political and economic instability in the region, and any future deterioration in Georgia's relationship with Russia might have negative effect on Georgia's political or economic stability.

Further escalation of conflict between Israel and Palestine might put an extra pressure on international markets, oil and other commodity prices, disruptions in supply chains and put economies of certain countries into recession. The direct or spillover effects of these processes on Georgian economy might be detrimental resulting in increased inflation, GEL depreciation, deterioration of fiscal and financial indicators, contributing to hindered economic growth.

In addition, any of the following might affect stability of Georgian political or economic situation:

Worsening of Georgia’s relations with Russia, including territorial disputes;
Changes in importance of Georgia as an energy transit corridor;
Changes in the amount of aid provided for Georgia or the ability of Georgian manufacturers to access the international export markets;
Significant deterioration of relations between neighboring countries;
Worsened economic situation in neighboring countries.

2.2. Disruptions in Georgia’s neighboring markets may have an adverse effect on Georgia’s economy.

The Georgian economy depends on the economies of other countries within the region (Azerbaijan, Armenia, Russia and Turkey). Azerbaijan and Armenia, historically, have been the two largest markets for Georgian exports and they accounted for 13.4% and 11.4%, respectively, of Georgia’s total exports in 2019, according to GeoStat data. In 2020, the share of Azerbaijan has insignificantly increased whereas the share of Armenia has significantly decreased and comprised 12.5% and 6.1%, respectively. In 2022 Azerbaijan’s share further reduced, while share of Armenia in total exports rose dramatically – 12.0% and 10.5%, respectively. In 2023 share of both countries has increased – Azerbaijan to 14.2% and Armenia to 12.9%. Russia remains to be one of the largest markets for Georgian exports. According to GeoStat, it accounted for 13.1% of total exports in 2019, 13.2% in 2020 and 14.4% in 2021, while 11.5% and 10.8% in 2022 and 2023, respectively. Turkey represents the biggest importer source for Georgia, accounting for 17.0% of Georgia’s total imports in 2019, 17.5% in 2020 and 18.1% in 2021 and 17.5% and 16.6% in 2022 and 2023, respectively. Ukraine is also an important trade partner, whose share in 2021 was 7.5% in exports and 4.5% in imports. Since Russian invasion in Ukraine, export share decreased to 4.2% in 2022 and further reduction was seen in 2023 to 1.7%. Accordingly, significant dependence on the countries of the region and potential political and economic challenges in these countries might represent obstacles for further economic growth.

Since 2022, Georgia's economic reliance on Russia has significantly escalated, driven by increased tourism activity and remittances, largely caused by the influx of Russian immigrants following the invasion of Ukraine. In 2021, tourism spending and remittances from Russia constituted 3.0% of GDP, a figure that surged to 11.8% in 2022, moderated to 8.1% in 2023, yet remains substantial. This heavy dependence on a single market applies significant pressure on Georgia's economy, as any suspension or delay of these inflows could adversely impact economic activity. Moreover, any economic slowdown or crisis in neighboring countries could further destabilize Georgia's economy, as well as company financial position.

3. Risks related to legislative and judicial systems:

3.1. Challenges may emerge, related to harmonizing the Georgian legislation with that of the EU, required by the DCFTA;

On 27 June 2014, Georgia signed the Association Agreement (AA) and the Deep and Comprehensive Free Trade Area (DCFTA) with the EU came into effect, which envisages the liberalization of bilateral trade. It is expected that the implementation of AA with the EU will provide opportunities for business, though it may also pose challenges to enterprises, households and the state. The implementation of the AA and the DCFTA requires from Georgia to approximate its legislation with the EU trade and sectoral legislation, which will pose challenges especially in the fields of environmental protection and consumer safety, including in the areas of product safety and information security. Based on the above, in terms of the existing legal requirements for the activity of the Issuer, significant changes have been introduced or may be introduced in the corporate law or securities market legislation:

Law of Georgia "On Entrepreneurs": On August 2, 2021, the Parliament of Georgia adopted a new edition of the Law of Georgia on Entrepreneurs, which came into effect on January 01, 2022. The updated legislation will have a significant impact on the legal regulation of enterprise registration, founding documents, corporate governance and other issues. Regarding the management of enterprises, modern principles of corporate management are also significantly provided in the law. Within the framework of the updated law, the types of capital are separated, the concept of a business letter is introduced, the legal nature of the relationship between the director and the enterprise is clarified, etc.

The securities market legislation: within the framework of the Association Agreement, the legislation related to securities is brought closer to the European legislation. For example, in 2020, several legislative amendments came into effect, which served the purpose of convergence with European legislation, including: the law on the prohibition of insider trading, market manipulation and improper disclosure of insider information; besides, the transparency framework of public securities issuers was improved with the corresponding legislative change. The requirements regarding the submission and publication of periodic or current reports by them have been determined.

Moreover, after joining the World Trade Organization (WTO) in 2000, Georgia has been gradually approximating its legislation in the sphere of trade with EU norms and practices. Recent changes in regulation include the amendments to the Labor Code adopted in 2013, which are designed to bring the regulations in labor safety of Georgia in line with the obligations assumed under the AA and the DCFTA signed with the EU. The mentioned amendments required from an employer to compensate overtime, to pay an increased compensation when dismissing an employee (in the amount of one to two months' salary), also provided for enhanced rights of employees to challenge employers' decisions in court, prohibited dismissal of employees without a clear reason and required to ensure basic working conditions.

Additionally, other changes may be made to government policy, including changes to government initiatives announced earlier or approaches to them. Moreover, the implementation of AA signed with the EU may impose a significant load on regulatory agencies, divert resources from ongoing reforms to other directions and slow down their effectiveness.

Expected changes in regulations, implemented for the approximation with the EU legislation may require the Company to change its policy and procedures in accordance with any amendment to laws and regulations that will be adopted. For example, the Company made changes to its labor agreements to comply with the above-mentioned amendments to the labor legislation. The Company expects that new changes will be adopted, however, it cannot predict the extent of impact of these changes or of its ability to comply with any such changes.

3.2. Uncertainties in the tax system in Georgia may result in the imposition of tax adjustments or fines against the Company and there may be changes in tax laws and policies in Georgia;

Tax laws have not been in force in Georgia for significant periods of time compared to more developed market economies. This creates challenges in complying with tax laws because the mentioned tax laws are unclear or subject to interpretations and poses risk to companies that their attempted compliance could be challenged by the authorities.

Moreover, such tax laws are subject to changes and amendments, which can result in unusual complexities for the company and its business. A new tax code entered into force on 1 January 2011. Differing interpretations of various provisions of the Tax Code exist both among and within governmental ministries and organizations, including the tax authorities, creating uncertainties, inconsistencies and areas of conflict. The Tax Code also provides for the Georgian tax authorities to give advance rulings on tax issues raised by the organizations. While the Company believes that the Company is currently in compliance with the tax laws, it is possible that the relevant authorities could take differing positions about their interpretation, which may result in tax adjustments or fines. There is also a risk that the Company could face fines or penalties as a result of regular tax audits.

In addition, tax laws and government tax policies may change in the future, including as a result of a change of government (see "*Political and governmental instability in Georgia could have a material adverse effect on the local economy and the Company's business*"). Such changes could include the introduction of new taxes or an increase in the rates applicable to the Company or its customers, which may, in turn, have a material adverse impact on the Company's business.

In May 2016, changes were introduced to corporate income tax policy, whereby only distributed profit is subject to taxation, which is defined as a cash or non-cash dividend distributed among owners – private entities and nonresident legal persons, while reinvested profit is no longer taxed. It is worth noting that these changes do not apply to companies operating in the financial sector and their profits are taxed under the previous method (15% of taxable profit and 5.0% additional tax on distributed profit). All the most important amendments to the Tax Code entered into force on 1 January 2017.

3.3. The uncertainties of the judicial system in Georgia, or any arbitrary or inconsistent state action taken in Georgia in the future, may have a material adverse impact on the local economy, which could, in turn, affect the Company;

Georgia is still developing an adequate legal framework required for the proper functioning of a market economy. Several fundamental civil, tax and administrative laws have recently become effective (for example, the introduction of jury trial, imposition of criminal liability on legal entities, the "Estonian Model" of profit tax). Doubts about the quality and enforceability of the laws have risen because of recent introduction of these legislations and the rapid evolution of the Georgian legal system, as well as ambiguities and inconsistencies in their application. In addition, shortage of professionals can be seen in the court system of Georgia and serious reforms are underway. Judges and courts in Georgia are generally less experienced in commercial and corporate law than in other countries, particularly in Europe and the United States. The uncertainties of the Georgian judicial system could have a negative effect on the Georgian economy, which could, in turn, have a material adverse impact on the Company's business, financial condition and results of operations.

3.4. The Company may become subject to legal proceedings by its customer, contractor and regulator.

A broad circle of stakeholders of the Company includes relevant regulatory authorities, the state, customers and contractors. If the Company fails to meet its contractual obligations, it could face a risk of getting involved in a legal proceeding, which might have an adverse impact on its reputation and operational activity. As of the date of submission of this Prospectus, the company has not been involved in a court dispute that could have a material impact on its financial condition or reputation (for additional information on ongoing court disputes, please, see the subsection "Litigation Cases and other proceedings"), however, there can be no assurance that such disputes will not arise in future.

4. Risks related to regulatory framework:

4.1. New regulations in this or other industry may adversely affect the Company's business;

The Company is subject to laws and regulations governing real estate ownership and leasing, employment standards, environmental issues, taxes and other matters. Future changes in applicable regional, territorial, local laws and regulations or changes in their enforcement and interpretation may result in changes to the legal requirements that apply to the Company. Furthermore, due to harmonization with the European Union, Georgia has been constantly implementing new reforms which could have an adverse effect on the Company's business and operations.

It is not possible to predict whether the regulatory regimes that apply to the company will change in the future and it is also difficult to estimate the monetary impact of such changes on the company's activity. However, new regulations governing real estate ownership, leasing or other issues may adversely affect the Company’s investments. For detailed information, please, see the subsection “Regulatory Environment.”

1. Changes in the regulations regarding the company's activities may have a negative impact on the Company's business:

The Company is subject to laws and regulations governing real estate ownership and leasing, employment standards, environmental issues, taxes and other matters. It is possible that future changes in applicable regional, territorial, local laws and regulations or changes in their enforcement and interpretation will lead to changes in the legal requirements that apply to the Company (including retroactively). Any change in legislation affecting the Company may adversely affect the Company's rights and ownership of the property. It is impossible to predict whether the regulatory regimes applicable to the Company will change in the future or what effect such changes will have on the Company's investments.

Part of the company's customers (about 8% in total for the five ongoing projects as of 5 months of 2024) use mortgage loans from various commercial banks to purchase property (sales breakdown through various sales means/mechanisms is presented in the “Operational Results" subsection). Since November 2018, the National Bank of Georgia has gradually introduced several new regulations against the over-indebtedness of the population, including restrictions debt service to income and loan-to-real estate value ratios, as well as certain restrictions on the term of the mortgage loan. It should be noted that the mortgage loans taken from the bank to purchase of the company's property may become the subject of additional regulation by the National Bank of Georgia in the future. Any regulation that would restrict the issuing of mortgage loans by commercial banks to the Company's customers could have a negative impact on the Company's financial condition.

2. Laws governing bankruptcy is in development stage in Georgia, which can adversely affect return of investors:

In the legislation governing bankruptcy of enterprises (except commercial banks, non-bank depositary institutions and insurance companies) a new law entered into force about rehabilitation and collective satisfaction of creditors on 1 April 2021. The new law allows for efficient business-saving restructuring mechanisms for companies in crisis, such as regulated agreement.

The purpose of the law is to meet the demands of creditors collectively through rehabilitation, and in case of failure to rehabilitate the business, by distributing the funds obtained from disposal of the assets. The law is focused on rehabilitation of the creditor, maintaining and increasing total assets and equal treatment of creditors. According to the law, Bond investors will be considered as unsecured creditors, without any preference and will be placed in the queue of creditors with similar rights.

The law governing bankruptcy is still new and at this stage there are only a few precedents of applying law in practice and it’s still unknown how the law will work.

3. The Company may be subject to stricter environmental laws in the future:

Environmental laws and regulations have become increasingly important globally in recent years. As an owner of real estate in Georgia, the Company may in the distant future be affected by various laws related to the protection of the environment, if they are adopted in Georgia.

The company is engaged in, and in the future intends to make, the necessary capital and operational expenditures to comply with the requirements of environmental legislation and to resolve any serious environmental issues; There is a risk that such costs could have an adverse impact on the Company's business, financial condition or results of operations. There is also the risk that cash flows available for distribution to bondholders may be reduced or eliminated altogether. Environmental legislation may change and in the future the Company may be subject to stricter environmental laws, for which the government will require stricter enforcement. More stringent environmental laws and their enforcement, the identification of currently unknown environmental problems or an increase in the costs required for correction of currently unknown conditions would adversely affect the Company's business, financial condition and results of operations, and there would be reduced or no cash available for distribution to bondholders.

4. The company is an accountable enterprise, therefore, subject to additional regulations and reporting obligations:

The company is an accountable enterprise according to “Law of Georgia on Securities Market”. The law imposes certain transparency requirements for reporting entities and specific reporting obligations, as well as the requirement to obtain consent for specific transactions. The accountable enterprise is obliged to submit to the National Bank of Georgia, publish and/or deliver to the registered owners of its financial securities annual, semi-annual and current reports. If the bonds are traded on the Georgian stock exchange, the mentioned information should be transferred to the Georgian stock exchange as well. The National Bank of Georgia is authorized to request additional information from the accountable enterprise.

The requirements for approval and reporting of transactions with interested parties will become an additional burden for the company and may affect the efficiency of its activities. In addition, in certain cases, the lack of appropriate consent may lead to the cancellation of the transaction.

5. Anti-monopoly regulations may negatively affect the activities of the Company:

In March 2014, significant changes were made to the Law of Georgia "On Competition" ("Competition Law"). Many restrictions were imposed on the concentration of economic agents, abuse of dominant position, state aid, etc. It should be considered that there were no generally applicable competition regulatory norms in Georgia (except for certain sectors, such as the banking and communications sectors). Based on the Competition Law, the Competition Agency was established in April 2014. The latter is empowered to monitor private individuals' compliance with antitrust laws and has many powers, including imposing sanctions for violations of competition law. It is planned that soon the Competition Agency will have to adopt many by-laws based on the Competition Law. The novelty of antitrust legislation and the unpredictability of enforcement of such regulations may become an additional burden for the Company and adversely affect its expansion plans

4.2. If the Company fails, in future, to comply with any effective regulation concerning the money laundering or financing terrorism or if the company appears to be associated with them, this may adversely affect the company.

Although the Company complies with all the requirements of the legislation designed to avoid the use of company as a means of money laundering, there can be no assurance that these measures will be fully effective. If the company fails, in future, to fulfill anti-money laundering regulations, or if it appears to be associated with money laundering or financing terrorism, this may have a material adverse effect on the company. Furthermore, the involvement in such activities could be followed by regulatory fines and sanctions.

Risks related to the Issuer’s operations

5. Risks related to the property sale and construction services:

5.1. The Company may face risks related to cost, quality of construction materials and contractors during the Construction;

Risks may arise in relation to the following components:

Cost overruns – the prices on major construction materials might increase and/or estimates in bill of quantities might be judgmental and subject to change which may subsequently result in cost overruns;

Work in progress – the project might not be delivered on time. In such case, the Company might have to pay penalties defined in contracts to the buyers;

Quality – the construction materials and/or the execution of construction works might lack the adequate quality, causing increase in total project cost to remedy such defects;

Advance payments – in case of advance payments not secured by bank guarantees the general contractor may misuse funds (around 90% of advance payments by the Company has been made on the back of bank guarantees);

Subcontractor risk – subcontractors might not deliver their work on time or/and with adequate quality.

5.2. The customers may not be able to make all their payments to the Company;

The company may be at risk of the buyer's default. The buyers who purchase apartments through in-house finance might default on their payments.

Before approving the in-house finance, the Company does not evaluate the creditworthiness of a customer and consequently, there is a risk that a customer might fail to pay the amount according to the schedule; there is also a risk that the commercial banks might not approve a consumer mortgage loan after the expiration of the relevant period (on average, two years).

Under the terms of the contract, if the buyer fails to fulfill its obligations and fails to make payments within a timely manner, the company may terminate the contract, thereby restoring its original status between the parties, namely, the company will return the ownership of the apartment purchased by the buyer. However, in the event of such circumstances, the buyer shall pay the seller a termination fee in the amount of 10% of the apartment price.

5.3. The Company needs significant funding to support its business and may not be able to find the necessary amount of funds in a timely manner;

The real estate industry is capital intensive. The Company will require access to capital to maintain its properties and to make certain capital expenditures. Although the Company funds part of the cost of building and developing works through pre-sales of units that are under or prior to construction, which makes up 30% of the total sale area, it also relies on both the parent company JSC Georgia Capital's additionally equity injection and third-party funding, including corporate bonds to finance its projects. There can be no assurance that such funding will be available on commercially acceptable terms, particularly if there is a decline in property prices in Georgia. Failure by the Company to access required capital could have a material adverse impact on the Company's financial condition or results of operations and its ability to make distributions to Bondholders (*See subsection "Regulations related to credits").*

5.4. There is a risk related to the construction permits and approvals of projects;

The company may face certain delays in getting approval of the projects and project-related permits. This may delay commencement and subsequent completion of the entire project or part of it. Government agencies may not grant permits to the Company to implement the project as planned initially, which may result in lower profitability from such projects.

5.5. The industry in which the Company operates is increasingly competitive;

The real estate market is increasingly competitive. The Georgian residential property market is dominated by local developers and there are smaller number of foreign investors such as Index Wealth Management and Ocean Capital. The Georgian residential real estate market is fragmented, and the Company mainly competes with smaller players with a small number of inventory in their portfolio. Competition is high especially in Tbilisi and is based on sale price per square meter, rent, amenities and property maintenance services.

5.6. The Company may not be able to sell operating hotels at a projected price;

The Company has operating hotel Gudauri Lodge (opened in 2019) in Gudauri, hotel under construction in Mestia and land plot in Telavi, all of which is planned to be sold (for detailed information about the hotels for sale, see the subsection of the registration document of the Prospectus "Principal Activities"). The tourism sector hasn't recovered fully after the pandemic, which poses significant risk of the Company not selling hotels at appropriate prices or the process might be longer than anticipated, resulting in unfavorable impact on the Company's results.

5.7. An increasing supply of newly built residential properties may result in sales price risk for the Company;

Worsening economic conditions and/or oversupply of newly built residential properties in Tbilisi may have a material adverse impact on the Company's sales. The Company does not have significant pricing power on the market, and it may have to lower its current selling prices, which could have a significant negative impact on the Company's financial condition.

5.8. The Company may face property development completion, redevelopment and renovation risks.

The Company is engaged in the development of new properties located in Tbilisi. In addition, in the future, the company may undertake the reconstruction or renovation of several buildings. Ongoing construction and any future reconstruction or renovation projects pose a risk that the Company will not be able to timely identify any delays in the construction or potential barrier to completion, which could adversely affect the Company's entire business and may result in unforeseen costs to the Company.

The above risks could result in substantial unanticipated delays or expenses and, in certain cases, could prevent the initiation of redevelopment activities or the completion of redevelopment activities. In addition, redevelopment projects entail risks that investments may not have anticipated returns and can carry an increased risk of litigation (and its subsequent risks) with contractors, subcontractors, suppliers, partners and others. Any of these risks could have an adverse impact on the Company's financial condition, operations, cash flow and ability to make distributions to Bondholders.

6. Risks related to the Company's business activities in General:

6.1. The Company may face operational risks inherent to its business activities;

The Company is constantly focused on growth, which might cause administrative risks. An increase in the number of projects might also cause operational risks if the processes are not standardized. Direct or indirect loss may result from inadequate technology, human error or external events. The result of this loss may be financial loss, damage to reputation or legal and regulatory proceedings. The Company must work towards minimizing such losses by ensuring effective infrastructure and controls. These controls must be constantly reviewed and if deemed necessary, improved.

6.2. The Company may face risks resulting from its consumer segmentation;

Even though the company's customers are in all consumer segments (low, mid and high-income), most of the customers are concentrated in the mid-income segment, which along with the low-income segment is highly sensitive towards economic turbulences. Therefore, negative macroeconomic events (see risks specific to industry and economy) may have a negative impact on consumer purchasing power, which in turn, may have a material adverse impact on Company's income and profitability.

6.3. The fair market value of the properties reflected in the appraisals may be an unreliable indication of its current market value;

The Company estimates the fair market value of the investment properties itself. In general, appraisals represent only the analysis and opinion of qualified experts as of the effective date of such appraisals and are not guarantees of present or future value. There is no assurance that the assumptions employed in determining the appraised values of the investment properties are correct as of the date of this Prospectus or that such valuations reflect the value that would be realized upon current or future sale of any of the properties or that any projections included in the appraisals will be attainable. In addition, the appraisals represent value at certain effective dates and are therefore not current to the date of this Prospectus. As prices in the real estate market fluctuate over time in response to numerous factors, the fair market value of the properties reflected in the appraisals may be an unreliable indication of its current market value. In addition, valuation activities are not regulated in Georgia, which may represent an additional risk factor in terms of reliability of such valuations.

6.4. The Company may face risks related to liquidity and Company's ability to meet its liabilities, which could have a material adverse impact on the Company's business, financial condition and operations;

Investment in real estate is relatively illiquid. Such illiquidity will tend to limit the Company's ability to diversify its portfolio promptly in response to changing economic or investment conditions. In times of recession, it may be difficult to dispose certain types of real estate. The costs of real estate ownership are considerable and during an economic recession the Company may be faced with ongoing expenditures in parallel with a declining prospect of sales. In such circumstances, it may be necessary for the Company to dispose of properties at lower prices to generate sufficient cash to cover operating costs and make distributions to Bondholders.

6.5. The company may violate the financial or non-financial covenants defined by the loan obligations;

The company finances its operations through secured bank loans and unsecured bonds (as detailed in the "Capitalization and Indebtness" subsection of the Prospectus registration document). These financing arrangements include various financial and non-financial covenants that the company must adhere to. Breaching these covenants could jeopardize the company's solvency. In addition, restrictions and covenants apply to the bond to be issued according to this Prospectus to protect Bondholders (for details, see the subsection "Terms and Conditions of the Bonds, 5. Covenants"). There is no guarantee that the company will consistently meet these covenants or obtain waivers. The Company has covenants on Gudauri hotel loan. The major covenant on hotel debt in general is DSCR, which in the Company case is violated due to lingering shock effects of Covid-19 pandemic and Russian invasion of Ukraine.

Compliance with covenants indicators is based on the hotel's run-rate results, which can only be attained in a fully recovered tourism environment. In the current situation, the hotel is experiencing operational disruptions and is unable to generate sufficient revenue to avoid breaching the covenant. At the end of every year, the Company obtains waivers that banks will not demand repayment of the loan due to covenant violations.

6.6. The Company's success depends on its ability to attract and retain senior management and key employees;

The Company depends on its key employees and professional staff, and therefore, key personnel leaving the organization might have an adverse impact on the Company's performance, at least in the short term. The Company's key decision-making employees are the General Director, and Deputy Directors.

6.7. The Company may become involved in, named as a party to or the subject of various legal proceedings;

In the normal course of the Company's operations, whether directly or indirectly, it may become involved in, named as a party to or the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions relating to personal injuries, property damage, property taxes, land ownership rights, environment protection and contract disputes. The outcome with respect to outstanding, pending or future proceedings cannot be predicted with certainty and may not be ruled in favor the Company and, as a result, could have a material adverse impact on the Company's assets, liabilities, business, financial condition and operational results. Even if the Company prevails in any such legal proceeding, the proceedings could be costly and time-consuming and may divert the attention of management of the Company and its key personnel from the Company's business operations, which could have a material adverse impact on the Company's cash flows, financial condition or operational results and its ability to distribute funds to Bondholders.

6.8. The business is concentrated both geographically and operationally, causing diversification risks.
The company's business is concentrated in Tbilisi (100% of residential real estate development), where the oversupply of newly built residential apartments may have a significant negative impact on the company's sales. Since the company's business is not geographically diversified, the decline in sales in Tbilisi cannot be compensated for by sales in other regions, which may have a negative impact on the company's income.

Due to its high geographic concentration, the Company's results are significantly affected by financial and economic events taking place in or related to Georgia, particularly the economic activity of Georgia, and these factors will continue to have impact in the future. Factors such as gross domestic product (GDP), inflation, interest rates, and currency exchange rates, as well as unemployment, personal disposable income, and the financial condition of companies, have a significant impact on consumer demand for a company's products and services.

In addition, according to the company's new strategy of exiting the commercial and hospitality sectors, "Georgia Real Estate" will be represented in only one sector, residential real estate development, which may become an obstacle to diversification.

7. Risks related to unpredicted events:

7.1. Unpredicted events such as natural disasters, state of emergency, pandemic, natural calamity, etc. may have a material adverse impact on the Company;

Unpredicted events such as natural disasters, state of emergency, pandemic, natural calamity, etc. may have a negative impact on the Company's operations, cause damage to its property or otherwise negatively affect the Company's operations.

Although the Company has insurance to cover a significant portion of the cost related to the risks of natural events, the Company's existing insurance includes standard deductibles, and the insurance may not cover certain cases. Natural disasters could have a material adverse impact on the Company's operations and property, including disruptions in construction progress and/or increase of construction costs. Any such event would adversely affect the Company's business, its cash flows, financial condition and operational results and its ability to make distributions to bondholders.

7.2. Incomplete insurance of assets owned by the Company could have a significant adverse impact on the Company's earnings.

The management believes that the Company maintains adequate insurance coverage in terms of its business nature. This insurance coverage is commensurate with the best local practice and industry standards. Along with the property risk insurance, the Company also has business interruption risk insurance. The company is insured against all risks related to its construction projects. In addition, the risk of all investment property and investment property under construction is also insured.

However, the issuer's business may be affected by risks against which complete insurance is not available at all or is not available on commercially reasonable terms. In addition, various events, such as accidents, business interruption or potential damage of facilities, property and equipment caused because of weather, human error, pollution, labor disputes and natural disasters, may result in losses or higher liabilities than covered by the insurance. There can be no assurance that the existing insurance policies will be sufficient to cover losses or that it will be able to renew the existing insurance on commercially reasonable terms.

In addition, the insurance policies of the Company are subject to certain deductibles, exclusions and limits. The issuer will receive coverage provided that its insurers have the means to make payments. It should be noted that insurance policies are reinsured with highly respected reinsurers, however, the insurance policy could not cover all losses that the Company may face and there is no assurance that the Company will not face loss beyond the insurance policy.

If a loss occurs resulting from an event to which the Company does not have insurance package or such package is insufficient, the issuer could lose its investment in and anticipated profits from damaged property. In certain cases, the insurer may be held liable for financial obligations tied to the damaged property. Any such event may have a material adverse impact on the Company's business, operational results and financial condition.

Risks related to the securities to be offered

8. Risks related to market price, liquidity and interest rate of the bonds:

8.1. The market price of the bonds may be volatile;

The market price of the bonds could be subject to significant fluctuations in response to actual or anticipated variations in the Company's operating results, actual or anticipated variations in the operating results of the Company's competitors, adverse business developments, changes to the regulatory environment in which the Company operates, changes in financial estimates by securities analysts and actual or expected sales of a large number of bonds, as well as any other factors affecting the Company, including economic and market conditions in Georgia. In addition, in recent years, the global financial markets have experienced significant price and volume fluctuations, which, if repeated in the future, could adversely affect the market price of the bonds despite operational results or financial standing of the Company. If an active trading market for the bonds develops, there can be no assurance that events in Georgia or elsewhere will not cause market volatility or that such volatility will not adversely affect the liquidity or the price of the Bonds or that economic and market conditions will not have any other adverse effect. If the Bonds are traded after their initial issuance, they may trade at a discount to their offering price, depending upon prevailing interest rates, the market for similar securities, general economic and financial conditions of the Company or other factors, some of which may be beyond the control of the Company.

8.2. There may not be an active trading market for the bonds;

There can be no assurance that an active trading market for the bonds will develop, or, if it does develop, it will be maintained. If an active trading market for the bonds does not develop or is not maintained, the market or trading price and liquidity of the bonds may be adversely affected by several factors, some of which may be beyond the control of the Company. If the Bonds are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Company.

Although the secondary market indicator for foreign currency-denominated bonds is significantly higher than for GEL denominated bonds, an active trading market for the bonds may not exist especially in developing economies such as Georgia.

8.3. Investors whose financial activities are denominated in a currency or currency unit other than the bond currency may receive less interest or principal than expected, because of fluctuations in exchange rates or potential regulations in currency operations;

The Company will pay principal and interest on the bonds in US$. This presents certain risks relating to currency conversions if an investor's financial activities are denominated in a currency or currency unit (the investor's currency) other than US$. These include the risk that exchange rates may significantly change (including changes due to devaluation of GEL or revaluation of the investor's currency) and the risk that authorities with jurisdiction over the Company's or the investor's currency may impose or modify exchange controls. An appreciation in the value of the investor's currency relative to GEL would decrease (i) the investor's currency equivalent yield on the bonds, (ii) the investor's currency-equivalent value of the principal payable on the bonds and (iii) the investor's currency-equivalent market value of the bonds.

Governmental and monetary authorities may impose (such practice existed in the past) foreign exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected on the bonds.

8.4. The Bonds may be repaid or redeemed prior to the due date.

As defined by "Terms and Conditions of the Bonds" in the Prospectus, the Company has the right to repay or redeem bonds prior to the due date. Redemption might happen from the issuance date of the bonds to its due date, including due to tax reasons (please see "7th point of "Terms and Conditions of the Bonds", "Redemption and Purchase"). Given bonds are repaid prior to the due date, investors might not be able to invest in other financial instruments of the same return, posing the risk of receiving less income than anticipated. Market conditions might also restrict investors to invest in similar type of financial instruments

9. Risks relating to the right of bonds:

9.1. The bonds constitute unsecured obligations of the Company;

The Company's obligations under the bonds will constitute unsecured obligations of the Company. Accordingly, any claims against the Company under the bonds would be unsecured claims. According to the Law of Georgia on Rehabilitation and Collective Satisfaction of Creditors, secured creditors enjoy preference over unsecured creditors as to a mortgage or pledge made in favor of secured creditors. The existing bonds of the issuer belong to the category of secured creditors while claims of bondholders belong to the category of unsecured claims. According to the aforementioned law, in the case of bankruptcy of the issuer, an insolvency estate shall be distributed in the following order: a) the expenses of the bankruptcy regime (which includes the expenses of the procedure provided for by Chapter V of the Civil Code of Georgia; the remuneration of a bankruptcy manager; and expenses related to proceedings, including expenses deriving from labor relations during bankruptcy proceedings, the expenses of property management, as well as the expenses of various professional services purchased by a decision of a manager); b) liabilities arising with regard to the issues after the delivery by a court of a ruling declaring an application for insolvency admissible and opening a bankruptcy regime, including tax liabilities arising after the commencement of bankruptcy proceedings; c) preferential claims - amounts to cover the expenses of 3 months' salaries and paid leave (except for the expenses of salaries and paid leave of the directors of a debtor and members of a supervisory board, as well as their family members), payable before a court declares an application for insolvency admissible, and amounts payable due to occupational injury (in the amount of not more than GEL 1,000 per each creditor); d) preferential tax claims - amounts of indirect taxes provided for by the Tax Code of Georgia, originating in the respective previous 3 tax periods before a court declares an application for insolvency admissible; e) non-secured claims, including the amounts of payables arising before the declaring of an application for insolvency admissible, which are not covered by other sub-paragraphs of 104 (1) paragraph of the Law of Georgia on Rehabilitation and Collective Satisfaction of Creditors – claims of bondholders belong to this category.

The ability of the Company to repay such claims will depend upon, among other factors, its liquidity, overall financial strength and ability to generate asset flows.

9.2. Transfer of the bonds is subject to geographical restrictions or restrictions on investors from other countries;

The bonds have not been and will not be registered under the United States Securities Act of 1933 ("US Securities Act") or any US state securities laws. Prospective investors may not offer or sell the bonds, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable state securities laws. It is the obligation of prospective investors to ensure that their offers and sales of the bonds within the United States and other countries comply with any applicable securities laws.

9.3. The terms and conditions of the bonds may be modified or waivers for breaches of the terms and conditions may be issued in the future.

The Terms and Conditions of the Bonds contain provisions for calling meetings of bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all bondholders, including bondholders who did not attend and vote at the relevant meeting and bondholders who voted contrary to the majority (please refer to the "Terms and Conditions of the Bonds" paragraph 11. " Meetings of Bondholders, Modifications and Waivers").

10. Risks relating to legislative/regulatory framework governing bonds, bondholding, etc.:

10.1. Any change of the law in Georgia in the future may have a material adverse impact on the bonds, including their GSE listing and taxation of interest on the bonds;

The “Terms and Conditions of the Bonds” are based on the laws of Georgia in effect as of the date of this Prospectus. There can be no assurance in terms of the impact of judicial decisions or changes in law or administrative practice in Georgia after the date of this Prospectus.

In the future, changes in the taxation regime of interest to be received from the bonds may negatively affect the amount of net income the bondholders may receive.
Securities legislation may be subject to further amendments, including the amendments that may adversely affect the bond emissions, their registration, placements, stock exchange trading access, as well as transaction and settlement procedures of the secondary market of stock exchange as well as others

10.2. Investors must rely on procedures of the Depositary, bondholders’ representative and in corresponding cases - nominal holders of the bonds;

The Company will discharge its payment obligation under the bonds by making payments to bondholders and nominal holders of the bonds through “account register” and “calculation and settlement agent”. A bondholder must rely on the procedures of the Depositary, “account register” and “calculation and settlement agent” to receive payments under the bonds. The Company has no responsibility or liability for the accuracy of records or receipt of amounts by beneficiaries. Also, the issuer has no responsibility or liability for any error made by any person during payment. In addition, structure of the bonds envisages existence of bondholders’ representative, legislative or regulatory framework of which currently doesn’t exist and rights of bondholders in this respect are defined in the terms of agreement signed with bondholder’s representative as well as “Terms and Conditions of the Bonds”.

10.3. An investment in the bonds may involve certain legal investment considerations;

The investment activities of certain investors may be subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult their legal advisers to determine whether and to what extent (i) the bonds are legal investments for them; (ii) the bonds can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of the bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the bonds under minimum reserve requirements or similar rules.

10.4. Application for purchase of bonds may be satisfied partially.

If in the process of book-building the potential investors express interest for purchase of more bonds than are being offered based on this Prospectus, such demand will be satisfied partially, in proportion to the numbers indicated in the relevant applications from the investors or otherwise, as determined by the issuer at its discretion. Furthermore, if the application of a potential investor has been only partially satisfied, such potential investor is entitled to refuse or continue to participate in the process of purchasing the bonds. Detailed information is provided in the subsection: “Terms and Conditions of the Bonds.”

Reasons of the Offering and Use of Proceeds

The Issuer intends to issue up to US$ 25,000,000 (twenty-five million) bonds of nominal value, the net proceeds from which will be used to refinance the existing bonds of the Company, while the remaining US$ 10,000,000 will be refinanced with long-term bank loan. The company has reached an agreement with the partner bank regarding mentioned loans, according to which a loan amounting to 10,000,000 USD will be approved by the issue date. The Company plans to issue the bonds in August [7].

Considering the final conditions of the issuance, the Company shall cover the existing bonds (ISIN Code: GE2700604178).

Issuer	ISIN Code	Issue Date	Maturity	Currency	Principal ('000 US$))	Coupon rate
JSC Georgia Real Estate	GE2700604178	6-Oct-22	6-Oct-24	USD	35,000	8.50%

Given the maturity date of October 6, 2024, for the existing bonds, the company will offer investors the opportunity for early redemption at 100.5% of the nominal value plus accrued interest.

Registration Document

Person responsible for preparation of the document:

JSC Georgia Real Estate

Statement of the responsible person

The responsible person states that *"the information presented in the registration document includes all the material facts known to them, and no such information was omitted that would affect the content of the Prospectus*".

Financial Auditor of the Issuer

The issuer's financial auditor is Ernst & Young LLC ("EY"). ID No. 204441158. Address: 44, Kote Abkhazi St., Tbilisi, Georgia. E-mail: info@ge.ey.com

During the periods presented in the Prospectus, there was no change in the Company's financial auditor.

Credit Rating:

The Company and the Bonds issued under this Prospectus have not been assigned a credit rating.

Information about the material agreements

As of the date of this Prospectus, the Issuer has not entered into any material agreements that are not related to the Company's ordinary business activities.

Major Activities

The issuer is **JSC Georgia Real Estate**. Address: 19, G. Kartozia street, Tbilisi 0177, Georgia. Country of registration: Georgia. Governing law: Legislation of Georgia.

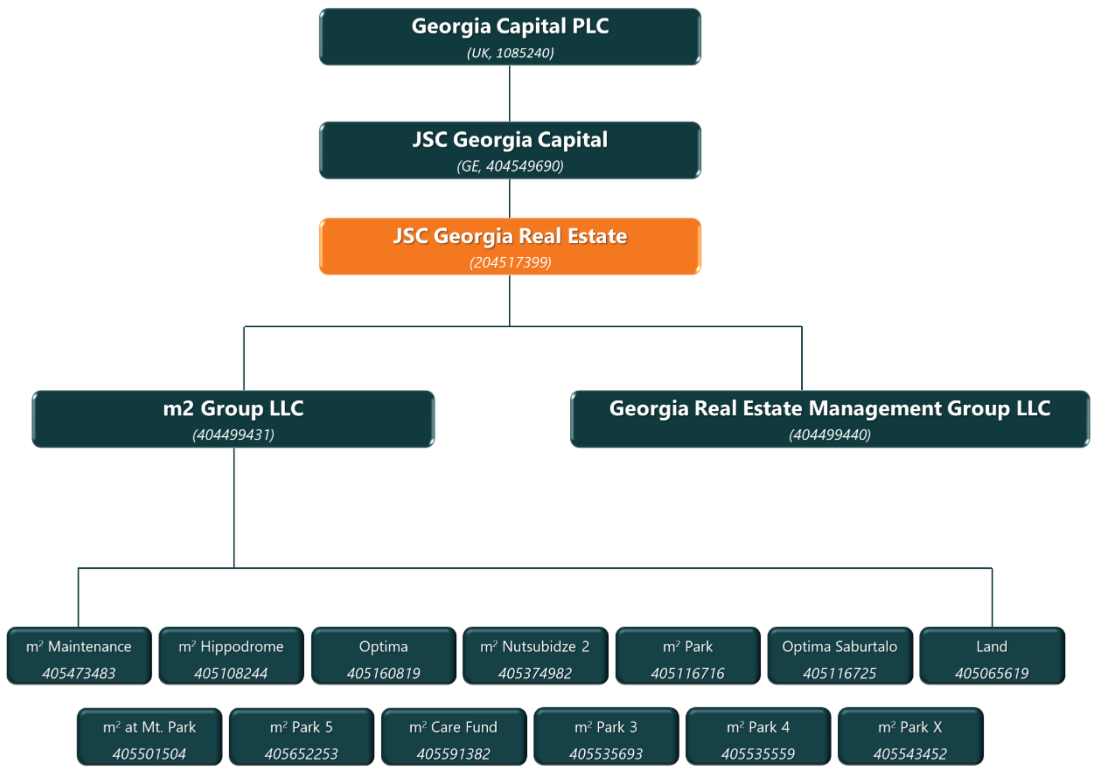
History & Overview

The company was founded in September 2006 by JSC Bank of Georgia. The company initially focused on acquiring several units of commercial real estate, some of which have been rebuilt and maintained for future benefits. In 2010, the company made its first entry into the residential construction market with a pilot project involving the development of affordable housing on Chubinashvili Street. This initiative was successful, highlighting a robust demand for renovated apartments. Until 2019, the company operated under the name "m^2 Real Estate", thereafter, it rebranded and has since been known as "Georgia Real Estate."

The Issuer introduced the concept of "Completed apartment renovation" to the residential building market and was the first to offer property management services to buyers after commissioning.

The company is fully owned by the holding company JSC Georgia Capital, which is wholly owned by Georgia Capital PLC, a UK-based holding company traded on the premium segment of the London Stock Exchange (Main Market). Today, the company holds a significant position in the country's real estate market.

The Issuer's group legal structure* as of the date of preparation of the prospectus is as follows:



** The chart illustrates the main business areas and subsidiaries of the issuer. For detailed information about the issuer's subsidiaries, refer to the subsection titled "Principal Activities". Detailed information regarding GCAP's structure and portfolio companies is disclosed directly in its publicly available reports and on its website (https://georgiacapital.ge)*

The primary business line of the Company is residential real estate development. In the past, the main directions of the Company also included hospitality and commercial real estate businesses, however, due to strategic changes, the company has completely exited the commercial real estate sector and it plans to fully divest or exchange its remaining hotel assets (Gudauri Lodge, Hotel Mestia, and land in Telavi) for other land parcels. The decision to exit the mentioned business areas is attributed to two main factors: firstly, the company's shift towards an updated, asset-light business model, and secondly, the increased risks and lower-than-planned returns associated with those business areas. The latter was significantly influenced by the pandemic and several other factors/shocks that occurred in the recent period.

In June 2017, the company expanded its operations by acquiring BK Construction LLC (ID No. 404537809), a construction company with a presence in the market since 1993. In 2020, the company divested a 50% stake in BK Construction (no consideration was exchanged at the time, only an agreement was reached). Subsequently, on April 8, 2021, the company fully divested its subsidiary JSC New Development and the remaining 50% stake in BK Construction LLC, thereby exiting the construction business entirely.

In 2021, the company divested USD 45 million worth of hotel and commercial real estate assets, in which it no longer operates. In 2022 and 2023, the divestments amounted to USD 4.0 million and USD 40.0 million, respectively, from commercial assets and hotel. The majority of the cash received from the asset sales was utilized to repay debt obligations. "Georgia Real Estate" currently owns the "Gudauri Lodge" hotel, a 49-room hotel under construction in Mestia, and a land plot in Telavi, which the company plans to sell in the near future. As of March 31, 2024, the total book value of these assets is USD 14 million (representing 10% of total assets). "Gudauri Lodge," a 121-room high-class hotel, opened in December 2019 and has achieved favorable operational results.

As part of Georgia Capital's strategy to reduce debt obligations USD 31 million of subordinated debt was converted into equity in 2022.

As of today, the company has completed 11 residential complexes, totaling 2,892 apartments, all of which have been sold. Furthermore, more than half of the buildings in the current 5 projects have been completed, comprising 23 buildings and 1,823 completed apartments, with 97% of these apartments sold as of May 31. As of May 31, the company has completed a total of 4,715 apartments across both finished and ongoing projects, with nearly all units sold. The ongoing projects include 5,320 apartments distributed among the following projects: m3 Saburtalo Phases I-V (2,445 apartments), m^2 at Nutsubidze II (411 apartments), m^2 at Mirtskhulava (1,472 apartments), m^2 at Chkondideli (817 apartments), and m^2 at Mtatsminda Park (175 apartments). Notably, 90% of the apartments in these ongoing projects have already been sold as of May 31.

The company is actively engaged in divesting its remaining hotel properties. Which include the Gudauri Lodge Hotel, a hotel under construction in Mestia, and a land plot in Telavi, with a combined total value of US$ 14 million as of March 31, 2024.

The company owns 19 subsidiaries and employs a total of 160 individuals.

For detailed information about ongoing and completed projects, see the subsection *"Principal Activities"*

Issuer's subsidiaries

All subsidiaries of the Issuer are located in Georgia.

Name	***ID.NO***	***% Share as of May 31, 2024***	***Date of establishment***	***Date of purchase***	***Sector***
m2, LLC	404465529	100%	2/12/2014	NA	Real Estate
Land, LLC	405065619	100%	10/3/2014	NA	Real Estate
m2 at Hippodrome, LLC	405108244	100%	7/6/2015	NA	Real Estate
m2 Group, LLC	404499431	100%	8/17/2015	NA	Real Estate
Georgia Real Estate Management Group, LLC	404499440	100%	8/17/2015	NA	Hospitality
m square Park, LLC	405116716	100%	9/15/2015	NA	Real Estate
Optima Saburtalo, LLC	405116725	100%	9/15/2015	NA	Real Estate
Optima, LLC	405160819	100%	8/3/2016	NA	Real Estate
m2 Kutaisi, LLC	404537756	100%	5/17/2017	NA	Hospitality
Georgia Property Management Group, LLC	405263101	100%	10/4/2018	NA	Property Management
Gudauri Lodge, LLC	402084221	100%	4/24/2018	NA	Hospitality

m2 at Nutsubidze 2, LLC	405374982	100%	1/24/2020	NA	Real Estate
m2 Maintenance, LLC	405473483	100%	7/20/2021	NA	Property Management
m2 at Mtatsminda Park, LLC	405501504	100%	12/31/2021	NA	Real Estate
m square Park 3, LLC	405535693	100%	5/25/2022	NA	Real Estate
m square Park 4, LLC	405535559	100%	5/25/2022	NA	Real Estate
m square Park X, LLC	405543452	100%	6/23/2022	NA	Real Estate
m2 Care Fund	405591382	100%	1/16/2023	NA	Fund
m square Park X, LLC	405652253	100%	10/11/2023	NA	Real Estate

Operating Activities

Sales of real estate classified as inventory property (apartments) is the main source of the Company income. Additionally, the company generates revenue from rental income and property management services, although these contribute minimally to its overall income. As of March 31, 2024, rental income represents 3.6% of total revenue, while income from property management accounts for 1%. The company also plans to divest its remaining hotel properties. JSC Georgia Real Estate was founded as a joint stock company in 2006, and in 2019, JSC m^2 Real Estate rebranded to Georgia Real Estate. The company owns 19 subsidiary companies. The core business of the company is the development and sale of apartments, with a commitment to offering affordable housing options to customers and providing ongoing maintenance of common areas, residential complex cleaning, security services, and other amenities. Previously, the company was also involved in construction management and developed commercial assets and hospitality projects.

Residential Real Estate Business

The residential real estate business of JSC Georgia Real Estate, under the m^2 brand, is the leading developer. The core business of the company is the development and sale of residential complexes, aiming to offer affordable, high-quality and comfortable residential apartments to customers.

In the course of the last 13 years "m^2" was established as one of the most recognizable and trustworthy residential development brands in the country.

JSC Georgia Real Estate targets medium and high-class customers, providing high-quality and comfortable living standards in Georgia through its well-established branch network and a robust sales force. The residential real estate business has successfully completed 11 residential complexes, totaling 2,892 apartments, all of which have been sold. Furthermore, more than half of the buildings in the current 5 projects have been completed, comprising 23 buildings and 1,823 completed apartments, with 97% of these apartments sold as of May 31. As of May 31, the company has completed a total of 4,715 apartments across both finished and ongoing projects, out of which 99% is sold. The ongoing projects include 5,320 apartments distributed among the following projects: m3 Saburtalo Phases I-V (2,445 apartments), m^2 at Nutsubidze II (411 apartments), m^2 at Mirtskhulava (1,472 apartments), m^2 at Chkondideli (817 apartments), and m^2 at Mtatsminda Park (175 apartments). Notably, 90% of the apartments in these ongoing projects have already been sold as of May 31.

In the 2nd quarter of 2020, the Group concluded an agreement with Tbilisi Municipality and defaulted residential developers. The Group undertook the liability to perform the obligations of Sveti by completing the unfinished construction projects of Sveti and transferring them to the initial 'Sveti' customers. 'Sveti''s projects are: m^2 at Nutsubidze II, m^2 at Mirtskhulava, m^2 at Chkondideli. As of May 31, 2024, the area of 154,948 sq. m. was sold in the 'Sveti' project, representing 89% of total sellable area.

In 2023, the residential real estate business sold apartments worth US$ 73.4 mln across 5 ongoing projects (total area of 58,110 sq.m.). In the first 5 months of 2024, 12,774 sq.m. valued at US$ 17.2 mln was sold in the same 5 projects.

The completed projects of the Company are provided in the table below (As of 31 May 2024):

		Total sq.m.	Number of apartments	sq.m of apartments sold	Number of apartments sold	Number of apartments sold as % of total	Completion year	Total Sales (US$ mln)
	Completed projects	***224,143***	***2,892***	***224,143***	***2,892***	***100%***	***2020***	***284***
1	m2 Chubinashvili	9,366	123	9,366	123	100%	2012	10
2	m2 Tamarashvili	40,717	525	40,717	525	100%	2016	49
3	m2 Kazbegi	21,937	295	21,937	295	100%	2016	31
4	m2 Nutsubidze	15,757	221	15,757	221	100%	2015	17
5	m2 at Hippodrome	21,499	270	21,499	270	100%	2016	25
6	Optima Isani	15,053	238	15,053	238	100%	2016	12
7	Skyline Residence	3,989	19	3,989	19	100%	2017	8
8	m2 Hippodrome II	58,443	801	58,443	801	100%	2018	65
9	m2 Chavchavadze	7,291	82	7,291	82	100%	2018	16
10	m2 Kazbegi II	27,564	302	27,564	302	100%	2019	47
11	m2 Melikishvili	2,527	16	2,527	16	100%	2020	4

The current and planned projects of the Company are provided in the table below (as of 31 May 2024):

		Total, sq.m	Total number of apartments	Sold apartments, sq.m	Number of apartments sold	Sold, %	Project's Progress, %	Start Date	End Date
	Current Projects	***372,391***	***5,320***	***309,892***	***4,768***	***90%***	***66%***	***Dec-19***	***Jun-26***
12	m3 Saburtalo (Phase I)	22,089	391	22,089	391	100%	100%	Feb-19	Apr-23
13	m3 Saburtalo (Phase II)	38,523	560	38,523	560	100%	83%	Dec-19	Sep-24
14	m3 Saburtalo (Phase III)	64,948	976	61,263	937	96%	95%	Nov-20	Jun-24
15	m3 Saburtalo (Phase IV)	41,852	422	19,546	217	51%	22%	Dec-22	Jun-26
16	m3 Saburtalo (Phase V)	7,320	96	5,240	66	69%	0%	Nov-23	Jun-26
17	m2 at Mtatsminda Park	24,124	175	8,283	73	42%	23%	May-23	Dec-25
18	m2 at Nutsubidze II	28,132	411	26,362	395	96%	68%	Apr-20	Dec-24

19	m2 at Mirtskhulava	94,767	1,472	82,797	1,359	92%	68%	Apr-20	Jun-25
20	m2 at Chkondideli	50,635	817	45,789	770	94%	87%	May-20	Sep-24
	Planned Projects	***63,836***	***1,000***	***-***	***-***	***0%***	***0%***	***Aug-24***	***Dec-28***
21	m3 Saburtalo (Phase VI)	12,016	176	-	-	0%	0%	Aug-24	Dec-26
22	Future projects	51,820	824	-	-	0%	0%	Sep-25	Dec-28
	Total	***660,370***	***9,212***	***534,035***	***7,660***				

Current Projects

Current projects involve ‘Sveti’ (which integrates „m^2 Nutsubidze II “, „m^2 at Mirtskhulava “and „m^2 at Chkondideli “) „m^3 Saburtalo “and „m^2 at Mtatsminda Park “projects. The figures below illustrate the sales of current projects by periods, average price per sq.m and average area sold.

Figure 1: Sales of „m^3 Saburtalo“ ($ US)

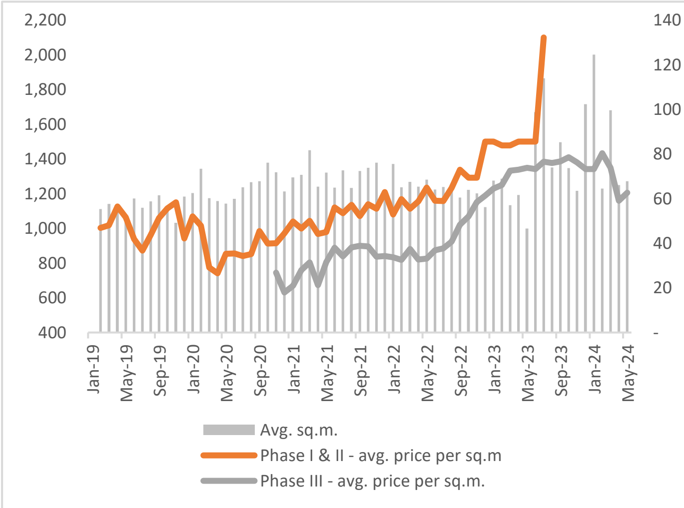


Figure 2: Sales of „Sveti“ ($ US)

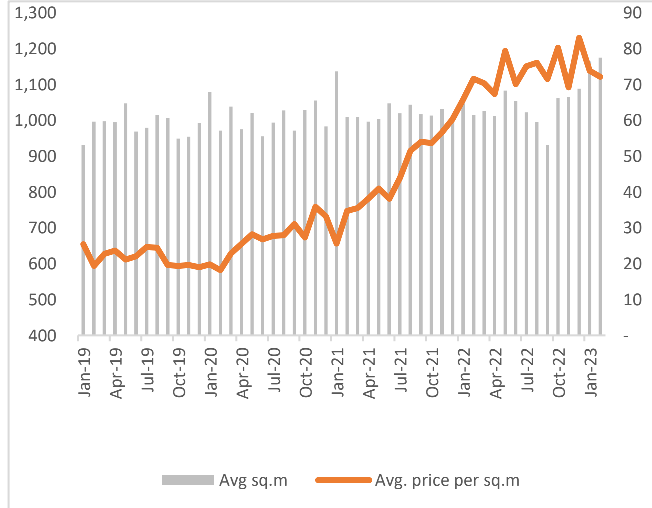


Figure 3: Sales of „m^2 at Mtatsminda Park “($ US)

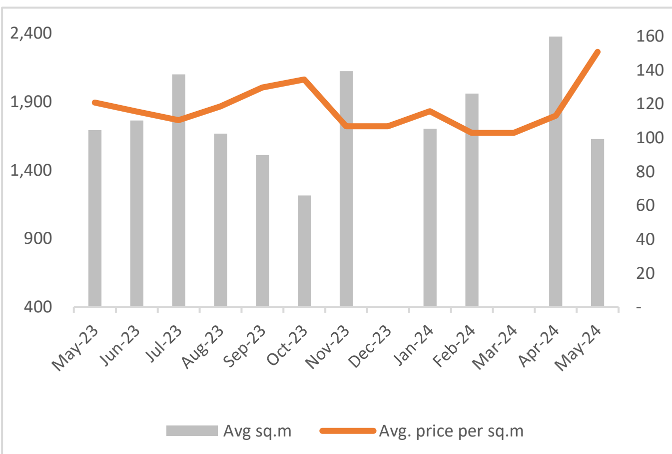
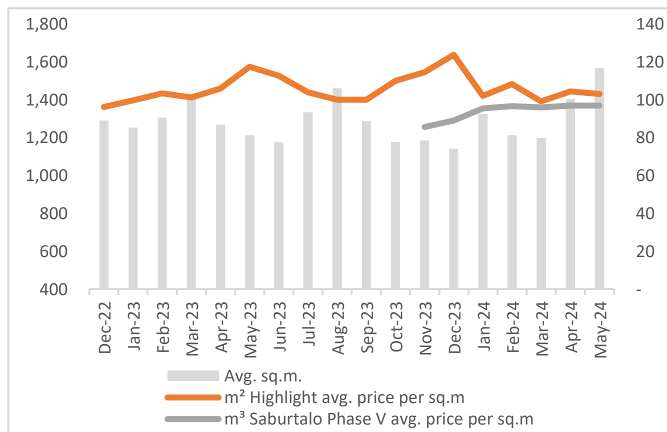


Figure 4: Sales of „m^2 Highlight Phase IV“ and „m^3 Saburtalo Phase V“ ($ US)



m^3 Saburtalo

m^3 Saburtalo consists of 6 phases. Each phase consists of several blocks with varying start and end dates for sales. Since different phases consider different blocks, construction of some phases progresses concurrently.

The phases also differ based on the condition of the apartment. Phases I-II are handed over in renovated condition, while Phases III-VI are delivered in "white frame" condition (IV phase considers m^2 Highlight project). Due to the difference in delivery conditions prices for renovated apartments are significantly higher than “white frame”.

Prices were also influenced by the timing of sales and the group's strategy at the time, depending on the phases. For example, Phase I was sold at a relatively lower price initially, reflecting the early stage of the project, while the sales for Phase II began during the COVID-19 pandemic in 2020, when market prices were relatively lower. Overall, sales prices are affected by the construction progress of the project - the closer the project to completion, the higher the prices.

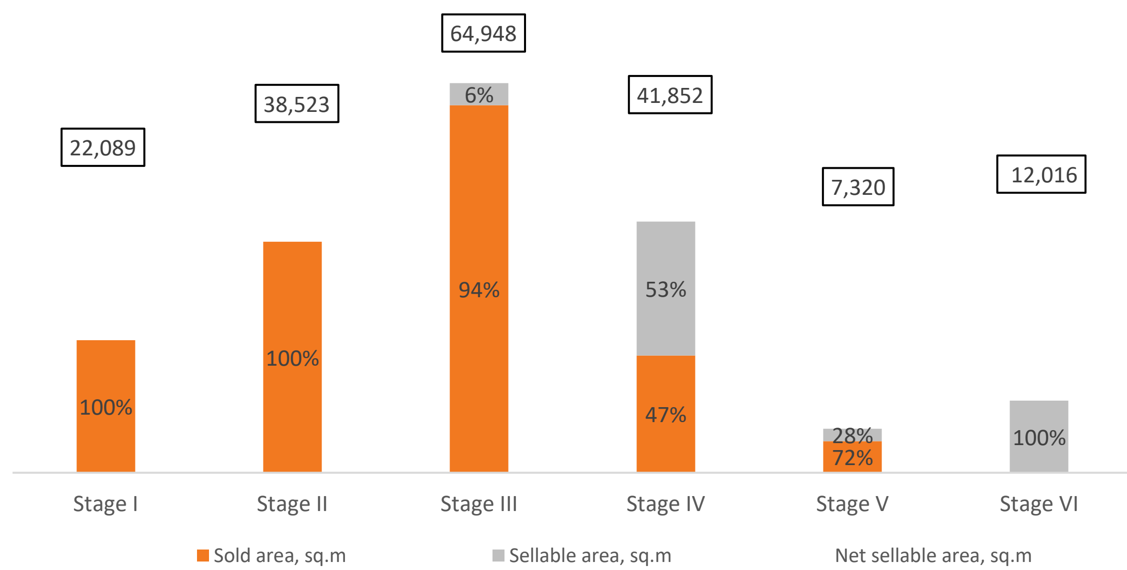
Phases I and II of the project have been completed and fully sold. Construction of II and III phases commenced in March 2020 and August 2021, respectively. The completion and handover of phase III is planned from the end of the year 2023 till October 2024. Phase II has been completed and sold as of the prospectus preparation date. Sales for Phase IV began in December 2022, while sales for Phase V began in November 2023. Sales of Phase VI are planned to start in August 2024. The completion date for phases IV-VI is September 2026.

The average selling price per square meter in all ongoing projects of m^2 has significantly increased compared to 2022. In Phase III of m^3 Saburtalo, the average price for the first five months of 2024 reached $1,232, which is 48% higher than the same period in 2022. The price increase is due to a substantial increase in demand for real estate in the market, additionally, due to changes in m^2 pricing strategy and advancements in project construction progress.

Regarding m^3 Saburtalo, the company has already contracted cash of USD 32 million, anticipated to be received in subsequent periods. As of May 31, 2024, in addition to 450 apartments, 18,280 square meters of commercial properties and 775 parking spaces are available for sale within the project.

Total sellable area of the apartments and sales progress of m^3 Saburtalo are as follows:

Figure 4: m3 Saburtalo by phases, 31 May 2024



„Sveti“

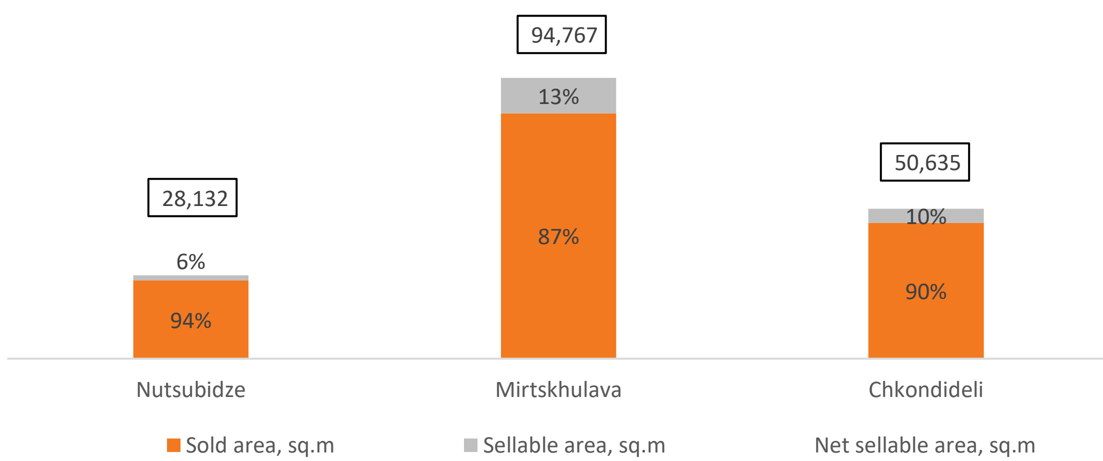
‘Sveti’ project includes „m2 at Nutsubidze II“, „m^2 at Mirtskhulava“ and „m^2 at Chkhondideli“ projects. Construction of all three projects began in April 2020, with completion scheduled for December 2024, June 2025 and September 2024, respectively. All three projects feature the sale of so-called white-frame apartments within the affordable pricing category.

The Company also managed to significantly increase the prices in ‘Sveti’ projects, with the average price across all three projects during the first 5 months of 2024 5 surpassing the 2022 figure by 63%. Specifically, prices for „m^2 at Nutsubidze II“ increased by 52%, while those for projects at „m^2 at Mirtskhulava“ and „m^2 at Chkondideli“ rose by approximately 65% during this period. As indicated above, the price increase was driven by market demand, the updated pricing strategy and advancements in project construction progress.

As of May 2024, the company has contracted receivables of US$ 21mln in ‘‘Sveti’’ projects, which will be received in the upcoming periods. For this period, along with the remaining 176 apartments, 1,108 sq.m. of commercial property and 108 units of parking lots are to be sold.

The sales progress of „Sveti“ apartments and total sellable sq.m. of apartments is shown below:

Figure 5: „Sveti“ by phases, as of May-2024



"Sveti’" projects are characterized by a special element of social responsibility. In 2019, GRE took obligation to complete three projects of "Sveti’" to assist families affected by the defaulted developer.

The total construction cost of the projects is within GEL 325 million, highlighting its significant importance as a social project for both the country and the GRE group. All parties affected by "Sveti’" defaulted company, including architects, suppliers, residends, landowners, etc., will be satisfied. More than 4,400 apartments will be built within the project, out of which about 1,700 apartments will be distributed to the parties affected by ‘Sveti’, and the rest will be sold by GRE.

A memorandum of mutual support was signed with the Tbilisi Municipality City Hall, which ensures City Hall's support during the implementation of the project, including increased building coefficients and number of apartments for sale.

An agreement was also signed between "Sveti’" and GRE according to which assets, both physical and intellectual, were fully transferred to GRE. In addition, customer contracts have been fully transferred to GRE. Some of the clients canceled the contract and received refunds from the Issuer, while the majority chose to continue their existing contracts. GRE also undertook the obligation to settle the debt of "Sveti".

In accounting terms, income from customers who have extended their contracts with GRE is recognized as revenue. However, providing apartments “free-of-charge” as giveaways impacts the construction progress of the project, hence they are recognized as revenue and COGS based on their certain values. Such provisions have an impact on the final margin of the projects.

In return for the undertaken obligations, special conditions were agreed, including obtaining permits through simplified processes, additional building coefficients, etc. The mentioned conditions ensure the commercial profitability of the projects and mitigate the associated risks.

Several factors ensure the success of the project:

1. State support by granting project flexibility and additional construction areas;
2. Several hundred apartment contracts are active where future residents pay for the apartments in monthly installments;
3. Despite the fact that all buildings of "Sveti" are built with the quality standards of m^2 and in this regard the company doesn’t compromise, benefits, such as the simplicity of the facade, significantly reduce construction cost of the project. In addition, part of the buildings was already built or commenced by "Sveti", which were reinforced and subsequently completed by GRE.
4. GRE is selling approximately 2,700 apartments in all three projects under its development brand, m^2, of which 93% have already been sold as of May 31, 2024 (with a total contracted amount of up to US$ 21 million) and more than 5,000 square meters of commercial spaces. Apartments and commercial spaces for sale are the main source of both project financing and profit received by GRE.

„m^2 at Mtatsminda Park“

„m^2 at Mtatsminda Park“ is a relatively small-scale project of the Company accomodating a total of 175 apartments, of which 58 apartments have been already sold as of May-2024, and 15 apartments have been transferred to landowners in exchange for the land value. These figures translate into 24,124 sq.m. of apartments, of which 8,283 sq.m. have been already sold and transferred. The company commenced this project in May-2024, with completion scheduled by the end of 2025.

The average selling price in this project has been US$ 1,833 per square meter from May 2023 to May 2024. Relatively high prices are attributed to the prime location and premium quality of the residential apartments.

The company has comprehensive insurance coverage for all construction risks associated with the „m^3 Saburtalo“, „Sveti“ and „m^2 at Mtatsminda Park“ projects. Insurance covers all ongoing projects from the beginning of construction to completion, protecting against any risks that may arise during the construction phase. The policy also includes provisions for compensating damage to third-party property or health caused during construction activities.

Upcoming Projects

The upcoming two projects encompass two new developments, one of which spans 15,000 sq.m. on Nutsubidze Street. This project involves constructing residential buildings on a land plot acquired by the company from the state. The acquisition was made in exchange for the company's land, with a commitment to invest in replacing the existing building on the Nutsubidze property for the state. The company plans to develop a residential complex on Nutsubidze Street, featuring approximately 600 apartments along with commercial and office spaces (with an existing K2 ratio of 3.0 and a benchmark K2 of 45,000 sq.m.). Currently, the project is in the design phase, which includes obtaining project documentation and permits. Sales are scheduled to commence by the end of 2025, with an estimated project duration of about 3 years. The company considers USD 47 million as the projected construction budget.

For the second upcoming project, the company plans to exchange its existing land plot in Telavi for a land plot in Tbilisi, ranging from approximately 2,500 sq.m. to 5,000 sq.m. The government decree authorizing this exchange has already been issued, confirming the land exchange. Several potential land plots in Tbilisi have been identified and are currently under evaluation. Based on the potential land area, the company's management plans to develop a residential project comprising approximately 300 apartments, along with commercial and office spaces. The total project construction and related costs are estimated to be approximately $21 million. Following the selection of land, the next stage will involve designing and obtaining permits.

The construction costs for both projects are planned to be initially financed through presales and subsequently through sales revenues. Financing for the initial stage, such as land value and the fulfillment of the investment obligation, will be covered using the company's funds from other projects or equity injection.

The projected revenues from future projects are outlined as follows: the company anticipates USD 77 million in revenues from the Nutsubidze project, with an additional estimated revenue of approximately USD 35 million contingent upon the scale of the second potential project.

Overview of the Hospitality and Commercial Real Estate Business

Georgia Real Estate Management Group managed a diverse real estate portfolio, which was built through opportunistic acquisitions, the transfer of commercial areas within m^2 projects, and the acquisition of finished or under-construction assets, including the development of separate hotels.

In 2020, the Group made a strategic decision to dispose of its commercial real estate and hospitality businesses, focusing on the development sector as its main business line.

In 2021, the company divested USD 45 million worth of hotel and commercial real estate assets, in which it no longer operates, while in 2022 and 2023, the divestments amounted to USD 4.0 million and USD 40.0 million, respectively, from commercial assets and hotel. Most of the cash received from the asset sales was utilized to repay debt obligations. "Georgia Real Estate" currently owns the "Gudauri Lodge" hotel, a 49-room hotel under construction in Mestia, and a land plot in Telavi, which the company plans to sell in the near future. "Gudauri Lodge," a 121-room upscale hotel, opened in December 2019 and has achieved strong operational results.

The assets sold in this direction includes hotels such as "Ramada Tbilisi" on Melikishvili Street, "Ramada Encore" on Kazbegi Street, "Kempinski Mtatsminda" on Dumbadze Street, along with vacant land plots on Javakhishvili and Barnovi streets, hotels and land plots in different regions of Georgia.

The financial performance of 'Gudauri Lodge' over the past three years is detailed in the table below:

Amount US$	**Apr-22 - May-21**	**Apr-23 - May-22**	**Apr-24 - May-23**
Occupancy	62%	41%	44%

ADR	142	130	150
Total Revenue	**2,259,589**	**3,438,350**	**4,569,884**
Department Expenses	(821,055)	(1,518,256)	(1,931,331)
Total Operating Expenses	(413,958)	(883,002)	(1,020,011)
Operating Profit	**1,024,577**	**1,037,092**	**1,618,542**

Description of the Company's Marketing Program

The Company uses the website www.m2.ge to publish information about its ongoing residential development projects. Furthermore, the Company maintains the customer dabase within the same sector, personally reaching out to customers to provide them with project details. The company actively employs television commercials and various other marketing channels to promote its residential construction projects.

Primary Markets

Hospitality Sector Overview

Before the pandemic, Georgia's tourism sector experienced rapid development due to factors such as visa-free travel with over 100 countries, rich culture, improved services, and strong government support. The country's sea resorts, medical and recreational resorts, winter skiing destinations as well as year-round destinations, wine tourism, cultural attractions, and gambling businesses made tourism a key service sector.

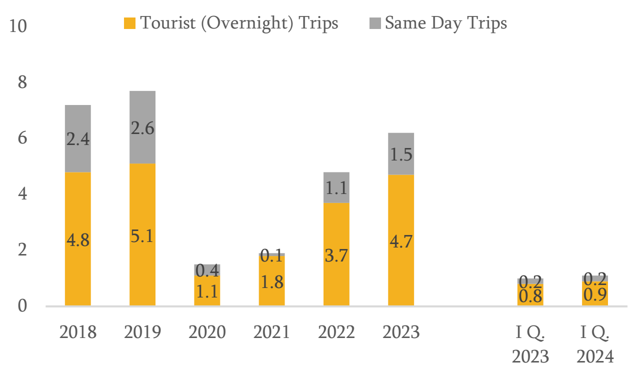
Georgia's tourism sector experienced significant growth during the period from 2015 to 2019, with a consistent increase in international visitors. The pandemic in 2020, however, introduced unprecedented challenges due to the closure of borders and the near-total suspension of international travel. As a result, Georgia's tourism industry incurred substantial losses: in 2020, the number of international visitors fell by 80.4% (source: National Tourism Administration), and tourism revenues declined by 83.4%.

Geopolitical circumstances resulting from Russia's invasion of Ukraine in February 2022 have also been a significant factor affecting the number of international tourists arriving in Georgia, as regional tensions have escalated alongside the ongoing conflict.

Geographical proximity and ease of travel are key considerations for tourists, making neighboring countries the primary sources of visitors to Georgia. Between 2015 and 2020, there was a steady increase in the number of international visitors from Armenia and Turkey, with the growth rate for visitors from Russia showing a relatively higher trend. The flow of visitors from Azerbaijan was significantly hindered first by the pandemic and later by the closure of the land border between Georgia and Azerbaijan, which remains closed. In contrast, there was a particularly high rate of increase in the number of international visitors from Israel, Kazakhstan, and Saudi Arabia. Additionally, both the European Union and Great Britain demonstrated notable growth rates, indicating the potential for attracting tourists from a more diversified range of countries to Georgia.

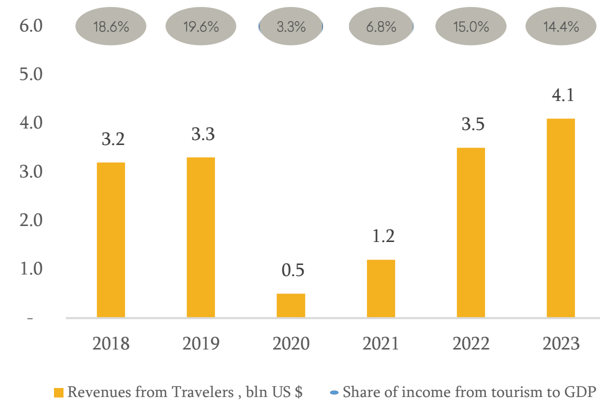
By the end of 2023, global tourism had recovered to 88% of pre-pandemic levels, and this strong recovery trend is expected to persist into 2024. Georgia's tourism recovery has experienced a slower recovery compared to the global average, achieving an 80% recovery rate in 2023 relative to 2019 levels. However, in the first quarter of 2024, the number of international visitors exceeded 1.2 million, reflecting an 8.6% increase over the same period in 2023 and an 87% recovery rate compared to 2019.

Figure 1: Number of International visitors, million persons



Source: Georgian National Tourism Administration

Figure 2: Revenues from Tourism

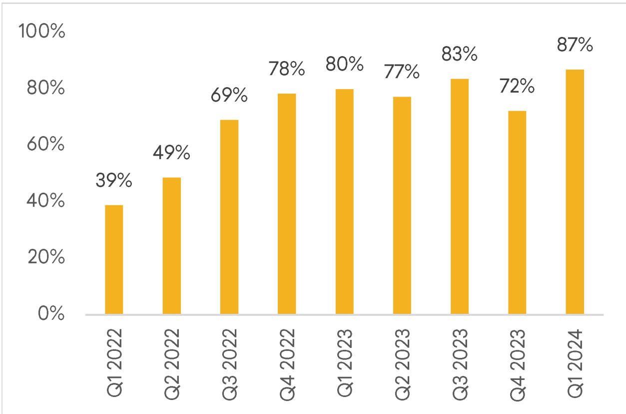


Source: National Bank of Georgia

A full recovery of international travel from several countries is still delayed, including Azerbaijan, which recorded the lowest recovery rate of 18%. In the first quarter of 2024, the rate of international visits from Russia recovered by 85% compared to 2019. At the same time, Armenia is still lagging behind the 2019 figure, with a slightly reduced recovery rate of 83%.

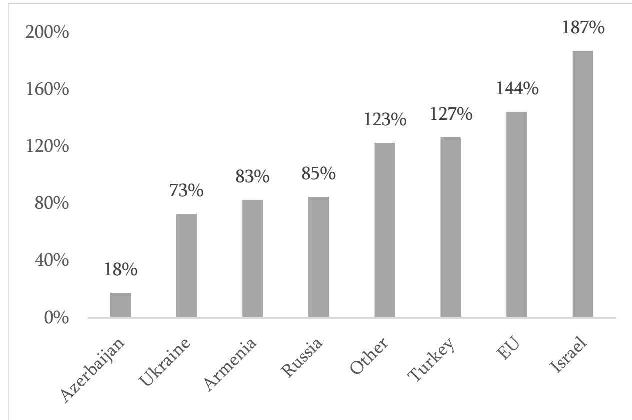
The number of one-day visits remains relatively low, at 51.5% of the 2019 level in the first quarter of 2024, due to ongoing border regulations from neighboring countries. The largest proportion of visitors came from Turkey, accounting for 22% of the total, followed by Russia at 19% and Armenia at 17%.

Figure 3: Recovery of Tourist Visits compared to 2019



Source: Georgian National Tourism Administration
Note: Tourist visits account for individuals departing from Georgia within the reporting month and exclude migrants

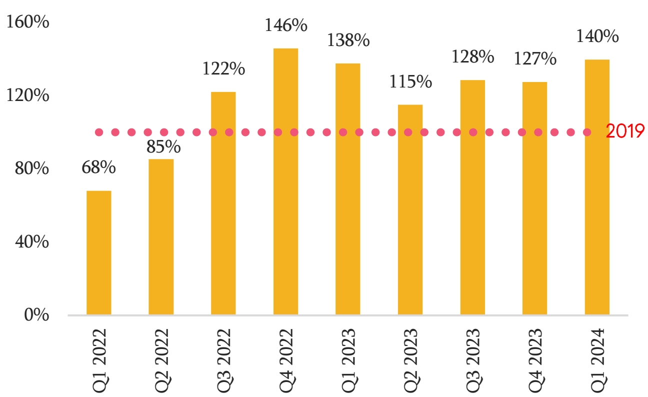
Figure 4: Recovery of Tourist Visits by Countries



Source: Georgian National Tourism Administration

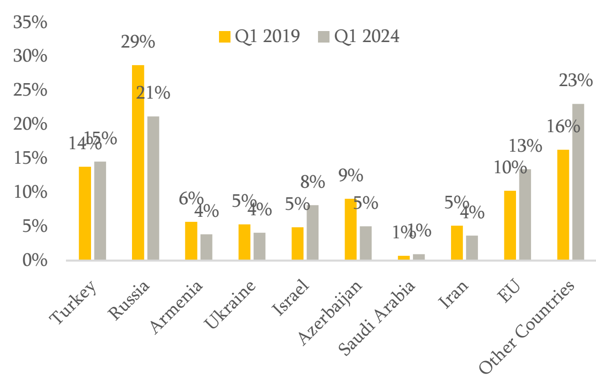
Revenues from international travel have increased. In the first quarter of 2024, revenues from international travel surpassed 2019 levels by 40%. Despite this growth, the proportion of international travel revenues from neighboring countries has fallen to 45%, which is 13 percentage points lower than the pre-pandemic levels. In the first quarter of 2024, the total income received from Armenian visitors amounted to USD 31.3 million. It should be noted that this indicator exceeded the total revenues received from Armenia in the first quarter of 2023 by 35%. However, it was still 5% below the 2019 level.

Figure 5: Recovery of Revenues from Tourism compared to 2019



Source: National Bank of Georgia
Note: Data includes expenditures of migrants (Russia, Belarus, Ukraine) from March 2022

Figure 6: Revenue Contribution by Countries from International Travelers



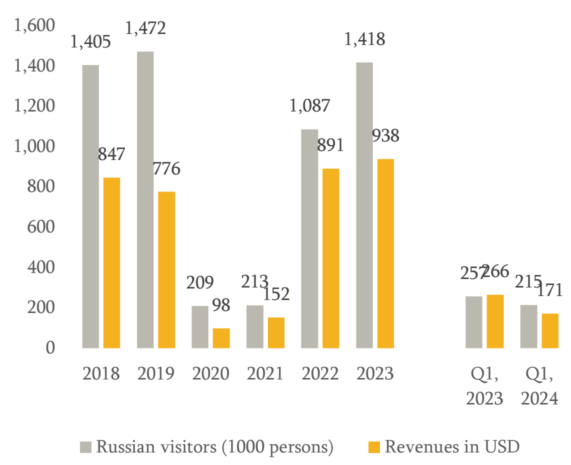
Source: National Bank of Georgia

The share of international travel revenues from Ukraine is slightly below the pre-pandemic level, whereas the share of income from Israeli tourists exceeds the 2019 level.

The Israeli-Palestinian conflict in the last quarter of 2023 led to a slight reduction in revenue from Israeli tourists, however, in the first quarter of 2024, travel revenue exceeded the 2019 levels by 131%.

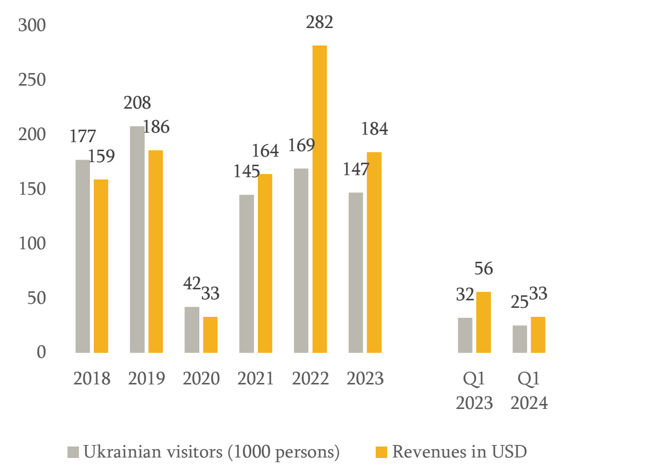
Compared to 2019, the share of the EU in international travel revenues increased to 13%, up from 10% in 2019. Additionally, the total travel income from the European Union in 2023 exceeded the 2019 level by 82%.

Figure 7: Visits and Tourism Revenues from Russia, 1000 US$



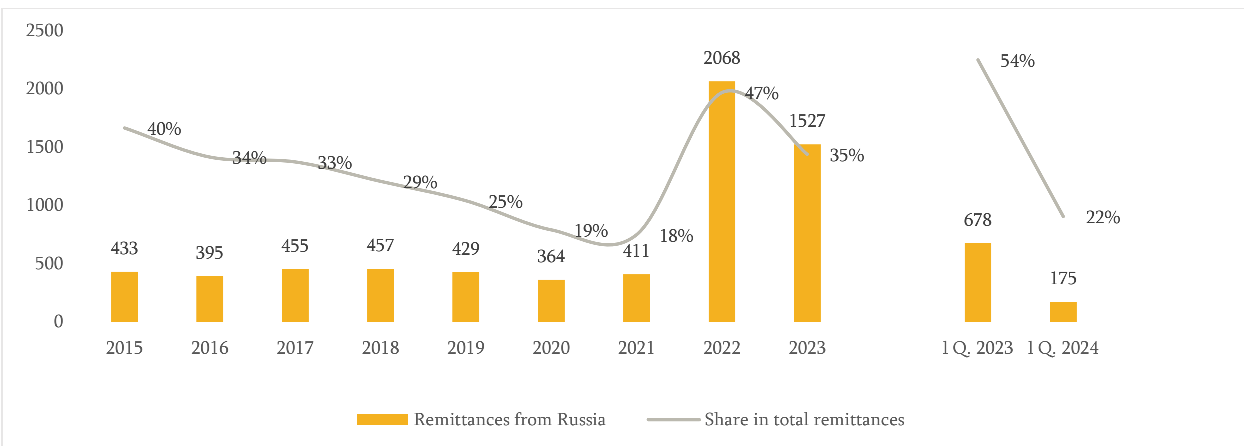
Source: National Bank of Georgia, Georgian National Tourism Administration

Figure 8: Visits and Tourism Revenues from Ukraine, 1000 US$



Source: National Bank of Georgia, Georgian National Tourism Administration

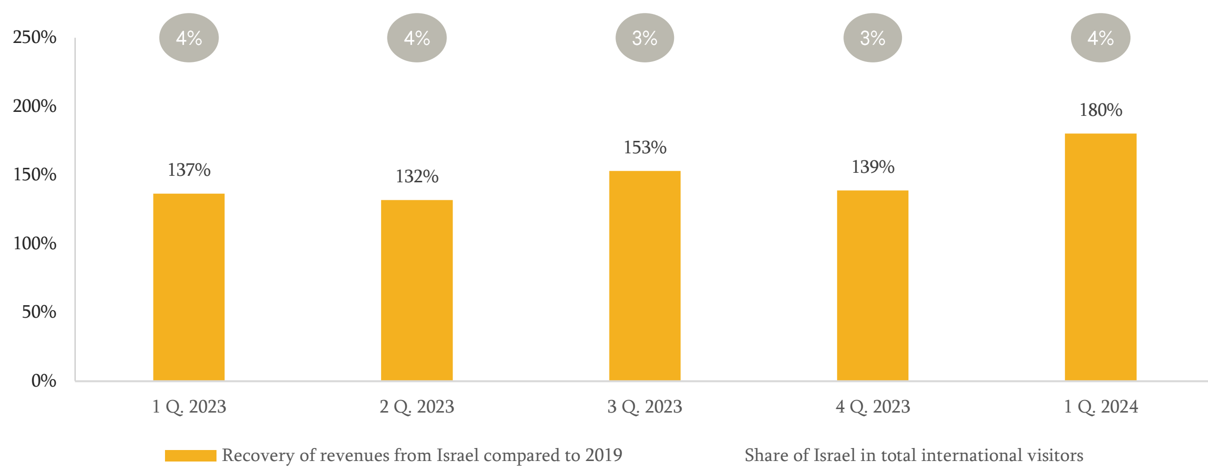
Figure 9: Remittances from Russia



Source: National Bank of Georgia, Georgian National Tourism Administration

Remittances from Russia decreased during the pandemic years, accounting for 19% and 18% of total remittances in 2020 and 2021, respectively. However, they fully recovered in 2022 with a 400% increase from the previous year and a 47% share of total remittances. In the first quarter of 2024, remittances from Russia decreased by 74% compared to the same period in 2023.

Figure 10: Visitors from Israel and share in Tourism Revenues



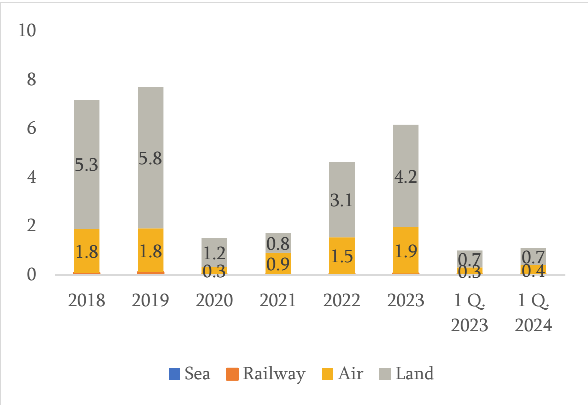
It is important to assess the impact of the current Israeli-Palestinian conflict on the tourism sector of Georgia. One of the expected consequences of the Israeli-Palestinian conflict was a decrease in the flow of tourists from Israel and tourism revenues. In the third quarter of 2023, the recovery rate for international travel from Israel dropped to 103%, a decrease from earlier quarters. In the last quarter of 2023, this recovery rate fell below the 2019 benchmark for the first time, achieving only 88% of pre-pandemic levels. However, in the first quarter of 2024, the number of visitors from Israel surpassed 2019 levels by 187% and exceeded 2023 levels by 104%, demonstrating a complete recovery.

Another important indicator to note is the income from international travel, where Israel plays a significant role. In the third quarter of 2023, travel revenue from Israel saw a remarkable 153% recovery compared to 2019 levels. In the last quarter of 2023, the recovery rate slightly decreased to 139% for obvious reasons. However, in the fourth quarter of 2024, the rate of recovery of travel revenues from Israel increased to 180%, marking the highest level compared to previous periods.

Until 2022, visitors arriving by road predominantly made up most arrivals in Georgia, with those arriving by air not exceeding 25%. However, in the post-pandemic period, this trend shifted, and the share of air arrivals increased to 34.7% while car arrivals accounted for 64.3%. Meanwhile, sea (0.4%) and rail (0.7%) transport remained minimal. In 2023, both land and air border crossings saw increases.

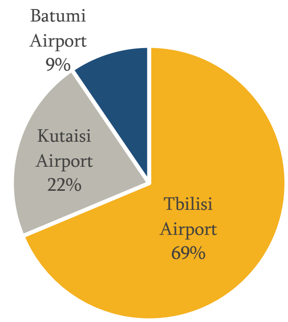
In the first quarter of 2024, the number of visitors to Tbilisi International Airport increased by 27% compared to the same period in 2023. Among the airports, Kutaisi Airport saw the highest growth rate, with passenger flow reaching 97,560, a 47% increase from the first quarter of 2023.

Figure 11: Visitors by vehicle type, mln



Source: Georgian National Tourism Administration

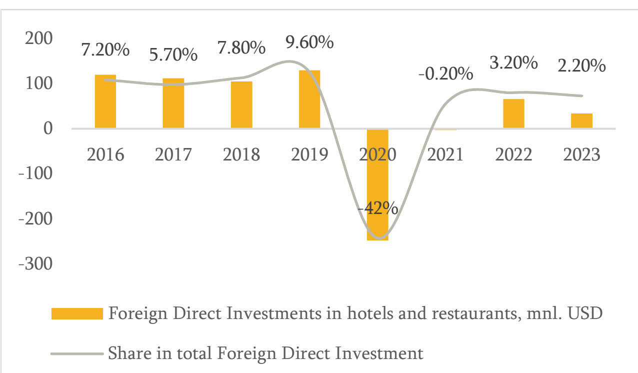
Figure 12: Share of air arrivals by Airports, 2023



Source: Georgian National Tourism Administration

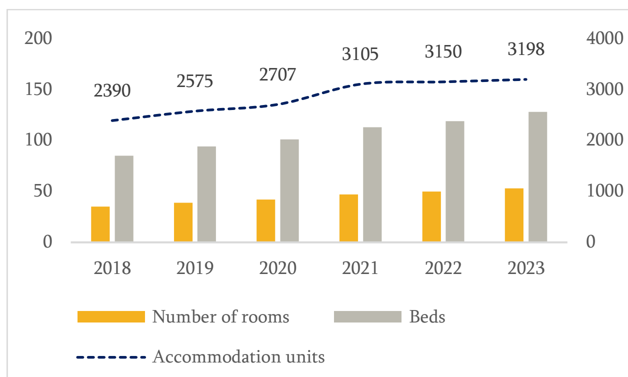
In 2023, foreign direct investment (FDI) in hotels and restaurants has reached $34 million, representing 2.2% of total FDI. In comparison, in 2019, the volume of FDI in this sector was $130 million, which constituted 9.6% of total investments. Successive investments have contributed to an an increase in the availability of investment opportunities.

Figure 13: Foreign direct investment (FDI) in hotels and restaurants



Source: Geostat

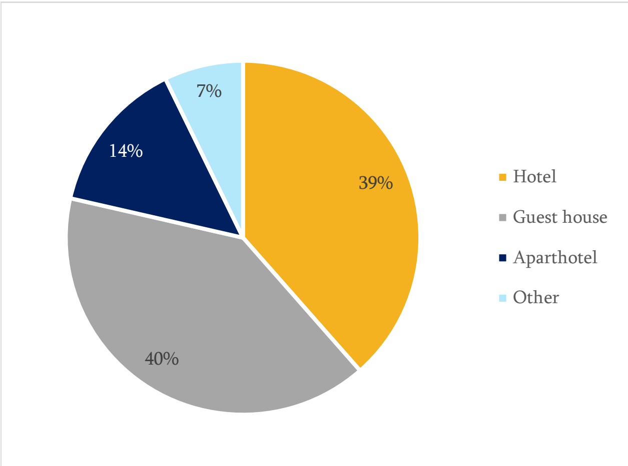
Figure 14: Accommodation Facility Supply during 2014-2022



Source: Georgian National Tourism Administration

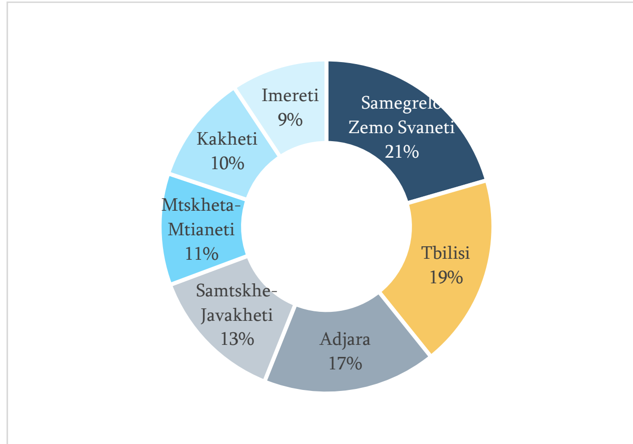
In 2023, most accommodation facility rooms are found in hotels (37,788 rooms or 70% of total rooms). Other forms of accommodation facilities include family hotels (8,164 rooms or 15% of total rooms), guesthouses (3,239 rooms or 6% of total rooms) and other forms of lodging (4,568 rooms or 8% of total rooms). In recent years, Tbilisi and Adjara have been among the most active regions for investment in accommodation facilities. Tbilisi has the largest share of rooms, with 27.2% of the total, followed closely by the Adjara region with 26.6%. Additionally, Samtskhe-Javakheti also has a significant number of accommodation facilities, accounting for 14% of the total rooms.

Figure 15: Accommodation facility rooms by categories, 2023



Source: Georgian National Tourism Administration

Figure 16: Accommodation facility rooms by regions, 2023

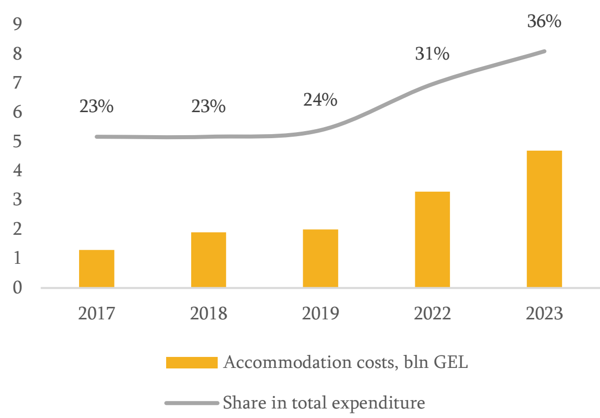


Source: Georgian National Tourism Administration

Internationally branded hotels dominate the hotel market in Georgia, with 40 such hotels currently operating, most of which are in Tbilisi and Batumi. The number of internationally branded hotels is set to increase further, as 22 more hotels with a total of 2,865 rooms are planned to open between 2025 and 2028.

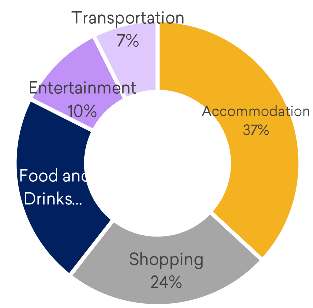
With increasing competition in Tbilisi, investors have started focusing on regional hotels' development. Out of the 22 hotels, only 6 are expected to be completed by 2025-2026, with 5 set for Adjara, 4 for Samtskhe-Javakheti, and 2 for Samegrelo-Zemo Svaneti.

Figure 17: Visitor spending on accommodation



Source: Georgian National Tourism Administration

Figure 18: Visitor spending by categories, 2023



Source: Georgian National Tourism Administration

Visitor spending on accommodation reached 4.7 billion GEL in 2023, accounting for 36% of total spending. Compared to the previous year, accommodation spending increased by 1.4 times. Following accommodation, the largest spending category is shopping, which makes up 23% of total spending, while food and beverage is the second-largest category with a 22% share. In 2023, total visitor spending reached 13 billion GEL, a 52% increase compared to the full year of 2019. In the first quarter of 2024, total expenses amounted to 2.1 billion GEL, reflecting a 7% increase from the same period in 2023.

Real Estate Market Overview

Used information

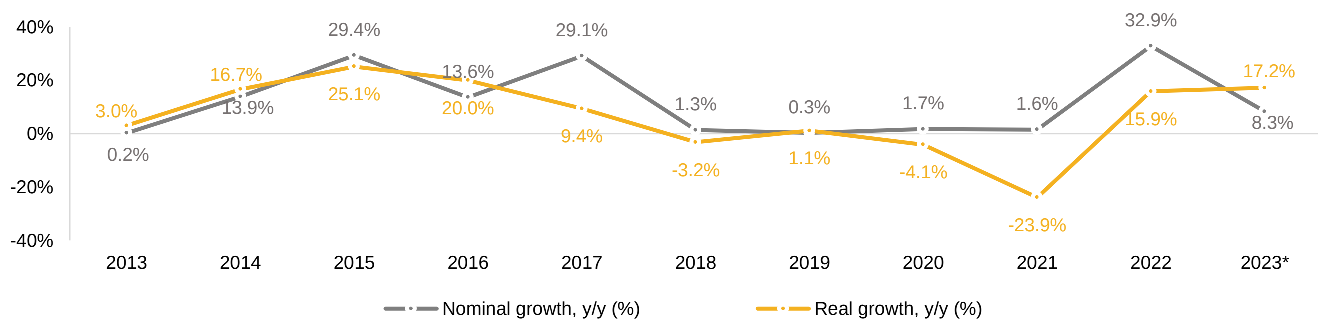
The market data presented in this Prospectus were collected by the Company based on unofficial internal research, incorporating sources that reflect the state of the sector and publicly available information at the time of the Prospectus preparation. Data regarding the current market situation and exchange rate environment were primarily sourced from the National Bank of Georgia. Information pertaining to the Georgian macroeconomic environment was obtained from the LEPL National Statistics Office of Georgia (hereinafter GeoStat) and the Government of Georgia. Specific comments regarding additional sources are provided within the text as necessary. The Company assumes responsibility for the accuracy of information obtained from third parties and, to the extent of the Company's understanding, can substantiate the validity of the information published by these entities; no facts have been omitted that could render the provided information false or inaccurate.

Construction Sector

The construction sector remains the backbone of the economy, as the realization of the investment opportunities in the tourism industry, energy sector, residential and commercial real estate, and infrastructure projects requires the direct involvement of this sector.

According to preliminary data from GeoStat, the construction sector experienced a real growth of 17.2% in 2023, following a 15.9% growth in real terms in 2022. This increase can be partially attributed to the low base effect from previous periods, as the sector has consistently declined in real terms every year since 2018 (except for a 1.1% growth in 2019). The pandemic and related restrictions have had a significant negative impact on both the overall economy and the construction sector. However, increased demand for real estate and construction has led to growth in the sector, both in nominal and real terms, from 2022 to the present. In 2021, the construction sector experienced a 23.9% decline in real terms, despite nominal growth of 1.6%. This nominal increase was largely driven by significant hikes in construction material prices, influenced by rising global commodity prices and disruptions in supply chains (which were among the effects of the pandemic). However, with increased demand for real estate from 2022 onward and the stabilization of construction material prices from 2023, the sector achieved a significant real growth rate of 17.2% in the same year.

Nominal and real growth of the construction sector



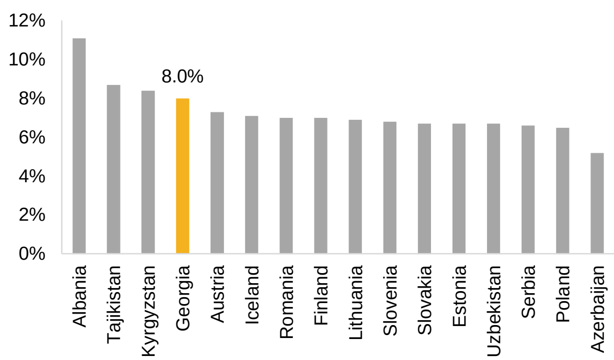
Source: GeoStat

Note: Preliminary data, revised data will be released on November 15, 2024

Construction remains one of the largest sectors of the economy, with its share ranking fourth highest among the 16 countries illustrated in Figure #2. Albania leads with a share of 11.1%, followed by Tajikistan in second place with 8.7%, and Kyrgyzstan in third place with a share of 8.4%.

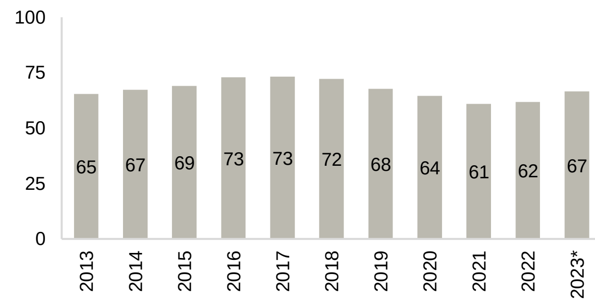
The construction sector is notably labor-intensive. In 2023, it employed a total of 66,551 individuals. Over the period from 2018 to 2022, there was a general decline in construction sector employment (which followed the completion of the BP pipeline construction project in 2017). According to preliminary data from 2023, the average monthly wages in the construction sector rose to 2,710 GEL (+32.9% YoY). Similarly, there was an upward trend across the business sector as a whole, with average monthly wages reaching 1,858 GEL in 2023 (+20.4% YoY). The rapid wage growth can be attributed to a shortage of skilled labor and high inflation, which typically lead to wage increases over time.

Share of construction in nominal GDP, 2022



Source: United Nations Economic Commission for Europe (UNECE)

Employment in the construction sector



Source: Geostat
*Preliminary data

The growth of the construction sector is driven by various factors including the construction of residential complexes, roads, and railways, as well as the expansion of the hotel industry, development of hydroelectric plants and gas pipelines, and infrastructure projects.

Residential Real Estate

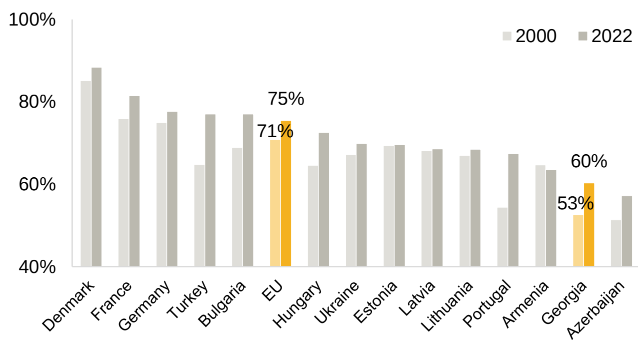
Residential real estate sector has been driving force of Georgian economy since mid-2000s. Over the period from 2010 to 2023, the GDP per capita experienced an average growth of 7.7% in dollars, positively contributing to growth of purchasing power of Georgian population. As a result, the growth in average income alongside increased real estate availability has driven up demand for residential properties, especially in Tbilisi and Batumi. Additionally, the impact of migration has significantly boosted the investment attractiveness of residential real estate starting from 2022.

Several factors positively influence demand in the sector. Need-based drivers include increasing urbanization, shrinking family sizes, income growth, mortgage affordability, housing improvements, and migration. Additionally, investment attractiveness-based factors such as rental yields, capital gains, and the lack of alternative investment opportunities also play significant roles.

Population migration from rural to urban areas has generated additional demand in the residential real estate market. The urbanization level in Georgia rose to 60.3% in 2022 from 52.6% in 2000. Despite this growth, the urbanization rate remains lower than the EU average of 75.5%. Urbanization is anticipated to continue increasing in the future, driven by the migration of population from the less productive agricultural sector to more productive industries.

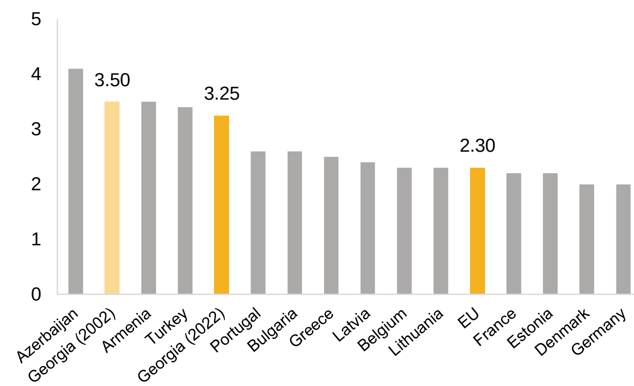
Economic growth increased the desire for independent living, resulting in a decrease in the average family size from 3.5 people in 2002 to 3.25 people in 2022. However, this average family size is still considerably higher than the EU average of 2.3 people in 2022.

Figure 16: Urbanization rate by countries, %



Source: World Bank

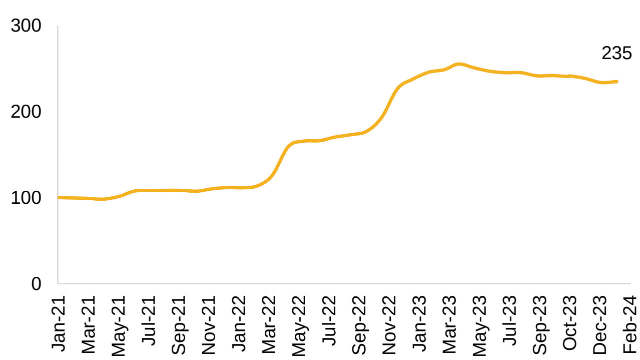
Figure 17: Average family size by countries, 2022



Source: World Bank

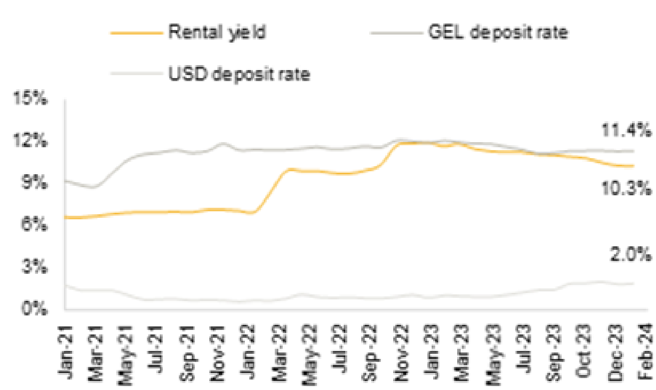
Migration and investment opportunities are significant drivers of demand in real estate. The Russia-Ukraine war which began in February 2022, has led to a significant increase in the number of migrants relocated to Georgia. This increase directly impacted the rent markets in Tbilisi and Batumi, leading to an increase in rent yields. Consequently, the residential real estate market became even more attractive for investment. From the beginning of 2021 to February 2024, rents surged by 135%. Although there has been a decline in rent prices since March 2023 with a decrease of 6.3%, the rental yield remains attractive to investors and is nearly equalling the deposit yield offered in GEL.

Figure 18: Rent index in Tbilisi, USD, Jan-21=100



Source: NBG, Galt & Taggart Research

Figure 19: Rental yield vs. alternative investments, %

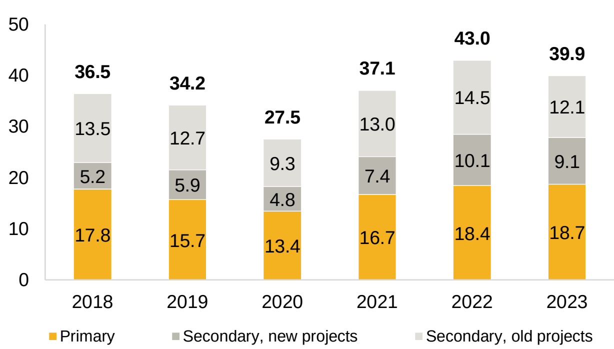


Following a record year of high sales in 2018, the pace slowed in 2019. The real estate market faced significant challenges in 2020 due to COVID pandemic. However, the government-initiated interest subsidy scheme has contributed to stable sales. Under this initiative, the state subsidized 4 percentage points of the interest rate on mortgage loans denominated in GEL taken out in 2020. After recovery in 2021, the real estate market in 2022 reached an all-time high with 42,974 apartments sold (+15.9% YoY) due to pent-up demand and increased numbers of migrants entering the market.

In 2023, 39,949 apartments were sold resulting in a 7% decrease from the previous year. Despite this decline, it's notable given the high sales base of the previous year. Primary market transaction accounted for 46.9% of total sales, amounting to 18,734 apartments.

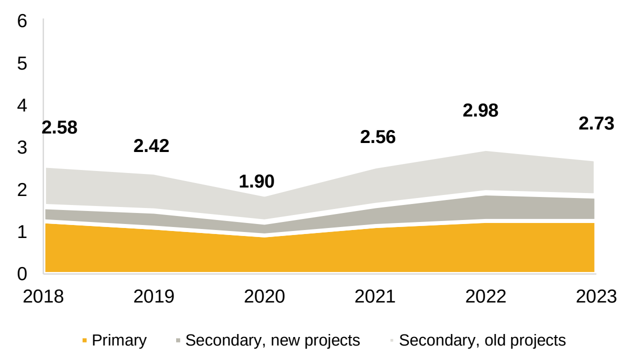
It should be noted that the total area sold in Tbilisi increased by 5.7% from 2018 to 2023, with apartment sales rising by 9.6% during the same period. This trend reflects a slight decrease in the average size of apartments, which measured 68 sqm in 2023 compared to 71 sqm in 2018.

Figure 20: Real estate sales dynamics in Tbilisi, '000 units



Source: Public Registry, Galt & Taggart Research

Figure 21: Real estate sales dynamics in Tbilisi, mn sq.m.

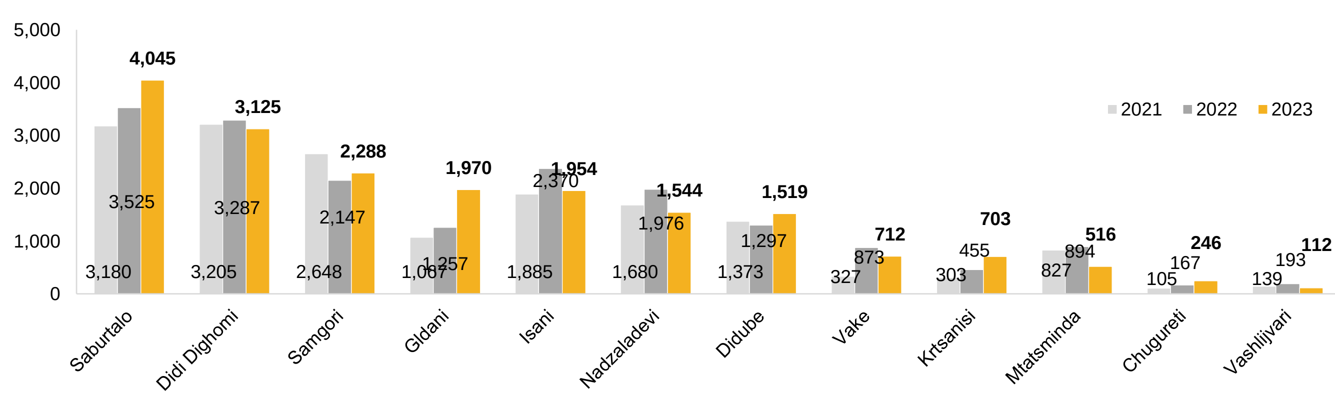


Source: Public Registry, Galt & Taggart Research

In 2023, most apartments were sold in Didi Digomi and Saburtalo districts, accounting for 38.3% of total sales, consistent with previous years. These areas are followed by the more affordable suburbs of Samgori and Gldani. In contrast, sales in central districts, such as Vake and Mtatsminda, remain limited due to the constrained supply of real estate in this area.

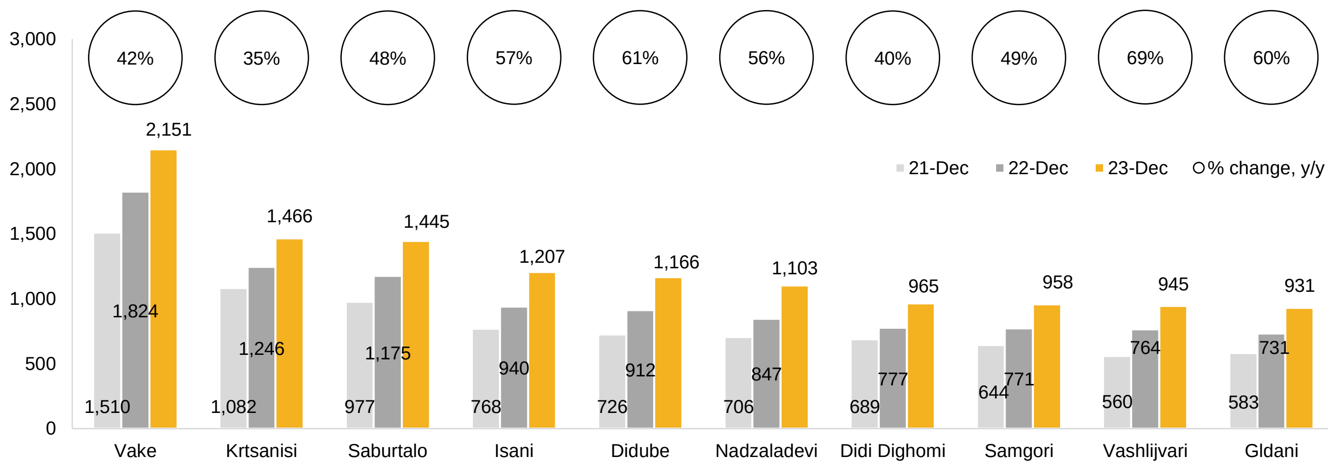
Real estate prices in all districts of Tbilisi increased significantly between 2021 and 2023. According to 2023 data, each district experienced a double-digit annual price increase. The most expensive districts remain the central areas, including Mtatsminda, Vake and Saburtalo. The price increase began in 2021, coinciding with rising construction material costs and was further driven by excessive demand in 2022, mainly due to increased number of migrants.

Figure 22: Real estate sales on a primary market by districts in Tbilisi, units



Source: Public Registry, Galt & Taggart Research

Figure 23: Real estate sales on a primary market by districts in Tbilisi, white frame, US$/ sq.



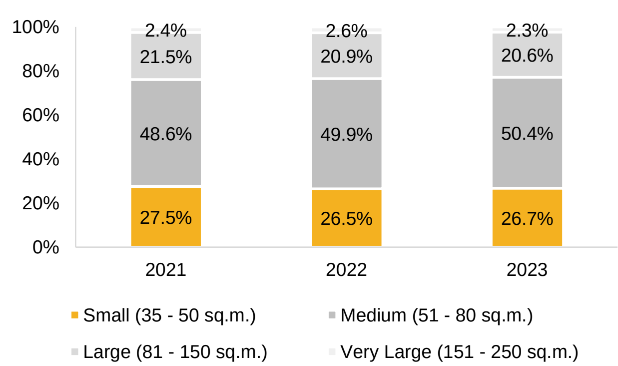
Source: Public Registry, Galt & Taggart Research

Note: Mtatsminda and Chugureti are excluded due to the small number of projects (less than 5 projects in each district).

Small and medium-sized apartments (35-80 sqm) were majority of apartments salesin 2023, accounting for 77.1% of total sales. This trend is driven by their affordability, high liquidity and ease of renting. Notably, there is a yearly decline in the sale of large-sized apartments, with this share increasingly shifting towards medium-sized apartments.

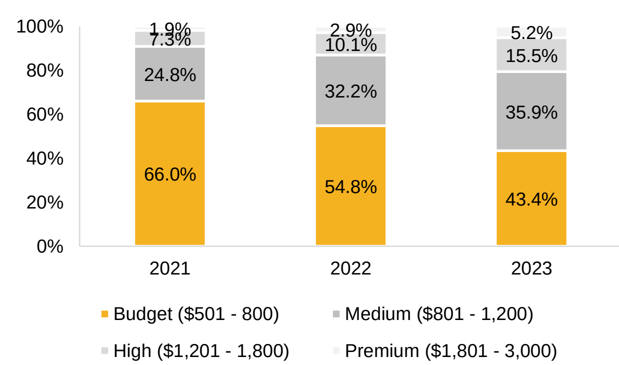
The share of middle and high-class segments in apartment sales has been increasing every year, indicating a shift in demand from budget apartments to more premium apartments. This trend is driven by rising average prices and improved infrastructure in new projects. In 2023, middle and upper-class apartments ($801-$1,800 per sqm) accounted for 51.4% of total sales, which is 9.1 percentage points higher than in 2022.

Figure 24: Real estate sales by size on a primary market, (% of total sales)



Source: Public Registry, Galt & Taggart Research

Figure 25: Real estate sales by segment on a primary market, (% of total sales)



Source: Public Registry, Galt & Taggart Research

In 2023, the volume of residential area for which permits were issued reached a record of 1.91 million sqm (+36.8% YoY), while the number of permits issued rose by 15.9% YoY, indicating an increase in the average size of new projects.

Figure 26: Living area of issued construction permits in Tbilisi*, mn sq.m

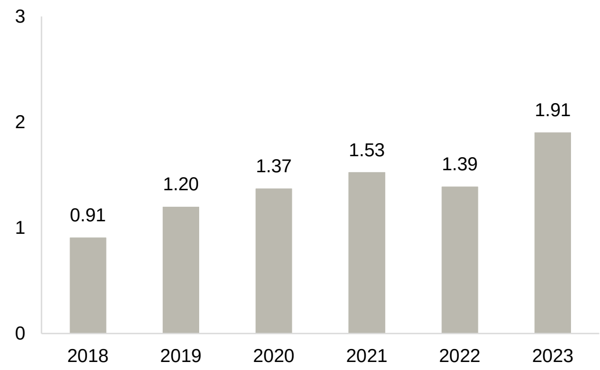
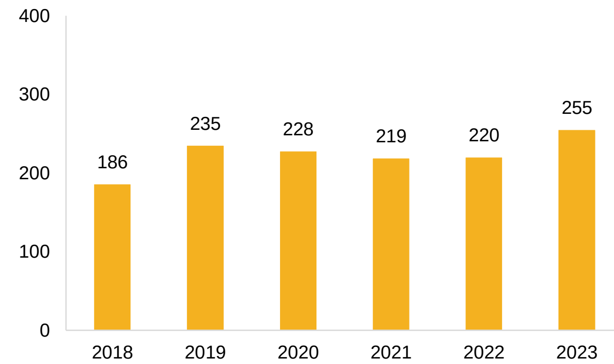


Figure 27: Number of construction permits issued in Tbilisi, units

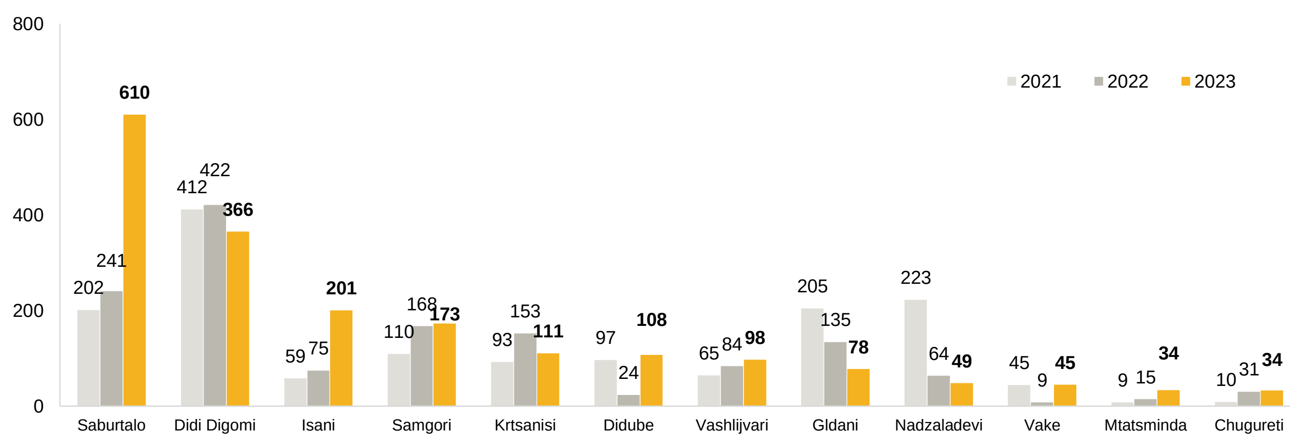


Source: TAS, Galt & Taggart Research

Note: Only III and IV class multiapartment/multifunctional buildings. Includes residential and balcony areas

The permitted sales area is dominated by Saburtalo and Didi Digomi districts, accounting for 51.2%. Significant growth in Saburtalo is driven by increased development activities along University/Mindeli streets and Lisi area. Additionally, there has been a notable increase in permits in the central districts of Tbilisi, Vake and Mtatsminda, due to several planned projects in Bagebi and Okrokana

Figure 28: Living area in the issued construction permits by districts in Tbilisi, '000 sq.m.

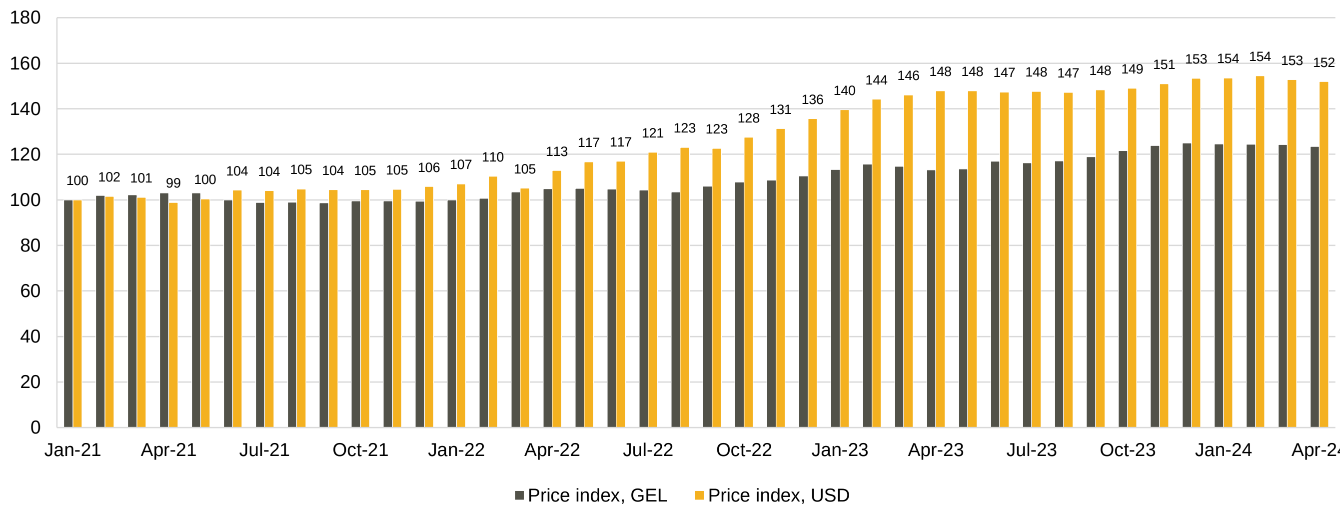


Source: TAS, Galt & Taggart Research

Note: Only III and IV class multiapartment/multifunctional buildings. Includes residential and balcony areas

Residential real estate prices have experienced notable increases from 2021 to 2023, reflecting the broader market trends. The company's projects are strategically located in Saburtalo, Mtatsminda, Nadzaladevi, and Didube districts. Apartment sales prices have adjusted accordingly, remaining competitive and varying by location.

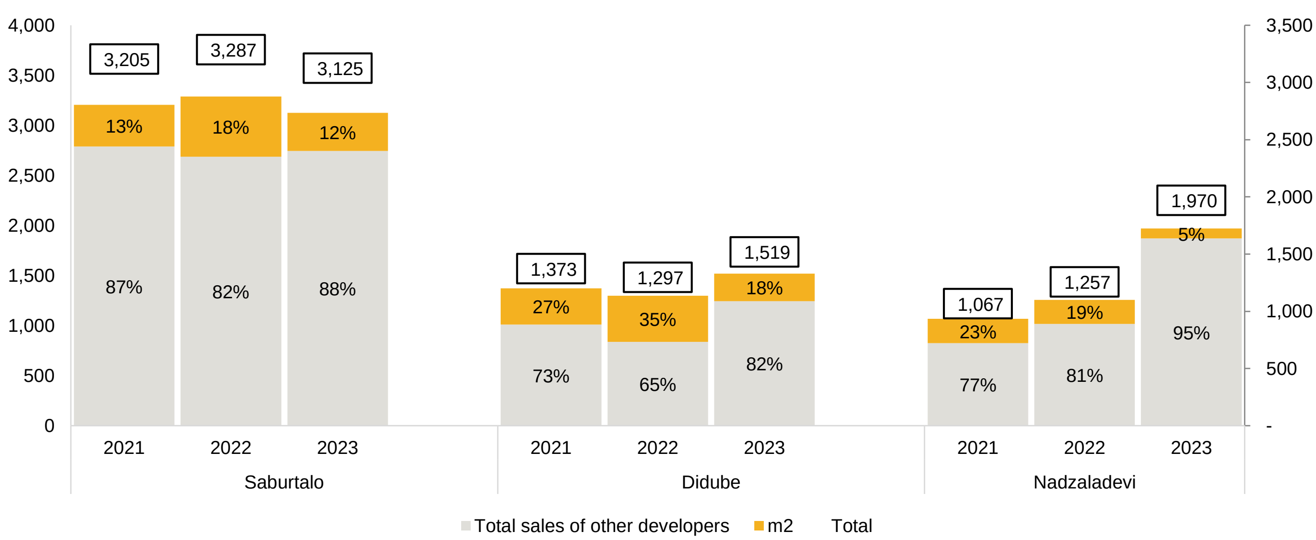
Figure 29: Real estate selling price index. 2021-April 2024, GEL, USD



Source: Public Register, Galt & Taggart

The company's market share by the number of apartment sales in various districts is shown below.

Figure 31: m^2 market share by the number of apartment sales in different districts



Source: Public Register, Galt & Taggart

Description of important events of the Issuer's business development

2006
- The company was founded by JSC Bank of Georgia.

2010
- The pilot project was commenced on Chubinashvili street

2012-2016
- US$ 45 mln was attracted from IFIs -FMO, IFC and GGF for development of residential real estate and hotels

2014
- The first corporate (non-financial institutions) public bonds were issued in Georgia; the IFC loan was covered

2015
- The agreement on opening of the Ramada Encore Hotes was signed with Wyndham

2016
- The franchising platform was implemented in order to develop the third party's land plots and develop the commission earning business

2017
- The company bought BK Construction and, as a result, the company added the construction business

2018
- Demerger between JSC Bank of Georgia (BGEO) and JSC Georgia Capital (company shareholder)
- Issuer entered the hospitality business segment and throughout Georgia purchased 12 hotel assets, being on different stages

2019
- In February, 2019,the commercial real estate business line successfully carried out full placement of US$ 30 mln worth bonds issued in December, 2018
- The mentioned bonds were admitted for trading on the Georgian Stock Exchange

2021
- Strategy update - disposal of hospitality and commercial busines lines and focusing on residential real estate development
- 76% of the commercial assets portfolio was sold (worth of US$ 45 mln)
- Eventually GRE left the construction business and sold the subsidiary company BK Construction, 50% of which was sold in 2020

2022
- US$ 10 mln debt from ADB for 'Sveti' projects
- Conversion US$ 31 mln parent debt into equity by Georgia capital
- The company successfully carried out full placement of US$ 35 mln worth bonds
- The first franchising agreement was signed for the project 'm^2 at Mtatsminda Park'

2023
- The remaining commercial assets and majority of the hotel assets (worth a total of USD 40 million) were fully sold. Most of of the proceeds were used to reduce debt obligations

2024
- The company purchased a 15,000 square meter land plot on Nutsubidze Street worth GEL 31 million from the government with an investment obligation which it plans to use for a new project

Strategy and Objectives

Starting in 2021, in line with the parent company's strategic capital restructuring, the company turned back to an asset-light business model, focusing on fewer fixed assets. Considering this strategic change, the company has already sold its subsidiaries in the construction business, JSC New Development and BK Construction LLC, as well as its entire commercial real estate portfolio and most of its hospitality assets.

In 2021, the company sold USD 45 million worth of commercial real estate assets. Throughout 2022-2023, it disposed of most of its remaining assets, totaling US$ 44 million. As of May 2024, the company's balance sheet includes only the hotel "Gudauri Lodge," a hotel building in Mestia, and a land plot in Telavi. As of March 31, 2024, the total book value of these assets amounted to USD 14 million.

As part of Georgia Capital's strategy to reduce debt obligations USD 31 million of subordinated debt was converted into equity in 2022.

In 2022-2023, the company secured construction permits for Phases IV and V of m^3 Saburtalo. Sales are currently underway for both phases. Building permits for Phase VI are expected to be obtained in July 2024, with sales scheduled to commence in August 2024. Construction for Phase VI is projected to be completed by September 2026. Across all three phases, the total net sellable area for apartments is 61,188 sq.m., with an additional 7,255 sq.m. commercial area. The development will include a total of 694 apartments.

At the end of 2022, the company also secured a construction permit for the 'm^2 at Mtatsminda Park' project, which represents its first franchise project. The project features sellable area of 24,124 square meters and includes 175 apartments. Sales and construction activities for the project have begun, with completion scheduled by the end of 2025.

In April 2024, the company acquired a 15,000 square meter land plot valued at GEL 31 million on Nutsubidze Street for a new project, where design works have already commenced. The project includes approximately 600 apartments, alongside commercial and office spaces. Additionally, the company plans to exchange its land plot in Telavi for a land plot in Tbilisi, for which the government decree has already been issued and the selection process is currently underway.

Issuer's construction permits

GRE operates within the residential development sector, which heavily relies on timely obtaining of construction permits.

With over 10 years of experience, the company consistently secures most of the construction permits within the designated timeline.

Currently, construction permits have been obtained for all blocks in ongoing residential real estate projects, and construction is progressing as planned. The group continues to actively pursue construction permits for its new projects.

The group swiftly obtained the construction permit for the fourth phase of the m^3 Saburtalo project in August 2022, followed by permits for the 'm^2 at Mtatsminda Park' project in December 2022 and Phase 5 of m^3 Saburtalo in September 2023. Currently, the company is focused on securing permits for the sixth phase of m^3 Saburtalo, scheduled for July 2024, and for a new project located on Nutsubidze Street, anticipated in 2025.

The group is also exploring additional new residential real estate projects; however, the process of obtaining permits has not yet commenced, as negotiations on commercial terms with third parties are currently underway.

Competitive Positioning in the Market

The Issuer is one of the largest real estate developers in Georgia, with a significant focus on constructing residential buildings across various price categories, including low, medium, and premium segments. The residential real estate market is competitive, with numerous players, none of whom hold a dominant position. The Issuer faces competition in all these segments. The following are the major real estate developers, which implement large projects: Archi, Domus Development, Lisi Lake development, Blox etc.

	2022	2022	2022
Basic indicators '000 GEL	GRE*	Lisi Lake development**	Blox***
Profit-Loss			
Revenue	177,226	45,634	19,202
EBITDA	286	-11,459	4,618
EBITDA margin	0.16%	-25.11%	24.05%
Balance Statement			
Total assets	480,915	723,356	23,758
Total liabilities	410,891	104,140	12,694
Total capital	70,024	619,216	11,064
Total loans	210,141	89,373	12,578
Ratios			
Loans/Total assets	0.44	0.12	0.53
Return on assets ****	37%	6%	81%
Return on equity *****	253%	7%	174%

**The table shows the financial data related to the GRE residential construction development segment.*

***The data is calculated from consolidated report*

*****The data is calculated from individual reports, as the company does not prepare consolidated reports

*****Total assets to total revenue*

******Total equity to total revenue*

Source: SARAS, „reportal“

Operational and Financial Overview

This subsection summarizes the company's key financial indicators, which are based on the issuer's audited IFRS financial statements for 2022 and 2023, and first quarter IFRS financial statements for the first three months of 2023 and 2024.

In 2021, the Issuer made a strategic decision to gradually transition to an asset-light business model, which entails exiting the commercial and hotel businesses. This decision was implemented gradually over the subsequent years, impacting the company's operational and financial condition. These changes are described in detail in the subsection 'Principal Activities.'

The Company's operational and financial overview incorporates the audited financial statements for the full years 2023 and 2022. Unless specified otherwise, the financial information presented in this review for these periods is extracted from the Issuer's financial statements. It is recommended to review this section alongside the financial statements, their accompanying notes, and other financial information provided elsewhere in the prospectus.

The audit opinion on the audited annual reports for 2023 and 2022 is unqualified.

The Issuer's audited financial statements for 2023 and 2022 are prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the requirements of the Georgian Law on Accounting, Reporting, and Auditing, considering the historical cost convention.

Additionally, the operational and financial overview includes the first quarter unaudited IFRS financial statements for 2024 and 2023.

Financial position

Consolidated balance sheet (000' GEL)	**31-Mar-2024 Unaudited**	**31-Dec-2023 Audited**	**31-Dec-2022 Audited**
Assets			
Non-current assets			
Investment property	40,445	40,356	121,285
Investment property under construction	6,831	6,812	36,335
Inventory property	65,733	62,144	107,321
Property and equipment	7,199	7,656	7,803
Right-of-use assets	1,106	1,206	1,644
Long-term loans issued	288	599	821
Long-term contract assets with customers	26,922	28,639	36,611
Prepayments and other assets	2,646	2,690	4,842
Time deposits with credit institutions	4,028	3,452	47,184
Total non-current assets	**155,198**	**153,554**	**363,846**
Current assets			
Inventory property	65,667	62,672	22,330
Prepayments and other assets	63,744	55,610	51,200
Investment securities	-	137	93
Short-term contract assets with customers	32,745	39,270	13,291
Trade and other receivables	652	786	832
Time deposits with credit institutions	32,993	37,107	2,805
Restricted cash	4,899	799	3,972
Cash at bank	22,670	10,016	22,546
Total current assets	**223,370**	**206,397**	**117,069**
Assets held for sale	1,196	7,250	-
Total assets	**379,764**	**367,201**	**480,915**
Equity			
Share capital	8,249	8,249	8,249
Share revenue*	279,145	278,336	274,486
Translation and other reserves	5,200	5,200	5,200
Accumulated loss	(262,814)	(265,209)	(217,911)

Total equity	**29,780**	**26,576**	**70,024**
Liabilities			
Non-current liabilities			
Loans received	2,281	23,891	73,151
Debt securities issued	-	-	93,684
Deferred revenue	61,439	60,546	133,554
Lease liabilities	840	943	1,469
Retention payable to general contractor	2,643	2,182	809
Other liabilities	-	-	5,388
Trade and other payables	-	2,268	-
Total non-current liabilities	**67,203**	**89,830**	**308,055**
Current liabilities			
Short-term portion of long-term loans received	67,765	28,005	39,288
Debt securities issued	97,921	95,591	1,954
Deferred revenue	54,104	69,630	21,781
Trade and other payables	37,011	26,983	21,540
Retention payable to general contractor	4,090	2,855	883
Lease liabilities	527	525	595
Accruals for employee compensation	591	3,064	3,568
Provision for onerous contracts	2,470	3,757	-
Advances received	-	3,074	-
Other liabilities	18,302	17,311	13,227
Total current liabilities	**282,781**	**250,795**	**102,836**
Total liabilities	**349,984**	**340,625**	**410,891**
Total equity and liabilities	**379,764**	**367,201**	**480,915**

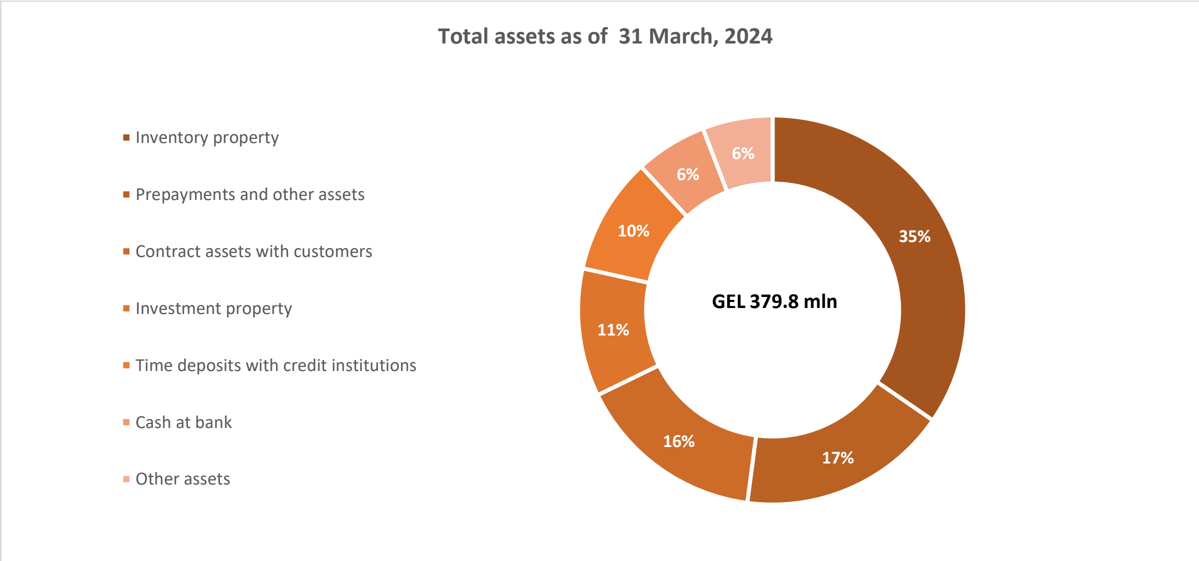
** The share revenue stated in the consolidated financial statements represents the surplus generated from the issuance of the company's shares, which exceeds their nominal value. According to the Law of Georgia "On Entrepreneurs," this surplus is categorized as "reserve capital." Its primary purposes include covering any losses incurred during the last fiscal year of the joint-stock company and facilitating the redemption of the company's shares, particularly when no other funds are available.*

Total assets

Total assets of the Company amounted to GEL 379,764 thousand as of 31 March 2024 - an increase of 3.4%, compared to 31 December 2023 (31/12/2023: GEL 367,201 thousand).

The change from December 31, 2023, was mainly caused by the increase in prepayments and other assets, cash at bank, and inventory property. The current and non-current portions of total assets constitute 59.1% and 40.9% as of March 2024 (31/12/2023: 58.2% and 41.8%)

During 2023, the company's total assets decreased by 23.7% and amounted to 367,201 thousand GEL (31/12/2022: 480,915 thousand GEL). The current and long-term portions of total assets constituted 58.2% and 41.8% as of December 2023 (31/12/2022: 24.3% and 75.7%)



Investment property

Investment property consists of buildings held for the purpose of earning rental income and land plots held for a currently undetermined future use or with a view of future redevelopment as investment property.

Investment property is property that is not used for sale in the ordinary course of business. The main purpose of their ownership is to obtain lease income, capital appreciation or future development, until the exact purpose of their exploitation is known.

Investment property is initially valued at cost. After initial recognition, the investment property is carried at fair value. Gains or losses arising from changes in fair value are recognized in profit or loss for the year in which they arise.

The company has fully insured the investment property it owns, including hotels. Insurance coverage includes compensation for damage caused by an explosion or fire, compensation for damage caused by any type of natural calamity or natural disaster, compensation for damage caused by collision/crash of land or air transport, damage caused intentionally by a third party, including theft or intrusion.

In 2022, total investment property decreased by 9.0% from 133,282 thousand GEL to 121,285 thousand GEL. The main reason for the decrease was 52,608 thousand GEL loss from revaluation of investment property (for additional information on revaluation, see the subsection "Operational Results"). In the same year, the group reclassified the Melikishvili hotel with a value of 43,197 GEL from investment property under construction to investment property.

During 2023, the balance of investment property decreased by 66.7%, from 121,285 thousand GEL to 40,356 thousand GEL. Throughout the year, the company successfully sold assets totaling 73,217 thousand GEL (mostly hotels and vacant lands). This divestment was in line with the Issuer's strategy to exit the business of managing hotel and commercial assets. Additionally, the Company recognized a loss of 7,387 thousand GEL from revaluation and disposals (for additional information on revaluation, see the subsection "Operational Results").

As of March 31, 2024, the total investment property remained almost unchanged compared to December 31, 2023, amounting to 40,445 thousand GEL (31/12/2023: 40,356 thousand GEL).

Investment property components	31 March 2024	31 December 2023	31 December 2022
Yielding assets	135	149	416
Hotels	30,999	30,918	90,515
Vacant land	9,123	9,100	30,273
Other investment property	189	189	81
Total investment property	**40,445**	**40,356**	**121,285**

Investment property under construction

Investment property under construction is the property that is under construction, and which has not yet been commissioned as an investment property.

Investment property under construction is measured at fair value, except in cases where it is not possible to reliably determine the fair value (for some properties at an early stage of construction). In such cases, it is measured at cost. Gains or losses arising from changes in fair value are recognized in profit or loss for the year in which they arise

As investment properties, the company has fully insured investment properties under construction and under identical terms to that of Investment Property.

In 2022, a hotel valued at 44,605 thousand GEL was transferred from investment property under construction to investment property. Additionally, the company recognized a loss of 21,638 thousand GEL from the revaluation and disposal of property. As a result, the total investment property under construction decreased by approximately 66.4% as of December 31, 2022, compared to the same period of the previous year.

As of December 31, 2023, the book value of investment property under construction was 6,812 thousand GEL, which is 81.3% less than the comparable period of the previous year. The 'Issuer' transferred a revenue-generating asset, including a hotel under construction with a book value of 4,976 thousand GEL and a land plot intended for hotel development, to assets held for sale following the signing of a mandatory sale agreement for this real estate. In May 2023, in accordance with the strategy of closing non-core business activities, the group fully divested its 100% in its subsidiary, LLC 'm2 Mtatsminda,' for a total cash consideration of 21,492 thousand GEL. The group recognized a loss of 839 thousand GEL as a result of the subsidiary's disposal.

Additionally, the company made capital expenditures of 3,515 thousand GEL on two hotels under construction owned by the company, Seti Svaneti in Mestia, to meet the investment obligation, and on the construction of the Kutaisi hotel.

As of 31 March 2024, the total value of investment property under construction remained practically unchanged, showing just 0.28% increase compared to results of 31 December 2023.

Components of investment property under construction	31 March 2024	31 December 2023	31 December 2022
Yielding assets under construction	-	-	1,351
Hotel	6,831	6,812	34,984
Total investment property under construction:	**6,831**	**6,812**	**36,335**

Appraisal and revaluation of investment property and investment property under construction

Because of the material decrease in investment property and properties under construction, as the company has divested most of its assets and plans to dispose the remaining properties, the management evaluates its investment portfolio independently.

Internal checks/estimates are based on several key metrics (among other factors), including discounted cash flow estimates prepared by management for all assets. Management's valuation process incorporates market research, prevailing market prices and its own market activities related to the disposal of investment properties.

Inventory property

Inventory property represents property owned for sale in the ordinary course of business, rather than for rent. It mainly consists of residential apartments that are developed by the Group and are intended for sale before or after construction is completed; it is recognized at the lower of cost and net realizable value. Cost includes:

- Cost of land; when land is reclassified from investment property, with its fair value as of reclassification date regarded as its cost;
- Amounts payable for the construction materials, including cost of subcontractors and direct labor costs;
- Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, insurance expenses, construction overheads, administrative overheads and other related costs.

Net realizable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, accounting for the time value of money (if material), less costs to completion and the estimated costs of sale.

As of May 31, 2024, the group has 11 fully completed residential complexes, including a total of 2,892 apartments. Additionally, in five ongoing projects, more than half of the buildings have been completed, totaling 23 buildings, which adds an additional 1,823 completed apartments. The five ongoing projects include a total of 5,320 apartments. The ongoing projects are - m^3 Saburtalo Phases I-V (2,445 apartments), m^2 at Nutsubidze II (411 apartments), m^2 at Mirtskhulava (1,472 apartments), m^2 at Chkondideli (817 apartments), and m^2 at Mtatsminda Park (175 apartments).

Inventory property is split between current inventory and non-current inventory. The current inventory portfolio consists of residential properties which are completed and are available for immediate sale.

Current and non-current inventory portfolio consists of following components:

Amounts in '000 GEL

Project:	**31-Mar-24**	**31-Dec-23**	**31-Dec-22**
m^3 Saburtalo Phase II	-	-	12,791
m^3 Saburtalo Phase III	-	-	50,032
m^3 Saburtalo Phase IV	22,247	20,220	2,858
m^3 Saburtalo Phase V	7,185	7,101	-
Mirtskhulava	19,824	20,047	29,575
Nutsubidze	-	-	12,065
Mtatsminda Park	16,481	14,776	-
Non-current inventory property	**65,737**	**62,144**	**107,321**

Project:	**31-Mar-24**	**31-Dec-23**	**31-Dec-22**
m^3 Saburtalo Phase II	11,630	9,304	-
m^3 Saburtalo Phase III	34,480	31,306	-
Chkondideli	11,301	13,201	16,704

Nutsubidze	6,955	7,562	-
New Hippodrome	-	-	4,752
Other	1,297	1,299	874
Current inventory property	**65,663**	**62,672**	**22,330**
Inventory property	**131,400**	**124,816**	**129,651**

Time deposits with financial institutions

As of 31 December 2022, the Company had time deposits worth of 49,989 thousand GEL (31/12/2021: 50,330) with financial institutions, which relate to mortgage loan purchases by customers which are accumulated on the limited access account and are released after a certain progress in the construction has been achieved, within the term between 1 and 3 years.

As of December 31, 2023, time deposits in credit institutions decreased by 18.9% compared to December 31, 2022, amounting to 40,559 thousand GEL, while as of March 31, 2024, it was 37,021 thousand GEL (of which, as of December 31, 2023, current time deposits in credit institutions amounted to 37,107 thousand GEL, and as of March 31, 2024, 32,993 thousand GEL).

Prepayments and other assets

- As of March 31, 2024, advances paid and other assets increased by 13.9% compared to December 31, 2023, due to an increase of 9,258 thousand GEL in advances paid for inventory property. The increase was driven by advances paid for within the framework of construction contracts.
- As of December 31, 2023, compared to the same period of the previous year, the 4.0% increase in advances was mainly related to the increase in prepaid VAT.
- In 2022, advances paid almost doubled compared to 2021, primarily due to the 93.9% increase in advances paid for inventory property and the 344.5% increase in prepaid VAT.

Breakdown of prepayments and other assets by year:

'000 GEL	31-Mar-2024	31-Dec-2023	31-Dec-2022
Prepayments and other assets	**66,390**	**58,300**	**56,042**
Prepayments and other assets, non-current	**2,646**	**2,690**	**4,842**
Intangible assets, net	2,646	2,690	2,932
Prepayments paid on investment property	-	-	1,910
Prepayments and other assets, current	**63,744**	**55,610**	**51,200**
Prepayments paid on inventory property	48,280	39,022	39,326
Prepaid VAT	13,089	14,223	10,703
Other current assets	2,375	2,365	1,171

Contract assets with customers

Receivables from sale of apartments in respect of the outstanding portion of the contract price are recognized at the moment when an apartment legal title is registered on a customer. Prior to that moment, any excess of the cumulative revenue recognized over the consideration received in advance is recognized as a contract asset. These contract assets are expected to be settled within 1 month to 3 years from the reporting date.

- As of March 31, 2024, contract assets related to agreements with clients decreased by 12.1% (8,242 thousand GEL) compared to December 31, 2023, of which the long-term portion decreased by 6.0% (1,717 thousand GEL), and the short-term portion decreased by 16.6% (6,525 thousand GEL).
- As of December 31, 2023, contract assets related to agreements with clients increased by 36.1% (18,007 thousand GEL) compared to the previous year, of which the long-term portion decreased by 21.8% (7,972 thousand GEL) and

the short-term portion increased by 195.5% (25,979 thousand GEL). Significant changes in contract assets during the period primarily result from new contracts for the installment sale of inventory property, along with cumulative revenues recognized exceeding cumulative payments received on existing contracts.

- As of December 31, 2022, contract assets related to agreements with clients increased by 64.2% (19,514 thousand GEL) compared to the previous year, of which the long-term portion increased by 36.9% (9,871 thousand GEL) and the short-term portion increased by 264.3% (9,643 thousand GEL)

'000 GEL	31-Mar-24	31-Dec-23	31-Dec-22
Long–term contract assets with customers	26,922	28,639	36,611
Short–term contract assets with customers	32,745	39,270	13,291
Contract assets with customers	**59,667**	**67,909**	**49,902**

Total equity

As of December 31, 2022, the Company's total equity increased by 84.2%, primarily related to the conversion of subordinated debt into equity by the parent company, JSC Georgia Capital, which aligns with the parent company's declared strategy of reducing debt obligations.

At the end of 2023, the company's total equity decreased by 62%, caused by a total accumulated loss of 47,298 thousand GEL of 2023. Due to the profit for the year of 2,395 thousand GEL generated in the first quarter of 2024 and an increase in Share revenue of 809 thousand GEL, total equity increased by 12.1% compared to December 31, 2023.

'000 GEL	31-Mar-2024	31-Dec-2023	31-Dec-2022
Share capital	8,249	8,249	8,249
Share revenue*	279,145	278,336	274,486
Revaluation and other reserves	5,200	5,200	5,200
Retained earnings (accumulated loss)	(262,814)	(265,209)	(217,911)
Total equity	**29,780**	**26,576**	**70,024**

**The share revenue stated in the consolidated financial statements represents the surplus generated from the issuance of the company's shares, which exceeds their nominal value. According to the Law of Georgia "On Entrepreneurs," this surplus is categorized as "reserve capital." Its primary purposes include covering any losses incurred during the last fiscal year of the joint-stock company and facilitating the redemption of the company's shares, particularly when no other funds are available.*

In accordance with the GRE's charter, the amount of capital is set at 10,000,000 (ten million) GEL. The capital is divided into 900,000,000 (nine hundred million) 'A' class shares and 100,000,000 (one hundred million) 'B' class shares. The nominal value of each 'A' class and 'B' class share is 0.01 GEL.

As of March 31, 2024, the share capital consists of 824,887,622 issued 'A' class shares and 21,958,370 'B' class shares. The volume of issued capital amounts to 8,468,460 GEL

- A’ class shares are ordinary shares that entitle their holders to one voting right per A-type share at the general meeting of shareholders.
- B’ class shares entitle their holders to the company's dividends and proceeds from liquidation, similar to A’ class shareholders. However, they do not grant voting rights at the annual shareholders' meeting.

GRE has the right to issue preferred (privileged) shares in accordance with the law. Such preferred shares ensure the receipt of a dividend at the prescribed rate, with the amount and method of receipt determined by the issue prospectus in accordance with existing legislation. Preferred shares do not carry voting rights at the general meeting.

	Class "A" Ordinary shares	***Class "B" shares***
31 December, 2022	824,887,622	21,958,370
31 December, 2023	824,887,622	21,958,370
31 March, 2024	824,887,622	21,958,370

Increase in class "A" shares over 2022 was attributable to additional issuance of authorised share capital either paid in cash or through debt-to-equity swap as described below.

In June 2022, the parent company converted its loans to the Group with carrying value of GEL 88,326 thousand in exchange for newly issued 57,434,210 class "A" shares of the Company. Accordingly, the Group's share capital increased by GEL 574 thousand and Share revenue increased by GEL 87,752 thousand.

In 2022, the Company increased its share capital through issuance of class "A" shares with aggregate par value of GEL 1,648 thousand in exchange of cash consideration of GEL 19,156 thousand. The additional compensation received beyond the par value of the shares issued, amounting to 17,508 thousand GEL, was recognised as Share revenue.

During last four audited years, the Company has incurred accumulated losses primarily due to decrease in the value of its investment property and investment property under construction (hotels and hotels under construction) associated with the hospitality business, as this business was severely impacted by the COVID-19 pandemic. Apart from this, the hotels were financed through loans, and given the prevailing situation, the hotels were unable to service the loans, consequently, the interest expenses adversely impacted the Company's financial results. In addition to the interest expense on the hotel's side, the interest costs from loans taken for development projects in the residential sector also had a substantial impact on the company's results, as pandemic negatively affected the development business too, contributing to increased losses overall. Additionally, in recent years, there has been an increasing trend in the construction cost index, leading to higher project costs, which subsequently affects overall profitability.

The company did not declare or pay dividends in 2022 and 2023. It should be noted that according to Article 181 of the Law on Entrepreneurs, which governs the rules for issuing dividends in joint-stock companies, the company was not permitted to declare dividends during these periods.

Total liabilities

As of 31 March 2024, the Company' total liabilities amount to GEL 349,984 thousand (31/12/2023: GEL 340,625 thousand). Current and long-term liabilities respectively constitute 80.8% and 19.2% of total liabilities as of 31 March 2024, respectively (31/12/2023: 76.3% and 26.4%). 48.0% of total liabilities account for loans received and proceeds from debt securities issued.

As of December 31, 2023, total liabilities amount to GEL 340,625 thousand, which decreased by 17.1% (GEL 70,266 thousand) during the year. The decrease is mainly due to the repayment of loans received from international institutions and local banks, including the repayment of loans for hospitality businesses, as the Company successfully completed the sale of two operating hotels under the Ramada brand, hotels under construction, and vacant land plots in 2023. The aggregated proceeds from the transactions were primarily used to repay loans taken from georgian banks. During the year, the Company repaid loans totaling GEL 112,496 thousand and additionally borrowed GEL 51,552 thousand. Furthermore, there has been a significant decrease in deferred revenue - a decrease of 16.2% (GEL 25,159 thousand). For information regarding this change, please refer to the 'Deferred Revenue' sub-section.

As of December 31, 2022, the Company's total liabilities decreased by 17.8% compared to December 31, 2021, from GEL 500,055 thousand to GEL 410,891 thousand. The primary reason for the decrease was the above-mentioned conversion of the subordinated loan into equity by the company's shareholder. The current and long-term portions of total liabilities are 25.0% and 75.0%, respectively (31/12/2021: 41.0% and 59.0%).

The breakdown of total liabilities as of 31 March 2024 is presented below:

Loans received and debt securities issued

Loans received by periods:

	Currency	*Maturity*	31-Mar-2024	31-Dec-2023	31-Dec-2022
Loans from local commercial banks	EUR	Jun 2021-Jun 2033	20,410	22,560	47,463
Loans from local commercial banks	USD	Jan 2022-Nov 2032	49,635	29,336	25,083
Loans from local commercial banks	GEL	Mar 2023-Dec 2023	-	-	17,583
Loans from international financial institutions	USD	Jan 2024	-	-	19,546
Loans from parent company	USD	Jan 2023-Nov 2032	-	-	2,764
Loans received, total			**70,046**	**51,896**	**112,439**
Current portion			44,178	28,005	39,288
Non-current portion			25,867	23,891	73,151

During 2022, the funds borrowed by the company from local commercial banks decreased by 24.0%, and the Issuer raised $10 million from international financial institutions, which had a book value of GEL 19,546 thousand as of December 31, 2022. The funds were intended to finance the construction costs of residential buildings in Mirtskhulava and Chkondideli projects. In 2022, the borrowed funds amounting to GEL 88,326 thousand from the parent company were converted into the group's capital through the operation of converting debt obligations into equity instruments.

As of December 31, 2023, loans received decreased by 53.8% compared to the previous year - the loans received from international financial institutions were fully repaid, while funds borrowed from local commercial banks decreased by 42.4% compared to the same period in the previous year.

As of March 31, 2024, compared to December 31, 2023, loans received had increased by 35%, which the company obtained to finance ongoing projects, specifically to cover the construction costs of residential buildings for the 2nd and 3rd phases of m3 Saburtalo.

Debt securities issued by periods:

	31-Mar-2024	31-Dec-2023	31-Dec-2022
USD denominated 2022-year bonds	97,921	95,591	95,638
Debt securities issued, total	**97,921**	**95,591**	**95,638**
Short-term portion	97,921	95,591	1,954
Long-term portion	-	-	93,684

In October 2022, the Company issued 2-year local bonds (ISIN: GE2700604178) amounting to USD 35,000,000, which are registered on the Georgian Stock Exchange. The company used the proceeds to cover 3-year local bonds with a total book value of USD 35,000,000.

The bonds mature in October 2024, hence they are classified as short-term in the company's financial statements for the full year of 2023 and the first quarter of 2024.

Deferred revenue

Deferred revenue of the Group consists of advances received from customers, net of VAT, for purchase of residential property, parking lots and commercial spaces. Significant changes in deferred revenue during the period are mostly attributable to recognition of contract liabilities in relation to advance payments received under contracts to sell inventory properties, as offset by recycling to revenue from sales of inventory properties in the consolidated statement of comprehensive income following satisfaction of performance obligation over time.

As of March 31, 2024, deferred revenue decreased by 11.2% (GEL 14,633 thousand) since the beginning of the year. This reduction primarily stems from the short-term portion related to the m3 Saburtalo Phase II and Chkondideli projects, resulting in an overall decrease in liabilities by GEL 23,667 thousand.

- As of March 31, 2024, deferred revenue decreased by 11.2% (GEL 14,633 thousand) since the beginning of the year. This reduction primarily stems from the short-term portion related to the m3 Saburtalo Phase II and Chkondideli projects, resulting in an overall decrease in liabilities by GEL 23,667 thousand.
- As of December 31, 2023, compared to the previous year, deferred revenue decreased by 16.2% (GEL 25,159 thousand), with the long-term portion decreasing by 54.7% (GEL 73,008 thousand) and the short-term portion increasing by 219.7% (GEL 47,849 thousand). During 2023, part of the long-term liability of 'm3 Saburtalo Phase II' was covered, while another part was transferred to short-term liabilities, resulting in a total reduction of liabilities by GEL 17,039 thousand.
- As of December 31, 2022, compared to the previous year, deferred revenue increased by 9.3% (GEL 13,270 thousand), with the long-term portion increasing by 3.2% (GEL 4,119 thousand) and the short-term portion by 72.5% (9,151 thousand GEL). Most of this increase is attributed to the GEL 21,781 thousand increase in deferred revenue related to the Chkondideli project.

Amounts in '000 GEL	**31-Mar-24**	**31-Dec-23**	**31-Dec-22**
m3 Saburtalo Phase II	-	-	45,856
m3 Saburtalo Phase III	-	-	11,776
m3 Saburtalo Phase IV	11,029	8,917	-
m3 Saburtalo Phase V	2,535	-	-
Mirtskhulava and Nutsubidze	37,951	43,101	75,922
Mtatsminda Park	9,490	8,528	-
Non-current deferred revenue	**61,005**	**60,546**	**133,554**
m3 Saburtalo Phase I	-	-	-
m3 Saburtalo Phase II	11,155	28,817	-
m3 Saburtalo Phase III	16,847	10,096	-
Nutsubidze	19,447	17,623	-
Chkondideli	7,089	13,094	21,781
Current deferred revenue	**54,538**	**69,630**	**21,781**
Deferred revenue, Total	**115,543**	**130,176**	**155,335**

Other liabilities

Other liabilities include non-income tax payables, accruals for audit fees, retention payable to general contractors, and other liabilities.

- As of December 31, 2022, compared to the previous year, other liabilities increased by GEL 5,759 thousand, primarily due to an increase in non-income tax payables (GEL 4,185 thousand).
- As of December 31, 2023, compared to the previous year, there is a decrease of GEL 1,304 thousand, primarily due to the reduction of retention payable to general contractors and other liabilities.
- As of March 31, 2024, the increase of GEL 991 thousand from the beginning of the year is also attributed to the GEL 1,757 thousand increase in retention payable to general contractors.

Amounts in '000 GEL	31-Mar-24	31-Dec-23	31-Dec-22
Non-income tax payable	16,310	16,958	16,454
Audit fee accrual	235	235	413
Retention payable to general contractor	1,757	-	802
Other	-	118	946
Other liabilities, Total	**18,302**	**17,311**	**18,615**
Non-current portion	-	-	5,388
Current portion	18,302	17,311	13,227

Risk management

In the course of its ordinary activities the Group is exposed to **currency**, **interest rate**, **credit**, **liquidity** risks. The Group's senior management oversees the management of these risks.

1. Credit risk:

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

As of 31 December 2023, and 2022, the Group has no other significant financial assets subject to credit risk except for:

As of 31 December 2023, GEL 9,982 thousand (2022: GEL 22,525 thousand) was kept with local commercial banks having ratings of "Ba2/Ba3" (LC) from Moody's and "BB/B+" from Fitch Ratings. The remaining GEL 34 thousand (2022: GEL 21 thousand) was kept with local commercial bank with no available credit ratings. Respective bank accounts do not bear any interest except current accounts on which annual interest 1.00% was accrued on USD accounts during 2023 and 2022. The Group's cash at the bank is immediately available upon demand. Time deposits and restricted cash with credit institutions of GEL 40,959 thousand (2022: GEL 53,540 thousand) were kept with local commercial banks having a rating of "Ba2/Ba3" (LC) from Moody's and "BB/B+" from Fitch Ratings. The remaining GEL 399 thousand (2022: GEL 521 thousand) was kept with a local commercial bank with no available credit ratings. No significant increase in credit risk occurred on the Group's cash and other placements with banks.

Trade and other receivables, contract assets and loans issued do not have internal credit grading. The Group can repossess the properties sold in case the customer defaults on its payment obligations in relation to contract assets related to sales of inventory properties. Other receivables and loans issued are not collateralized. As of 31 December 2022, allowance for expected credit losses included to trade and other receivables from contracts with customers amounted to GEL 189 thousand and to rent receivables amounted to GEL 2,522 thousand. In 2023, the Group wrote-off its rent receivables in amount of GEL 2,522 thousand against accumulated expected credit losses in connection with disposal of the underlying investment property.

2. Liquidity risk:

Liquidity risk is the risk that the Group will be unable to meet its payment obligations when they fall due under normal and stressful circumstances. The Group's liquidity risk is analyzed and managed by the Group's management. The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted repayment obligations:

31-Dec-2023	*Less than 3 months*	*3 to 12 months*	*1 to 5 years*	*Over 5 years*	*Total*
Loans received	3,512	27,021	19,124	14,814	**64,471**
Debt securities issued	-	102,086	-	-	**102,086**
Lease liabilities	131	395	1,145	-	**1,671**
Trade and other payables	24,477	2,689	2,689	-	**29,855**
Retention payable to general contractor	-	2,855	2,182	-	**5,037**
Other liabilities	17,311	-	-	-	**17,311**
Total	**45,431**	**135,046**	**25,140**	**14,814**	**220,431**

31-Dec-2022	*Less than 3 months*	*3 to 12 months*	*1 to 5 years*	*Over 5 years*	*Total*
Loans received	26,714	30,263	57,476	38,905	**153,358**
Debt securities issued	-	7,994	102,564	-	**110,558**
Lease liabilities	156	441	1,792	-	**2,389**
Trade and other payables	21,540	-	-	-	**21,540**
Retention payable to general contractor	883	-	809	-	**1,692**
Other liabilities	13,227	-	5,388	-	**18,615**
Total	**62,520**	**38,698**	**168,029**	**38,905**	**308,152**

In managing liquidity risk, the management of the Group considers the Group will be able to settle the liabilities falling due by applying cash proceeds from operations and disposal of investment properties, refinancing and rolling-over of maturing facilities and, if appropriate, renegotiation of financial covenants and obtaining funding from the Parent. The Group has available GEL 51,024 thousand undrawn loan facilities to meet its liquidity needs as of 31 December 2023 (2022: GEL 72,954 thousand).

3. Currency risk:

In respect of currency risk, management sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily. The table below summarizes the Group's exposure to foreign currency exchange rate risk at the end of the reporting period:

	31-Dec-2023			**31-Dec-2022**		
	Monetary Financial Assets	**Monetary Financial Liabilities**	**Net balance sheet position**	**Monetary Financial Assets**	**Monetary Financial Liabilities**	**Net balance sheet position**
US Dollars	14,555	(142,672)	**(128,117)**	40,719	(154,038)	**(113,319)**
Euros	2,030	(22,604)	**(20,574)**	3,671	(47,479)	**(43,808)**
Total	**16,585**	**(165,276)**	**(148,691)**	**44,390**	**(201,517)**	**(157,127)**

The above analysis includes only monetary assets and liabilities. Investments in non-monetary assets are not considered to give rise to any material currency risk.

The following table presents sensitivities of profit and loss and equity to reasonably possible changes in exchange rates applied at the end of the reporting period relative GEL, with all other variables held constant:

	31-Dec-2023	31-Dec-2022
	Impact on profit (loss)	**Impact on profit (loss)**
USD strengthening by 20%	(25,623)	(22,664)
USD weakening by 20%	25,623	22,664
EUR strengthening by 20%	(4,106)	(8,762)
EUR weakening by 20%	4,106	8,762

4. Interest rate risk:

As of 31 December 2023, the Group has floating rate borrowings linked to Euribor, SOFR and LIBOR totaling to GEL 32,953 thousand (2022: GEL 87,432 thousand). Increase in Euribor, SOFR and LIBOR by 3.16%, 3.82% and 3.97%, respectively, would result in GEL 1,190 thousand (2022: 1.36%, 2.23% and 2.45%, GEL 2,171 thousand) increase in finance expense recognized in consolidated profit or loss, with equal opposite movement resulting in equal decrease in finance expense.

Consolidated Statement of Changes in Equity (as of 31 March 2024):

	Share Capital	Share revenue*	Translation and Other Reserves	Retained Earnings	Total Equity
As of 31 December, 2021	**6,027**	**167,228**	**5,200**	**(140,444)**	**38,011**
Loss for the year	-	-	-	(77,467)	**(77,467)**
Total comprehensive loss for the year	**-**	**-**	**-**	**(77,467)**	**(77,467)**
Increase in charter capital	1,648	17,508	-	-	**19,156**
Debt to equity swap	574	87,752	-	-	**88,326**
Share based payments	-	1,998	-	-	**1,998**
As of 31 December, 2022	**8,249**	**274,486**	**5,200**	**(217,911)**	**70,024**
Loss for the year	-	-	-	(47,298)	**(47,298)**
Total comprehensive loss for the year	**-**	**-**	**-**	**(47,298)**	**(47,298)**
Share based payments	-	3,850	-	-	3,850
As of 31 December, 2023	**8,249**	**278,336**	**5,200**	**(265,209)**	**26,576**
Profit for the year	-	-	-	2,395	2,395
Total comprehensive profit for the year	**-**	**-**	**-**	**2,395**	**2,395**
Share based payments	-	809	-	-	809
As of 31 March, 2024	**8,249**	**279,145**	**5,200**	**(262,814)**	**29,780**

** The share revenue stated in the consolidated financial statements represents the surplus generated from the issuance of the company's shares, which exceeds their nominal value. According to the Law of Georgia "On Entrepreneurs," this surplus is categorized as "reserve capital." Its primary purposes include covering any losses incurred during the last fiscal year of the joint-stock company and facilitating the redemption of the company's shares, particularly when no other funds are available.*

Capitalization and Indebtedness

From 2012 to 2023 Georgia Real Estate has raised a total of $215 million financing in the form of bonds and IFI loans.

The company also has a long-standing relationship with international financial institutions and was the first to attract IFI financing for housing development in Georgia. Georgia Real Estate was ADB's first partner for a private sector housing development project in the Caucasus and Central Asia regions and raised $10 million for affordable housing projects.

"Georgia Real Estate" has raised the following loan financing:

- US$ 10 million from FMO in 2012 for residential project development with the maturity in 2017.
- US$ 5 million from IFC in 2014 for residential project development with the maturity in 2016.
- US$ 23 million from IFC and GGF in 2016 for residential project development with the maturity in 2019.
- US$ 7 million from IFC in October 2017 for hospitality business development with the maturity in 2026.
- US$ 10 million from ADB in January 2022 for Mirtskhulava and Chkondideli projects with a component focusing on energy efficiency and accessibility.

All of the above-mentioned loans were covered by the company in advance.

As for bonds, the Georgia Real Estate group raised $160 million through 7 public corporate bonds denominated in US dollars between 2014 and 2022, the largest of which were $35-35 million raised in both 2019 and 2022. All of these bonds were fully and successfully placed within the minimum time and expected coupon range.

The Company has issued:

- $5 million bond on April 4, 2014 (ISIN GE2700503214);
- $10 million bond on June 6, 2014 (ISIN GE2700503222);
- $20 million bond on March 30, 2015 (ISIN GE2700603295);
- $25 million bond on October 10, 2016 (ISIN GE2700603436);
- $30 million bond on December 30, 2018 (ISIN GE2700603733);
- $35 million bond on October 7, 2019 (ISIN GE2700603865);
- $35 million bond on October 6, 2022 (ISIN GE2700604178); - *The specified bond is covered by issuing the bonds mentioned in the prospectus.*

The structure of capitalization and indebtedness according to the relevant periods is presented in the table below:

('000 GEL)	**31-May-2024**	**31-Mar-2024**	**31-Dec-2023**	**31-Dec-2022**
	Unaudited	Audited	Audited	Audited
Liabilities				
Loans received	64,693	70,046	51,896	112,439
Debt securities issued	98,930	97,921	95,591	95,638
Total interest-bearing liabilities	**163,623**	**167,967**	**147,487**	**208,077**
Equity:				
Charter capital	8,249	8,249	8,249	8,249
Share revenue*	279,685	279,145	278,336	274,486
Revaluation and other reserves	5,200	5,200	5,200	5,200
Accumulated loss	(259,843)	(262,814)	(265,209)	(217,911)
Total equity	**33,291**	**29,780**	**26,576**	**70,024**
Total capitalization	**196,914**	**197,747**	**174,063**	**278,101**

** The share revenue stated in the consolidated financial statements represents the surplus generated from the issuance of the company's shares, which exceeds their nominal value. According to the Law of Georgia "On Entrepreneurs," this surplus is categorized as "reserve capital." Its primary purposes include covering any losses incurred during the last fiscal year of the joint-stock company and facilitating the redemption of the company's shares, particularly when no other funds are available.*

As of December 31, 2022, the company's interest-bearing liabilities have decreased by 34.1%, primarily due to the conversion of subordinated loans into equity in accordance with the company's strategy to reduce shareholder debt.

As of December 31, 2023, interest-bearing liabilities decreased to GEL 147,487 thousand, marking a 29.1% decrease during the year (31/12/2022: GEL 208,077 thousand), mainly due to the sale of hotels and repayment of related loans. Additionally, in 2023, the loan raised from ADB was repaid ahead of schedule.

As of March 31, 2024, interest-bearing liabilities increased by 13.9% compared to December 31, 2023, as during this period the company borrowed funds to finance the construction of residential buildings in ongoing projects.

From March 31 to May 31, 2024, interest-bearing liabilities decreased by 2.6%.

From December 31, 2021, to the same period in 2023, the company's total capital decreased by 30.1%. This reduction was primarily due to the decrease in retained earnings resulting from net losses incurred in 2022 and 2023, amounting to GEL 77,467 thousand and GEL 47,298 thousand, respectively. However, this decrease in accumulated losses was partially offset by an increase in the company's additional contributed capital, which amounted to GEL 107,258 thousand in 2022.

As of March 31, 2024, the 12.06% increase in capital compared to December 31, 2023, is attributable to a generated profit of GEL 2,395 thousand during the period and an additional contributed capital increase of GEL 809 thousand.

As of December 31, 2022 and 2023, March 31, 2024 and May 31, 2024, the company's debt obligations in thousands of GEL are as follows:

31-May-2024

Lender	Currency	Remaining Maturity	Principal *	Accrued interest *	Nominal interest	Collateral
Debt Securities Issued	USD	0-3 Year	97,888	1,042	8.50%	No
JSC Liberty Bank	USD	0-3 Year	2,402	15	10.00%	Completed apartments/commercial spaces
JSC Liberty Bank	USD	0-3 Year	2,797	(41)	10.00%	Completed apartments/commercial spaces
JSC TBC Bank	USD	0-3 Year	7,453	8	10.50%	Land plot in m3 Saburtalo, Block XIII - 01.10.10.025.116; M2 Park LLC as a guarantor; Completed apartments/commercial in Mirtskhulva/Chkondideli projects (75 items)
JSC TBC Bank	USD	0-3 Year	8,641	(29)	10.50%	Land plot in m3 Saburtalo, Block XI-XII - 01.10.10.025.115; M2 Park LLC as a guarantor; Completed apartments/commercial in m3 Saburtalo, Block 9 (11 items)
JSC TBC Bank	USD	3+ Year	6,992	29	10.86%	Land plots in m3 Saburtalo Phase II; VI; Gudauri Lodge LLC as a guarnator / m2 HQ office
JSC TBC Bank	USD	0-3 Year	4,356	41	10.50%	Land plot in m3 Saburtalo, Block XI-XII - 01.10.10.025.115; M2 Park LLC as a guarantor; Completed apartments/commercial in m3 Saburtalo, Block 7 (13 items)
JSC TBC Bank	USD	0-3 Year	11,187	61	9.50%	Land plot in m3 Saburtalo, Block VIII - 01.10.10.025.093 and particual apartments/commecials/parkings
JSC TBC Bank	EUR	3+ Year	16,989	1,262	10.35%	Gudauri Lodge Hotel
JSC TBC Bank	EUR	3+ Year	2,337	193	10.35%	Gudauri Lodge Hotel

Total interest-bearing liabilities:			**161,042**	**2,581**		

As of May 31, 2024 US$ $11 mln hotel assets were pledged as collateral.

				31-Mar-2024		
Lender	**Currency**	**Remaining Maturity**	**Principal ***	**Accrued interest ***	**Nominal interest**	**Collateral**
Debt Securities Issued	USD	0-3 Year	94,336	3,586	8.50%	No
JSC Liberty Bank	USD	0-3 Year	4,475	(56)	10.77%	Land plot in m3 Saburtalo, Block VIII - 01.10.10.025.093
JSC Basis Bank	USD	0-3 Year	5,391	(210)	11.39%	Land plot in m3 Saburtalo, Block X - 01.10.10.025.091
JSC TBC Bank	USD	0-3 Year	8,007	(18)	10.50%	Land plot in m3 Saburtalo, Block XIII - 01.10.10.025.116; M2 Park LLC as a guarantor; Completed apartments/commercial in Mirtskhulva/Chkondideli projects (75 items)
JSC TBC Bank	USD	0-3 Year	9,434	(51)	10.50%	Land plot in m3 Saburtalo, Block XI-XII - 01.10.10.025.115; M2 Park LLC as a guarantor; Completed apartments/commercial in m3 Saburtalo, Block 9 (11 items)
JSC TBC Bank	USD	3+ Year	6,738	14	10.86%	Land plots in m3 Saburtalo Phase II; VI; Gudauri Lodge LLC as a guarnator / m2 HQ office
JSC TBC Bank	USD	0-3 Year	5,081	23	10.50%	Land plot in m3 Saburtalo, Block XI-XII - 01.10.10.025.115; M2 Park LLC as a guarantor; Completed apartments/commercial in m3 Saburtalo, Block 7 (13 items)
JSC TBC Bank	USD	0-3 Year	10,781	28	9.50%	Land plot in m3 Saburtalo, Block VIII - 01.10.10.025.093 and particual apartments/commecials/parkings
JSC TBC Bank	EUR	3+ Year	16,679	1,245	10.59%	Gudauri Lodge Hotel
JSC TBC Bank	EUR	3+ Year	2,296	195	8.35%	Gudauri Lodge Hotel
Total interest-bearing liabilities:			**163,216**	**4,750**		

As of March 31, 2024 US$ $11.5 mln hotel assets were pledged as collateral.

				2023		
Lender	**Currency**	**Remaining Maturity**	**Principal ***	**Accrued interest ***	**Nominal interest**	**Collateral**
Debt Securities Issued	USD	0-3 Year	94,129	1,462	8.5%	No
JSC Liberty Bank	USD	0-3 Year	5,414	(91)	10.5%	Land plot in m3 Saburtalo, Block VIII - 01.10.10.025.093
JSC Basis Bank	USD	0-3 Year	5,379	(306)	10.7%	Land plot in m3 Saburtalo, Block X - 01.10.10.025.091
JSC TBC Bank	USD	0-3 Year	9,635	(20)	10.5%	Land plot in m3 Saburtalo, Block XIII - 01.10.10.025.116; M2 Park LLC as a guarantor; Completed apartments/commercial in Mirtskhulva/Chkondideli projects (75 items)
JSC TBC Bank	USD	0-3 Year	9,413	(87)	10.5%	Land plot in m3 Saburtalo, Block XI-XII - 01.10.10.025.115; M2 Park LLC as a guarantor; Completed apartments/commercial in m3 Saburtalo, Block 9 (11 items)
JSC TBC Bank	EUR	3+ Year	18,174	1,631	10.6%	Gudauri Lodge Hotel

JSC TBC Bank	EUR	3+ Year	2,506	248	8.4%	Gudauri Lodge Hotel
Total interest-bearing liabilities:			**144,650**	**2,837**		

As of December 31, 2023 US$ $11.5 mln hotel assets were pledged as collateral.

			2022			
Lender	**Currency**	**Remaining Maturity**	**Principal ***	**Accrued interest ***	**Nominal interest**	**Collateral**
Debt Securities Issued	USD	0-3 Year	94,570	1,068	7.5%	No
JSC TBC Bank	USD	0-3 Year	8,106	5	9.5%	m3 Saburtalo Phase IV-V-VI land plot
Asian Development Bank	USD	0-3 Year	19,136	411	5.8%	LLC Optima 100% shares, LLC Optima future sales
JSC Georgia Capital	USD	0-3 Year	2,702	63	10.0%	No
JSC TBC Bank	GEL	0-3 Year	6,652	3	14.0%	Land plot in m3 Saburtalo, Phase II
JSC Cartu Bank	USD	0-3 Year	1,351	0	9.5%	Land plot in m3 Saburtalo, Block VII - 01.10.10.025.094
JSC TBC Bank	EUR	3+ Year	19,037	2,265	6.5%	Gudauri Lodge Hotel
JSC TBC Bank	EUR	3+ Year	2,631	239	8.4%	Gudauri Lodge Hotel
JSC Bank of Georgia and Isbank	EUR	3+ Year	17,211	366	7.6%	Ramada Encore Kazbegi
JSC TBC Bank	EUR	0-3 Year	721	3	5.8%	Kutaisi Hotel
JSC TBC Bank	GEL	0-3 Year	10,924	4	14.0%	Mtatsminda Hotel
JSC Liberty Bank, JSC Cartu Bank	USD	3+ Year	7,514	(162)	9.0%	Ramada Melikishvili
JSC Liberty Bank, JSC Cartu Bank	EUR	3+ Year	3,292	247	9.0%	Ramada Melikishvili
JSC Liberty Bank, JSC Cartu Bank	EUR	0-3 Year	1,469	(0)	3.8%	Ramada Melikishvili
JSC Liberty Bank, JSC Cartu Bank	USD	0-3 Year	1,816	0	4.5%	Ramada Melikishvili
JSC Liberty Bank, JSC Cartu Bank	USD	3+ Year	5,404	2	9.5%	Ramada Melikishvili
JSC Liberty Bank, JSC Cartu Bank	USD	3+ Year	1,027	1	9.0%	Ramada Melikishvili
Total interest-bearing liabilities:			**203,563**	**4,514**		

As of December 31, 2022 US$ $44.25 mln hotel assets were pledged as collateral.

The Company's loans by currencies and repayment types are presented below[3]:

31-May-24

Currency/Repayment Type	**Partially Amortized** (thousand GEL)	**Amortized** (thousand GEL)	**Total** (thousand GEL)
Euro	-	29,358	**29,358**
US Dollar	102,060	47,041	**149,100**
Total	**102,060**	**76,399**	**178,458**

[3] Contractual (nominal) balances are presented in contrast to book values, which are presented at amortized cost in the capitalization and indebtedness table above.

31-March-24			
Currency/Repayment Type	**Partially Amortized** (thousand GEL)	**Amortized** (thousand GEL)	**Total** (thousand GEL)
Euro	-	28,921	**28,921**
US Dollar	102,310	53,982	**156,292**
Total	**102,310**	**82,903**	**185,213**

31-Dec-23			
Currency/Repayment Type	**Partially Amortized** (thousand GEL)	**Amortized** (thousand GEL)	**Total** (thousand GEL)
Euro	-	32,134	**32,134**
US Dollar	102,086	32,234	**134,320**
Total	**102,086**	**64,368**	**166,454**

31-Dec-22			
Currency/Repayment Type	**Partially Amortized** (thousand GEL)	**Amortized** (thousand GEL)	**Total** (thousand GEL)
Euro	1,475	59,020	**60,494**
US Dollar	115,109	52,607	**167,716**
GEL	11,297	7,148	**18,445**
Total	**127,880**	**118,775**	**246,655**

Partially amortized: means principal and interest amounts are paid at such regularity that main portion of principal amount is paid at maturity;
Amortized: means principal and interest amounts are paid according to monthly annuity principle.

The Company's loans by currencies and maturities (years) are presented below:

31-May-24			
Currency/Maturity	**0-1**	**1-3**	**3+**
Euro	3,651	6,944	18,764
US Dollar	141,182	7,918	-
Total	**144,833**	**14,862**	**18,764**

31-Mar-24			
Currency/Maturity	**0-1**	**1-3**	**3+**
Euro	3,520	6,698	18,703
US Dollar	148,539	7,753	-
Total	**152,059**	**14,452**	**18,703**

31-Dec-23			
Currency/Maturity	**0-1**	**1-3**	**3+**

Euro	3,717	7,063	21,354
US Dollar	128,902	5,418	-
Total	**132,619**	**12,482**	**21,354**

31-Dec-22

Currency/Maturity	**0-1**	**1-3**	**3+**
Euro	10,299	15,911	34,283
US Dollar	34,538	117,860	15,318
GEL	18,445	-	-
Total	**63,282**	**133,772**	**49,601**

Weighted average interest rates on financial liabilities by currencies are presented below:

	31-5-24	**31-3-24**	**31-12-23**	**31-12-22**
US Dollar	9.0%	9.2%	9.0%	7.57%
Euro	10.4%	10.3%	10.3%	7.12%

Financial and non-financial covenants

The company has covenants on the loans for the Gudauri hotel. The main financial covenant for the hotel loan is the Debt Service Coverage Ratio (DSCR), which has been breached considering the lingering effects of the pandemic and the Russia-Ukraine war. Compliance with the covenants is calculated based on the hotel's performance that could be achieved in a fully recovered market environment, excluding the impact of external factors/shocks resulting from the pandemic and the war. In the current situation, the hotel is experiencing operational disruptions and is unable to generate sufficient revenue to avoid breaching the covenant. At the end of each year, the company receives confirmation from the banks stating that they will not demand loan repayment despite the covenant breaches. Recalculations of covenants rely on managerial reports, and the reporting of these covenants is provided upon the bank's request.

Company	**Borrower**	**Covenant**	**31-Dec-2023**	**31-Mar-2024**	**Limits**	**In Compliance (Yes/No)**
LLC m2 Gudauri	TBC Bank	Debt Service Coverage Ratio	0.5	0.3	> 1.3	No

Debt Service Coverage Ratio (DSCR) **-** The financial ratio is derived from the hotel's Net Operating Income (NOI) divided by debt obligations. NOI is derived from total revenue generated by hotel operations, including room rentals, food and beverage sales, and other services, minus all operational expenses related to hotel management. Debt obligations include all payments required to cover interest and principal obligations over a specified period.

Additionally, the company has non-financial operational covenants related to loans taken to finance the construction of ongoing projects. These covenants specify minimum sale prices for apartments, commercial spaces, and parking lots, none of which have been breached under any loan and the average sale prices significantly exceed the established minimum prices.

The company had financial covenants on a $10 million loan from ADB, applicable to both the borrowing company (LLC Optima) and the guarantors (JSC Georgian Real Estate, LLC m2 Group). As seen from the table, the company complied with the covenants for all three companies as of December 2022. The company prepaid this loan in April 2023.

Covenant compliance was assessed quarterly using managerial reports and annually with audited reports. The issuer was obligated to adhere to these covenants continuously.

Company	Borrower	Covenant	Limits	31-De-2022	In compliance (Yes/No)
JSC Georgia Real estate	ADB	Liabilities / Tangible Net Worth - not more than 8x	< 8	6.50	Yes
JSC Georgia Real estate	ADB	Tangible Net Worth of not less than USD 20,000,000	> 20,000,000	23,382,679	Yes
JSC Georgia Real estate	ADB	Financial Debt: Tangible Assets - not more than 65%	< 65%	45.1%	Yes
M2 Group LTD	ADB	Liabilities / Tangible Net Worth - not more than 9x	< 9	3.67	Yes
M2 Group LTD	ADB	Tangible Net Worth of not less than USD 7,000,000	> 7,000,000	24,023,007	Yes
M2 Group LTD	ADB	Financial Debt: Tangible Assets - not more than 40%	< 40%	11.1%	Yes
Optima LTD	ADB	12-month historical EBITDA / 12-month historical Interest Payable on Borrowings	> 4	4.97	Yes
Optima LTD	ADB	Quartertly historical CF available for DS / Quartertly historical scheduled DS	> 1.5	2.51	Yes
Optima LTD	ADB	Current Assets / Current Liabilites	> 1.1	1.22	Yes

The Liabilities / Tangible Net Worth ratio shows the proportion of current and long-term liabilities to tangible net worth. Tangible net worth is the company's total equity excluding intangible assets, which for the company is the right of use asset. In 2022, JSC Georgian Real Estate met ADB's covenant with total liabilities to tangible net worth ratio of 6.5. Similarly, LLC m2 Group also attained a ratio of 3.67, meeting the covenant requirements established by ADB.

Tangible Net Worth refers to the calculation of the company's value by excluding any value derived from intangible assets, such as the right of use asset for the company. In 2022, JSC Georgian Real Estate met ADB's covenant regarding tangible net worth, which amounted to $23.4 million. LLC m2 Group also achieved a tangible net worth of $24 million, meeting the covenant requirements established by ADB.

Financial Debt: Tangible Assets ratio shows the percentage of financial liabilities compared to tangible assets. Financial liabilities include loans received, issued debt securities, lease liabilities, retention payable to general contractor, and other obligations. Tangible assets encompass all long-term and short-term assets except the right of use asset, which is classified as an intangible asset. In 2022, JSC Georgian Real Estate met ADB's covenant with financial debt to tangible assets ratio of 45.1%. Similarly, LLC m2 Group achieved a ratio of 11.1%, which also satisfied the covenant stipulations set by ADB.

12-month historical EBITDA / 12-month historical Interest Payable on Borrowings ratio is calculated by dividing the company's operational income (earning before deducting interest on debt, taxes, depreciation, and amortization) by the interest payable. In 2022, LLC Optima met ADB's covenant, and this ratio amounted to 4.97."

Quarterly historical CF available for DS / quarterly historical scheduled DS ratio shows the proportion of cash available for debt service to the scheduled debt obligations. In 2022, LLC Optima met ADB's covenant, and this ratio amounted to 2.51.

Current assets / Current liabilities ratio is calculated by dividing current assets to current liabilities. In 2022, LLC Optima met ADB's covenant, and this ratio amounted to 1.22.

Operational results

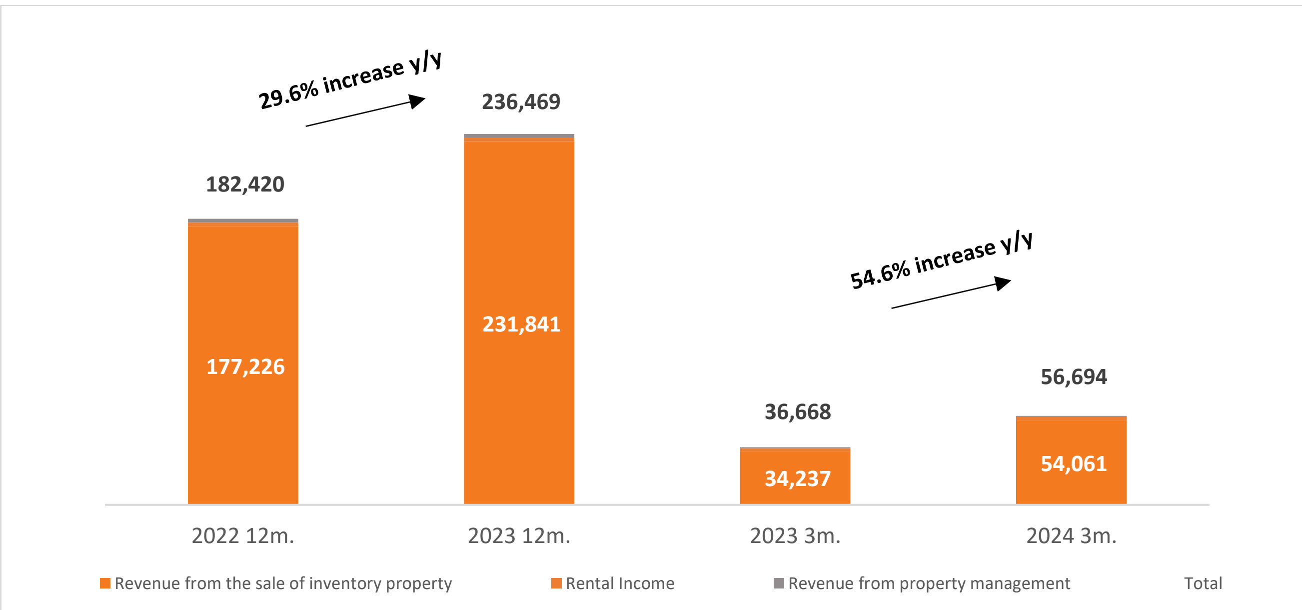
The Company generates Revenue from three primary sources: sale of inventory property, rental, and property management.

Consolidated statement of profit and loss (000' GEL)	**2024 IQ Unaudited**	**2023 IQ Unaudited**	**2023 Audited**	**2022 Audited**
Sales of inventory property	54,061	34,237	231,841	177,226
Cost of sales – inventory property	(42,332)	(49,081)	(219,018)	(156,976)
Gross profit on sale of inventory property	**11,729**	**(14,844)**	**12,823**	**20,250**
Rental income	2,044	1,836	2,414	2,958
Property operating expense	(88)	(184)	(689)	(959)
Gross profit from rental activities	**1,956**	**1,652**	**1,725**	**1,999**
Revenue from property management	589	595	2,214	2,236
Cost of property management	(672)	(629)	(2,566)	(2,817)
Gross loss from property management	**(83)**	**(34)**	**(352)**	**(581)**
Hospitality expenses			-	-
Net loss from revaluation and disposal of investment property	340	(7,503)	(7,387)	(53,221)
Net loss from revaluation and disposal of investment property under construction	(444)	(1,990)	(2,958)	(24,514)
Net loss from revaluation and disposal of investment properties	**(104)**	**(9,493)**	**(10,345)**	**(77,735)**
Other income, net	1	66	644	519
Administrative employee benefits expense	(2,387)	(2,874)	(10,503)	(12,587)
Other general and administrative expenses	(521)	(662)	(4,355)	(5,148)
Depreciation and amortization	(768)	(632)	(2,676)	(3,205)
Marketing and advertising expense	(549)	(951)	(4,165)	(4,166)
Net loss from disposal of property and equipment	(47)	(17)	(653)	(2,184)
Loss from disposal of a subsidiary	-	-	(839)	-
Expected credit loss (charge) recovery on trade and other receivables	-	459	(279)	210
Loss on inventory property carried at net realisable value	-	-	(2,562)	-
Share-based compensation acceleration costs, management termination costs and other expenses	(809)	(392)	(3,405)	(1,337)
Operating loss	**8,418**	**(27,722)**	**(24,942)**	**(83,965)**
Finance income	72	222	599	1,002
Finance expense	(5,495)	(7,736)	(23,481)	(28,835)
Net foreign exchange gain	(600)	6,940	526	34,331
Loss before income tax expense	**2,395**	**(28,296)**	**(47,298)**	**(77,467)**
Income tax expense	-	-	-	-
Loss for the year	**2,395**	**(28,296)**	**(47,298)**	**(77,467)**

Distribution of revenues by relevant periods:

	31-Mar-2024	31-Mar-2023	31-Dec-2023	31-Dec-2022
Revenue from the sale of inventory property	**54,061**	**34,237**	**231,841**	**177,226**
Residential area	49,216	31,639	212,558	162,524
Parking lot area	1,389	615	4,797	3,516
Commercial spaces	3,455	1,983	14,486	11,186
Revenue from property management	**589**	**595**	**2,214**	**2,236**
Other Revenue	**1**	**66**	**644**	**519**
Total revenue from contracts with customers	**54,650**	**34,832**	**237,113**	**182,939**
Recognized over time	54,061	34,237	231,841	177,226
Recognized point in time	589	595	5,272	5,713
Rental Income	**2,044**	**1,836**	**2,414**	**2,958**
Total Revenue	**56,695**	**36,734**	**237,113**	**182,939**

The chart below shows revenues by periods and YoY changes:



Sale of inventory property

Residential construction segment offers customers affordable housing and includes maintenance, cleaning, security etc. of common areas within the own residential development.

Revenue from the sale of developed real estate property is recognized gradually as contractual obligations are met. In accounting terms, revenue is recognized proportionally to costs incurred relative to total expected project costs. The percentage of completion is determined based on total construction costs and then is applied to apartments sales to recognise revenue from apartment sales.

Revenue from the sale of inventory property is based on the Company's ongoing projects.

As of March 31, 2024, 86.8% of the revenue is mainly derived from residential sales, with parking lot sales contributing 2.5% to the total revenue, and commercial area sales accounting for 6.1%. It is noteworthy that sales of commercial areas commenced in 2020, when Company decided to exit commercial real estate business.

Revenue from the sale of residential apartments during the first five months of 2024 was distributed as follows based on sale types: 49% from in-house installments, 8% from bank loans, and 43% from all-cash payments.

The breakdown of revenue from different sources is as follows:

	2024 3m.	*2023 3m.*	*2023 12m.*	*2022 12m.*
Revenue from the sale of inventory property	**54,061**	**34,237**	**231,841**	**177,226**
Residential area	49,216	31,639	212,558	162,524
Parking lot area	1,389	615	4,797	3,516
Commercial space area	3,455	1,983	14,486	11,186

In 2022, revenue from the sale of inventory property increased significantly by 120.1% compared to 2021, reaching GEL 177,226 thousand (2021: GEL 80,511 thousand). This increase was primarily driven by a 27% rise in the number of apartments sold, from 1,024 units in 2021 to 1,300 units in 2022.

In 2023, revenue from the sale of inventory property increased by 30.8% compared to 2022, totaling GEL 231,841 thousand. This significant increase is attributed primarily to the substantial rise in apartment prices during that period. The average prices in the II-III phases of m^3 Saburtalo increased by 35%. For the "Sveti" Nutsubidze project, the increase was 24%. Meanwhile, in Mirtskhulava and Chkondideli projects, the average prices rose by 37% and 28%, respectively. The increase in prices is primarily attributed to changes in the company's pricing strategy and rising construction costs. Additionally, significant progress in project development, including construction, sales, and infrastructure improvements, has led to adjustments in pricing. For detailed information regarding the dynamics of prices and their underlying causes, please refer to the subsection „Operating Activities“.

During the first quarter of 2024, as well as throughout the full year of 2023, the company sustained strong indicators in both the number of apartments sold and their prices. As a result, revenue from the sale of inventory property in the first quarter of 2024 amounted to GEL 54,061 thousand (57.9% YoY increase).

Cost of Sales of inventory property

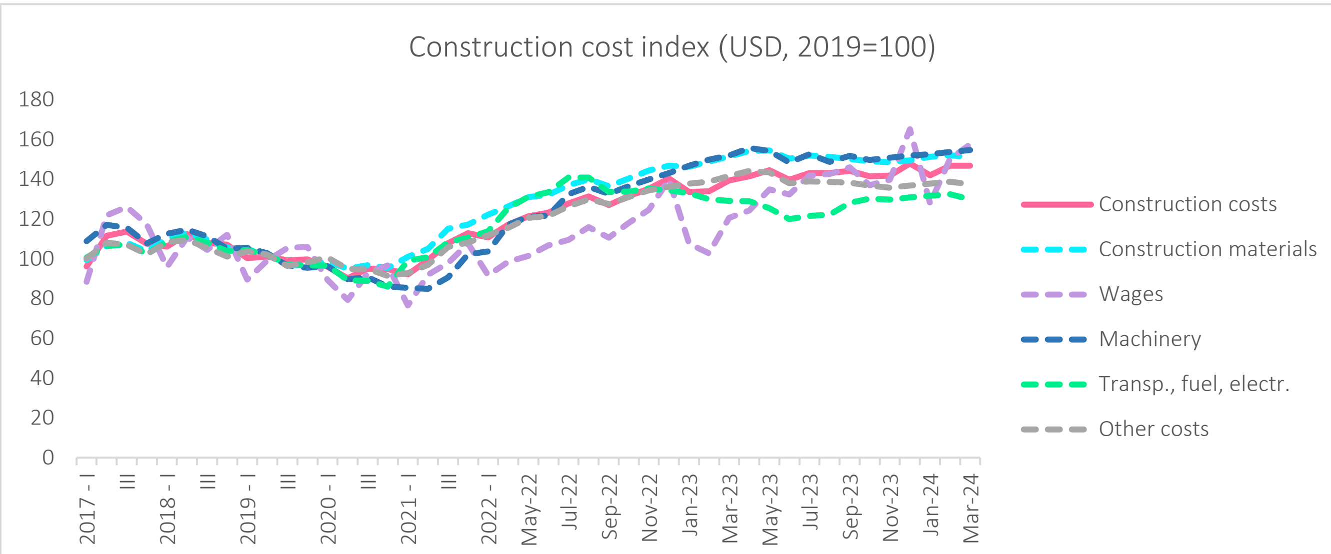
Cost of sales of inventory property comprises costs related to the construction and bringing it to a marketable condition. This item of the statement of profit and loss consists of the following components:

	2024 3months	*2023 3motnhs.*	*2023 12months*	*2022 12months*
Cost of inventory property	**42,332**	**49,081**	**219,018**	**156,976**
Residential area cost of sales	38,668	45,621	197,171	143,223
Parking lot cost of sales	1,056	865	4,039	4,002
Commercial space area cost of sales	2,609	2,595	14,051	9,751
Onerous contract accruals	-	-	3,757	-

In 2022, the cost of sales of the Company's inventory property increased by 85.9% compared to the previous year, totaling GEL 156,976 thousand. It should be noted that in the same year, revenue from the sale of inventory property increased by 120.1%. As a result, the gross profit margin of sale of inventory property improved significantly from (4.9%) to 11.4%.

In 2023, the cost of sales of inventory property increased by 39.5% compared to the previous year. Meanwhile, the income from these sales increased by 30.8% over the same period. As a result, the overall profit margin deteriorated by 5.9 percentage points, amounting to 5.53% in 2023. The increase in project costs, driven by higher construction expenses including construction materials and salaries, primarily contributed to the increase in cost of sales and the decline in overall profit margin.

In the first quarter of 2024, the gross margin from sale of inventory property reached a recent high of 21.7%, compared to -43.4% in the first quarter of the previous year, which was also related to the increase in project budgets.



Source: Geostat

Operating expenses

Breakdown of operating expenses by relevant periods is shown in the table below:

	2024 3months	***2023 3months***	***2023 12months***	***2022 12months***
Administrative employee benefits expense	(2,387)	(2,874)	(10,503)	(12,587)
Other general and administrative expenses	(521)	(662)	(4,355)	(5,148)
Depreciation and amortization	(768)	(632)	(2,676)	(3,205)
Marketing and advertising expense	(549)	(951)	(4,165)	(4,166)
Net loss from disposal of property and equipment	(47)	(17)	(653)	(2,184)
Loss from disposal of a subsidiary	-	-	(839)	-
Expected credit loss (charge) recovery on trade and other receivables	-	459	(279)	210

Loss on inventory property carried at net realizable value	-	-	(2,562)	-
Share-based compensation acceleration costs, management termination costs and other expenses	(809)	(392)	(3,405)	(1,337)
Total operating expenses	**(5,081)**	**(5,069)**	**(29,437)**	**(28,417)**

During 2022, the company's operating expenses increased by 36.3%, totaling GEL 28,417 thousand. This increase was primarily driven by several factors: a rise in wages for hired personnel by GEL 2,472 thousand, recognition of a loss amounting to GEL 2,184 thousand related to the disposal of fixed assets, an increase in marketing and advertising expenses by GEL 850 thousand, and higher depreciation and amortization expenses, which increased by GEL 1,194 thousand.

In 2023, specific operational costs such as employee salaries, other general administrative expenses, depreciation, and amortization saw notable decreases from the previous year.

The decrease is mainly due to the company's strategic decisions, including exiting the construction and commercial properties business line and ongoing process to exit the hotel business. This has led to a reduction in the number of administrative employees and, primarily, management team, resulting in lower salary expenses. Despite this, total operating expenses increased by 3.6%. This increase primarily stemmed from three main factors:

(i) Loss from disposal of a subsidiary - GEL 839 thousand (for further details on this loss, please refer to the *„Principal Activities" section*);

(ii) Loss on inventory property carried at net realizable value – GEL 2,562 thousand, primarily due to parking lots that remained unsold for an extended period;

(iii) Share-based compensation acceleration costs, management termination costs and other expenses - GEL 3,405 thousand. Senior executives of the parent company, who are also members of the key management personnel of the Group, receive share-based awards in shares of Georgia Capital plc, settled by the Group's parent and recognized as equity-settled awards in the Group's consolidated financial statements. The Group recognizes its proportionate share of the total share-based charges for respective employees in its consolidated financial statements. The awards have graded vesting period ranging from four to five years, with the only vesting condition being continued employment within GCAP Group during such vesting period. In 2023, the Parent modified the terms of the share-based awards to remove service condition in respect of some awards made earlier. Accordingly, the Group recognized share-based charge in its consolidated statement of changes in equity for 2023 as acceleration of share-based compensation in respect of services expected to be provided in future periods that are no longer subject to the service condition, presented as a separate line in the consolidated statement of comprehensive income.

Regarding expenditures incurred on operational activities in the first quarter of 2024, they remained consistent with the same period of the previous year, totaling GEL 5,081 thousand.

Revaluation

	2024 3m.	***2023 3m.***	***2023 12m.***	***2022 12m.***
Net gain/(loss) from revaluation and disposal of investment property	340	(7,503)	(7,387)	(53,221)
Net loss from revaluation and disposal of investment property under construction	(444)	(1,990)	(2,958)	(24,514)
Net loss from revaluation and disposal of investment properties	**(104)**	**(9,493)**	**(10,345)**	**(77,735)**

In 2022, the company's management revalued investment property and investment property under construction, revealing an impairment of GEL 77,735 thousand of investment property (including investment property under construction). This impairment was primarily due to a revised forecast of future earnings. In 2023, net loss from revaluation and disposal of investment properties totaled GEL 10,345 thousand. This included GEL 7,387 thousand related to net loss from revaluation and disposal of investment property, and GEL 2,958 thousand related to net loss from revaluation and disposal of investment property under construction.

In 2022, the company's management reassessed the values of investment properties and investment properties under construction, resulting in a significant reduction in property values. This price adjustment was influenced by the post-COVID environmental factors/shock affecting the hospitality business. In addition, the company had announced the sale of these properties and was in the process of researching/negotiating the sale price. Based on the existing circumstances/information, the Company decided to impair the value of the properties, the majority of which were sold in 2023, resulting in a recognized loss from their sale that year.

In the first quarter of 2024, the company did not incur any significant revaluation expense, therefore, net loss from revaluation amounted to GEL 104 thousand.

Overview of Cash Flow Statement

	2024 IQ	**2023 IQ**	**2023**	**2022**
Cash flows from operating activities:				
Proceeds from sales of apartments	53,851	53,053	207,893	184,616
Cash outflows for development of apartments	(58,051)	(41,767)	(224,576)	(168,649)
Net proceeds from lease and property management	2,123	2,674	2,690	3,251
Cash paid for operating expenses	(6,428)	(8,545)	(19,571)	(21,562)
Interest received	61	187	538	863
Non–income taxes paid	(332)	(1,374)	(4,570)	(7,754)
Other inflow from operating activities	57	175	351	1,188
Net cash flows used in operating activities from continuing operations	**(8,719)**	**4,403**	**(37,245)**	**(8,047)**
Cash flows from investing activities				
Proceeds from sale of investment property and investment property under construction	4,998	76,028	76,276	7,772
Capital expenditure on investment property	-	(316)	(3,237)	(3,782)
Proceeds from disposal of a subsidiary	-	-	21,492	-
Proceeds from disposal of investment property	-	-	-	1,417
Proceeds from disposal of other property	-	-	-	-
Purchase of property, plant and equipment and intangible assets	(293)	(281)	(766)	(2,836)
Purchase of investment property	-	-	-	-
Purchase of investment securities	-	-	-	-
Net transfers from/(to) time deposits	3,538	(5,118)	9,430	341
Net transfers (to)/from restricted cash	(4,100)	(905)	3,173	(466)
Loans issued	-	-	(550)	(762)
Repayment of loans issued	322	-	-	208
Other cash outflows used in investing activities	24	-	(128)	-
Net cash flows from continuing investing activities	**4,489**	**69,408**	**105,690**	**1,892**
Cash flows from financing activities				
Proceeds from debt securities issued	-	-	-	97,253
Repayment of debt securities issued	-	-	-	(97,260)
Proceeds from borrowings	22,439	13,603	51,552	81,759
Repayment of borrowings	(3,808)	(10,717)	(112,496)	(67,884)
Interest paid on interest–bearing borrowings	(1,390)	(3,173)	(16,271)	(18,310)
Repayment of lease liabilities	(127)	(97)	(454)	(1,407)
Interest paid on lease liabilities	(27)	(36)	(127)	(228)
Increase in charter capital	-	-	-	19,156

Net cash flows (used in) from continuing financing activities	**17,087**	**(420)**	**(77,796)**	**13,079**
Effect of exchange rate changes on cash and cash equivalents	(203)	(2,674)	(3,179)	(7,587)
Net cash flows (used in) from continuing operations	**12,654**	**70,717**	**(12,530)**	**(663)**
Net cash flows (used in) from discontinued operations	**-**	**-**	**-**	**-**
Net increase (decrease) in cash and cash equivalents	**12,654**	**70,717**	**(12,530)**	**(663)**
Cash and cash equivalents at the beginning of the period	10,016	22,546	22,546	23,209
Cash and cash equivalents at the end of the period	**22,670**	**93,263**	**10,016**	**22,546**

Cash flows from operating activities

In 2022, net cash flows from operating activities decreased and amounted to (8,047) thousand GEL (31/12/2021: 8,618 thousand GEL). The difference was mainly driven by a 109.2% increase in cash outflows related to apartment development, from (80,607) thousand GEL to (168,649) thousand GEL, driven by the progress in the construction of residential buildings in ongoing projects during this period.

In 2023, cash outflows related to apartment development (224,576 thousand GEL) exceeded the inflows from apartment sales (207,893 thousand GEL), which is related to the active construction phases of ongoing projects (for more details, refer to the "Operating Activities" section). Consequently, cash flows from operating activities decreased by 29,198 thousand GEL compared to 2022 and amounted to (37,245) thousand GEL

In the first quarter of 2024, revenue from apartment sales remained consistent with the previous year's comparable period. However, due to the active construction works in ongoing projects, net cash flows from operating activities significantly decreased and amounted to (8,719) thousand GEL

For the last two audited years, the company's net cash flows from operating activities have been negative, primarily due to cash outflows related to apartment development and operational expenses associated with active construction phases in 2022-2023. Additionally, as noted above, an increase in the construction cost index led to an increase in the cost of apartments, further increasing the cash outflows related to apartment development.

Cash flows from investing activities

In 2022, the company's cash flows from investing activities significantly decreased compared to the previous year, amounting to 1,892 thousand GEL. This decline can be attributed to the base effect, as in 2021, the figure was notably higher at 120,505 thousand GEL. The majority of which was derived from the inflow of 131,191 thousand GEL generated from the sale of investment property.

In 2023, the Issuer received significant cash inflow from the sale of investment property amounting to 76,276 thousand GEL. In May 2023, as part of its strategy to focus on core business activities, the company fully divested its 100% share in its subsidiary, LLC 'm^2 Mtatsminda,' for a total cash consideration of 21,492 thousand GEL. Additionally, there were net transfers from time deposits and restricted access deposits amounting to 9,430 thousand GEL and 3,173 thousand GEL, respectively. Consequently, net cash flows from investing activities amounted to 105,690 thousand GEL in 2023.

Cash flows from financing activities

In October 2022, the company issued debt securities amounting to USD 35,000 thousand (ISIN: GE2700604178). The funds raised were fully used to refinance the existing securities at that time (ISIN: GE2700603865). Additionally, in 2022, the company's charter capital was increased by 19,156 thousand GEL

In 2023, the company reduced its debt obligations by 60,944 thousand GEL, resulting in a decrease in net cash from financing activities by 90,875 thousand GEL compared to the previous year.

In contrast, in the first quarter of 2024, the issuer borrowed 22,439 thousand GEL and repaid a loan of 3,809 thousand GEL (net borrowing: 18,631 thousand GEL). This contributed to net cash from financing activities amounting to 17,087 thousand GEL, which is 17,507 thousand GEL higher than the same period of the previous year.

Regulatory Environment

Regulations related to credits

In 2019, new credit regulations regarding mortgage accessibility came into force. Prior to this, such restrictive regulations were not in place and depended on the internal approaches and business processes of banking institutions. The objective of these new regulations is to promote healthy lending practices by establishing standards for assessing customer creditworthiness. The National Bank of Georgia (NBG) implemented payment-to-income (PTI) ratio standards to limit delinquency and loan-to-value (LTV) ratio standards to control the proportion of the mortgage relative to the asset's value. Different standards apply to hedged and unhedged borrowers.

As part of its de-dollarization policy, NBG has taken measures to reduce the dollarization of the Georgian economy, including:

- From 2019, any bank loan of less than GEL 200,000 must be issued in GEL for individuals with income in GEL. Starting from May 1, 2024, this threshold increased to GEL 400,000;
- The pricing of all goods and services, including real estate, must be in GEL.

Table 1: Payment-to-income ratio (PTI)*		
Monthly net salary (GEL or its equivalent in foreign currency)	Loan in foreign currency (except for the case if income is in the same currency)	Loan in GEL (or in foreign currency If borrower's income is in the same currency)
<1,500	25%	25%
>1,500	30%	50%

**The loan service ratio (PTI) defines the maximum cost of loan servicing, which is determined in proportion to the borrower's available income.*

Table 2: Maximum Loan-to-Value Ratio (LTV) Limit **	
Currency	**LTV**
GEL	85%
Foreign currency	70%

*** The loan-to-value ratio (LTV) determines the maximum amount of the loan based on the market value of the real estate used as collateral. This tool ensures stability in the financial sector by limiting the risk associated with fluctuations in real estate prices and helps prevent the formation of a price bubble in the real estate market*

Construction related regulations

- Fire safety regulations, outlined in the approved technical regulations 'Safety Rules for Buildings and Structures' adopted in 2017 and effective since 2019, impose stricter safety requirements on developers and higher quality standards on producers and importers of construction products.
- In early 2019, the City Hall announced a ban on the sale of the K2 coefficient, capping construction areas to the original values specified in projects and eliminating the common practice of increasing the K2 coefficient.

- City Hall adopted the Masterplan for the development of Tbilisi in March 2019, which sets out general parameters and constraints for construction within the city's boundaries.

Construction Permits

Buildings are classified into five categories based on criteria such as human health protection, environmental considerations, and requirements for construction permit issuance and building acceptance:

- 1st class buildings are characterized by insignificant risk and do not require a building permit;
- 2nd class buildings are those with low risk factors;
- 3rd class buildings have medium-risk factors;
- 4th class buildings are characterized by high-risk factors;
- 5th class buildings are those with very high-risk factors, indicating increased technical risk.

Construction Permit Issuance Process

The process of issuing a construction permit generally involves two stages, except in cases where customers choose the three-stage construction permit issuance procedure (three-stage production):

2-Stage construction permit process:

Stage I: approval of land plot use conditions for construction within 10 working days. According to general rules, extensions are permitted if additional time is needed to investigate the case, with a total period not exceeding 3 months. **Note:** Stage I approval for land plots covered by detailed development plans or development regulation plans is not required. In such cases, customers may directly request project approval. **At this stage, the construction potential of the land is determined based on zoning principles to assess compliance with applicable legislation and feasibility for building structures of the required function.**

Stage II: The construction permit is issued within 20 working days. The term can be extended by an additional 20 working days, while in the cultural heritage protection zone, the extension can be up to 30 working days.

3-Stage construction permit process - When the customer chooses the three-stage construction permit issuance procedure themselves:

Stage I: Approval of land use conditions for construction - completed within 10 working days.

Stage II: Architectural project agreement - completed within 17 working days. According to the general rule, when an additional period is needed to investigate the circumstances of the case, an extension of the period is allowed, but the total period should not exceed 3 months. **At this stage, the visualization of the building, location area, planning, technical and economic indicators, number of floors, height, and other detailed characteristics are determined.**

Stage III: Issuance of construction permit - completed within 5 working days. It is also possible to extend the term by 20 working days, while in the cultural heritage protection zone, the extension can be up to 30 working days. **The construction permit is the legal document that constitutes the final decision and grants the customer the right to carry out the construction.**

Note: The deadlines for all stages can be reduced if the customer uses the expedited service and pays the specified fee. However, as an exception, the reduction of the deadlines is not allowed if the administrative body considers that more time is necessary for the complete investigation of the circumstances of the case.

Construction Permit Conditions:

Construction permit conditions refer to the specific construction requirements outlined in the construction permit or construction notice and construction documentation. **Meeting the mentioned conditions is necessary for the legal implementation of the construction. These conditions include adherence to the agreed architectural project, construction plan, compliance with the agreed road traffic organization scheme, and others.**

Commissioning of the Building

Commissioning of the building means the final determination of the compliance of the completed construction with the construction and permit conditions. In particular, the authorized administrative body checks whether the construction was carried out in accordance with the agreed construction documentation, including the architectural and structural project, among others. In case of non-compliance with the construction project, it is necessary to pay a fine, change or correct the project, and obtain a new construction permit reflecting the changes made, in accordance with the legislation. Only after these steps can the building be accepted for operation.

Class I buildings/construction works are not subject to acceptance for operation.

State organs responsible for the issuance of permits

Local self-governmental (municipal) organs are responsible for II and III class buildings within municipal territories (at stages I and II), excluding Gudauri, Bakuriani, Bakhmaro, and Ureki-Shekvetili recreation territories, as well as special regulatory zones in Borjomi.

Local self-governmental (municipal) organs collaborate with corresponding state organs are responsible for IV class buildings (at stages I and II).

Local self-governmental (municipal) organs handle II, III, and IV class buildings (at stage III) independently, including in Gudauri, Bakuriani, Bakhmaro, Ureki-Shekvetili recreation territories, and special regulatory zones in Borjomi.

Tbilisi City Hall manages II, III, and IV class buildings within Tbilisi Municipality independently across all stages.

Corresponding local organs of Adjara and Abkhazia Autonomous Republics oversee II, III, and IV class buildings throughout the respective Autonomous Republics at all stages.

Local self-governmental (municipal) organs are responsible for II, III, and IV class buildings (at stages I and II) in Gudauri, Bakuriani, Bakhmaro, Ureki-Shekvetili recreation territories, and special regulatory zones in Borjomi, the Ministry of Economy and Sustainable Development participates in the process.

The Ministry of Economy and Sustainable Development is responsible for V class buildings.

Information about already known trends, uncertainties, requirements or events that may have a significant impact on the Issuer's activities at least during the current financial year

Beyond the details provided in the Prospectus, no additional information is currently available to management regarding significant trends, uncertainties, requirements, or events impacting the Issuer's operations for the current financial year.

Governing Body and Management

Overview

According to the Law of Georgia on Entrepreneurs, adopted on August 2, 2021 ("Law on Entrepreneurs"), and the Issuer's Charter, control and management of the Issuer is shared among the shareholders, the Supervisory Board, and the CEO. The latter is responsible for the day-to-day management of the Company and its representation.

General Meeting of Shareholders

All shareholders registered in the share register as of the date of the General Meeting of Shareholders have the right to attend and vote (if eligible) at the meeting. As of the date of the Prospectus, the Issuer is fully owned by JSC Georgia Capital, which is in turn is owned by Georgia Capital PLC, a holding company registered in the United Kingdom and listed on the premium segment of the London Stock Exchange (Main Market, Ticker: CGEO). According to the Law on Entrepreneurs, holders of preferred shares do not have the right to vote at the general meeting unless the Charter or the prospectus prepared for the issuance of the relevant shares provide for this right to vote. As per the Charter, holders of preferred shares cannot vote at the General Meeting of Shareholders. Shareholders may appoint a representative to attend the General Meeting on their behalf.

According to the Law on Entrepreneurs and the Charter, shareholders are authorized to make decisions at the General Meeting of Shareholders on the various matters including the following:

- Changes to the Issuer’s share capital;
- Approval of amendments to the Charter;
- Liquidation of the Issuer;
- Any merger, division, or transformation of the Issuer into another legal entity;
- Preliminary or partial cancellation of pre-emptive rights during an increase in share capital;
- Approval of proposals from the Supervisory Board and/or CEO regarding profit distributions;
- Election and dismissal of members of the Supervisory Board and determination of their terms of service;
- Approval of reports from the Supervisory Board and the CEO;
- Acquisition, sale, transfer, exchange, or encumbrance (whether through a single transaction or a series of related transactions) of the Issuer's assets valued over GEL 20,000,000 (twenty million);
- Approval of the Issuer's annual accounts;
- Election and/or dismissal of an external auditor;
- Other matters specified by the Law on Entrepreneurs and the Charter.

The rights of the Issuer's shareholders are outlined in the Charter, and the Issuer will be managed in accordance with both the Charter and the Law on Entrepreneurs.

Supervisory Board

The Supervisory Board consists of at least three members, each elected by the shareholders at the General Meeting of Shareholders. Supervisory Board members are required to act in the best interests of the Company while performing their duties.

The responsibilities of the Supervisory Board include, but are not limited to:

- Appointing and dismissing the CEO and controlling his/her activities;
- Approving and amending the Issuer's policies and regulatory documentation;
- Inspecting the Issuer's accounts and property, either personally or with the assistance of external experts;
- Requesting reports on the Issuer's activities from the CEO, (including information about related companies and subsidiaries) and reviewing the information provided by internal audit or external inspections;
- Convening extraordinary general meetings when necessary;
- Reviewing annual reports and proposals for profit distribution;
- Approving the annual budget;
- Addressing other matters as provided by the Law on Entrepreneurs and the Charter.

The following activities require prior approval from the Supervisory Board:

- Acquisition and governance of shareholdings in other companies if the value of such shares exceeds GEL 1,000,000 (one million);
- Adopting general principles of business strategy and the business plan of the Issuer, as well as approving the annual and long-term budget;
- Taking and securing obligations (whether through a single transaction or a series of related transactions) if the value exceeds GEL 1,000,000 (one million) (securing liabilities of the Supervisory Board members and the CEO requires approval by the GMS);
- Acquisition, sale, exchange, encumbrance, or otherwise managing of the property and the property rights if the value of such a transaction (whether through a single transaction or a series of related transactions) exceeds GEL 1,000,000 (one million);
- Taking or granting loans and credits if the value of such a transaction (whether through a single transaction or a series of related transactions) exceeds GEL 1,000,000 (one million);
- Entering into any agreement or transaction if the value of such a transaction (whether through a single transaction or a series of related transactions) exceeds GEL 1,000,000 (one million);
- Commencing any new economic activity or terminating existing ones;
- Appointment and dismissal of trade representatives;
- Issuance/allocation of new shares within the limits of authorized share capital and approving the listing of the Issuer's securities on a particular stock market or other security market;
- Redemption of the Issuer's shares in cases envisaged by applicable laws, including the redemption of treasury shares;
- Determination of the remuneration and/or additional benefits for the Issuer's senior management (CEO, other members of the executive management team) and submission for approval at the GMS;
- Other matters provided by the Law on Entrepreneurs and the Charter.

General Director and Management

The General Director, appointed by the Supervisory Board, is responsible for the day-to-day management of the company and its representation to third parties (his/her appointment is subject to approval by both the General Meeting of Shareholders and the Supervisory Board, as required by the Charter and the Law on Entrepreneurs).

The responsibilities of the CEO include:

- Conducting the Issuer's day-to-day activities;
- Reviewing agenda items for the GMS or Supervisory Board meetings, obtaining all necessary information, and preparing proposals and draft resolutions;
- Preparing and presenting the business plan for the following year to the Supervisory Board for approval (this business plan should include the budget, profit and loss forecast, and the Issuer's investment plan);
- Ensuring the implementation of resolutions passed at the GMS and organizing meetings of the Supervisory Board;
- Developing policies, by-laws, and other regulatory documents for approval by the Supervisory Board and ensuring compliance with such policies, by-laws, and regulatory documents;
- Managing the appointment, dismissal, training, and remuneration of staff, considering recommendations from the GMS and/or the Supervisory Board;
- Convening extraordinary general meetings;
- Addressing any other issues assigned by the Supervisory Board and/or the GMS.

The following actions may be taken by the CEO:

- Coordination and management of the Issuer's operations;
- Acting on behalf of the Issuer, without a power of attorney, solely and independently representing the Issuer on any issue before any third party and state authority, as well as issuing a power of attorney;
- Initiating transactions on behalf of the Issuer, subject to all necessary approvals or consents of the General Meeting of Shareholders and/or the Supervisory Board;
- Using incentives and/or sanctions for the Issuer's employees with the approval of the Supervisory Board, in accordance with internal regulations and provisions;
- Appointment and dismissal of personnel;
- Preparing necessary materials/reports and submitting them for approval to the General Meeting of Shareholders or the meetings of the Supervisory Board;
- Ensuring the implementation of decisions made by the General Meeting of Shareholders and/or the Supervisory Board;
- Founding, reorganizing, and liquidating the Issuer's branches and subsidiaries;
- Any other activity deemed necessary to achieve the Issuer's goals, except in cases that specifically require the approval of the General Meeting of Shareholders and/or the Supervisory Board.

The Executive Management Team is managed by the CEO

The Executive Management Team is accountable to the CEO, the Supervisory Board, and the shareholders. The Supervisory Board approves the remuneration and other material conditions of employment for each member of the Executive Management Team. Certain resolutions of the Executive Management Team are subject to the prior approval of the Supervisory Board.

Composition of the Governing Body

According to the "Securities Market" Law, the issuer is classified as an "accountable enterprise," and in compliance with Article 9[1] of this law, was required to establish an audit committee within the Supervisory Board. The Issuer has fulfilled this obligation by creating an audit committee, which is staffed with members of the Supervisory Board and one independent member, in accordance with the requirements of the law (these requirements are further detailed in Article 57 of the Law of Georgia "On Entrepreneurs”).

In addition, the issuer complies with Article 214, Paragraph 1 of the Law of Georgia "On Entrepreneurs," which states that "a member of the supervisory board of a joint-stock company cannot simultaneously be a member of the governing body of the same company."

The table below summarizes the composition of the members of the governing body:

Position at the company (GRE)	Composition of the governing body as of the date of preparation of the prospectus
Management members	
CEO	Guram Akhvlediani
CFO	Givi Koberidze
Members of the Supervisory Board	
Chairman of the Supervisory Board	Avtandil Namicheishvili
Member of the Supervisory Board	Irakli Gilauri
Member of the Supervisory Board	Giorgi Vakhtangishvili
Member of the Supervisory Board	Giorgi Alpaidze
Independent member of the Supervisory Board	Ioseb Kurdadze
Members of the Audit Committee	
Chairman of the Audit Committee	Giorgi Alpaidze
Member of the Audit Committee	Avtandil Namicheishvili
Member of the Audit Committee	Giorgi Berishvili
Member of the Audit Committee	Zurab Nemsadze
Independent member of the Audit Committee	Ioseb Kurdadze

Supervisory Board:

Each current member of the Supervisory Board was appointed by the sole shareholder. The official address for all members is the registered address of the Issuer. There are no potential conflicts of interest between the members' duties on the Supervisory Board and their personal interests or other obligations.

Below are the current details regarding the members of the Supervisory Board:

Name	Position	Age	Date of appointment
Avtandil Namicheishvili	Chairman	48	28/12/2022

Giorgi Vakhtangishvili	Member	38	28/12/2022
Irakli Gilauri	Member	46	28/12/2022
Giorgi Alpaidze	Member	38	28/12/2022
Ioseb Kurdadze	Independent member	40	28/12/2022

Avtandil Namicheishvili: In addition to his position as a Deputy CEO of Georgia Capital, Mr. Avtandil is a Chairman of the Supervisory Board of the group's renewable energy, beverage and residential real estate development. He was a General Counsel of BGEO Group, and before that he was a partner of a leading Georgian law firm. Mr. Avtandil has an LL.M. in International Business Law from Central European University, Hungary.

Companies in which Mr. Avtandil Namicheishvili has held or currently holds representation: JSC Georgia Capital (ID No. 404498913); JSC Georgia Capital (ID No. 404549690); JSC Georgian Renewable Energy Holding (ID No. 404647325); Velox Education LLC (ID No. 402179290)

Irakli Gilauri: Mr. Irakli is a Chairman of the Supervisory Board and CEO of Georgia Capital. He was also the CEO of BGEO Group from 2011 to May 2018, and before that he was the CFO of Bank of Georgia from 2004 and the CEO from 2006. Before that he was a banker at the EBRD. Mr. Irakli has up to 20 years of experience in banking, investment and finance fields. Over the past decade, Mr. Irakli's leadership at BGEO/GCAP has played an important role in Georgian industries, including banking, healthcare, utilities, real estate, etc. He has an MS in Banking from “Cass Business School”.

Companies in which Mr. Irakli Gilauri has held or currently holds representation: JSC Georgia Capital (ID No. 404498913); JSC Georgia Capital (ID No. 404549690); I-generation (ID No. 405037507); Khashmi Winery LLC (ID No. 405065539)

Giorgi Vakhtangishvili: Mr. Giorgi joined the company as CEO in 2021. Prior to this, he held the positions of both CEO and CFO at "GGU" (Georgian Global Utilities) since 2015. From September 2022, Mr. Giorgi is represented as a member of the supervisory boards of both GRE and m2. In 2012-2015, Mr. Giorgi was the Executive Director of “m^2 Real Estate”. He also held other managerial positions in BGEO Group companies. He has a bachelor’s degree from the European School of Management (ESM).

Companies in which Mr. Giorgi Vakhtangishvili has held or currently holds representation: Georgian Art Group (ID No. 205075318); Commercial Real Estate LLC (ID No. 405546440); Gemovani LLC (ID No. 406215858).

Giorgi Alpaidze - member of the Supervisory Board of GRE, Chairman of Audit Committee of GRE, Chief Financial Officer at GCAP

Mr. Giorgi serves as the deputy CEO and CFO at Georgia Capital, and he is also a member of various business supervisory boards within the group. Until 2018, he held the position of CFO at BGEO Group, and before that he was the head of finance, funding and investment relations in this Group. Mr. Giorgi began his career at Ernst & Young's office in Georgia and moved to the USA office in 2010, where he worked as a senior manager until 2016 (in the New York office). He holds CPA certification in the USA and has a bachelor’s degree from the European School of Management (ESM).

Companies in which Mr. Giorgi Alpaidze has held or currently holds representation: JSC Georgia Capital (ID No. 404549690); NG Property LLC (ID No. 405475935); GCMP LLC (ID No. 404577784); Visioner (ID No. 405427015)

Ioseb Kurdadze - Independent Member of GRE's Supervisory Board and Audit Committee

From 2005 to 2012, Mr. Ioseb held various positions in Tbilisi and Khashuri municipal government organs. In different years, he held the positions of lawyer, head of the legal department and deputy chairman of the municipality. His responsibilities included analyzing and composing various types of contractual and individual administrative acts, preparing of all types of contracts and other legal documents, representing municipal interests in court, and managing various departments under the jurisdiction of the municipality.

Since 2012, Mr. Ioseb joined the JSC "Bank of Georgia" as a lawyer. In 2016, he was promoted to the head of the corporate and internal support team and then to Deputy Head of the legal department. In 2018-19, he worked as the head of the legal support department of JSC "Liberty Bank".

Companies in which Mr. Ioseb Kurdadze has held or currently holds representation: NGI Consulting LLC (ID No. 405453815); Liberty Consumer JSC (ID No. 205154438); ST Studio LLC (ID No. 404632929); Uni Systems LLC (ID No. 405521029); KS Baratashvili and Partners (ID No. 204546508)

Executive Management Team

Presented below are the current details pertaining to the members of the executive management team:

Name	Position	Age	Date of Appointment
Guram Akhvlediani	CEO	37	28-09-2022
Givi Koberidze	CFO	29	01-05-2021

Guram Akhvlediani – CEO of GRE

Mr. Guram has assumed the role of General Director since September 28, 2022. Prior to this position, he joined "Georgia Real Estate" in 2021 as the Technical Director. From 2015 to 2021, Mr. Guram held the position of Head of Investment Planning and Project Management at GGU, where he managed a portfolio of capital expenditures and successfully initiated several renewable energy projects. Prior to GGU, Mr. Guram served as an investment and financial analyst at Ontario Power Generation, one of the largest power generation companies in North America. He earned his bachelor's degree in economics from the University of Toronto and subsequently completed a master's degree in economics from „York University“.

Givi Koberidze - CFO of GRE, Chairman of the Supervisory Board of m2 Group

Mr. Givi has held various positions within JSC "Georgian Capital" ("GCAP"), the parent company of GRE. Most recently, he served as Vice President of the Strategy Department before joining "Georgian Real Estate". Prior to his tenure at Georgia Capital, Mr. Givi worked at Ernst & Young in the Strategy and Transactions Department (SaT). He holds a Bachelor of Business Administration degree in Finance from the Free University of Tbilisi.

The business address for each member of the executive management team corresponds to the registered address of the issuer.

Corporate governance

The Issuer complies fully with all requirements set forth in the corporate governance regulatory rules outlined in the “Law on Entrepreneurs." Furthermore, in accordance with the Corporate Governance Code for issuers of public securities, the Issuer has provided a description of the company's adherence to the requirements of the Corporate Governance Code, the said code advocates for the adoption and implementation of best corporate governance practices through the "comply or justify" approach, which encourages companies to either implement these practices or provide clear justifications and alternative methodologies.

Conflict of interest

There is no conflict of interest among the members of the Supervisory Board and/or the Executive Management of the Issuer, considering the changes described in the "Composition of the Governing Body" section of the Prospectus Registration Document.

Litigation Statements

As of the date of preparation of the prospectus, none of the members of the Supervisory Board and none of the members of the executive management, including those selected based on the changes described in the "Composition of the Governing Body" subsection of the prospectus registration document, have had any of the following within the previous five years:

- Has not been convicted of fraud, economic crime, or money laundering;
- Has not held an executive position within management or supervisory bodies of any company during bankruptcy or liquidation (except for voluntary liquidation); and
- Is not currently under formal indictment and/or sanction by any government or regulatory body (including any professional body), nor has ever been disqualified by a court of law from serving as a member of the management or supervisory body of any company.

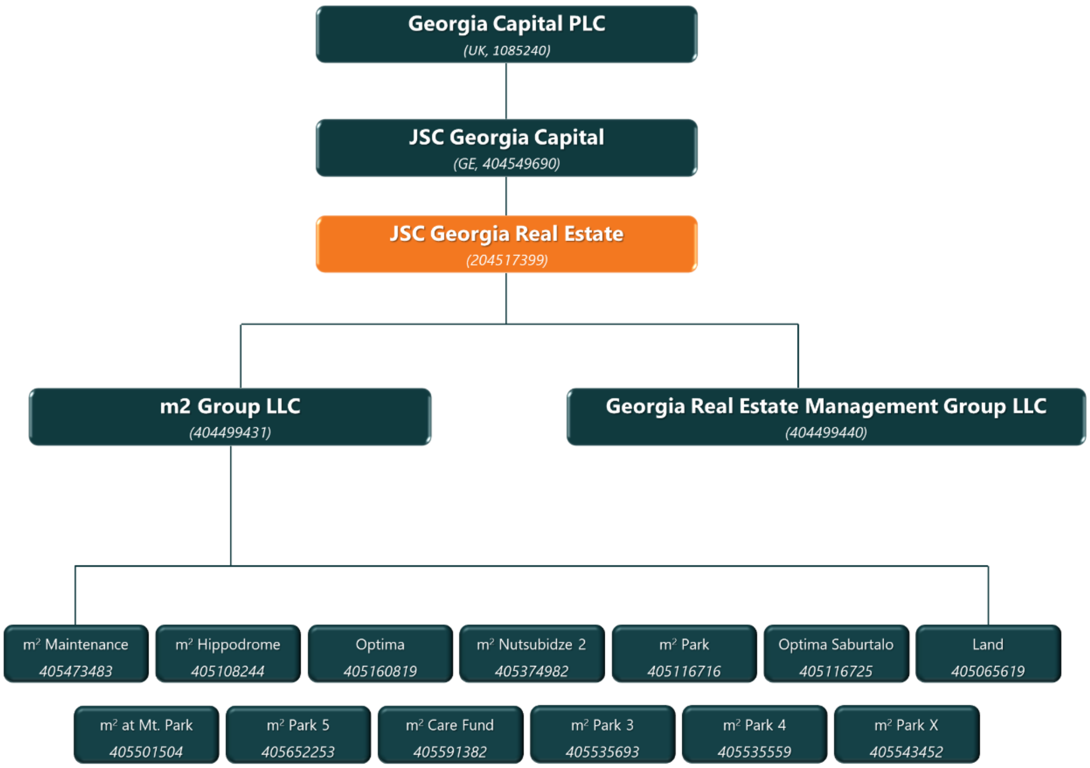
Pensions

The Issuer participates in Georgia's mandatory state pension scheme under the Law on Funded Pension dated July 21, 2018. This scheme entails an investment of up to 6% of an individual's income into a personal pension account. Contributions consist of 2% from both the employee and the employer, with additional state contributions varying based on the employee's income. Currently, the Government contributes 2% of the taxable income for employees earning up to GEL 24,000 annually, and 1% for those earning between GEL 24,000 and GEL 60,000 annually. No Government contributions are made for employees earning over GEL 60,000 annually (only for the portion of income exceeding this threshold).

Major Shareholders

GCAP is a prominent investment management company in Georgia, listed on the premium segment of the London Stock Exchange. The company's strategy centers on significant investment opportunities in Georgia, targeting equity values of at least GEL 300 million within 3-5 years of initial investment. Key strategic advantages include robust access to capital, strong management capabilities, and rigorous corporate governance practices.

Georgia Real Estate - legal structure*:



** The chart illustrates the main business areas and subsidiaries of the issuer. For detailed information about the issuer's subsidiaries, refer to the subsection titled "Principal Activities."*

Major shareholders of GCAP as of the date of preparation of the prospectus:

Rank	Shareholder's Name	Percent of shares
1	Management & Management Trust	14.35%
2	Gemsstock Ltd	10.94%
3	Allan Gray Ltd	6.88%
4	Lazard Asset Management LLC	5.60%
5	Coeli Frontier Markets AB	4.94%
6	Schroder Investment Management Ltd	3.71%
7	Eaton Vance	3.50%
8	Firebird Management LLC	2.71%

9	RWC	2.53%
10	Motley Fool Asset Management	2.38%
	Total	**57.62%**

Related party transactions

In accordance with IAS 24, *Related Party Disclosures*, parties are considered to be related if one party has the ability to control or jointly control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related parties may enter into transactions which unrelated parties might not, and transactions between related parties may not be affected on the same terms, conditions and amounts as transactions between unrelated parties. All transactions with related parties disclosed below have been conducted on an arm's-length basis.

The volumes of related party transactions, outstanding balances at the year end, and related expense and income for the year are as follows:

Balances as at 31 December 2023 ('000 GEL)	**Parent[1]**	**Entities under common control**	**Key management personnel**
Loans issued	-	599	-
Trade and other receivables (including an expected credit loss of 279 GEL)	-	154	-
Prepayments and other assets	13	381	-
Trade and other payables	(7)	(4)	-
Deferred revenue	-	-	(772)
Transactions for the year ended 31 December, 2023			
Revenue from sale of inventory property	-	-	244
Rental income	-	2,405	-
Share-based compensation	-	-	3,850
Insurance expense	-	74	-
Corporate hospitality and entertainment	-	78	-
Utility expenses	-	67	-
Marketing and advertising	-	24	-
Office supplies	-	20	-
Transportation expense	-	6	-
Travel expenses	-	5	-
Employee benefits expense	-	-	3,941
Termination compensation	-	-	61
Finance income	-	87	-
Interest expense on borrowings	391	-	-

Balances as at 31 December 2022 ('000 GEL)	**Parent[2]**	**Entities under common control**	**Key management personnel**
Loans issued	-	821	-

Trade and other receivables (including an expected credit loss of 2,522 GEL)	-	152	-
Prepayments	-	984	-
Trade and other payables	(7)	(15)	-
Deferred revenue	-	-	(156)
Borrowings	(2,765)		
Transactions for the year ended 31 December, 2022	-	-	-
Revenue from sale of inventory property	-	-	75
Rental income	-	2,559	-
Share-based compensation	-	-	1,998
Insurance expense	-	51	-
Expected credit loss recovery	-	398	-
Employee benefits expense	-	-	3,747
Termination compensation	-	-	1,337
Finance income	-	53	-
Interest expense on borrowings	4,144	-	-

[1]As of 31 December 2023 and 2022, Parent includes balances and transactions with Georgia Capital PLC and JSC Georgia Capital.

[2] As of 31 December 2023 and 2022, entities under common control include subsidiaries of Georgia Capital PLC, except for subsidiaries that fall into the parent company category.

The total number of key management members receiving employee benefits amounted to 11 in 2023 (10 in 2022) - CEO and 10 Deputies (2022: CEO and 9 Deputies). Other transactions with key management include the aforementioned 11 employees and three members of the Supervisory Board (2022: 10 employees and three members of the Supervisory Board). The remuneration of the key management is as follows (‘000 GEL):

	2023	**2022**
Share-based compensation	3,850	1,998
Salary	2,186	2,437
Cash bonus	1,755	1,310
Termination compensation	61	1,337
Total	**7,852**	**7,082**

Dividends policy

The Company does not have a declared dividend policy.

The dividend disbursement process is as follows:

Within two months from the end of the financial year, the CEO prepares a proposal for the distribution of profits for approval by the Supervisory Board. Afterwards the Supervisory Board and the CEO submit a joint proposal to the General Meeting of Shareholders. In case of failure to reach an agreement on the mentioned issue, independent proposals regarding the issue of profit distribution shall be decided by the General Meeting of Shareholders.

The General Meeting of Shareholders sets the accounting date (hereinafter the "Dividend Accounting Date"), which must be at least 15 days after the General Meeting and must coincide with the business day. Shareholders who own shares of the Company at the end of the Dividend Accounting Date will receive a dividend in proportion to the shares in their possession.

The Meeting of Shareholders sets the Dividend Commencement Date, which must be at least 15 days after the Dividend Accounting Date but within 2 months after the respective General Meeting.

Dividend Accounting Date and Dividend Commencement Date must be published in print within 5 days from the respective General Meeting and the shareholders who own at least 1% of the shares (or less if required by applicable law) must be notified though insured mail or personally.

No dividends were announced and paid by the Company in 2022 and 2023-2024 years.

Litigation Cases and other proceedings

As of the date of approval of the prospectus and for the past 12 months, the issuer has not been involved in any material litigation that would impact the company's operations in the long term. Currently, the issuer (and its subsidiaries) is involved in 4 legal proceedings, all of which are in the first instance court, and none of these cases exceed the value of 10,000 USD.

Description of significant changes in the financial or commercial condition of the Issuer

Apart from the hotels, commercial, and other assets divested in 2022-2023, the issuer believes that there have been no other significant changes that could have a material impact on the financial or commercial condition.

Share Capital

See the subsection “Operational and Financial Overview”, Financial Condition, Total Equity' in the prospectus registration document.

The list of documents that are referred to / indicated in the registration document

The following documents are specified in the registration document:

- The Company Charter (published on the Public Registry portal napr.gov.ge: number of searching for the application in the NAPR system: **B22160681**);
- Agreement between Placement Agents and the Issuer;
- Agreement between the Calculation and Settlement Agent and the Issuer;
- Agreement between the Issuer and the Bondholders’ representative.

The agreements listed above are confidential documents, which the Issuer does not plan to publish, although the aforementioned documents are available to existing and potential investors in physical form at the addresses specified in the prospectus, as well as in electronic form, in case of request from the e-mail address specified for them in the prospectus. Sharing of the latest available version of the mentioned documents to existing investors should be done in electronic form no later than 5 working days after the request is made.

Overview of securities

Statement about working capital

The Company's working capital (short-term assets minus short-term liabilities) as of 31 March 2024 was GEL (59,411) thousand (31/03/22: (67,208) thousand). The current and quick ratios of the Company were 0.79 and 0.20 respectively (31/03/23: 1.49 and 0.97).

As of 31 December 2023, the working capital of the Company amounted to (44,398) thousand (31/12/22: (14,233) thousand). The current and quick ratios of the Company were 0.82 and 0.19 respectively (31/12/22: 1.14 and 0.25).

Proceeds from the issuance of bonds will be fully used to repay US$ 35 million worth securities issued in October 2022 (ISIN: GE2700604178). After the repayment of the bonds, the Company's short-term liabilities will decrease from GEL 282,781 thousand to GEL 184,860 thousand, which will increase the working capital of the Company to GEL 38,510 thousand. In addition, the Company's current and quick ratios will increase to 1.21 and 0.3 respectively.

In the Company's assessment, future financing (including proceeds from the bonds) and company profitability will be enough to finance its operations during the coming one year.

Description of interest of parties involved in the offering

The Issuer and the Placement Agent 1, also acting as the Calculation and Settlement Agent (Galt & Taggart) are indirectly related, with the Issuer representing 100% subsidiary of Georgia Capital PLC[4] (the "Ultimate Parent") who also indirectly holds 19.70% non-voting equity interest in the Bank of Georgia Group PLC, holding 100% of the JSC Galt & Taggart. Although, such connection could be potentially considered as certain risk factor from the potential investor's perspective, the issuer considers this to be non-material considering the non-voting nature of Ultimate Parent's equity interest in the Placement Agent 1, the fact that members of governing bodies of these companies are fully and completely separated and all the agreements associated with this transaction are made according to existing legislation, on a commercial basis.

There's a probability of bonds being purchased by JSC Bank of Georgia, which is one of the largest commercial banks in Georgia and is affiliated with Placement Agent 1 – both being members of the same Group – Bank of Georgia Group PLC. JSC Bank of Georgia's corporate banking department (which is responsible for corporate loan origination, as well as investments in bonds or other financial instruments) management has a mandate to make decisions for Placement Agent 1 by the Group (ultimate parent). Such circumstances might be the factor in potential conflict of interest between Placement Agent 1 and the Company, as well as between JSC Bank of Georgia and the Company. The Company believes such potential conflicts of interest might be insignificant, given following measures are taken:

[4] Through JSC Georgia Capital (ID No. 404549690) – for the details please see legal structure of the Issuer in the sub-section of "General Overview of Prospectus, Key Information about the Issuer"

a) Placement Agent 1 confirms that they will treat JSC Bank of Georgia as a regular investor, on the basis of equal rights and arm's length principles;
b) In the case of excessive demand from investors in purchase of bonds in the book-building process than envisaged in this prospectus and given such demand is settled partially (in proportion of the value in the received statements from investors or otherwise), decision on allocation is taken by the Company, not by Placement Agent 1.

The Issuer and the Placement Agent 2 (TBC Capital LLC), the Issuer's auditors and third parties or experts involved in the preparation of the Prospectus are not related parties and there is no conflict of interest between them.

There is a possibility that the portion of the Bonds will be purchased by one of the largest commercial banks, which is affiliated with Placement Agent 2 (Placement Agent 2 is a direct subsidiary of JSC TBC Bank). At the same time, the Placement Agent 2 and JSC TBC Bank's corporate lending division (responsible for issuing corporate loans and investing in bonds) share the same management team. The listed circumstances may give rise to a conflict of interests between Placement Agent 2 and the Issuer, between Placement Agent 2 and JSC TBC Bank, and between Placement Agent 2 and 10 Investors. However, the Issuer believes the potential conflict of interest is minimized considering the following circumstances:

(a) Placement Agent 2 declares and confirms that it will treat JSC TBC Bank as one of the investors based on principles of equality and fairness.

(b) In the event that, during the determination of the final interest rate (book-building process), potential investors express an interest in purchasing a quantity of bonds exceeding what is available under this prospectus, and applications are only partially fulfilled, the allocation will be conducted on a proportional basis or as otherwise determined by the Issuer, not by the Placement Agent 2.

The Issuer is not aware of any other existing or potential conflicts of interest related to the Offering.

To the best knowledge of the Issuer, the management of the Issuer, members of the management board or board of directors or shareholders do not intend to participate in the offering and purchase bonds. The Issuer has no information about a party that has preliminary expressed interest for purchase of more than 5% of the offering.

TERMS AND CONDITIONS OF THE BONDS

The issue of up to US$25,000,000 (twenty-five million) bonds in accordance with the Prospectus and Term Sheet. The Bonds are issued at the Shareholders' Meeting of the company dated July 22, 2024. The bond terms and the bondholders' rights are governed by the Prospectus, including the Terms and Conditions (hereinafter referred to as the "Terms and Conditions" or "Conditions"), and by the Agreement (hereinafter referred to as the "Agreement") on Terms and Conditions of the Bonds between the Issuer and Nodia, Urumashvili, and Partners LLC, as the Bondholders' Representative (hereinafter referred to as the "Bondholders' Representative"). In addition to the specific terms and conditions outlined in other sections of the Prospectus (including without limitation "Term Sheet"), this chapter, "Terms and Conditions of the Bonds" also describes certain additional terms, which are also outlined in the Agreement. The Agreement is accessible in English, and the Company does not intend to prepare it in the Georgian language. In case of any conflict between the information presented in the Prospectus and the Agreement, the Prospectus shall prevail.

Copies of the Agreement are available for inspection electronically, upon request to the issuer's email address indicated in the Prospectus, as well as at the principal offices of the Bondholders' Representative during working hours: "Nodia, Urumashvili and Partners LLC", Georgia, Tbilisi 0186, Vazha-Pshavela Avenue N71, 4th Floor, Office N28. and the Issuer: Georgia, Tbilisi 0177, G. Kartozia Street N10. In addition to the Prospectus, including these Terms and Conditions, the Bondholders (as defined below), and in certain cases as envisaged by the Prospectus, including these Terms and Conditions, the Account Registers of the Bonds, are entitled to the benefits of, bound by, and deemed to be subject to the relevant provisions of the Agreement, and such provisions apply to them. In Particular, by acquiring the Bond(s) a Bondholder consents and agrees that it is entitled to the benefit of the covenants set forth in Condition 5 of these Terms and Conditions and in Article 6 of the Agreement (the "Covenants") and it will enjoy the rights and obligations deriving from performance, partial performance and/or non-performance of such Covenants only if it authorizes the Bondholders' Representative to act on its behalf with respect of such Covenants pursuant to Condition 4(a) of these Terms and Conditions. Accordingly, neither a Bondholder nor an Account Register has the right to act directly against the Issuer for any breach of these Covenants. Only the Bondholders' Representative may take action against the Issuer for breaches of such Covenants, except as provided in Condition 12 of these Terms and Conditions.

1. FORM, SPECIFIED DENOMINATION AND TITLE

The Bonds are issued as dematerialized book-entry bonds in electronic form, with a denomination of US$1,000 each.

Crediting dematerialized securities to the securities account opened for "Bondholders" establishes the ownership rights of the "Bondholder" over the dematerialized securities credited to their respective individual segregated account with the Central Depository or the Account Register. Ownership of dematerialized securities is confirmed by the credit balance in the securities account, as evidenced by the account statement issued by the respective Account Register.

Crediting dematerialized securities to the securities account opened for the investor ("bondholder") establishes the right of co-ownership among the "bondholders" investor in proportion to the number of bonds credited to this securities account, on a pool of identical bonds credited to the same omnibus segregated account with the Central Depository or Account Register where the bonds of the respective bondholders and investors are credited.

2. OFFERING AND PLACEMENT OF BONDS, CHANGES TO THE OFFERING AND DISPOSAL OF BONDS

(a) Bond Offering Process

The Placement Agents conduct the offering of the Bonds on behalf of the Issuer and based on an agreement with the Issuer. Prior to the commencement of the public offering, the Placement Agents and/or their authorized intermediary/intermediaries are entitled to send the approved Prospectus to potential investors to solicit interest in the Bonds.

Following the approval of the Prospectus by the National Bank of Georgia, the Issuer conducts the public offering of the Bonds in accordance with Georgian law. The Issuer will publish a notice regarding the offering of Bonds on its website. The Issuer, the Placement Agents, and/or a financial intermediary(ies) involved in the placement process will provide potential investors, based on their preference, with an electronic link to Prospectus, or its scanned or printed version. The final Prospectus will be made available to potential investors (including by uploading it to the Issuer's website) before or immediately following the commencement of the sale of the publicly offered Bonds or during the sale process.

Potential investors may express their interest in purchasing Bonds by submitting an application(s) or notice to any of the Placement Agents. This expression of interest can be made via electronic means, or any other method accepted by the Placement Agents. The deadline for accepting applications for the Bonds is determined unilaterally by the Placement Agents. If the deadline falls on a day that is not a Business Day, the preceding Business Day will be considered the final day for accepting application(s).

The final interest (coupon) rate to be accrued on the Bonds is determined during the offering process (book-building) based on the volume and conditions of the purchase requests from potential investors. The final interest (coupon) rate must fall within the range specified in the relevant preliminary Prospectus, which will be provided to potential investors during the offering process. Within the scope of each public offer, the offering (book-building) cannot commence without submitting the preliminary Prospectus to the National Bank of Georgia and making this document publicly available. Fixing the final interest (coupon) rate within the range described in the preliminary Prospectus is not considered a material change and only needs to be reflected in the final Prospectus.

If, during the book-building process, potential investors express interest in purchasing more Bonds than are offered based on this Prospectus, such demand will be satisfied partially, either in proportion to the amounts specified in the investors' applications or in another manner as determined by the Issuer at its discretion. Furthermore, if a potential investor's application is only partially satisfied, the investor has the option to either decline or continue participating in the purchase of the Bonds. The Placement Agents must be notified of this decision immediately, and no later than 14:00 Tbilisi time on the Business Day following the day when the investor is informed of the correction to their application (regarding the number of Bonds). Failure to notify the Placement Agents of such a decision entitles the Placement Agents, at their discretion, to either continue considering the initial application of the investor (with respect to the full number of Bonds requested) or to refuse the application.

Following the completion of the book-building process, the Placement Agents will announce the finalization of the offering of the Bond and notify the investors (individually or as a group) whose applications (including those with modified numbers) have been satisfied. Such notification must include the final accrued interest (coupon) rate and the number of Bonds for which the purchase orders of potential investors have been satisfied. Upon the announcement of the final size of the Offer, the applications of the potential investors that have been satisfied will become irrevocable and binding on those investors ("Subscribing Investors"). The Issuer and/or Placement Agents are entitled to conduct the placement of the Bonds at the Deferred Placement Price from the Issue Date until the Offering Completion Date (including the last date). The deferred placement of the Bonds will be conducted at this Deferred Placement Price. Potential investors may express their interest in purchasing Bonds by submitting an application or notice to any of the Placement Agents. This interest can be expressed via electronic means of communication, or any other method accepted by the Placement Agents.

Subscribing Investors must place the funds required to purchase the relevant number of Bonds into a broker account in full no later than 2 Business Days before the Issue Date or the Deferred Placement Date. Subscribing Investors shall open brokerage accounts with the Placement Agent, who will act as the Account Register (as defined in the "Definitions " section below). The Bonds are delivered to the account of the Subscribing Investor held with the Account Register or with Depositary.

Following the placement of Bonds, Bondholders are entitled to hold the Bonds in the form of entries on accounts opened with other Account Registers or the depositary.

(b) Changes during Public Offering

If the Issuer decides to change information about the Bonds during the public offering period (from the commencement of the offering until the Issue Date), the Issuer shall take the necessary steps as required by Georgian Law and Securities Legislation.

(c) Disposal of the Bonds

The Bonds may be disposed of in accordance with Georgian legislation, including Securities Law, within the jurisdiction of Georgia. Disposal and transfer of title to the Bonds will be valid only if, as a result of such alienation, the Bonds are credited to the securities account opened for "bondholders." As soon as possible after the placement of the Bonds, the Issuer will submit an application to the Georgian Stock Exchange ("GSE") for the Bonds to be listed on the GSE's official list and for trading on the GSE. If admitted, the Bonds may be traded on the GSE in accordance with GSE rules and applicable securities laws for securities admitted for trading on the GSE.

(d) Price Setting

The final amount of the offering for prospective investors and the price of the Bonds are determined based on the expressed demand for the Bonds and the conditions (observed during the book-building process).

Final allocation to potential investors is determined during the bond offering process, based on the interest expressed and the demand for purchasing the Bonds (as a result of book-building), according to the procedure outlined in Condition 2(a).

(e) Placement

The Issuer and/or Placement Agents are entitled to conduct the placement of the Bonds at the Deferred Placement Price from the Issue Date until the Offering Completion Date (including the last date). The deferred placement of the Bonds will be conducted at this Deferred Placement Price. Potential investors may express their interest in purchasing Bonds by submitting an application or notice to any of the Placement Agents. This interest can be expressed via electronic means of communication, or any other method accepted by the Placement Agents.

Subscribing Investors and those investors, who acquire the Bonds at the deferred date, must place the funds required to purchase the relevant number of Bonds into a broker account in full no later than 2 Business Days before the Issue Date or the Deferred Placement Date. Subscribing Investors and potential Investors shall open brokerage accounts with the Placement Agent. The Bonds are delivered to the same brokerage account either on the Issue Date or the deferred issue date. The Bonds are delivered to the account of the Investor held with the Depository or with other authorized Account Register.

Following the placement of Bonds, Bondholders are entitled to hold the Bonds in the form of entries on accounts opened with other Account Registers or the Depositary.

The Issuer will not issue the Bonds defined in this Prospectus and will annul all issued Bonds (if any) by returning the money paid by Bondholders for the purchase of the Bonds if a minimum amount is not subscribed and placed by the Issue Date.

If the total number of Bonds defined by the final Prospectus is not placed by the end of the offering date, the unplaced Bonds shall be annulled (cancelled). The Issuer of the Bonds will provide the National Bank of Georgia with information about the placed Bonds and, if the securities are permitted on the stock exchange, will inform the stock exchange and announce it in accordance with Georgian legislation.

Within one month from the end of the public offering, the Issuer will submit information regarding the placement of the Bonds to the National Bank of Georgia (NBG) and publish this information.

(f) Admission of Securities to Trading on the Stock Exchange

Once the Bonds have been placed, the Issuer intends to apply to the Georgian Stock Exchange (GSE) for the Bonds to be admitted to the trading system and listed on the GSE. In case of admission, it will be possible to trade the Bonds on the Georgian Stock Exchange in accordance with the exchange's rules and the applicable legislation regarding securities admitted to the exchange.

3. STATUS

The Bonds constitute the unsecured obligations of the Issuer and shall at all times rank pari passu and without any preference among themselves. The claims against the Issuer under the Bonds and the Agreement shall at all times rank at least pari passu in right of payment with the claims of all other senior creditors of the Issuer (subject to Condition 5(a)), except for those claims that are preferred by mandatory provisions of applicable law.

4. APPOINTMENT OF BONDHOLDERS' REPRESENTATIVE

a) By purchasing the Bonds (whether as an initial Bondholder or as an acquirer (transferee) from an initial Bondholder), each Bondholder and/or Account Register appoints the Bondholders' Representative to act as its agent in all matters relating to the Bonds, particularly those regulated by Condition 5 below and Article 6 of the Agreement. Each Bondholder and/or Account Register authorizes the Bondholders' Representative to act on its behalf (without first having to obtain its consent, unless such consent is specifically required by these Terms and Conditions, the Agreement, and/or applicable laws) in any legal proceedings relating to the Bonds held by such Bondholder and/or Account Register.

b) Each Bondholder and/or Account Register shall, immediately upon request, provide the Bondholders' Representative with any documents, including a written power of attorney (in form and substance satisfactory to the Bondholders' Representative), that the Bondholders' Representative deems necessary for exercising its rights and/or carrying out its duties under, and protecting the Bondholders' interests pursuant to, these Terms and Conditions and the Agreement. The Bondholders' Representative is under no obligation to represent a Bondholder that does not, or whose Account Register does not, comply with such a request.

c) The bondholder (or Account Register acting on his/her behalf) is authorized to directly enforce these terms against the issuer in accordance with the terms themselves. This does not affect or waive the right of the Bondholders' Representative to receive any information as provided in this Prospectus and to exercise or waive the rights stipulated therein, subject to the occurrence of an Event of Default, the Bondholders' Representative will act solely upon an Extraordinary Resolution or upon the written request of Bondholder(s) holding at least 75% of the principal amount of the outstanding Bonds at that time, within the scope of any authority granted under the current conditions.

5. COVENANTS

(a) **Negative Pledge:** So long as any Bond remains outstanding, the Issuer shall not, and shall not permit any of its Material Subsidiaries to, directly or indirectly, create, incur, or suffer to exist any Security Interests (or other legal limitations), other than Permitted Security Interests, on or over any of its or their assets, now owned or hereafter acquired, securing any Indebtedness, unless, at the same time or prior thereto, the Issuer's obligations under the Bonds and the Agreement are secured equally and ratably with such other Indebtedness or have the benefit of such security or other arrangements, as the case may be, that are satisfactory to the Bondholders' Representative or are approved by an Extraordinary Resolution of the Bondholders.

(b) Continuance of Business, Maintenance of Authorizations and Legal Validity:

(i) The Issuer shall and shall procure that each of its Material Subsidiaries shall, take all necessary actions to ensure the continuance of its corporate existence (except as otherwise permitted by Condition 5(c) (Mergers)), and to maintain its business and the use of all material intellectual property related to its business, as well as to obtain all necessary consents, licenses, approvals, and authorizations.
(ii) The Issuer shall do all that is necessary to maintain in full force and effect all authorizations, approvals, licenses, and consents, and to take or cause to be taken all measures required by the laws and regulations of Georgia to enable it to lawfully perform its obligations under the Bonds and the Agreement, and to ensure the legality, validity, enforceability, or admissibility in evidence in Georgia of the Bonds and the Agreement.

(c) Mergers:

I. The Issuer shall not, without the prior written consent of the Bondholders' Representative, (x) enter into any reorganization (whether by way of a merger, division, or transformation to another legal form) or undergo any other type of corporate reconstruction, or (y) in a single transaction or a series of related transactions, directly or indirectly, consolidate or merge, or sell, convey, transfer, lease, or otherwise dispose of, all or substantially all of the Issuer's properties or assets (determined on a consolidated basis), unless, in any case:

(i) Immediately after the transaction referred to in (x) or (y) above:

(a) The resulting or surviving entity or the transferee (the "Successor Entity") shall become the Issuer. If the Successor Entity is not the Issuer, it shall expressly assume, in a form and substance satisfactory to the Bondholders' Representative, all the rights and obligations of the Issuer under the Bonds and the Agreement, executed and delivered to the Bondholders' Representative; and

(b) The Successor Entity, if not the Issuer, shall retain or assume all the rights and obligations of the Issuer under all its material governmental permits, licenses, consents, and authorizations, and shall be in compliance with all material regulatory requirements in each jurisdiction in which it operates.

II. If the 'Successor Issuer' (if it is not the original Issuer), it must maintain or be succeed to all the Issuer's governmental approvals, licenses, consents, and authorities, and comply with all significant corporate changes and other requirements, or (c.2) through one or more related transactions, directly or indirectly, consolidate, merge, sell, alienate, transfer, lease, or otherwise dispose of all or substantially all of the relevant Material Subsidiaries' properties or assets, unless, in any case:

(ii) The aforementioned successor (if not the original issuer) shall maintain or become the issuer:

(i) The Person or transferee of the assets (hereinafter referred to as the 'Successor') resulting from the reorganization remains a 'Material Subsidiary';

(ii) the Successor Entity (if not such Issuer) shall retain or succeed to all of the rights and obligations of the relevant Material Subsidiary under all of its material governmental permits, licenses, consents and authorizations and shall be in compliance with all material regulatory requirements in each of the jurisdictions in which it operates;

(iii) no Event of Default or Potential Event of Default shall have occurred and be continuing or result therefrom; and

(iv) the relevant transaction referred to in (x) or (y) above shall not result in a Material Adverse Effect.

III. Notwithstanding the foregoing, any Material Subsidiary may consolidate with, merge into, or be merged with, or convey, transfer, or lease, in one transaction or a series of related transactions, all or substantially all of its assets to the Issuer or another Subsidiary of the Issuer (which, after such transaction, will be deemed to be a Material Subsidiary for purposes hereof).

IV. This Condition 5(c) shall not apply to (i) any transaction between the Issuer and any of its wholly-owned Subsidiaries, (ii) any sale, lease, transfer or other disposal of any assets or property (including cash and securities) constituting a Permitted Security Interest; (iii) the leasing, sale and disposal of assets in the ordinary course of conducting its business and operations, or (iv) any present or future assets or revenues or any part thereof that are the subject of any securitization or any receivables, asset-backed financing or similar financing structure and whereby all payment obligations are to be discharged solely from such assets or revenues, provided that the value of such assets or revenues, which are the subject of the relevant financing structure when aggregated with the value of all assets or revenues satisfy the conditions of the Security Interest permitted under paragraph (g) of the definition of "Permitted Security Interests".

(d) **Disposals:** Except as otherwise permitted by these Conditions and without prejudice to the provisions of Condition 5(c) (Mergers) and Condition 5(e) (Transactions with Affiliates), the Issuer shall not, and shall ensure that none of its Material Subsidiaries will, sell, convey, transfer, lease, or otherwise dispose of, to a Person other than the Issuer or a Subsidiary of the Issuer, by one or more transactions or series of transactions (whether related or not), the whole or any part of its revenues or assets, unless:

(i) each such transaction is on arm's-length terms for Fair Market Value; and

(ii) With respect to any such transaction involving a disposal of revenues or assets constituting more than 10% of the total consolidated assets of the Issuer, determined by reference to the consolidated balance sheet of the Group prepared in accordance with IFRS as at the end of the most recent IFRS Fiscal Period, at the request of Bondholders holding 20% or more (whether directly or through Account Registers) of outstanding Bonds, the Issuer shall provide the Bondholders' Representative with a written opinion from an Independent Appraiser stating that the transaction is at Fair Market Value.

This Condition 5(c) shall not apply to (i) any transaction between the Issuer and any of its wholly-owned Subsidiaries, (ii) the disposal of any asset or property that is planned within the scope of the Company's commercial asset management and hotel asset management business; (iii) any sale, lease, transfer or other disposal of any assets or property (including cash and securities) constituting a Permitted Security Interest; (iv) the leasing, sale and disposal of assets in the ordinary course of conducting its business and operations, or (v) any present or future assets or revenues or any part thereof that are the subject of any securitization or any receivables, asset-backed financing or similar financing structure and whereby all payment obligations are to be discharged solely from such assets or revenues, provided that the value of such assets or revenues, which are the subject of the relevant financing structure when aggregated with the value of all assets or revenues satisfy the conditions of the Security Interest permitted under paragraph (g) of the definition of "Permitted Security Interests".

(e) **Transactions with Affiliates:**

(i) The Issuer shall not, and shall ensure that none of its Material Subsidiaries will, directly or indirectly, engage in any business activity, enter into any transaction (including the purchase, sale, transfer, assignment, conveyance, or exchange of any property or the rendering of any service), or extend any inter-company loans with, or for the benefit of, any Affiliate (an "Affiliate Transaction"), unless the terms of such Affiliate Transaction are no less favorable to the Issuer or such Material Subsidiary, as applicable, than those obtainable in a comparable arm's-length transaction for Fair Market Value with a Person that is not an Affiliate of the Issuer or any of its Material Subsidiaries, taking into account the status of the relevant Affiliate."

(ii) With respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate payments or value exceeding 10 percent of the total consolidated assets of the Group, determined by reference to the consolidated balance sheet of the Group prepared in accordance with IFRS as at the end of the most recent fiscal period under IFRS, the Issuer shall, before entering into such Affiliate Transaction, provide the Bondholders' Representative with a written opinion from an Independent Appraiser. This opinion must confirm that the Affiliate Transaction (or series of Affiliate Transactions) is conducted at Fair Market Value and is financially fair to the Issuer or the relevant Material Subsidiary, as applicable.

(iii) The following items shall not be considered Affiliate Transactions and therefore shall not be subject to the provisions of (i) and (ii) above:

(a) Any employment agreement entered into by a member of the Group in the ordinary course of business and consistent with its historical practices;

(b) Transactions between or among the Issuer and its wholly-owned (100%) Subsidiaries;

(c) Payment of reasonable directors' fees to Persons who are not otherwise Affiliates of the Issuer;

(d) Any loans or other forms of financing from any direct or indirect shareholder(s) of the Issuer, provided on an arm's length basis for financing operations;

(e) Any insurance contracts with Affiliates, provided on an arm's length basis for insuring the operations/assets of the Issuer."

(f) **Payment of Taxes and Other Claims:** The Issuer shall ensure that its Material Subsidiaries pay or cause to be paid, before becoming overdue, all taxes levied or imposed upon the income, profits, or property of the Issuer and/or its Material Subsidiaries. However, neither the Issuer nor any Material Subsidiary shall be required to pay or cause to be paid any such tax or similar claim if: (a) the amount, applicability, or validity of which is being contested in good faith by appropriate proceedings and for which adequate reserves have been made in accordance with IFRS or other appropriate provision; or (b) the amount, together with all such other unpaid taxes or similar claims, does not exceed US $500,000 (or equivalent), in aggregate.

(g) **Restricted Payments:** The Issuer shall not, and shall ensure that each of its Subsidiaries will not, (a) declare or pay any dividend in cash or otherwise, or make any other distribution (whether by way of redemption, acquisition, or otherwise), including repayment of subordinated shareholder debt in respect of its share capital, other than dividends or distributions payable to the Issuer or any of its Subsidiaries (and, if a Subsidiary is not wholly owned by the Issuer, to the other holders of its share capital on a pro rata basis); or (b) directly or indirectly voluntarily purchase, redeem, or otherwise retire for value any shares or share capital of the Issuer (except for the repayment of inter-company debt owed by any Subsidiary of the Issuer to the Issuer or to any other Subsidiary of the Issuer from time to time) (each such action in (a) or (b), a "Restricted Payment"), if:

(i) at the time of such payment, an Event of Default or Potential Event of Default has occurred and is continuing or would result therefrom;

(ii) such Restricted Payment, when aggregated with all other Restricted Payments previously made since 30 June 2024, exceeds the sum of:

(a) 50 percent of the Issuer's consolidated net profit (calculated in accordance with IFRS) aggregated on a cumulative basis during the period beginning on 31 December 2022 and ending on the last day of the immediately preceding fiscal year or semi-annual financial period; and

(b) 100 percent of the aggregate net cash proceeds received by the Issuer subsequent to 31 December 2022 from the issuance or sale of its share capital and the conversion or exchange subsequent to 31 December 2022 of any Indebtedness of the Issuer into or for share capital of the Issuer;"

(h) Indebtedness:

(i) The Issuer shall not be permitted to create, incur, assume, or otherwise become liable in respect of any Indebtedness (collectively, "incurrence"), other than:

(a) The total Indebtedness of the Group, calculated by reference to the consolidated balance sheet of the Group prepared in accordance with IFRS, as the sum of the incurred Indebtedness and existing Indebtedness as at the end of the most recent IFRS Fiscal Period, excluding unsecured contingent liabilities arising in the ordinary course of business, shall not at any time exceed 60% (sixty percent) of the total consolidated assets of the Group as at the end of the most recent IFRS Fiscal Period determined by reference to the consolidated balance sheet of the Group prepared in accordance with IFRS.

(b) The total Indebtedness of the Group, calculated by reference to the consolidated balance sheet of the Group prepared in accordance with IFRS, as the sum of the incurred Indebtedness and existing Indebtedness as at the end of the most recent IFRS Fiscal Period, excluding unsecured contingent liabilities arising in the ordinary course of business, which shall be secured/collateralized by the Issuer's assets, shall not at any time exceed 50% (fifty percent) of the total consolidated assets of the Group as at the end of the most recent IFRS Fiscal Period determined by reference to the consolidated balance sheet of the Group prepared in accordance with IFRS.

(ii) Permitted Incurrence of Indebtedness: part (i) above does not apply to the following indebtedness:

(a) Inter-company Indebtedness: Between the Issuer and any subsidiary, and between any subsidiaries of the Issuer.

(i) Information Disclosure:

I. The Issuer hereby undertakes that:

(i) By no later than May 15th following the end of each financial year, it will disclose the Issuer's audited annual financial statements prepared in accordance with IFRS, in compliance with Securities Legislation;

(ii) By no later than August 15th following the end of the second quarter of each financial year, it will disclose the Issuer's unaudited interim financial statements for the first six months, prepared in accordance with IFRS, in compliance with Securities Legislation;

(iii) It will comply with all other current or periodic reporting requirements as defined by Securities Legislation;

II. For the purposes of Condition 5 (I)(i) above, the Issuer will be deemed to have delivered the aforementioned information to the Bondholders if such information has been made publicly available in accordance with applicable legislation;

III. If the Bondholders' Representative or Bondholders, collectively owning (directly or through Account Registers) more than 25% (twenty-five percent) of the Outstanding Bonds, believe that an Event of Default has occurred, they may demand written information regarding the Event of Default or Potential Event of Default from the Issuer. The Issuer is obligated to disclose this information to these Bondholders upon written demand, which may be presented in a single document signed by Bondholders or Account Registers, or through multiple documents with the same content. Such demand may also be made through a decision of a Bondholders' meeting.

(j) **Maintenance of Insurance:** The Issuer shall and shall procure that its Material Subsidiaries will keep those of their properties which are of an insurable nature insured with insurers, believed by the Issuer or such Material Subsidiary to be of good standing. Insurance coverage shall be maintained against loss or damage to the extent that property of similar character is typically insured by companies in Georgia similarly situated and owning comparable properties.

(k) **Compliance with Applicable Laws:** The Issuer and each of its Material Subsidiaries shall at all times comply, in all material respects, with all provisions of applicable laws, including directives of governmental authorities and regulations.

(l) **Change of Business:** The Issuer shall ensure that no material change is made to the general nature of the business conducted by the Group as a whole from that carried on at the Issue Date.

(m) **Maintenance of cash balance:** The "Issuer" undertakes that the cash balance on any given date shall be at least 50% of the semi-annual interest expense required to service the bonds.

6. INTEREST

Each Bond accrues interest from the Issue Date at an annual rate specified in the *'Term Sheet.'* The final interest rate will be determined in accordance with Condition 2(a) *('Bond Offering Process')* and will be documented in the final Prospectus. Interest is payable semi-annually in arrears on dates specified in the 'Term Sheet.' Each Bond will accrue interest until its redemption date unless principal payment is improperly withheld or refused. In such cases, it will continue to accrue interest at the same rate until the day all amounts due for that Bond up to that day are received by or on behalf of the relevant Bondholder.

If interest is calculated for a period less than a complete Interest Period (defined below), the relevant day-count fraction will be based on a 365-day year.

An **'Interest Period'** refers to the period starting on the Issue Date and ending on but excluding the first Interest Payment Date, and each subsequent period starting on an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date.

7. REDEMPTION AND PURCHASE

(a) **Final Redemption:** The Issuer has the option to redeem the Bond(s) before their maturity for cancellation by offering to the Bondholder(s) payment of the outstanding principal amount along with accrued and unpaid interest up to the date of redemption. Unless previously redeemed or purchased and cancelled, the Bonds will be redeemed at their principal amount on October 7, 2024. The Bonds cannot be redeemed at the Issuer's discretion, except as outlined in the Prospectus (including this Condition).

(b) **Redemption for Taxation:** The Issuer has the option to redeem the Bonds in their entirety, but not in part, at any time by providing notice of not less than 30 nor more than 60 days to Bondholders and Account Registers registered at the Register (which notice shall be irrevocable), at their principal amount plus accrued interest up to the redemption date, if (i) immediately before issuing such notice, the Issuer satisfies the Bondholders' Representative that it has become or will become obligated to pay additional amounts of Tax related to the Bonds due to a change or amendment to the laws or regulations of Georgia, or a change in the application or official interpretation of such laws or regulations, which change or amendment is effective on or after the Issue Date, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it.

(c) **Purchase:** The Issuer and its Subsidiaries may, at any time, purchase Bonds in the open market or through other means at any price. Bonds purchased and held by or on behalf of the Issuer or any such Subsidiary shall not confer voting rights at Bondholders' meetings nor be considered outstanding for determining meeting quorums or under Condition 11(a).

(d) **Optional Redemption after Non-Call Period: On or after expire** of first calendar year from the Issue Date, the Issuer may, at its discretion, redeem the Bonds in whole or in part at one or more times, by providing not less than 15 days' and not more than 60 days' prior written notice to Bondholders and/or Account Registers in accordance with Clause 14 of the Terms (Notices). The redemption prices shall be as it is set below (expressed as a percentages of the principal amount of the Bonds) plus accrued and unpaid interest, if any, on the Bonds redeemed up to (but excluding) the relevant redemption date (this redemption is subject to the right of Bondholders of record on the relevant Record Date, to receive the interest on the relevant interest payment date) if redemption occurs during the specified periods below:

Period	**Percentage**
From the Issue Date after the end of the first calendar year (including this date) to the Maturity Date (excluding this date)	101%

Any redemption of the Bonds at the discretion of the Issuer pursuant to the aforementioned subsection might be subject to satisfaction of one or more conditions precedent (including, without limitation, the Incurrence of Indebtedness, the proceeds of which will be used to redeem the Bonds). In addition, if such redemption is subject to the satisfaction of one or more conditions precedent, the relevant notice shall explicitly state that the redemption date of the Bonds may, at the discretion of the Issuer, be postponed until any or all of these conditions are satisfied. Alternatively, it may state that the redemption may not occur and such notice may be rescinded if any or all of these conditions are not satisfied by the redemption date, or by the deferred redemption date.

8. PAYMENTS

(a) **Method of Payment:**

(i) Principal and interest on each Bond shall be paid to the Bondholders and Account Register as recorded in the Depository at the close of business (18:00) three Business Days before the due date for payment (the 'Record Date'). Payment shall be made by transfer in United States dollars as of the Record Date to the brokerage/bank accounts opened with the Account Register or Depository. The Bondholders recorded with the Account Register must provide up-to-date, complete, and correct information about their brokerage/bank account details where any payments pertaining to the Bonds shall be made. The Issuer, Depository, Account Register, and Calculation and Settlement Agent are not liable for any delays or failures in payment if the investor does not promptly update their brokerage/bank account information with the Account Register or Depository, or fails to ensure its accuracy by the specified "Recording Date" despite requests from the Issuer, Account Producer, or Depository

(ii) If the bank account of a Bondholder referenced in the preceding paragraph is held at a bank other than the Account Register, any bank transaction fees incurred in relation to the payment (transfer) may be deducted from the payment. Additionally, if the Bondholder's bank account is denominated in a currency other than United States dollars, the payment may be made net of currency conversion fees.

(iii) Without prejudicing the rights of Bondholders under these Terms and Conditions to receive full payments of interest and principal as scheduled, if the amount of interest or principal due on any payment date is less than the scheduled amount, the Issuer shall ensure that all Bondholders receive their proportionate shares of the available funds for payment on that date.

(iv) At the request of the Issuer and/or the Depository, trading in Bonds on the secondary market may be prohibited or restricted from the Record Date until the date when the relevant payment becomes due and payable.

(b) **Appointment of Agents:** The Calculation and Settlement Agent, Placement Agent, and Depository, along with their respective specified offices, are listed in the " Information regarding the Offering " and at the end of the Prospectus. They act solely as agents of the Issuer and do not assume any obligation or agency relationship with any Bondholder for the purposes of this Prospectus and offering. The Issuer reserves the right, with the approval of the Bondholders' Representative, to modify or terminate the appointment of the Calculation and Settlement Agent, or/and Placement Agent, and to appoint additional or different Calculation and Settlement Agent, Placement Agent, or Depository. However, the Issuer must maintain (i) a Calculation and Settlement Agent, at all times, as approved by the Bondholders' Representative.

Any such changes or changes to any specified office shall promptly be communicated to the Bondholders via an announcement on the Issuer's website.

(c) **Calculation and Payment:** Any payment related to Bonds (including interest) shall be calculated and disbursed in accordance with the terms of this Prospectus and Georgian law by the Calculation and Settlement Agent. The amounts determined by the Calculation and Settlement Agent, except in cases of obvious error, shall be binding on the Issuer. The Calculation and Settlement Agent will calculate these amounts at least 3 Business Days before the relevant payment date and notify the Issuer accordingly. At least 1 Business Day before the relevant payment date, the Issuer must deposit the necessary funds in United States dollars into its bank account held with the Calculation and Settlement Agent and instruct the agent to transfer these funds. If sufficient funds are available in the Issuer's account, the Calculation and Settlement Agent may, but is not obligated to, transfer the payments due on the Bonds without further instructions from the Issuer. In the event that the funds in the Issuer's account are insufficient, the Calculation and Settlement Agent shall notify both the Issuer and the Bondholders' Representative accordingly.

(d) **Payments subject to Fiscal Laws:** All payments are subject to any applicable fiscal or other laws, regulations, and directives of Georgia in all circumstances.

(e) **Delay in Payment / Non-Business Days:** Bondholders will not be entitled to any interest, penalty, or additional payment for delays in receiving the amount due on a Bond if the due date falls on a non-Business Day. Payments will be made on the following Business Day.

9. TAXATION

All payments of principal and interest by or on behalf of the Issuer in respect of the Bonds shall be made net of any applicable Georgian withholding tax.

10. EVENTS OF DEFAULT

If any of the following events ("Events of Default") occurs and continues, the Bondholders' Representative may, at its discretion, or if directed by an Extraordinary Resolution, shall (subject to satisfactory indemnification), give written notice to the Issuer. Upon such notice, the Bonds shall immediately become due and payable at 100% of their principal amount plus any accrued interest, if applicable.

(a) **Non-Payment:** The Issuer fails to pay the principal of, any interest, or any other sum due on any of the Bonds or pursuant to the Agreement when due, and such failure to pay is not remedied within five days of the due date for payment; or

(b) **Breach of Other Obligations:** The Issuer fails to perform or comply with any one or more of its other obligations (excluding those in Condition 10(a)) in the Prospectus or the Agreement. This default is deemed material or (i) repeated and incapable of remedy according to the opinion of the Bondholders' Representative, or (ii) it is capable of remedy but remains unremedied for 30 days after the Issuer receives notice of the default from the Bondholders' Representative; or

(c) **Cross-Default:** (i) Any other present or future Indebtedness of the Issuer or any Material Subsidiary for or in respect of borrowed or raised funds becomes due and payable before its stated maturity due to any event of default, or (ii) such Indebtedness is not paid when due or within any initially applicable grace period, or (iii) the Issuer or any Material Subsidiary fails to pay any amount due under any other present or future Indebtedness when due. This applies if the aggregate amount of such Indebtedness in respect of which one or more of the events mentioned above in this Condition 10(c) occur equals or exceeds US$ 1,000,000 or its equivalent in any other currency (as reasonably determined by the Bondholders' Representative).

(d) Insolvency:

(i) The occurrence of any of the following events: (i) the Issuer or any Material Subsidiary initiates liquidation or insolvency proceedings; or (ii) a claim is filed by any person to initiate insolvency proceedings against the Issuer or any Material Subsidiary, and such claim is not dismissed within 60 days from the filing date; or (iii) negotiations commence between the Issuer and its creditors for an out-of-court settlement of all or substantially all of the Issuer's debts; or (iv) liquidation proceedings are initiated against the Issuer or any Material Subsidiary based on a court decision in a criminal case;

(ii) The Issuer or any Material Subsidiary fails or is unable to pay its debts generally as they become due; or

(iii) The shareholders of the Issuer approve any plan for the liquidation or dissolution of the Issuer;

(e) **Unsatisfied Judgments, Governmental or Court Actions:** The aggregate value of unsatisfied judgments, decrees, or orders of courts or other appropriate law enforcement bodies for the payment of money against the Issuer or any Material Subsidiary exceeds US$ 1,000,000 or its equivalent in any other currency. Alternatively, if any unsatisfied judgment, decree, or order results in (a) displacement of the management of the Issuer or any Material Subsidiary, or partial displacement, or curtailment of the Issuer's or any Material Subsidiary's authority in conducting its business; or (b) seizure, nationalization, expropriation, or compulsory acquisition of all or a majority of the share capital, or the whole or any part (where the book value is 20% or more of the book value of the whole) of its revenues or assets.

(f) **Execution**: Any execution is levied against, or an encumbrancer takes possession of, or sells, the whole or any substantial part of the property, revenues, or assets of the Issuer or any Material Subsidiary.

(g) **Authorization and Consents:** Any action, condition, or matter (including obtaining or effecting any necessary consent, decree, approval, authorization, exemption, filing, license, order, recording, registration, or other authority) required at any time to be taken, fulfilled, or completed in order: (i) to enable the Issuer to lawfully enter into, exercise its substantial rights, and fulfill and comply with its payment obligations under the Bonds and the Agreement, its obligations under Condition 5 (Covenants), and its other significant obligations under the Bonds and the Agreement; (ii) to ensure the enforceability and legality of those obligations; and (iii) to admit the Bonds Prospectus and the Agreement as admissible evidence in the courts of Georgia, has not been taken, fulfilled, or completed; or

(h) **Validity and Illegality:** The Issuer contests the validity of the Bonds, Prospectus, or the Agreement, or denies any of its obligations under the Bonds, Prospectus, or the Agreement. Alternatively, it will become unlawful for the Issuer to perform or comply with any one or more of its obligations under the Bonds, Prospectus, or the Agreement, or any such obligations have become unenforceable or ceased to be legal, valid, and binding.

The Issuer has committed in the Agreement to promptly inform the Bondholders' Representative upon becoming aware of any Event of Default, or any event or circumstance that could become an Event of Default with the passage of time, the giving of notice, or the issuance of a certificate (a "Potential Event of Default").

Additionally, the Issuer has undertaken in the Agreement to provide the Bondholders' Representative with a certificate signed by its director (CEO) and its chief financial officer within 14 days after the issuance of its annual audited financial statements, within 14 days after each Interest Payment Date, and also within 14 days of any request by the Bondholders' Representative. This certificate will certify that, based on all reasonable inquiries made, to the best of the Issuer's knowledge, information, and belief as of the Certification Date (the date of signing the certificate), no Event of Default or Potential Event of Default has occurred since the Certification Date of the last such certificate (or since the date of the Agreement if no prior certificate exists). If an Event of Default or Potential Event of Default has occurred, the certificate will provide details of the event.

11. MEETINGS OF BONDHOLDERS, MODIFICATION AND WAIVER

(a) **Meetings of Bondholders:** The Agreement contains provisions for convening meetings of Bondholders to consider matters affecting their interests, including the sanctioning by the resolution passed at a meeting duly convened and held in accordance with this Prospectus and the Agreement by a majority of at least 75 per cent of the votes cast (“Extraordinary Resolution”) for modifying of any of these Conditions or provisions of the Agreement. Such a meeting may be convened by Bondholders (and/or Account Registers acting on their behalf) holding at least 10 per cent of the principal amount of the Bonds for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing more than half of the aggregate principal amount of the Bonds for the time being outstanding, or at any Adjourned Meeting two or more persons being or representing more than 25% of the aggregate principal amount of the Bonds for the time being outstanding, or at any subsequent Adjourned Meeting, two or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented, unless the meeting's agenda includes, inter alia, the following proposals: (i) changing any fixed date for payment of principal or interest on the Bonds; (ii) altering the method of calculating the payments on the Bonds; (iii) changing the amount of principal and interest payable on the Bonds; (iv) approving the exchange or substitution of the Bonds for shares, bonds, or other obligations or securities of the Issuer or any other entity; (v) changing the currency for Bond payments (except as required by law); (vi) modifying the quorum requirements for Bondholders' meetings or the majority needed to pass an Extraordinary Resolution; (vii) amending the governing law of the Agreement; or, (viii) without prejudice to the rights under Condition 12(b) (Modification and Waiver) below, changing the definition of "Events of Default" under these Conditions, in which case the necessary quorum will be two or more persons holding or representing not less than two-thirds, or at any Adjourned Meeting not less than one-third, of the principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Bondholders (whether or not present at the meeting where such resolution was adopted).

A resolution in writing signed by or on behalf of the Bondholders holding 75% or more of the outstanding Bonds will be effective as if it were an Extraordinary Resolution. Such a written resolution may in one or multiple documents of the same form, each signed by one or more Bondholders or their representatives.

(b) **Modification of the Agreement and Waiver:** The Bondholders' Representative may, without the Bondholders' consent, agree with the Issuer to (i) any modification of these Conditions or any provisions of the Agreement that is formal, minor, or technical in nature or corrects a manifest error, and (ii) any other modification (except as excluded in the Prospectus and the Agreement or incapable of modification under applicable laws), and any waiver or authorization of a breach or proposed breach of these Conditions or any provisions thereof that, in the opinion of the Bondholders' Representative, is not materially prejudicial to the Bondholders' interests. Such modifications, authorizations, or waivers shall bind the Bondholders, and if required by the Bondholders' Representative, notice of such modification shall be promptly provided to the Bondholders in accordance with Condition 14.

(c) **Entitlement of the Bondholders' Representative:** In fulfilling its duties, the Bondholders' Representative shall consider the interests of the Bondholders as a whole class and shall not take into account the impact of its actions on individual Bondholders. The Bondholders' Representative shall not have the right to demand, nor shall any Bondholder or Account Register have the right to claim, indemnification or payment from the Issuer for any tax consequences resulting from such actions affecting individual Bondholders.

(d) For clarity, in case of any inconsistency between the terms of the Bondholders' Representative Agreement and this Prospectus, the terms of this Prospectus shall take precedence.

12. ENFORCEMENT

At any time after the Bonds become due and payable, the Bondholders' Representative may, at its discretion and without further notice, initiate such legal proceedings against the Issuer as it deems necessary to enforce the terms of the Agreement and the Bonds. However, it is not obligated to commence such proceedings unless (a) directed by an Extraordinary Resolution or requested in writing by Bondholders and/or Account Registers holding at least one-quarter of the outstanding principal amount of the Bonds, and (b) indemnified, pre-funded, or secured to its satisfaction. No Bondholder or Account Register may sue the Issuer directly unless the Bondholders' Representative, having a duty to proceed, fails to do so within a reasonable period and such failure persists. To clarify, any Bondholder and/or Account Register may initiate legal action in court (individually or jointly with other Bondholders and/or Account Registers) if (i) at least three months have elapsed since the Bonds' payment due date, (ii) the Issuer has not fully paid the amount due, and (iii) the Bondholders' Representative has not taken action for any reason whatsoever.

13. INDEMNIFICATION OF THE BONDHOLDERS' REPRESENTATIVE

The Agreement includes provisions for indemnifying the Bondholders' Representative and releasing it from responsibility.

The Bondholders' Representative may rely, without incurring liability to Bondholders or Account Registers, on a report, confirmation, certificate, or advice provided by accountants, financial advisers, financial institutions, or any other experts, regardless of whether it is addressed directly to the Bondholders' Representative. Such reliance may also apply even if the liability of these parties is limited (either by the terms of their report or certificate, by their engagement letter with the Bondholders' Representative, or by any other means) through a monetary cap, specific methodology, or otherwise.

14. NOTICES

The Issuer shall notify Bondholders either by publication (including on the Issuer's website) or by sending notices to the Account Registers of the Bonds at their respective email or physical mailing addresses specified in this Prospectus through the Bondholders' Representative.

If notice is provided by publication or email, it shall be deemed given on the date of publication or email transmission. Multiple publications or emails shall be effective from the first date of publication or transmission. Notices sent by physical mail shall be deemed given on the 4th Business Day after the mailing date.

Bondholders shall send notices to the Account Register of Bonds at the addresses specified in this Prospectus, unless duly notified otherwise in written by the Account Register of Bond(s) to the Bondholders.

For clarity, if a notice under this Condition is sent in material form to the appropriate address, it is deemed duly sent and does not require additional mailing. The Issuer will inform Account Registers of meetings of Bondholders and may publish notices through designated public sources such as the Legislative Herald of Georgia.

For the purpose of disclosing regulated information, any public source defined by law (https://reportal.ge/; https://gse.ge/; Legislative Herald of Georgia, Issuer's website) will be used to publish regulated information, including the fulfillment of the obligations set forth in Article 9 of the National Bank of Georgia's Transparency Rule (181/04):

(a) Any amendments affecting the rights of public securities holders, including changes to terms that may indirectly impact those rights or arise from adjustments in loan terms and interest rates;

(b) Details on interest rates applicable to loan securities, periodic payments, options for conversion/exchange, purchase or cancellation rights, and repayment terms;

(c) Information necessary for the proper exercise of public securities holders' rights;

(d) Specifics on the location, timing, agenda, and entitlement to participate in the Issuer's shareholders' meetings;

(e) The Issuer intends to utilize the following platforms for disseminating various categories of regulated information. In the event of changes, Bondholders will be duly informed:

    (i) Periodic financial statements: https://reportal.ge/;

    (ii) Information concerning meetings, decisions, and similar matters: website of the National Agency of Public Registry or LEPL Matsne;

    (iii) Other relevant updates or current reports mandated by transparency laws: Issuer's website or GSE.

15. DEFINITIONS

Unless the context requires otherwise, the terms used in these Conditions shall bear the following meanings:

"Account Register" refers to JSC "Galt & Taggart," LLC "TBC Capital," or any other financial institution authorized under Georgian legislation to open and maintain securities account for clients;

"Adjourned Meeting" refers to a meeting of the Bondholders that resumes proceedings from a previous meeting where a quorum was not initially present for conducting business;

"Affiliate" of any specified Person means: (a) any other Person, directly or indirectly, controlling or controlled by, or under direct or indirect common control with such specified Person; or (b) any other Person who is a director or officer of such specified Person, of any Subsidiary of such specified Person, or of any other Person described in (a);

“Bondholder" / "Investor" means an Account Holder (which may, inter alia, be an Account Register) acting solely for its own benefit in respect of Dematerialized Securities;

"Business Day" means any day (other than a Saturday or Sunday) on which commercial banks settle payments and are open for general business (including in foreign exchange) in Tbilisi;

"Deferred Placement Date" has the meaning given to it in “Information regarding the Offering”;

"Deferred Placement Price" has the meaning given to it in “Information regarding the Offering”;

"Offering Completion Date" has the meaning given to it in “Information regarding the Offering”;

"Fair Market Value" of a transaction means the value that would be obtained in an arm's-length commercial transaction between an informed and willing seller (under no undue pressure or compulsion to sell) and an informed and willing buyer (under no undue pressure or compulsion to buy). A report of the Independent Appraiser on the Fair Market Value of a transaction may be relied upon by the Bondholders' Representative without further inquiry or evidence;

"Group" means the Issuer and its Subsidiaries, from time to time, taken as a whole;

"Control", as used in this definition, means the power to direct the management and the policies of the Issuer, whether through the ownership of share capital, by contract or otherwise;

"IFRS" means International Financial Reporting Standards (formerly International Accounting Standards), issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (as amended, supplemented or re-issued from time to time);

"Fiscal Period" means any fiscal period for which the Issuer has produced consolidated financial statements in accordance with IFRS, which have either been audited or reviewed by the Auditors;

"Indebtedness" means, with respect to any Person at any date of determination (without duplication):

(a) all indebtedness of such Person for borrowed money;

(b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) all obligations of such Person in respect of letters of credit or other similar instruments (including reimbursement obligations with respect thereto), excluding any letters of credit, guarantees, or other similar instruments issued in the ordinary course of its business;

(d) all obligations of such Person to pay the deferred and unpaid purchase price of property, assets or services;

(e) all indebtedness of other Persons secured by Security Interests granted by such Person on any asset (the value of which, for these purposes, shall be determined by reference to the balance sheet value of such asset in respect of the latest annual financial statements (calculated in accordance with IFRS) of the Person granting the Security Interest) of such Person, whether or not such indebtedness is assumed by such Person;

(f) all indebtedness of other Persons guaranteed or indemnified by such Person, to the extent such indebtedness is guaranteed or indemnified by such Person;

(g) any amount raised pursuant to any issue of securities which is expressed to be redeemable;

(h) net obligations under any currency or interest rate hedging agreements; and

(i) any amount raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the economic or commercial effect of a borrowing,

and the amount of indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations, as described above, and with respect to contingent obligations, as described above, the maximum liability which would arise upon the occurrence of the contingency giving rise to the obligation;

"Independent Appraiser" means an audit firm or third-party expert in the matter to be determined selected by the Issuer and approved by the Bondholders' Representative, provided that such firm or third party appraiser is not an Affiliate of the Issuer;

"Issue Date" means the date when the Bonds are issued and placed, as indicated in "Overview of the Offering";

"Material Subsidiary" means any Subsidiary of the Issuer that meets one or more of the following criteria:

(a) For the most recent IFRS Fiscal Period, it accounted for more than 5% of the consolidated revenues of the Group or, as of the end of the most recent IFRS Fiscal Period, it owned more than 5% of the total consolidated assets of the Group, as determined by reference to the consolidated financial statements of the Issuer prepared in accordance with IFRS at the end of that fiscal period; or
(b) It received substantially all of the assets and undertakings of a Subsidiary of the Issuer that immediately before such transfer was itself a Material Subsidiary (effective from the date of such transaction).

"Permitted Security Interests" means:

(a) Security Interests that were in existence on the Issue Date;

(b) Security Interests granted by any Subsidiary in favor of the Issuer or any wholly owned Subsidiary of the Issuer;

(c) Security Interests securing Indebtedness of a Person at the time such Person is merged into or consolidated with the Issuer or a Subsidiary of the Issuer, or becomes a Subsidiary of the Issuer, provided that such Security Interests: (i) were not created in anticipation of such merger, consolidation, or event; and (ii) do not extend to any assets or property of the Issuer or any Subsidiary of the Issuer, except for those assets or property of the acquired Person and its Subsidiaries (if any);

(d) Security Interests existing on assets or property acquired or to be acquired by the Issuer or a Subsidiary of the Issuer, provided that such Security Interests were not created in anticipation of such acquisition and do not extend to any other assets or property, except for the proceeds of such acquired assets or property;

(e) Security Interests granted upon or in relation to any property acquired by any member of the Group to secure the purchase price of such property or to secure Indebtedness incurred solely for the purpose of financing the acquisition of such property and transactional expenses related to such acquisition, provided that the maximum amount of Indebtedness thereafter secured by such Security Interest does not exceed the purchase price of such property, transactional expenses, and/or the Indebtedness incurred solely for the purpose of financing the acquisition of such property;

(f) any netting or set-off arrangement entered into by any member of the Group in the ordinary course of its business for the purpose of netting debit and credit balances;

(g) any Security Interest upon or in respect of any present or future assets or revenues or any part thereof which is created pursuant to any securitization of receivables, asset-backed financing, or similar financing structure, whereby all payment obligations secured by such Security Interest or benefiting from such Security Interest are to be discharged solely from such assets or revenues, provided that the aggregate value of assets or revenues subject to such Security Interest, when added to the aggregate value of assets or revenues, does not exceed 50 per cent. of the Issuer's assets, determined by reference to the consolidated balance sheet of the Group prepared in accordance with IFRS as at the end of the most recent IFRS Fiscal Period;

(h) Security Interests upon or in respect of any present or future assets or revenues or any part thereof which are created pursuant to any Repo transaction;

(i) Security Interests arising pursuant to any agreement (or other applicable terms and conditions) which are standard or customary in the relevant market relating to interest rate and foreign currency hedging operations;

(j) any Security Interests arising by operation of law and in the ordinary course of business, including tax and other non-consensual Security Interests;

(k) any Security Interests not otherwise permitted by the preceding paragraphs (a) to (j), inclusive, provided that the aggregate principal amount of the Indebtedness secured by such Security Interests does not at any time exceed the greater of US$30,000,000 or 35 per cent of the total consolidated assets of the Group, determined by reference to the consolidated balance sheet of the Group prepared in accordance with IFRS as at the end of the most recent IFRS Fiscal Period;

(l) any Security Interests not otherwise permitted by the preceding paragraphs (a) to (k), inclusive, provided that the fair market value of the corresponding collateral shall not exceed 70% (seventy per cent) of the total consolidated assets of the Group, determined by reference to the consolidated balance sheet of the Group prepared in accordance with IFRS as at the end of the most recent IFRS Fiscal Period.

"Person" means any individual, company, corporation, firm, partnership, joint venture, association, trust, institution, organization, state, or any other entity, whether or not having separate legal personality;

"Repo" means securities repurchase or resale agreement or reverse repurchase or resale agreement, a securities lending or rental agreement, or any agreement relating to securities which is similar in effect to any of the foregoing;

"Restricted Payment" has the meaning given to it in Condition 5(g);

"Securities Law" means the Law of Georgia on Securities Market, adopted on 24 December 1998, as amended from time to time.

"Security Interest" means any mortgage, pledge, encumbrance, lien, charge or other security interest (including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction);

"Subsidiary" means, in relation to any Person (the "first Person") at a given time, any other Person (the "second Person") (a) whose affairs and policies the first Person directly or indirectly controls or (b) as to whom the first Person owns directly or indirectly more than 50 per cent. of the capital, voting share or other right of ownership;

"Tax" means any tax, levy, duty, impost or other charge or withholding of a similar nature, no matter where arising (including interest and penalties thereon and additions thereto) and no matter how levied or determined.

16. GOVERNING LAW AND JURISDICTION

(a) Governing Law: The Prospectus and the Bonds, together with any non-contractual obligations arising from or related to them, shall be governed by and construed in accordance with the laws of Georgia.

(b) Jurisdiction: The courts of Georgia shall have exclusive jurisdiction over any disputes arising out of or in connection with the Prospectus or the Bonds, including claims, disputes, or differences concerning their issuance, existence, termination, or validity, or any non-contractual obligations arising from or related to the Prospectus or the Bonds.

Taxation of Bonds in Georgia

The following is a general description of certain material Georgian tax considerations relating to the Bonds. It is not intended to provide a comprehensive analysis of all tax considerations relating to the Bonds. Prospective purchasers of the Bonds should seek advice from their own tax advisers regarding the acquisition, holding, and disposal of the Bonds, as well as the receipt of payments of interest, principal, and/or other amounts under the Bonds, and the tax implications thereof. This summary is based on the law as it stands on the date of this Prospectus and is subject to any changes in the law that may occur thereafter. The information and analysis provided in this section are specifically focused on taxation issues, and prospective investors should not apply any of the information or analysis provided below to other areas, including (but not limited to) the legality of transactions involving the Bonds.

Withholding Tax on Interest

According to the Tax Code of Georgia, interest paid to Bondholders (resident and nonresident individuals and nonresident legal persons) will be subject to a withholding tax at the source of payment at a rate of 5% (five percent). Furthermore, such interest taxed at source shall not be included in the gross income of a recipient who is a resident individual.

Payments of interest on the Bonds will be exempt from withholding tax at the source, and these payments will not be considered gross income of the Bondholder if the Bonds are issued by a resident legal entity through a public offering before 1 January 2026 and are listed on an organized market recognized by the National Bank of Georgia (GSE categories A and B).

Interest accrued on the Bonds is exempt from withholding income tax at the source and shall not be considered gross income of the Bondholder if the Bonds are issued by a resident of Georgia and traded on a recognized foreign stock exchange.

Interest paid to Bondholders registered in countries with preferential taxation systems recognized as offshore jurisdictions by the Government of Georgia will be subject to taxation at a rate of 15%.

The applicability of Georgian withholding tax on interest may be influenced by a double tax treaty between Georgia and the country where the non-resident Bondholder resides.

Taxation of Bond Alienation

Revenue received by a resident legal entity from Bonds issued through a public offering in Georgia and allowed to trade on an organized market recognized by the National Bank of Georgia is exempt from taxation for both resident and non-resident individuals and legal entities.

If the exemption mentioned above does not apply, the following tax liabilities may arise:

Taxation of profits from the sale of Bonds by Non-Resident Legal Entity Bondholders:

Profit earned by non-resident legal entities (taxable as the difference between initial and sale prices) will be subject to a 15 percent tax rate. If the sale results in a taxable gain, the non-resident entity selling the Bonds is required to accurately report and pay the profit tax to Georgian tax authorities. Alternatively, if the sale is facilitated through a Georgian brokerage company, that brokerage company is responsible for withholding the applicable tax. The applicability of Georgian profit tax may be influenced by a double tax treaty between Georgia and the country where the selling entity is resident.

Taxation of profit from sale of Bonds by Non-Resident Individual Bondholders:

Profit earned by non-resident individuals (taxable as the difference between initial and sale prices) will be subject to a 20 percent tax rate. If the sale results in a taxable gain, the non-resident individual selling the Bonds is required to accurately report and pay the profit tax to Georgian tax authorities. Alternatively, if the sale is facilitated through a Georgian brokerage company, that brokerage company is responsible for withholding the applicable tax. The applicability of Georgian profit tax may be influenced by a double tax treaty between Georgia and the country where the selling individual is resident.

Certain individual Bondholders may qualify for exemptions if they hold the Bonds for more than two calendar years and do not utilize them in economic activities.

Taxation of profit from sale of Bonds by Resident Legal Entity Bondholders:

The surplus income received by a resident legal entity in Georgia (the difference between the initial purchase price and the sale price of Bonds) is subject to taxation at a rate of 15% as per the legislation of Georgia when the profit is distributed.

Taxation of profit from sale of Bonds by Resident Individual Bondholders:

Income from resident individuals (taxable object - difference between initial purchase and sale prices of Bonds) will be subject to a 20 percent tax rate. If the sale is conducted through a Georgian brokerage company, that brokerage company is responsible for withholding the applicable tax.

Certain individual Bondholders may qualify for exemptions if they hold the Bonds for more than two calendar years and do not utilize them in economic activities.

Tax on Payment of Principal

The principal amount received by the Bondholders upon redemption of the Bonds shall not be considered taxable income and therefore shall not be subject to taxation in Georgia, provided that the redemption price at maturity does not exceed the original issue price.

Value Added Tax

Sales (supply) of the Bonds are exempt from Value Added Tax in Georgia.