Joint Stock Company

“m2 Real Estate“

(Identification Code: 204517399)

Final Prospectus

IMPORTANT INFORMATION FOR THE INVESTORS:

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

THE PROSPECTUS MAY BE SUBJECT TO COMPLETION WITH ADDITIONAL INFORMATION IF AND AS REQUIRED BY THE APPLICABLE LEGISLATION.

Limitation of the liability:

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.

Further, to the fullest extent permitted by applicable law, no person (including without limitation the Placement Agent, the Bondholders' Representative, the Calculation and Paying Agent, the Registrar, other advisers to 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 the issue and offering of the securities described herein. The Placement Agent and the advisers to the Company accordingly disclaim all and any liability they might otherwise have in respect of this Prospectus or any such statement.

The Placement Agent is acting exclusively for the Issuer and no one else in connection with the offer. It will not regard any other person (whether or not a recipient of this Prospectus) as its client in relation to the offer. Therefore, the Placement Agent will not be responsible to anyone other than the Company for providing services or for giving advice in relation to the offer 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 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 representation: The attached Prospectus is delivered to the prospective investor at his request and on the basis that the investor has confirmed to JSC Galt & Taggart (the "**Placement Agent**") and JSC m2 Real Estate (the "**Company**" or the "**Issuer**") that the investor (i) is located outside United States and is not a US person (as defined in Regulation S under the United States Securities Act of 1933, as amended, or (ii) is outside of the United Kingdom or European Economic Area, or (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.

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 distributed 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 the linked Prospectus, the investor consents to receiving it in electronic form.

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

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

Approved by the National Bank of Georgia	Issue State Registration Number: ____________
on _______________	International Securities Identification Number (ISIN): _______________

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

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Joint Stock Company

"m2 Real Estate"

(Identification Code: 204517399)

Final Prospectus

The US$ 20,000,000 (twenty million) Bonds with interest (coupon) rate of 9.5% per annum. The Bonds mature in 2 years from the date of their issue and placement. The nominal value of each Bond is US$ 1,000 (one thousand). Issue price: 100% of the nominal value.

This Prospectus (the "**Prospectus**") is prepared by **m2 Real Estate JSC**, incorporated in Georgia under the laws of Georgia on 27 September 2006, Identification Code 204517399, legal address 3-5 Kazbegi Str., Tbilisi, Georgia ("**Company**" or the "**Issuer**").

This Prospectus is prepared in relation to issuance of 20,000 (twenty thousand) coupon Bonds (debt securities with fixed interest rate) of the Company. The nominal value of each Bond is US $1,000 (one thousand United States dollars); annual interest (coupon) rate - 9.50% of the nominal value. Final interest (coupon) rate was fixed in the book-building process while offering the Bonds to the prospective investors (see "*Terms and Conditions of the Bonds*" Condition 2(a) "*Bond Offering Process"* on pg. 51). The interest will accrue on the Bonds from the Bond Issuance and Placement Date until the Maturity Date. The interest on the Bonds will be paid semi-annually on the dates specified in the "*Overview of the Offering*" (*see, pg. 1*). First payment of the interest will be made on 20 September 2015. The Bonds will be redeemed at the principal amount together with the accrued and unpaid interest (if any) on 20 March 2017. The Company may redeem the Bonds in whole, but not in part, at their outstanding principal amount together with accrued and unpaid interest to the date of redemption in the event of certain changes affecting taxation in Georgia (see "*Terms and Conditions of the Bonds*", Condition 7 (b) – "*Redemption for Taxation*").

The Issuer and the Placement Agent will carry out the public offering and placement of the Bonds. The Prospectus is valid until the Bonds are redeemed and respective liabilities are fulfilled.

The Bonds will constitute unsecured and unsubordinated obligations of the Company.

As soon as possible after placement of Bonds but no later than 1 May 2015, the Issuer will submit an application to the Georgian Stock Exchange ("**GSE**") for the Bonds to be admitted to listing on the GSE's official list and to trading on GSE. In case of such admission, the Bonds may be traded on the GSE.

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 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. See "*Risk Factors"* of the Prospectus regarding the types of the risk factors related to investment in the Bonds. Neither this Prospectus nor any other information supplied by the Company or the Placement Agent in connection with the Bonds is intended to provide an evaluation of the risks involved in investing in Bonds. Each investor is advised to make his own evaluation of the potential risks involved.

This Prospectus and information provided therein may be subject to alteration and addition in case of change of circumstances. The Issuer will notify the investors about such alterations and additions in accordance with the legislation. 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 offer is unlawful. The Bonds have not been and will not be registered in any other country (other than Georgia). The Bonds have not been, and will not be registered under the United States Securities Act of 1933, as amended ("**US Securities Act**") or any US state securities laws, and except pursuant to the concrete exemptions envisaged by the US Securities Act, it is prohibited to sell, offer to sell or supply the Bonds in the United States.

In addition, the Issuer has not authorized a public offer of the Bonds in the United Kingdom under the Public Offers of Securities Regulations 1995 (or under any other normative act of the United Kingdom). The distribution of this Prospectus and the offering of the Bonds in certain jurisdictions, and to residents of such jurisdictions may be prohibited or restricted by the laws of such jurisdictions, therefore the use of the Prospectus to offer the Bonds to persons in such jurisdictions is not allowed. Persons into whose possession this Prospectus comes are required by the Company and the Placement Agent to inform themselves about and to observe any such restrictions.

The final Prospectus is prepared and available to public in accordance with the Law of Georgia on Securities Market. The final Prospectus is published and available on the website of the Company.

The Company accepts responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Company (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.

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

No person is authorised to give any information or to 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 Agent. 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 affairs of the Company since the date hereof.

Investors should not construe anything in this Prospectus as legal, business or tax advice. Each investor should consult its own advisers as needed to make its investment decision and to determine whether it is legally permitted to purchase the securities under applicable legal investment or similar laws or regulations.

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 merits and risks involved. See "*Risk Factors*". Each potential investor must determine the suitability of an investment in the Bonds in light of such investor's own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained in this Prospectus or any applicable supplement;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on 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 for principal and interest payments (the US dollar) is different from the potential investor's currency;

(iv) understand thoroughly the terms of the Bonds and be familiar with the behaviour of the financial markets in which they participate; and

(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 its ability to bear the applicable risks.

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FORWARD-LOOKING STATEMENTS

Certain statements in this Prospectus may be deemed to be "forward-looking statements". Forward-looking statements include statements concerning the Company's plans, expectations, projections, objectives, targets, goals, strategies, future events, future revenues, capital expenditures, financing needs, plans or intentions relating to acquisitions, competitive strengths and weaknesses, plans or goals relating to the Company's financial position, future operations, development, and business strategy and the trends the Company anticipates in the Georgian economy and in the industries and the political and legal environment in which it operates and other information that is not historical information. Forward-looking statements appear in various sections of this Prospectus, including, without limitation, under the headings "*Risk Factors*," "*Use of Proceeds*", "*Description of Business*", "*Management's Discussion and Analysis of Financial Condition and Operating Results*" and "*Risk Management*".

Words such as "believe", "anticipate", "estimate", "target", "potential", "expect", "intend", "predict", "project", "could", "should", "may", "will", "plan", "aim", "seek" and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. These risks, uncertainties and other factors include, among other things, those listed under "*Risk Factors*", as well as those included elsewhere in this Prospectus. Investors should be aware that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements.

Accordingly, investors should not place undue reliance on forward-looking statements and, when looking at forward-looking statements, should carefully consider the foregoing factors and other uncertainties and events, especially in light of the political, economic, social and legal environment in which the Company operates. The forward-looking statements in this Prospectus speak only as of the date of this Prospectus. The Company does not undertake any obligation to update or revise any of them (whether as a result of new information, future events or otherwise), other than as required by applicable laws. Company does not make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario. These cautionary statements qualify all forward-looking statements attributable to the Company or persons acting on the Company's behalf and any projections made by third parties included in this Prospectus.

PRESENTATION OF FINANCIAL AND CERTAIN OTHER INFORMATION

Financial Information

The audited financial statements of the Company as of and for the year ended 2013 (that contains 2012 comparable financial information) included in this Prospectus have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board (the "**IASB**"), including all International Accounting Standards and Interpretations issued by the IASB and the International Financial Reporting Interpretations Committee of the IASB that are relevant to the Company's operations. The 2013 consolidated financial statements were audited by the Company's independent auditors, EY Georgia, in accordance with International Standards on Auditing ("**ISA**").

The Company's audited financial statements as of and for the year ended 2014 are represented in the appendix of this Prospectus and were audited by independent auditors, "Georgia Audit" LLC in accordance with International Standards on Auditing. The audit of 2014 financial statements is also being conducted by EY Georgia that will become available not later than April 2015.

The combined financial statements as of and for the year ended 2014 represented in this Prospectus are combined financial statements of the Company and JSC "M2" (Identification Code: 404465529) and are not audited.

On 28 January 2015 JSC "M2" became the subsidiary of the Issuer and subsequently these two entities are considered as part of the same reporting group. The financial statements as of 31 December 2014 represented in this Prospectus are combined financial statements of abovementioned two companies as if they were part of the single reporting group.

Certain amounts that appear in this Prospectus have been subject to rounding adjustments.

Market, Industry and Economic Information

The Company obtained the market data used in this Prospectus from internal surveys, industry sources and public information currently available. The main sources for market information and foreign exchange data used in this Prospectus are the National Bank of Georgia ("**NBG**"), Georgian Real Estate Management and Investment Company LLC ("**Gremic**"), Paragon LLC, Colliers International Georgia. The Company obtained Georgian macroeconomic data principally from the Legal Entity of Public Law National Statistics Office of Georgia ("**Geostat**") and the Government of Georgia ("**Government**"). The Company accepts responsibility for having correctly reproduced information obtained from third parties, and, so far as the Company is aware and has been able to ascertain from information published by those third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

General Information

Unless otherwise stated all information contained in this Prospectus, including all historical financial information, is information of the Company.

Capitalised terms have the meanings ascribed to them in the "*Definitions*" section of this Prospectus.

Currency and Exchange Rates

In this Prospectus, all references to "Lari" and "GEL " are to the lawful currency of Georgia; all references to "dollars," "US dollars", "US$" and "USD" are to the lawful currency of the United States of America; all references to "Euros", "€" and "EUR" are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended; References to "billions" are to thousands of millions.

Solely for the convenience of the reader, this Prospectus contains translations of certain lari amounts into US dollars at exchange rates established by the NBG and effective as of the dates, of for the periods, specified herein. These exchange rates may differ from the actual rates used in the preparation of the Financial Statements and other financial information appearing in this Prospectus. The inclusion of these exchange rates is not meant to suggest that the Lari amounts actually represent such US dollar amounts or that such amounts could have been converted into US dollars at any particular rate, or at all.

The following table sets forth, for the years indicated, the high, low, average and period-end official exchange rates as reported by the NBG, in each case for the purchase of Lari, all expressed in Lari per US dollar.

	High	**Low**	**Average**	**Period End**
	(Lari per US dollar)			
2014	1.9527	1.7241	1.7659	1.8636
2013	1.7376	1.6348	1.6634	1.7363
2012	1.6751	1.6193	1.6513	1.6567
2011	1.8111	1.6388	1.6860	1.6703
2010	1.8875	1.6929	1.7826	1.7728

Source: NBG.

The following table sets forth, for the months indicated, the high, low, average and period-end official exchange rates as reported by the NBG, in each case for the purchase of Lari, all expressed in Lari per US dollar.

	High	**Low**	**Average**	**Period End**
	(Lari per US dollar)			
December 2014	1.9527	1.8315	1.8850	1.8636
November 2014	1.8368	1.7529	1.7776	1.8368
October 2014	1.7567	1.7515	1.7543	1.7544
September 2014	1.7574	1.7358	1.7458	1.7524
August 2014	1.7388	1.7241	1.7302	1.7360
July 2014	1.7700	1.7418	1.7597	1.7418

Source: NBG.

OVERVIEW OF THE OFFERING

This overview below describes the principal terms of the Bonds. This overview does not purport to be complete and terms and conditions of the Bonds are described in more detail in other sections of the Prospectus, including "''Terms and Conditions of the Bonds''.

The Offer	Offering of US$ 20,000,000 debt securities (Bonds) due on 20 March 2017
Issuer	JSC m2 Real Estate (Identification Code: 204517399; registered on 27 September 2006)
Security	Coupon bond (fixed rate interest bearing security)
Nominal Value	US$ 1,000 (one thousand US Dollars)
Number of Bonds	20,000 (twenty thousand)
Total Issue Price	US$ 20,000,000 (twenty million US Dollars)
Interest (coupon)	The Bonds will bear interest at the rate of 9.50% per annum including applicable taxes. In a limited instance if and when for any calendar year the interest payable on the Bonds qualifies for a "free float exemption" pursuant to the Tax Code and other applicable laws of Georgia, the Bonds will bear interest at the rate of 9.025% per annum including applicable taxes. Final interest (coupon) rate was fixed following the book-building and is reflected in the final prospectus (see, *Condition 2(a) "Bond Offering Process" – pg.51*)
Issue Price	100% of the principal amount (nominal value) of the Bonds
Bond Issuance and Placement Date	The Bonds will be issued and placed on 20 March 2015
Maturity Date	The Bonds will be redeemed on 20 March 2017 at their principal/nominal value together with accrued and unpaid interest (if any)
Placement Agent	JSC Galt & Taggart (Identification Code: 211359206)
Bondholders' Representative	Nodia, Urumashvili and Partners LLC (Identification Code: 204484628**)**
Calculation and Paying Agent	JSC Galt & Taggart (Identification Code: 211359206)
Registrar	JSC United Securities Registrar of Georgia (Identification Code: 205156374)
Interest Accrual and Payment	The interest is accrued on the Bonds at the abovementioned rate from the date of issuance and placement of Bonds until the maturity date. The interest will be accrued based on a 365-day year. The accrued interest will be payable semi-annually on 20 September and 20 March each year. The first payment of interest will be made on 20 September 2015.
Status and Ranking of the Bonds	The Bonds constitute unsecured and unsubordinated obligations of the Company and shall at all times rank *pari passu* and without preference amongst themselves. The

	Bonds shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least *pari passu* in right of payment equally with all other unsubordinated creditors of the Company
Form of the Bonds	The Bonds will be issued in dematerialized registered form. The Ownership interest in Bonds will be shown in the Register maintained by the Registrar and in registries maintained by Nominal Holders of the Bonds (as defined in the "*Terms and Conditions of the Bonds*"), and transfers of the Bonds shall be effected only through corresponding entries in the respective registries
Redemption	The Company may buy back the Bonds on secondary market prior to their maturity and hold such Bonds in treasury for further trading. The Company may redeem the Bond(s) prior to their maturity for cancellation by offering to the Bondholder(s) payment of the outstanding principal amount together with accrued and unpaid interest to the date of redemption. In addition, in certain cases, the Bonds may be redeemed at the option of the Company in whole, but not in part, at any time upon giving notice to the Bondholders, at their outstanding principal amount together with accrued and unpaid interest to the date of redemption in the event of certain changes affecting taxation in Georgia *(see "Terms and Conditions of the Bonds", Condition 7 (b) – "Redemption for Taxation")*
Negative Pledge and Other Covenants	Pursuant to the Terms and Conditions of the Bonds, the Issuer is subject to restrictions on the pledge of its assets except for certain Permitted Security Interests, and to other restrictions on the conduct of its business, disposal of assets and finances (See, "*Terms and Conditions of the Bonds*", Condition 5 (*Covenants*))
Event of Default	If an Event of Default has occurred, the Bondholders' Representative (and in certain circumstances, Bondholders and/or Nominal Holders) may give notice that the Bonds are, and the Bonds shall immediately become, due and payable at 100% of the principal amount together with (if applicable) accrued interest. See "*Terms and Conditions of the Bonds* - Condition 10 (*Events of Default*)".
Withholding Tax	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.
Use of Proceeds	The net proceeds received by the Company from the issuance of the Bonds will be used to ensure successful implementation of the Company's development strategy. Specifically, the Company plans to use the proceeds to carry out new real estate development projects. See "*Use of Proceeds*".
Listing and Admission to Trading	The Issuer intends to make applications to the Georgian Stock Exchange for the Bonds to be admitted to listing on the official list and to the trading system of the Georgian Stock Exchange, as soon as practicable after the placement of the Bonds, but not later than 1 May 2015

Selling Restrictions	The offer and sale of Bonds shall only be made within the jurisdiction of Georgia as allowed by the applicable laws of Georgia
Governing Law	Georgian law
Jurisdiction..	Any disputes related to the Bonds shall be resolved by submission to the courts in Georgia, pursuant to the rules set out in the Prospectus
Risk Factors	Prospective investors shall consider carefully all the information set forth in this Prospectus and, in particular, the information set forth under "*Risk Factors*" before making a decision on investment in the Bonds
Contact Information of the Issuer	JSC m2 Real Estate (Identification Code: 204517399) Address: 3/5 Tatishvili Str. 0179 Tbilisi, Georgia; Tel: (995 32) 244-4388; E-mail: gvakhtangishvili@m2.ge
Contact Information of the Placement Agent.............	JSC Galt & Taggart (Identification Code: 211359206); Address: 79 Aghmashenebeli Ave.; Tel: (+995 32) 2401111 E-mail: gt@gt.ge
Contact Information of the Bondholders' Representative...	Nodia, Urumashvili and Partners LLC (Identification Code: 204484628**)** Address: 71 Vazha-Pshavela Ave. 0186 Tbilisi, Georgia; Tel: (995 32) 220-7407; E-mail: eprem@nplaw.ge
Contact Information of the Registrar	JSC United Securities Registrar of Georgia (Identification Code: 205156374); Address: 11 Mosashvili Str. 0162 Tbilisi, Georgia; Tel: (995 32) 225-1560; E-mail: info@usr.ge
Security Codes (ISIN)..	Security code will be assigned by the National Bank of Georgia after submission of the final Prospectus

RISK FACTORS

An investment in the Bonds involves certain risks. Prior to making an investment decision, prospective purchasers of the Bonds should carefully read this entire Prospectus. In addition to the other information in this Prospectus, prospective investors should carefully consider, in light of their own financial circumstances and investment objectives, the risks described below before making an investment in the Bonds. Any of the risks described below could have a material adverse effect on the Company's business, financial condition and operating results. If any of the risks actually occurs, the market value of the Bonds may be adversely affected. In addition, factors that are material for the purpose of assessing the market risks associated with the Bonds are also described below. Although the Company believes that the risk factors described below represent the principal risks inherent in investing in the Bonds, there may be additional risks and uncertainties that the Company currently considers immaterial or of which the Company is currently unaware, and any of these risks and uncertainties could have similar effects to those set forth below. Accordingly, the Company does not claim that the statements below regarding the risks of holding any Bonds are exhaustive.

Macroeconomic Risks and Political Risks Related to Georgia

Difficult global economic conditions have had, and may continue to have, an adverse effect on the Company

As described in more detail below, the Company conducts its operations in Georgia, where most of its customers and assets are located. Nevertheless, the Company's business and performance are affected by global macroeconomic and market conditions. In 2008, the global economy entered the most severe downturn in 80 years, with the financial services industry facing unprecedented turmoil. A shortage of liquidity, limited funding opportunities, pressure on capital, deteriorating asset quality and significant price volatility across a wide range of asset classes put financial institutions under considerable pressure. Many developed economies entered into recession, and growth slowed in many emerging economies, including Georgia.

The financial crisis had a number of negative effects, including an erosion of trust in financial institutions, increased currency volatility, greater counter-party risk and the risk of systemic failures. This has caused disruptions in financial markets worldwide, leading to liquidity and funding difficulties in the international banking system. Access to capital, the credit markets, foreign direct investment ("FDI") and other forms of liquidity has been significantly impaired. The financial crisis has also had a significant adverse effect on the valuation of assets and the capital position of many financial institutions globally.

Despite the fact that global activity in 2015 will receive a boost from lower oil prices, which is largely driven by higher supply, this boost is projected to be more than offset by other negative factors, including investment weakness as medium-term growth expectations continue to be crumbly. Downside risks still remain: There are major concerns for economic prospects in China, Russia, the euro area, and Japan as well as weaker activity in some major oil exporters because of the sharp drop in oil prices. The United States is the only major economy for which growth projection is promising. Emerging market economies, where lower oil prices have introduced external and balance sheet vulnerabilities in oil exporters, face shifts in sentiment and volatility in global financial markets. Stagnation and low inflation are still concerns in the euro area and in Japan. The main regional risk stems from protracted Russia-Ukraine crisis and prolonged EU-USA sanctions on Russia, which would adversely affect exports and remittances among Georgia’s major trading partners. As these risks to growth continue to dominate, the global economy and Georgia may face market turmoil and external vulnerabilities. These developments have created an unfavorable environment globally and in Georgia and could have a material adverse effect on the Company.

Regional tensions could have an adverse effect on the local economy and the Company

Georgia, which is bordered by Russia, Azerbaijan, Armenia and Turkey, could be affected by further political unrest within its borders and in surrounding countries. In particular, Georgia has had ongoing disputes with Abkhazia, the Tskhinvali region, and Russia since the restoration of its independence. These disputes have led to sporadic violence and breaches of peace-keeping operations. Most recently, in August 2008, the conflict in Tskhinvali escalated as Georgian troops engaged with local militias and Russian forces that crossed the international border, and Georgia declared a state of war (the "**2008 Conflict**"). Although Georgia and Russia signed a French-brokered ceasefire that called for the withdrawal of Russian forces later that month, Russian troops continue to occupy Abkhazia and the Tskhinvali region and tensions continue. Russia has indicated that it views as hostile the eastward expansion of the North Atlantic Treaty Organization (NATO) (potentially including ex-Soviet republics such as Georgia). Russia recently signed agreements with Georgia's breakaway regions on further cooperation which may further jeopardize Georgia-Russia relations. Furthermore, Russia-Georgia relations may further deteriorate in the context of the signed Association Agreement between Georgia and the European Union (the "**EU Association Agreement**") including the Deep and Comprehensive Free Trade Agreement ("**DCFTA**"), which envisages a free trade regime with Europe. The EU Association Agreement will offer the potential of closer Georgian economic integration with the EU provided that Georgia adjusts certain elements of its legal, judicial and economic systems to meet EU standards. There can be no assurance that Georgia will be able to meet these standards and realize the potential economic benefits of closer integration with the EU.

Geopolitical tensions between Ukraine and Russia may also have an adverse impact on the Georgian economy. The crisis in Ukraine began in late 2013 and is still ongoing. The US and EU imposed sanctions on various Russian and Crimean officials and against Russia, including several Russian banks and companies. The political instability of Ukraine, as well as any prolonging or further escalation of the conflict between Russia and Ukraine, a significant decline in the Russian economy due to the sanctions, continued oil price drop accompanied by sharp currency depreciation or wider uncertainty and/or the increased level of regional, political and economic instability, and any future deterioration or worsening of Georgia's relationship with Russia, may have a negative effect on the political or economic stability of Georgia, which could, in turn, have a material adverse effect on Company's business, results of operations and/or prospects.

In addition, relations between Georgia's neighbors Azerbaijan and Armenia remain tense, and there are sporadic instances of violence between these two countries. Such incidents have recently increased.

In addition to the above, major changes in Georgia's relations with Western governments and institutions, in particular in terms of national security, in its importance to Western energy supplies, in the amount of aid granted to Georgia, and in the ability of Georgian manufacturers to access world export markets may also have a negative impact on the stability of Georgia, which in turn could have a material adverse effect on the Company.

As the Company operates only within Georgia, its success is dependent on a number of economic, political and other factors affecting Georgia that are beyond its control

Macroeconomic factors relating to Georgia, 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 profit/loss, margins and customer demand for the Company's products and services, which materially affects the Company's business, financial condition and operating results.

Georgia's main economic activities include tourism, transit services, trade, agriculture, mining, metals, and chemicals. According to Geostat, the country's real GDP grew by 5.9% in 9M14, however sharp deterioration in external environment significantly weighed on economic activity in 4Q14 as exports dropped, remittances fell and tourist arrivals were moderate. Driven by adverse external factors 2014 real GDP growth reached just 4.7% and Lari depreciated by 7.3% against dollar. As weaker external demand (exports fell by 30% in January 2015) will further jeopardize external accounts Georgia faces significant downside risks to growth outlook, including risks to exchange rate, financial stability, inflation, budget execution and capital flight.

Market turmoil and economic deterioration in Georgia could also have a material adverse effect on the liquidity, businesses or financial condition of the Company's clients, which could, in turn, result in decreased demand for the Company's products. In such an environment, consumer spending may decline. Any of these conditions could have a material adverse effect on the Company.

Instability or a lack of growth in the domestic currency market may have an adverse effect on the development of Georgia's economy and, in turn, on the Company

Although the Lari is a fully convertible currency, there is generally no market outside Georgia for the exchange of Lari. A market exists within Georgia for the conversion of the Lari into other currencies, but it is limited in size. According to NBG, in 2014, the total volume of trading turnover in the Lari-US dollar and Lari-Euro markets (excluding the activities of the NBG) amounted to US$ 26.3billion and €7.8 billion, respectively. According to the NBG, it had US$ 2.6 billion in gross official reserves as of 31 January 2014. While the Government has stated that these reserves will be sufficient to sustain the domestic currency market in the short term, a lack of growth of the currency market may hamper the development of Georgia's economy, which could have a material adverse effect on the businesses of the Company's corporate customers and, in turn, on the Company.

In addition, a lack of stability in the currency market may adversely affect Georgia's economy. There was significant instability in the Lari-US dollar exchange rate following the Russian financial crisis of August 1998, following the 2008 Conflict, at the end of 2013, triggered by increased Government spending and the tapering of quantitative easing in the US and at the end of 2014 driven by weaker external environment and increased government spending. While the Lari generally appreciated against the US dollar and other major international currencies from 2001 to 2008, it then generally depreciated against the US dollar and other major international currencies until February 2011, when it began to appreciate again. In November 2008, the NBG devalued the Lari by 16.1%, a measure aimed at alleviating the negative impact of the global financial crisis on the Georgian economy. The Lari was generally stable in 2012 and in the first 10 months of 2013. With Federal Reserve tapering and increased Government spending, the Lari depreciated against the US dollar by 6.6% between November 2013 and January 2014. From mid-February 2014 till mid-November 2014 Lari remained broadly stable against the dollar, however external factors and increased uncertainty prompted Lari depreciation by the end of 2014. Lari lost 7.3% of its value in 2014 and another 10.3% in January 2015. The ability of the Government and the NBG to limit any volatility of the Lari will depend on a number of political and economic factors, including the NBG's and the Government's ability to control inflation, the availability of foreign currency reserves and FDI and other hard currency inflows. Any failure to control these factors, or a major depreciation or further devaluation of the Lari, could adversely affect Georgia's economy. According to Geostat estimates, annual inflation in Georgia, as measured by the end-of-period consumer price index ("**CPI**"), was 2.0% in 2014, 2.4% in 2013, -1.4% in 2012 and 2.0% in 2011. Inflation continued to rise at the beginning of 2015, reaching 1.4% in January 2015 with core inflation increasing by 3.2%. According to the NBG, inflation will pick up from the second half of 2015. High and sustained inflation could lead to market instability, a financial crisis, a reduction in consumer purchasing power and erosion of consumer confidence. Any of these eventualities could lead to a deterioration in the performance of Georgia's economy and negatively affect the businesses of the Company's customers, which could, in turn, have a material adverse effect on the Company.

Political and governmental instability in Georgia could have an adverse effect on the local economy and the Company

Since the restoration of its independence in 1991, Georgia has experienced an ongoing substantial political transformation from a constituent republic in a federal socialist state to an independent sovereign democracy. Following the peaceful "Rose Revolution" uprising in November 2003, Mikheil Saakashvili served as President of Georgia from January 2004 and until 17 November 2013. In the Georgian parliamentary elections held on 1 October 2012, the then-oppositional Georgian Dream coalition led by Bidzina Ivanishvili won a majority of seats (54.97%) and then-President Mikheil Saakashvili's governing party admitted defeat, thus leading to a transfer of power in Georgia through competitive and universally accepted elections. Following the parliamentary elections, Ivanishvili was elected as the Prime Minister by the Georgian parliament. In the presidential elections held on 27 October 2013, Giorgi Margvelashvili, candidate of the governing Georgian Dream coalition was elected president. Pursuant to a previous announcement, in November 2013 Ivanishvili stepped down and Irakli Gharibashvili, Ivanishvili's close ally and a member of the Georgian Dream coalition was nominated to succeed Ivanishvili and was confirmed by the Georgian parliament on 20 November 2013. In July 2014 ruling Georgian Dream coalition also won local elections, thus gaining majority at both central and local levels.

The Georgian Dream coalition is generally seen to be business and investor friendly and to date has remained committed to major economic and fiscal policies designed to liberalize the Georgian economy. At the same time, however, various legislative initiatives discussed in the Georgian parliament have been subject to criticism by the business community, including the imposition of the moratorium imposed on foreign ownership of agricultural land, recently initiated law on labor migration and intention to launch labor inspection.

While Georgia has introduced policies oriented towards the acceleration of political and economic reforms, there can be no assurance that current Government policies or economic or regulatory reforms will continue at the same pace or at all. Georgia faces several challenges, including an improving but still tense relationship with Russia and the need to implement further economic and political reforms. Political instability in Georgia could have negative effects on the economy, which could have a material adverse effect on the Company's business, financial condition, results of operations and/or prospects.

Risks Related to the Company's Activities

Sales risk. There are three types of sales risks that the Company may face:

- ✓ Systematic sales risk might be caused by external factors such as increase in supply of residential projects and diminishing demand for apartments;

- ✓ Unsystematic risk may occur if the sales process is not managed efficiently and internal control measures are not adopted;
- ✓ Additionally, financing structure of each project implies approximately 50% dependence on the pre-sales that the Company might not be able to generate.

Construction risk may arise in relation to the following components*:*

- ✓ Cost overruns – the prices on major construction materials might increase and/or estimates used when developing 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, penalties will be payable 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 through removal of defects.
- ✓ Advance payments – in case of advance payments the general contractor may misuse funds.
- ✓ Sub-contractor risk – sub-contractors might not deliver their work on time and with adequate quality

Buyer default risk may arise if the buyers who purchase apartments through in-house finance default on their payments.

Operational/legal risks. The Company is constantly growing and new product lines are added to the operations that might cause administrative difficulties. Also, the increasing number of projects might cause operational risks if the processes are not standardized.

Regulatory risk may arise due to the changes in regulations and government policies regarding the Company's activities in Georgia that might have a negative impact on its performance.

Liquidity risk might occur if the Company is unable to meet its payment obligations when they fall due under normal and stress circumstances.

Foreign currency risk. Changes in currency exchange rates directly impact the Company's financial performance as its balance sheet is diversified in two different currencies (GEL, USD), while the reporting currency of the Company is Georgian Lari.

Key personnel risk. The Company depends on its key employees and qualified staff, and therefore key personnel leaving the organization might have an adverse effect on the Company's performance, at least in the short term. The Company's key decision – making employees are the General Director (CEO), Deputy CEO in finance and operations and Deputy CEO in sales and marketing.

Risks related to competition may arise if a competitor is the first to market a new product or it employs dumping strategy to gain more customers. The competitor may also employ a strategy of aggressive expansion and thereby worsen the quality of its work eventually causing damage to the industry's reputation

Other Risks Relating to Emerging Markets

The uncertainties of the judicial system in Georgia, including difficulty to enforce court judgments, may have an adverse effect on the local economy, which could, and in turn, have an adverse effect on the Company

Georgia is still developing an adequate legal framework that is required for the proper functioning of a market economy. For example, several fundamental civil, criminal, tax, administrative and commercial laws have only recently become effective. The recent nature of much of Georgian legislation and the rapid evolution of the legal system place the quality and the enforceability of laws in doubt and may result in ambiguities and inconsistencies in their application.

In addition, the court system in Georgia is understaffed and has been undergoing significant reform. Judges and courts are generally less experienced in the area of business and corporate law than is the case in other countries, particularly the United States and EU countries. Most court decisions are not easily available to the general public, and enforcement of court judgments may, in practice, be difficult. The uncertainties of the judicial system could have a negative effect on the economy and a material adverse effect on the business of the Company's corporate customers, which could, in turn, have a material adverse effect on the Company.

The uncertainties of the tax system in Georgia may result in the Company facing tax adjustments or fines in the future, and there may be changes in current tax laws and policies

In Georgia, the tax laws have not been in force for as long as in more developed market economies, and this often results in unclear or non-existent implementation of regulations. Moreover, the tax laws are subject to frequent changes and amendments, which can result in unusual complexities for the Company and its business generally. Differing opinions regarding the interpretation of various provisions exist both among and within governmental ministries and organizations, including the tax authorities, and this creates uncertainties, inconsistencies and areas of conflict. Therefore, it is possible that the relevant authorities could adopt differing positions with regard to interpretative issues, which may result in the Company facing tax increases or fines. While, by virtue of the Economic Liberty Act passed by parliament in July 2011 and effective since 1 January 2014, subject to certain exceptions, public referenda initiated by the Government are required to be held before the introduction of new state-wide taxes or increases in the existing tax rates (except excise), Georgia is a parliamentary democracy, and any change in the composition of the Government could result in a change to taxation policies. Furthermore, there can be no assurance that existing tax regulations and tax exemptions will not be subject to change in the future, including any changes introduced as a result of a change of Government. Such changes, among other things, could include the introduction of new administrative regulations for tax compliance and abolishment of existing preferences, applicable to the Company or its customers. Any such changes in the tax laws or governmental tax policies may have a material adverse effect on the Company.

There are additional risks associated with investing in emerging markets such as Georgia

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

In addition, international investors' reactions to events occurring in one emerging market or region sometimes appear to demonstrate a contagion effect whereby an entire region or class of investment is disfavored by investors. If such a contagion effect occurs, Georgia could be adversely affected by negative economic or financial developments in other emerging markets. Georgia has been adversely affected by contagion effects in the past, including following the 1998 Russian financial crisis and the more recent global financial crisis. Current Russia-Ukraine tensions could also have a material adverse effect on Georgia. Thus, no assurance can be given that the country will not be affected similarly in the future.

Financial or political instability in emerging markets also tends to have a material adverse effect on the capital markets of emerging economies and the wider economy as investors generally move their money to more developed markets, which are considered to be more stable in times of financial or political instability. These risks may be compounded by incomplete, unreliable or unavailable economic and statistical data on Georgia, including elements of information provided in this Prospectus.

Risks Relating to the Bonds

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 without regard to the Company's business, financial condition and results of operations. 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 conditions, and the financial condition of the Company or other factors, some of which may be beyond the control of the Company.

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 that would be satisfied after any secured creditors. The ability of the Company to pay such claims will depend upon, among other factors, its liquidity, overall financial strength and ability to generate asset flows.

Any change of law in Georgia in the future may have a material adverse effect on the Bonds, including their GSE listing

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.

The Company intends to make an application to the GSE for the Bonds to be admitted to listing on the GSE's official list and to trading on the GSE. The Parliament of Georgia was considering certain changes to securities legislation in 2013 that could negatively affect listing of the Bonds and their admission to trading on the GSE as well as maintaining such listing and admission in the future. Although these draft amendments were widely criticized and were not adopted, any future changes to the securities legislation could have a negative effect on the listing and admission to trading of the Bonds and the trading market for the Bonds.

Investors whose financial activities are denominated in a currency or currency unit other than US dollars may receive less interest or principal than expected, or no interest or principal on the Bonds, as a result of fluctuations in exchange rates or changes to exchange controls

The Company will pay principal and interest on the Bonds in US dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the investor's currency) other than US dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of the US dollar 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 the US dollar 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 (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal, on the Bonds.

An investment in the Bonds involves certain legal investment considerations

The investment activities of certain investors are 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 any applicable risk-based capital or similar rules.

Transfer of the Bonds will be subject to certain restrictions

The Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended ("**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.

Investors in the Bonds must rely on procedures of the Registrar, the 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 registered in the Register maintained by the Registrar (as such terms are defined in the Terms and Conditions of the Bonds). A Bondholder must rely on the procedures of the Registrar and of the Nominal Holders (where applicable) to receive payments under the Bonds. The Company has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Bonds.

The Terms and Conditions of the Bonds provide that the Bondholders' Representative will be required to take action on behalf of the Bondholders in certain circumstances, but only if the Bondholders' Representative is indemnified and/or pre-funded and/or secured to its satisfaction. It may not be possible for the Bondholders' Representative to take certain actions and accordingly in such circumstances the Bondholders' Representative will be unable to take such actions, notwithstanding the provision of an indemnity and/or prefunding and/or security to it, and it will be for Bondholders and nominal holders to take such actions directly.

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 in a manner contrary to the majority.

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 one does develop, that 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 a number of 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.

Other Regulatory Risks

Following public offering of the Bonds the Company will become a Reporting Company and be subject to additional regulations and reporting requirements

Following public offering of the Bonds, the Company will become a Reporting Company within the meaning of the Law of Georgia on Securities Market ("**Securities Law**"). The Securities Law sets certain approval and transparency requirements for transactions in which the members of the governing bodies of a Reporting Company and direct or indirect owners of 20% or more of its shares are regarded as "**Interested Parties**" (such cases are defined in the Securities Law). According to the Securities Law, a transaction involving Interested Parties shall be approved by the supervisory board or the general meeting of shareholders. For transactions exceeding 10% of the value of the assets of the Company, such transactions shall be approved by the general meeting of shareholders. Transactions with 100% subsidiaries and 100% shareholders are exempted from these requirements (see "*Regulation of Leasing Activities in Georgia -Additional Requirements Applicable to Reporting Companies*"). Consequently, following public offering of Bonds, the Company's Meeting of Partners will have to approve transactions involving Interested Parties.

Furthermore, the Securities Law imposes specific reporting obligations on a Reporting Company. A Reporting Company is obliged to submit to the NBG, publish or provide to the registered owners of its securities annual, semi-annual and current reports. If the Bonds are traded on the GSE, such information must be also provided to the GSE. The NBG is entitled to request additional information from the Reporting Companies.

Requirement of approval of transactions with Interested Parties and reporting requirements will pose additional regulatory burden on the Company and may affect the efficiency of its operations. In addition, the failure to obtain required approvals may cause invalidation of the relevant transactions in certain cases.

Newly introduced anti-monopoly regulations may negatively affect the activities of the Company

In March 2014 significant amendments were made to law of Georgia on Competition ("**Competition Law**"). Various restrictions were introduced in relation to concentration of economic agents, abuse of dominant position, state aid, etc., whereas no competition regulations of general application existed in Georgia previously (except for certain industries such as banking and telecommunications). The Competition Agency was established in April 2014 based on the Competition Law. The Competition Agency is entitled to monitor compliance of private entities with the anti-monopoly legislation in Georgia and has various powers including the right to impose fines for breach of the Competition law. The Competition Agency is expected to issue various normative acts based on the Competition Law in the nearest future. The novelty of anti-monopoly regulations and unpredictability of the process of enforcement of such regulations by the Agency may pose additional regulatory burden on the Company and negatively affect its plans for expansion.

USE OF PROCEEDS

The net proceeds received by the Company from the issuance of Bonds are intended to ensure successful implementation of the Company's development strategy. Specifically, the Company plans to use the proceeds to carry out following projects:

- ✓ **Kavtaradze Project.** The project commencement is planned in the first half of 2015 and is expected to be completed in second half of 2017. The project's total estimated cost (incl. VAT) is USD 21,9mn of which USD 5mn is expected to be financed from bond issuance proceeds. The details about the project are as follows:

Project cost breakdown ***(numbers are given in USD)***	
Soft costs	408,976
Land cost	2,720,000
Construction costs	14,109,662
Other costs (marketing, insurance, taxes, etc.)	1,158,912
VAT	2,744,022
Contingency	725,932
Total costs	**21,867,504**

Project assumptions ***(numbers are given in USD)***	
Land area, m2	19,616
Net sellable area (NSA), m2	27,807
Expected revenue, USD (incl. VAT)	28,151,379
Estimated ROEA of the project	87.0%
Estimated IRR of the project	40.0%
Financing options:	
Equity	2,720,000
Pre-sales	14,147,504
Debt	**5,000,000**

- ✓ **New Hippodrome Project.** The project commencement is planned in the first half of 2015 and is expected to be completed in the second half of 2017. The project's total estimated cost (incl. VAT) is USD 62,2mn of which USD 15mn is expected to be financed from bond issuance proceeds. The details about the project are as follows:

Project cost breakdown ***(numbers are given in USD)***	
Soft costs	2,078,320
Land cost	5,800,548
Construction costs	39,089,050
Other costs (marketing, insurance, taxes, etc.)	5,345,364
VAT	7,780,633
Contingency	2,058,369
Total costs	**62,152,284**

Project assumptions ***(numbers are given in USD)***	
Land area, m2	14,079
Net sellable area (NSA), m2	61,608
Expected revenue, USD (incl. VAT)	78,018,336
Estimated ROEA of the project	33.1%
Estimated IRR of the project	30.9%
Financing options:	
Equity	11,800,548
Pre-sales	35,351,736
Debt	**15,000,000**

CAPITALISATION AND INDEBTEDNESS

The following table sets forth the Company's capitalization as of 31 December 2013 and 31 December 2014 as derived from its 2013 financial statements and 2014 combined financial statements. This table should be read in conjunction with the sections entitled "*Selected Consolidated Financial and Operating Information*" and "*Management Discussion and Analysis of the Company's Financial Condition and Operating Results*", as well as the 2013 financial statements and 2014 combined financial statements, together with the related notes, all of which are reproduced elsewhere in this Prospectus.
GEL/USD exchange rate used for 31 December 2014 capitalization is official exchange rate of NBG (1.8636) as of 31 December 2014 and exchange rate used for 31 December 2013 capitalization is official exchange rate of NBG (1.7363) as of 31 December 2013.

As of 31 December, 2014 ('000) (Unaudited)	GEL	US$
Amount due to credit institutions	3,539	1,899
Debt securities issued	29,176	15,656
Total borrowings	**32,715**	**17,555**
Share capital	3,524	1,891
Share premium	71,813	38,535
Retained earnings/Accumulated losses	3,862	2,072
Total equity	**79,199**	**42,498**

As of 31 December, 2013 ('000)	GEL	US$
Amount due to credit institutions	-	-
Total borrowings	-	-
Share capital	2,782	1,602
Share premium	53,544	30,838
Accumulated losses	(2,244)	(1,292)
Total equity	**54,082**	**31,148**

SELECTED CONSOLIDATED FINANCIAL AND OPERATING INFORMATION

The financial information of the Company set forth below as of and for the years ended 31 December 2012, 31 December 2013, has been extracted from, should be read in conjunction with, and is qualified in its entirety by the consolidated financial statements, including the related notes, contained elsewhere in this Prospectus.

On 28 January 2015 JSC m2 (Identification Code: 404465529) became the subsidiary of the Issuer and subsequently these two entities are considered as part of the same reporting group. The financial statements as of 31 December 2014 represented in this Prospectus are combined financial statements of abovementioned two companies as if they were part of the single reporting group.

Investors should be aware that the financial data for the Company set out in "Management Discussion and Analysis of the Company's Financial Condition and Operating Results —Results of Operations for the Year ended 31 December 2012 and the Year ended 31 December 2013" is taken from the 2013 financial statements. As for the financial data as of 31 December 2014 it is taken from combined financial statements of JSC "M2" and the Issuer.

Prospective investors should read the selected financial and other information in conjunction with the information contained in the following sections of this Prospectus: "Risk factors", "Capitalization and Indebtedness", "Management Discussion and Analysis of the Company's Financial Condition and Operating Results", "Description of Business" and the consolidated financial statements, including the related notes and other financial data appearing elsewhere in this Prospectus.

Balance sheet data, GEL ('000)

	2014	**2013**	**2012**
Assets			
Non-current assets	**102,482**	**39,269**	**54,727**
Investment property	61,611	18,796	25,245
Inventory property	37,745	16,849	27,213
Deferred tax assets	473	1,555	1,671
Other non-current assets	2,653	2,069	598
Current assets	**92,195**	**73,885**	**33,066**
Inventory property	37,918	48,891	1,661
Prepayments and other assets	17,882	9,593	6,417
Trade and other receivables	522	1,612	899
Amounts due from credit institutions	10,589	-	15,475
Investment securities available for sale	1,387	1,165	1,145
Cash and cash equivalents	23,897	12,624	7,469
Total assets	**194,677**	**113,154**	**87,793**
Equity and liabilities			
Share capital	3,524	2,782	3,301
Share premium	71,813	53,544	52,098
Treasury shares	-	-	(519)
Accumulated losses/Retained earnings	3,862	(2,244)	(9,088)
Total equity	**79,199**	**54,082**	**45,792**
Non-current liabilities	**28,449**	**8,874**	**37,831**
Long-term loans	-	-	14,178
Deferred revenue	26,880	6,562	23,653
Deferred tax liabilities	261	163	-
Retention guarantee payable to contractor	1,308	2,149	-
Current liabilities	**87,029**	**50,198**	**4,170**
Short-term loans	3,539	-	1,896
Debt securities issued	29,176	-	-
Deferred revenue	48,152	46,846	-

Trade and other payables	6,162	3,352	2,274
Total liabilities	**115,478**	**59,072**	**42,001**
Total liabilities & equity	**194,677**	**113,154**	**87,793**

Income Statement data, GEL ('000)

	2014	**2013**	**2012**
Sales of inventory property	56,835	7,347	12,044
Cost of sales-inventory property	(46,720)	(5,848)	(10,056)
Profit on sale of inventory property	**10,115**	**1,499**	**1,988**
Rental income	1,585	1,315	1,331
Property operating expense	-	(16)	(89)
Net rental income	**1,585**	**1,299**	**1,242**
Net gain from revaluation of investment property	1,910	7,168	-
Net gain from investment property	**1,910**	**7,168**	**-**
Other revenue	130	151	245
Employee benefits expense	(1,300)	(1,282)	(795)
Other general and administrative expenses	(1,877)	(1,094)	(1,168)
Marketing and selling expenses	(2,289)	(940)	(687)
Depreciation	(155)	(216)	(121)
Non-recurring expenses	(33)	(808)	-
Operating profit	**8,086**	**5,777**	**704**
Finance income	(14)	1,131	453
Net foreign exchange gain/loss	(889)	215	(230)
Non-operating income	-	-	2,073
Profit before income tax expense	**7,183**	**7,123**	**3,000**
Income tax expense	(1,077)	(279)	(423)
Profit for the year	**6,106**	**6,844**	**2,577**

MANAGEMENT DISCUSSION AND ANALYSIS OF
THE COMPANY'S FINANCIAL CONDITION AND OPERATING RESULTS

The following discussion and analysis of the Company's consolidated financial condition and operating results principally covers the historical performance of the Company for years 2012-2014 and budgeted cash flow analysis for 2015-2017. Unless otherwise specified, the financial information for the periods presented in this document has been extracted and/or derived from the financial statements. This section should be read in conjunction with the financial statements and the other financial information included elsewhere in the Prospectus.

Certain information contained in the discussion and analysis set forth below and elsewhere in this prospectus includes forward-looking statements. These forward-looking statements are subject to risks, uncertainties and other factors which could cause actual results to differ materially from those expressed or implied by the forward-looking statements. See "Risk Factors" and "Forward-Looking Statements".

Factors Affecting the Company's Financial Statements

The key factors affecting the Company's financial statements are discussed below:

Macroeconomic Conditions

For more than 10 years, the Georgian economy has been growing at an average rate of 6% per year despite the 2008 Conflict and the global financial crisis. The country's growth was stimulated by very significant reforms in many areas aimed at eliminating corruption, making government bureaucracy more efficient, simplifying the tax regime, and creating an investment-friendly environment. In June 2014, Georgia and the EU signed an Association Agreement. The deal includes a DCFTA (Deep and Comprehensive Free Trade Agreement), effective 1 September 2014, which will vastly simplify Georgia's access to EU market, a common-customs zone of c. 500mn customers, further spurring exports and enhancing the diversification and competitiveness of Georgian products. In 2012, a peaceful, democratic transition of power following elections helped to strengthen the perception of political stability. Now in its third year of Government, the ruling Georgian Dream coalition has shown willingness to continue building a pro-business environment and in fact has initiated several programs to support local businesses, particularly in the agriculture sector.

Georgian economic growth has several drivers. The country's geographic location between land-locked, energy-rich Azerbaijan and Central Asia and their customers in the West has predetermined importance of transportation and logistics. Tourism has been one of the success stories of the last decade. Travel inflows, with 28.9% CAGR in number of visitors over 2005-2014, are a significant source of foreign currency for Georgia, generating US$1.8 billion in 2014. The economy is also well positioned to become a destination for significant FDI in the hydro energy sector. Further opportunities for accelerated growth are expected to come with affective EU DCFTA.

Georgia's Economic Liberty Act, which came into effect on 31 December 2013, caps Government expenditure at 30% of GDP, the fiscal deficit at 3% of GDP and Government debt at 60% of GDP. Under the Economic Liberty Act, subject to certain exceptions, public referenda initiated by the Government are required to be held before the introduction of new state-wide taxes or increases in the existing tax rates (except excise). This is intended to ensure the continued existence of a good business environment, especially considering that Georgia is already one of the world's most tax-friendly states: only six taxes are imposed, including corporate income tax (15%) and personal income tax (20%).

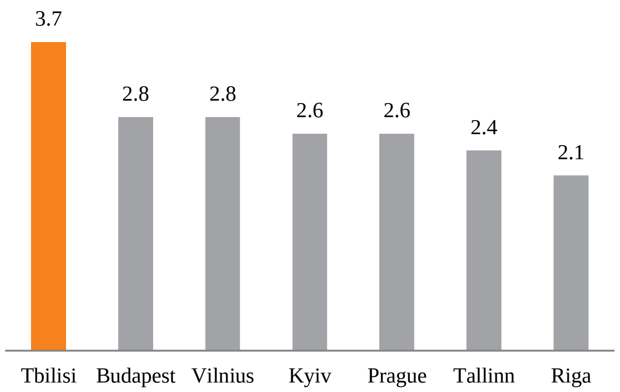
Georgian Residential Market and its Potential

Home ownership in Georgia is one of the highest in the world at 91.5% as of 2011 and is comparable to other post Soviet countries. This is due to the fact, that in 1992, the government transferred the ownership of apartments to the citizens charging only the transfer tax. Large share of housing stock was constructed between 1960 and 1990. The quality of apartments constructed was quite low for the large part of the population. Such buildings are called *Khrushchyovkas* (circa 150 buildings with 1 million m^2 in Tbilisi) which have already been fully amortized by year 2000. Therefore, a significant share of future demand is expected to be replacement demand, as the amortized stock will require replacement with new constructions[1].

To concentrate on the capital of Georgia, Tbilisi has one of the highest densities per household (3.7 people per apartment) in Eastern and Central Europe, however the tradition of multi-generations living in the same apartment is changing rapidly. Moreover, the city has one of the lowest per capita housing stock (19 m^2) compared with countries of the abovementioned region, meaning there is a room for growth in comparison with the peer countries.

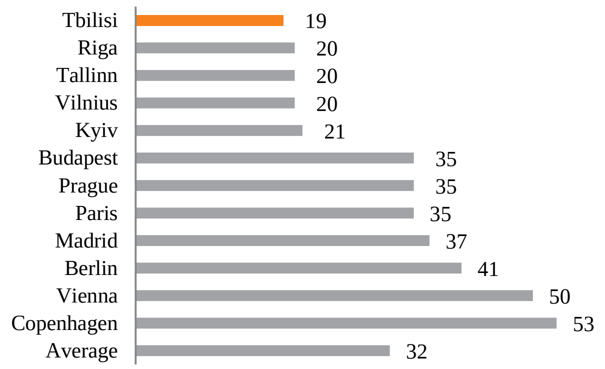
Additionally, one of the drivers of the future demand could be increased efficiency in Georgia's agricultural sector where 50% of Georgia's labor force is employed. This would cause migration of people from regions to the cities generating demand for residential housing.

Figure 1: Average number of people per household 2013



Source: NAPR, Gremic, Company data

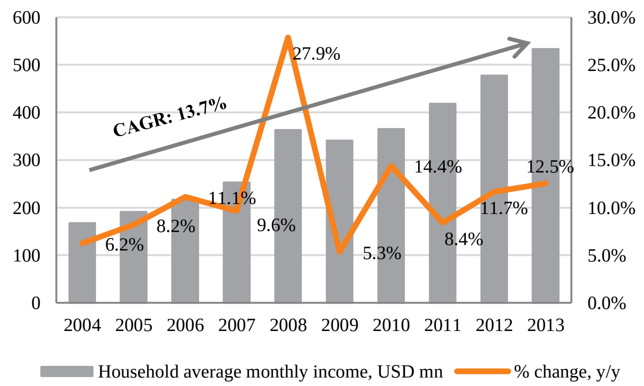
Figure 2: Housing stock per capita 2013 (m^2)



Source: NAPR, Gremic, Company data

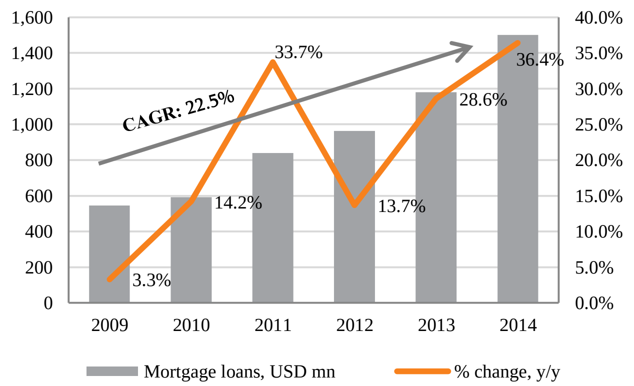
The household average monthly income of Georgian population has been increasing over last 10 years, however due to armed conflict with Russia and world financial crisis, the growth of the country has slowed down in 2009. Despite worsened macroeconomic condition, mortgage lending continued growth which was in line with increased demand for residential property. Mortgage lending growth outpaces growth of household income which means that household spending moods are more heavily weighted towards long term investment decisions.

Figure 3: Household average monthly income dynamics



Source: Geostat

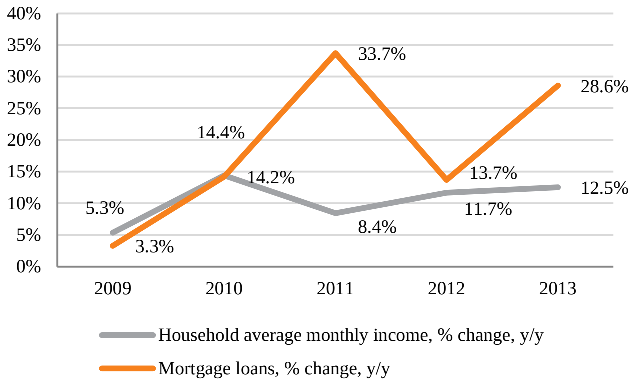
Figure 4: Mortgage loans dynamics



Source: NBG

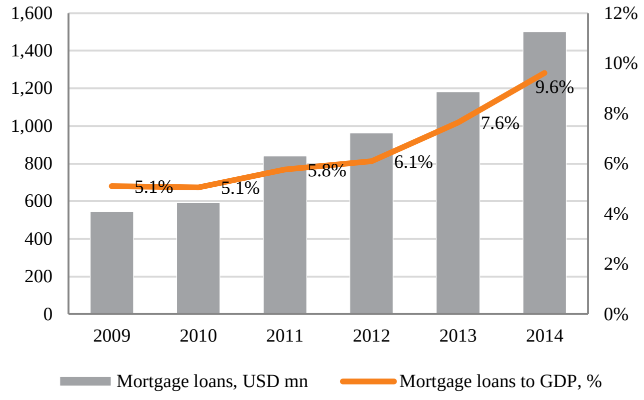
[1] *Source: "Georgia Real Estate Market Overview 2012" commissioned by the municipality of Tbilisi and the National Investment Agency of Georgia*

Figure 5: Growth rate of average monthly income of households and mortgage loans



Source: Geostat, NBG

Figure 6: Mortgage loans to GDP

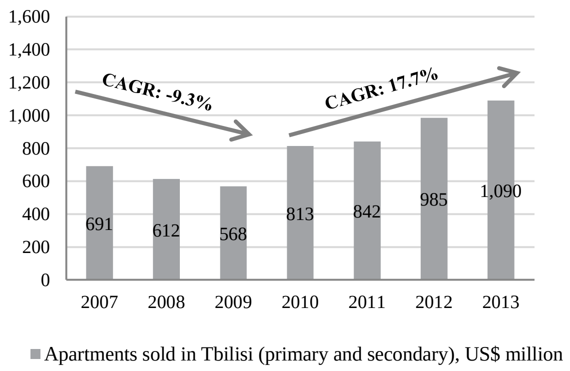


Source: Geostat, NBG

Despite strong growth of mortgage loans over last 5 years (CAGR: 22.5%), the ratio of mortgage loans to GDP increased just 4.5ppts to 9.6% as of 2014. This indicates that there is large room for further mortgage market penetration.

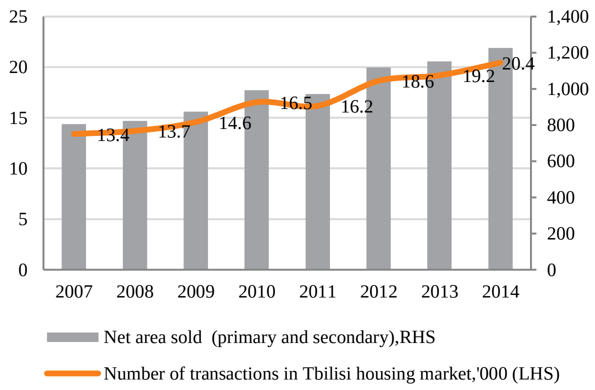
Tbilisi housing market is growing steadily since 2010. During the military conflict in 2008 and subsequently in 2009 the market experienced decline; however in short period of time demand started to grow and CAGR of 2010-2013 amounted to 17.7%. The prices of the apartments are also growing for all types of housing stock. As for the market segmentation midscale and economy apartments account for 98% of the market, with luxury housing amounting remaining 2%.

Figure 7: Tbilisi housing market size (USD million)



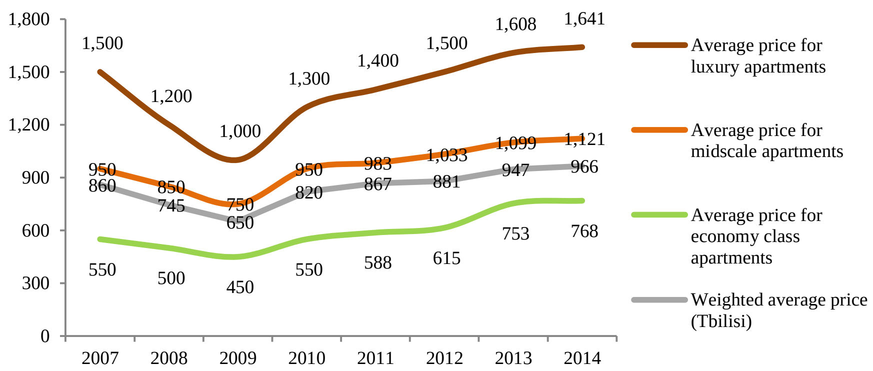
Source: National Agency of Public Registry, Gremic, Paragon, Company data

Figure 8: Housing stock sold in Tbilisi (m^2, thousands)



Source: National Agency of Public Registry, Gremic, Paragon, Company data

Figure 9: Price dynamics (USD/m^2)



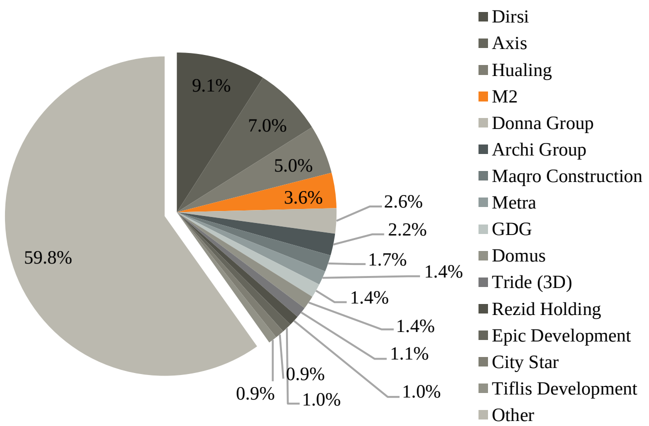
Source: National Agency of Public Registry, Gremic, Company estimates

The list provided below presents top 10 real estate developers actively participating in this sector:

- ✓ Dirsi
- ✓ Axis
- ✓ Hualing
- ✓ m2 Real Estate
- ✓ Dona Group
- ✓ Archi Group
- ✓ Maqro Construction
- ✓ Metra
- ✓ GDG
- ✓ Domus

In addition to these major players, there are numerous construction companies who work on single residential projects. Although individual projects are small, they represented around 60% of the total construction area as of Q3 2014, when aggregated.

Figure 10: Market segmentation by companies (share in total construction area, Q3 2014)



Source: Colliers International Georgia

The Issuer is the fourth largest developer according to its share in total construction area as of Q3 2014; however Dirsi and Hualing concentrate on residential development in suburbs and therefore taking into account the fact that most of the Company's developments are located in central part of Tbilisi, they should not be considered as the Company's direct competitors.

The real estate development segments are categorized into luxury, midscale and economy housing. The Company has on-going or planned project in all three segments unlike any other active developer on the market. Its direct competitors are:

Low segment	Medium segment	Premium segment
m2 Optima	*m2 Standard*	*m2 Luxury*
Dirsi	Archi Group	GDG Development
Dona Palace	Axis	IMG Development
Jey 1	Domus	Hillside Residence
Hualing Group	Epic Development	Lisi Lake Development
	Maqro Construction (Green Budapest)	
	Metra Development	
	Redco	

Source: Company management estimate

Strengths

The Company differentiates itself from its competitors by emphasizing its strengths in following areas:

Product

- ✓ Apartments with completed refurbishment
- ✓ Energy efficient buildings
- ✓ Optimal planning of an apartment – more bedrooms for less value
- ✓ Modern fire emergency systems
- ✓ Buildings adapted for disabled people

Service

- ✓ Delivery of projects on time
- ✓ High quality of construction/refurbishment
- ✓ 5 Sales offices
- ✓ Sales force of 10 employees with high capacity (on average 3,000 calls and 600 visits per month, sales to visits rate at 15%)
- ✓ Online services including consistent website, availability of requested calls, possibility of choosing an apartment through online system
- ✓ Property management services
- ✓ Client relations management (CRM) – creating a customer experience

Location

- ✓ Choosing most demanded locations in Tbilisi based on the type of the project, whether it's the central part of the town, suburbs or exclusive locations for luxury housing.

Planning and interior design

- ✓ To adopt the initial plan of the apartment to customer demands
- ✓ Choice of materials for refurbishment

Technology

- ✓ Exclusive online sales system that guarantees high speed of sales and minimizes human errors
- ✓ Automated system of sending text messages and newsletters to customers.

This technological support is unique among the development companies and represents one of the major competitive advantages for the Company.

Experienced management team

The senior managers of the Company have a solid experience in the sector of real estate development and have a successful track record of executing residential and other real estate projects and delivering target results. They are loyal employees of the Company dedicated to build on their experience and constantly improve company results. Significant part of compensation of key personnel is performance driven.

Brand and communication

- ✓ High brand awareness
- ✓ Loyal customer base
- ✓ Developed commercial channels (Facebook, website, newsletters)
- ✓ Strong integrated marketing communication
- ✓ Brand parameters:
    - Trustworthy company (partnership with strong international financial organizations)
    - Innovation – first company to offer affordable housing concept with refurbished apartments, also offering energy efficient buildings to medium and lower scale segments
    - Corporate social responsibility – creating adapted space, environmentally conscious company, promoting education

Company overview

The Company was established by JSC Bank of Georgia in 2006. The Company started out with acquisition of several major commercial real estate properties, some of which were re-developed and retained for yield generating purposes. In 2010, first attempts were made to enter residential development market with the pilot project of affordable housing on Chubinashvili Str. As the project turned out to be a success the Company further continued developing residential projects.

The Company has already successfully completed two residential projects and four new developments are under construction (Kazbegi Ave., Vazha-Pshavela Str., Tamarashvili Str., and Moscow Ave.). Further two new projects are planned to commence in the first half of 2015 (Kavtaradze and New Hippodrome projects)

The Issuer was the first major market player on the residential development market to develop the turnkey apartments' concept and offer its buyers property management services after commissioning the residential complex. In addition, recently the Company introduced new product line "Optima" targeting families with lower purchasing power.

One of the reasons behind extraordinary sales performance of the Company has been the flexible buying terms offered to the customers. There are several payment options for buyers of the Company's apartments, including in-house finance possibilities and tailor made mortgage lending program.

Another business of the Company representing smaller proportion of its revenues is acquisition and development of yield generating investment assets.

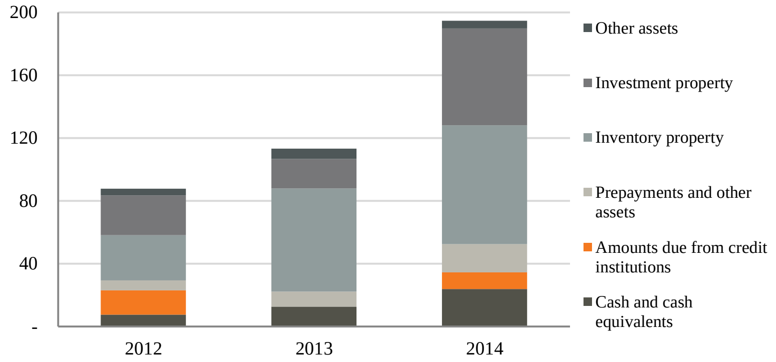
Currently the Company has 55 employees and 5 sales offices in Tbilisi.

Analysis of financial statements

Balance sheet data

The Company's asset structure is described in the following graph:

Figure 11: Asset structure, GEL million



Source: Company data

Investment property comprised 31.6% of total assets in 2014 amounting GEL 61.6mn**.** It consists of two parts: rented out commercial real estate (GEL 18.0mn) and lands for development (GEL 43.6mn). In 2013 investment property decreased by 25.5% to GEL 18.8mn due to commencement of development on three land plots (Kazbegi Ave., Nutsubidze Str. and 6 Tamarashvili Str.). In accordance with accounting treatment once developments are commenced on land plots, they are reclassified as inventory property. In 2014, the Company bought three new land plots for future development tripling investment property.

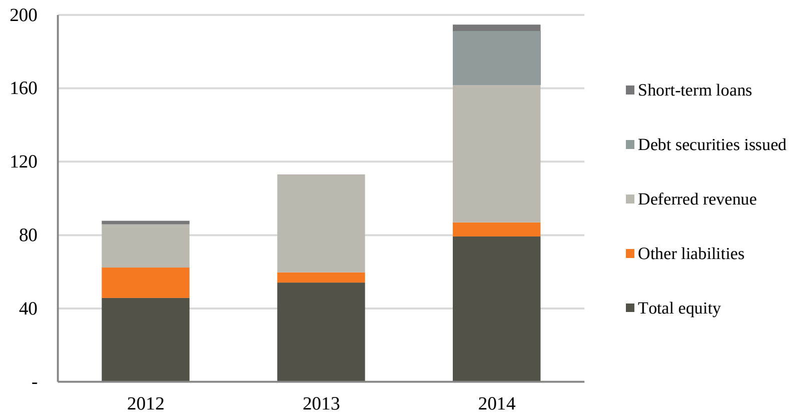
Inventory property is the largest asset item comprising 38.9% of total assets, totaling GEL 75.7mn as of 31 December 2014. Projects under development are recognized as inventory property, which includes land value, construction costs and all other direct costs associated with the project implementation. The item is classified as current and non-current according to the maturity of projects, namely development projects that are planned to be completed within 12 month period are classified as current inventory property, while projects due within more than 12 months are classified as non-current inventory property.

Prepayments and other assets consist of two major components: VAT asset and advances paid to general contractors to purchase construction materials. The break-down is as follows:

Prepayments and other assets (as of 31 December 2014) (GEL '000)		
Construction Prepayments	10,717	59.9%
VAT asset	5,323	29.8%
All other current assets	1,842	10.3%
Total	**17,882**	**100.0%**

Amounts due from credit institutions consist of bank deposits yielding 6% per annum.

Figure 12: Equity and liabilities structure, GEL million



Source: Company data

Total equity: in 2014, share capital and share premium have increased in 2014 mostly due to the capital injection from Bank of Georgia JSC in the form of real estate property (two land plots and one building) amounting to GEL 17.9mn.

Deferred revenue consists of amounts received in advance from buyers and as a project is completed the amounts are transferred to income statement as sales of inventory property. This item is increasing from year to year as the Company commences new projects (it grew by 126% and 40% in 2013 and 2014 respectively).

Debt securities issued refer to two bond issuances in 2014 made by the subsidiary of the Company (JSC "M2").

Short-term loans refer to specific credit facility from KSB bank disbursed on 31 December 2014 for 3 month period. The following table provides a breakdown of the Company's borrowings as of 31 December 2014:

Outstanding borrowings

Facility type	Currency	Initial Date	Interest Rate	Maturity Date	Amount, FC	Amount, GEL	Accrued %, US$	Accrued %, GEL
Bonds	USD	4/22/2014	9.5%	4/23/2015	5,000,000	9,318,000	329,247	613,584
Bonds	USD	6/10/2014	8.4%	6/11/2015	10,000,000	18,636,000	470,597	877,005
Credit line	USD	12/31/2014	8.0%	3/2/2015	1,900,000	3,540,840	-	-

The Company's off-balance sheet liabilities are as follows:

Facility type	Currency	Initial Date	Interest Rate	Maturity Date	Amount	Beneficiary	Collateral
Payment guarantee	GEL	1/9/2015	3.50%	7/8/2016	4,550,000	Revenue Service	Shopping center in Gldani
Performance guarantee	GEL	10/30/2014	8.40%	3/28/2019	2,520,000	National Agency of State Property	Cash in the amount of USD 1.65mn

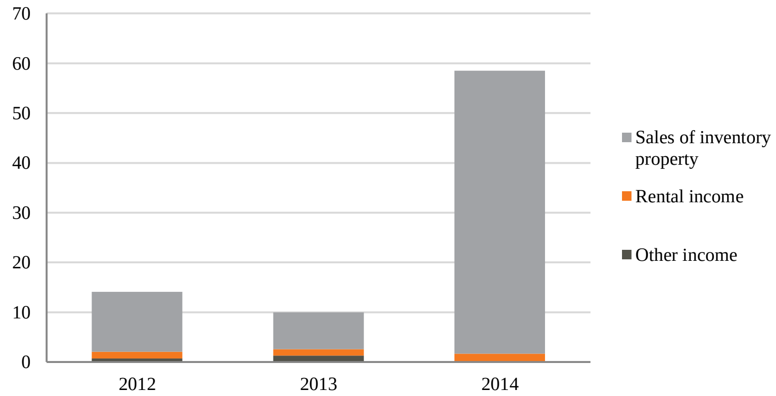
Currently the Company is conducting a litigation process with Ministry of Finance of Georgia. The Revenue Service under the Ministry of Finance inspected the Company for the years 2006-2012 and imposed GEL 4.5mn penalty that the Company does not agree. There is no final decision made on the process yet.

Income statement data

Income statement shows significant fluctuations due to the accounting standards effective during represented reporting periods. According to IFRS the real estate development companies can recognize the revenues only after the project is completed. Therefore the revenues from development (sales of inventory property) vary across the years. In 2014 new standard has been introduced (IFRS 15) that will be effective and become compulsory on 1 January 2017. This standard allows the real estate development companies to recognize revenues and costs according to the percentage of completion method, thus the income statement will become consistent in representing the revenues and respective costs over the course of the project. The Company plans the early adoption of IFRS 15 in the second half of 2015.

The Company's main business activity is development of real estate (sales of inventory property). Other income sources of the Company are rent income and revaluation of investment property. In 2014, sales of inventory property accounted for 97.1% of the company's revenue.

Figure 13: Revenue breakdown, GEL million



Source: Company data

Sales of inventory property: in 2012 sales of inventory property are attributable to the pilot development project on Chubinashvili Str. 2013 and 2014 revenue streams were derived from the second major project implemented by the Company on Tamarashvili Str. The project was divided into several stages and 2013 revenue is attributable to completion of first stage. The project was completed in Q2 2014.

Rental income is derived from the rent of the Company's commercial investment property**.**

Net gain from revaluation of investment property: in 2013 net gain from revaluation comprised GEL 7.2mn as three new projects were initiated and respective land plots were revaluated due to planned development on the land plots. IFRS requires revaluation of land plots before commencement of the development project. Therefore the amounts shown in income statement represent revaluation of project land plots that were commenced in respective years. The revaluations are performed by independent consultants, namely Paragon Ltd. and Colliers International Georgia.

Major cost items of the Company are: employee benefit expense, other general and administrative expenses and marketing and selling expenses. In 2014, other general and administrative expenses and marketing and selling expenses have increased respectively by 72% and 144% in 2014, due to the significant expansion of the Company. Specifically, during 2013 the Company was managing only one development project (new projects were initiated by the end of the year) while in 2014 the number of projects increased to 5 developments leading to the need for new sales offices, thus increasing marketing and selling expenses.

Cash flow statement data

The Company prepared two cash flow statements:

- ✓ Budgeted company cash flow which shows the Company's overall performance and includes cash inflows from all 6 projects (4 existing and 2 planned) as well as repayments of existing and future liabilities.
- ✓ Budgeted cash flow by existing projects tests the Company's ability to service its outstanding liabilities without commencing new development projects.

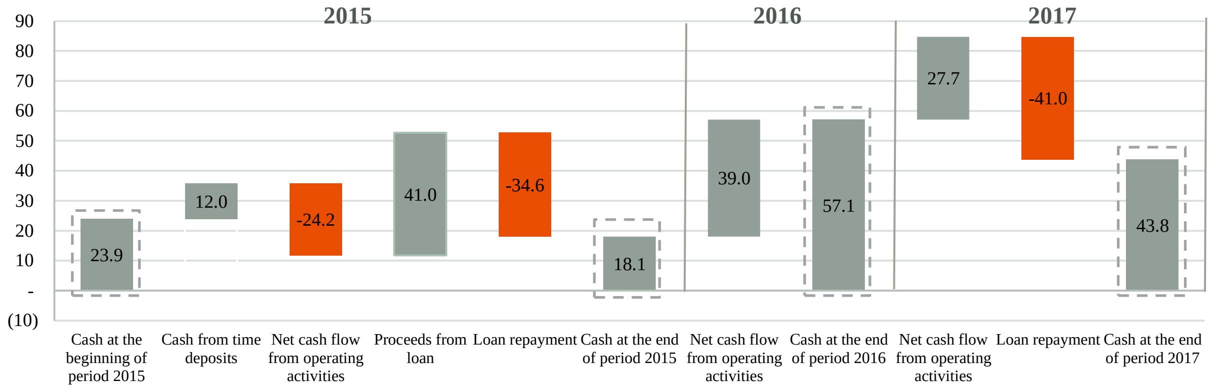
Both cash flow statements include existing project pipeline of the Company and do not take into consideration new business opportunities. Therefore cash inflows have a declining trend.
GEL/USD exchange rate used: 2.05

Company budgeted cash flow

Budgeted cash flow (GEL '000)	2015	2016	2017
Operating cash inflows			
Cash inflows from development	98,158	108,864	89,720
In House finance	17,724	4,143	-
Cash inflows from operating lease	1,631	2,338	2,606
Total cash inflows	**117,513**	**115,344**	**92,326**
Operating cash outflows			
General Contractor	104,909	47,860	35,428
Soft Costs	6,271	21	-
Marketing Costs	3,600	3,663	3,597
Management Fee	4,426	2,285	1,704
Insurance	148	314	196
Brokerage	1,256	2,166	1,286
Interest Expense	4,725	3,895	1,948
Contingency	4,949	2,810	1,785
Operating Taxes	4,830	6,045	10,478
General and Administrative Expenses	6,572	7,256	8,233
Total operating cash outflows	**141,685**	**76,315**	**64,653**
Net cash flows from operating activities	**(24,172)**	**39,029**	**27,673**
Cash flows from Investing activities			
Cash inflows from Investing activities	-	-	-
Cash outflows from Investing activities	-	-	-
Net Cash flows from Investing activities	**-**	**-**	**-**
Cash flows from Financing Activities			
Proceeds from loan	41,000	-	-
Cash from time deposits[1]	11,994	-	-
Loan repayment	(34,645)	-	(41,000)
Net Cash flows from Financing activities	**18,349**	**-**	**(41,000)**
Net Cash Flow	**(5,823)**	**39,029**	**(13,327)**
Cash at the beginning of period	23,897	18,074	57,103
Cash at the end of period	**18,074**	**57,103**	**43,776**

Note: The amount includes restricted cash of the Company in the amount of USD 1,65mn securing outstanding performance guarantee of the Company. The Issuer plans to replace the collateral with real estate property, therefore restricted cash is considered as financing activity in 2015

Figure 14: Available cash flow 2015-2017, GEL million



The debt coverage ratio shows that the Company can freely service its outstanding and future liabilities:

GEL '000	2015	2016	2017
Beginning cash	23,897	18,074	57,103
Net cash inflows	33,547	42,924	29,620
Cash available for debt service	57,444	60,998	86,723
Loan repayment	(39,370)	(3,895)	(42,948)
Debt coverage ratio	**1.5**	**15.7**	**2.0**

The Company conducted a scenario analysis to further test its repayment ability in case of 20% drop in pre-sales for all development projects. The results show that the Issuer will be able to repay its liabilities despite the applied 20% decrease in sales. The table below presents stressed debt coverage ratio:

	2015	2016	2017
Beginning cash	23,897	4,587	29,340
Net cash inflows	20,060	28,648	21,620
Cash available for debt service	43,957	33,235	50,960
Loan repayment	(39,370)	(3,895)	(42,948)
Debt coverage ratio	**1.1**	**8.5**	**1.2**

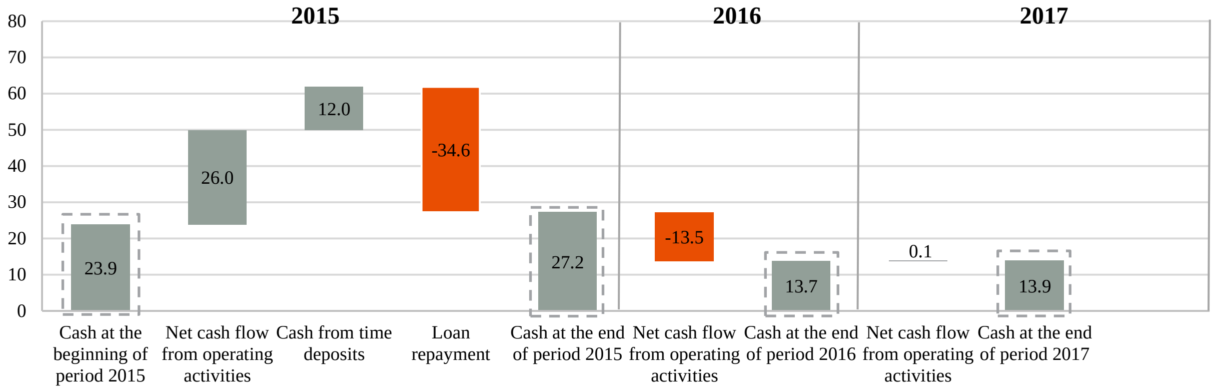
Cash flow by existing projects

Budgeted cash flow by existing projects refers to four current residential developments and assumes that new projects will not be commenced. Such analysis allows the Company to test whether cash inflows from on-going projects can service development and other costs as well as currently outstanding liabilities. The results show that forecasted net cash inflows from existing projects even if stressed by 20% decrease in pre-sales can service outstanding liabilities.

Budgeted cash flow by existing projects

Budgeted cash flow (GEL '000)	2015	2016	2017
Operating cash inflows			
Cash inflows from development	74,474	4,621	-
In House finance	17,724	4,143	-
Cash inflows from operating lease	1,795	2,571	2,866
Total cash inflows	**93,993**	**11,335**	**2,866**
Operating cash outflows			
General Contractor	49,385	9,914	2,129
Soft Costs	254	21	-
Marketing Costs	379	16	-
Management Fee	1,121	283	-
Insurance	14	4	-
Brokerage	305	49	-
Interest Expense	2,778	-	-
Contingency	1,974	771	-
Operating Taxes	5,246	6,503	589
General and Administrative Expenses	6,572	7,256	-
Total operating cash outflows	**68,029**	**24,817**	**2,718**
Net cash flows from operating activities	**25,964**	**(13,482)**	**149**
Cash flows from Investing activities			
Cash inflows from Investing activities	-	-	-
Cash outflows from Investing activities	-	-	-
Net Cash flows from Investing activities	**-**	**-**	**-**
Cash flows from Financing Activities			
Proceeds from loan	-	-	-
Cash from time deposits	11,994		
Loan repayment	(34,645)	-	-
Net Cash flows from Financing activities	**(22,651)**	**-**	**-**
Net Cash Flow	**3,313**	**(13,482)**	**149**
Cash at the beginning of period	23,897	27,210	13,728
Cash at the end of period	**27,210**	**13,728**	**13,877**

Figure 15: Available cash flow of existing projects 2015-2017, GEL million



Debt coverage ratio both in case of budgeted cash flow by existing projects (Base case) and stressed cash flow (Downside case) by 20% drop in pre-sales for all existing projects is strong as represented below:

GEL '000	**2015**	
	Base case	Downside Case
Beginning cash	23,897	23,897
Net cash inflows	40,735	29,366
Cash available for debt service	64,632	53,263
Loan repayment	(37,423)	(37,423)
Debt coverage ratio	**1.73**	**1.42**

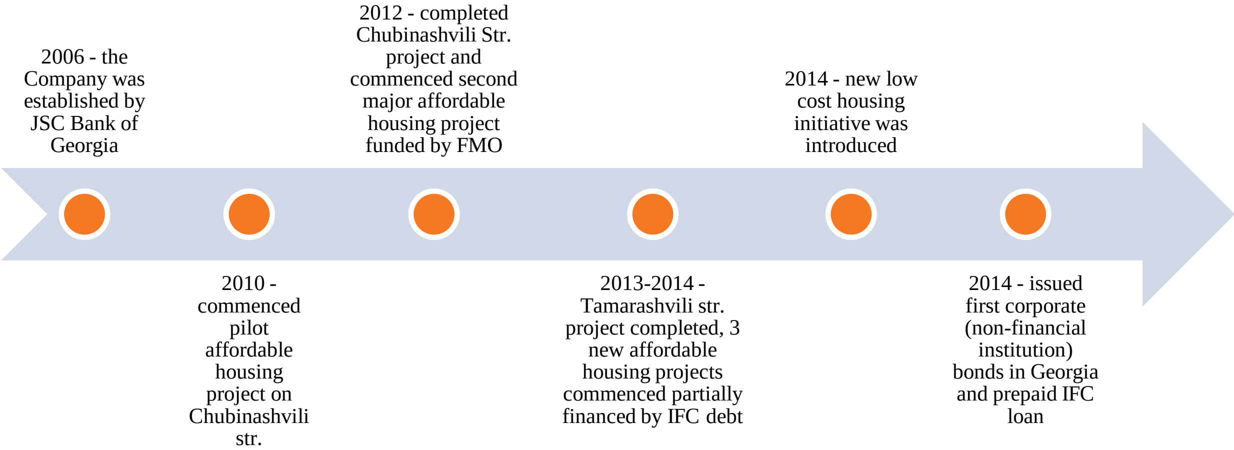
DESCRIPTION OF BUSINESS

The Company was established by JSC Bank of Georgia in 2006. Initially the Company conducted acquisition of several major commercial real estate properties, some of which were re-developed and retained for yield generating purposes. During early stage of development the Company was actively engaged in raising debt/equity from both private and institutional investors. Additionally the Company's management team and staff members were involved in major third party projects through rendering project management services, such as:

- ✓ Conversion of the landmark property in Tbilisi purchased by Bank of Georgia in 2008 into its new headquarters in August 2010. The Company successfully carried out management for this project and completed it on time (within 14 months) and within budget of EUR 13mn. The project included renovation of the existing shell and core structure of the building (c. 12,000 m^2), construction of underground parking of c. 3,000 m^2 and construction of cafeteria and health club.
- ✓ Opening of more than 50 new branches (high street retail locations) of Bank of Georgia nation-wide and re-design of existing ones (more than 100) using new brand identity and design guidelines developed with the help of UK –based strategic design consultancy company
- ✓ Construction of the 5 hospitals owned by Aldagi (largest insurance company in Georgia) in West Georgia in the cities of Kutaisi (7,700 m^2) , Poti (6,300 m^2), Terjola (1,300 m^2), Khoni (1,200 m^2) and Tkibuli (1,300 m^2)
- ✓ Construction of 2 hospitals owned by Archimedes Global Georgia (insurance company) in East Georgia in the cities of Lagodekhi (1,300 m^2) and Tsnori (1,800 m^2)
- ✓ Development of the car market in Rustavi, with the total area of development extended upon a land plot of 23 ha. Phase 1 included construction of the car parking area/market on 11 ha (c. 3,000 cars) and premises of circa 1,500 m^2. The project was funded by Caucasus Auto House LLC.

In 2010, the Company made first steps into the residential development. At that point the demand seemed to be quite robust. Major players on the market were not active due to financial and operational problems. The Company undertook a pilot project, a relatively small one and at the same time tested a concept of delivering turnkey apartments, a new concept on the residential market. Having been engaged in rendering brokerage services to third parties before, the Company was ready to sell apartments through its own sales force. Eventually, all apartments were sold before finishing the project, maintaining construction within the budgeted costs and time schedule, commissioning the building duly, retaining planned profitability and IRR.

The Company – timeline of milestones



Currently, the Company is no longer providing brokerage and project management services to third parties; however this experience allowed the Company to gain expertise in real estate development industry and establish a strong management team, supported by qualified sales force and project management personnel. The Company has already successfully completed two residential projects and 4 new developments are under construction. Table below presents the details of projects as of 31 December 2014:

Completed projects		**On-going projects**			
68 Chubinashvili Str. project		**25 Kazbegi Ave. project**		**6 Tamarashvili Str. project**	
Project status:	completed (2010-2012)	Project status:	expected completion on 10/2015	Project status:	expected completion on 04/2016
Number of apartments:	123	Number of apartments:	295	Number of apartments:	270
Total development cost:	USD 7.6mn	Total development cost:	USD 20.4mn	Total development cost:	USD 18.5mn
Sales progress:	100%	Sales progress:	85% (since 12/2013)	Sales progress:	53% (since 07/2014)
Project net income:	USD 1.3mn	Project expected net income:	USD 6.6mn	Project expected net income:	USD 4.2mn
Land value materialized:	USD 0.9mn	Land value materialized:	USD 3.6mn	Land value materialized:	USD 2.7mn
Project IRR	47% (unleveraged)	Project IRR	165% (unleveraged)	Project IRR	71% (unleveraged)
13 Tamarashvili Str. project		**71 Vazha-Pshavela Ave. project**		**Moscow Ave. project**	
Project status:	completed (2012-2014)	Project status:	expected completion on 08/2015	Project status:	expected completion on 03/2016
Number of apartments:	522	Number of apartments:	221	Number of apartments:	238
Total development cost:	USD 40.4mn	Total development cost:	USD 14.8mn	Total development cost:	USD 11.5mn
Sales progress:	98% (since 05/2012)	Sales progress:	71% (12/2013)	Sales progress:	47% (since 09/2014)
Project net income:	USD 5.7mn	Project expected net income:	USD 2.2mn	Project expected net income:	USD 0.9mn
Land value materialized:	USD 5.4mn	Land value materialized:	USD 2.2mn	Land value materialized:	USD 1.6mn
Project IRR	46% (unleveraged)	Project IRR	58% (unleveraged)	Project IRR	31% (unleveraged)

Another core business of the Company is acquisition and development of yield generating investment assets. The Company opportunistically acquires/develops high street retail with capital gain upside and creates portfolio of high street retail property with high annual yield. The Company also retains ground floor retail spaces within its own residential developments. Retention and further increase of the investment portfolio is a tool for diversification of business risks associated with residential development. Revenues from the investment portfolio held by the Company are additional source of financing operating costs. Below is the breakdown of the properties held by the Company as of today:

2014FY *(numbers are given in USD excluding VAT)*

Property	NLA	Appraisal value	Rent, p. a.	Occupancy	Yield
3 Iumoshevi Str.	2,616	456,100	29,808	44.6%	6.5%
6 Iumoshevi Str.	5,451	1,684,300	202,107	91.7%	12.0%
80 Aghmashenebeli Str.	880	2,073,900	125,329	100.0%	6.0%
34 Kazbegi Ave	1,135	1,616,800	173,136	100.0%	10.7%
1 Khizanishvili Str.	3,094	4,952,800	293,491	65.6%	5.9%
Total	**13,176**	**10,783,900**	**823,871**	**N/A**	**7.6%**

2015- 2016 Forecast (*numbers are given in USD excluding VAT)*					
Property	**NLA**	**Appraisal value**	**Rent, p. a.**	**Occupancy**	**Yield**
3 Iumoshevi Str.	2,616	456,100	68,592	95.0%	15.0%
6 Iumoshevi Str.	5,451	1,684,300	214,335	95.0%	12.7%
80 Aghmashenebeli Str.	880	2,073,900	125,329	100.0%	6.0%
34 Kazbegi Ave	1,135	1,616,800	173,136	100.0%	10.7%
1 Khizanishvili Str.	3,094	4,952,800	440,745	90.0%	8.9%
103 Kakheti Highway	*2,060*	*1,300,000*	*120,000*	*100.0%*	*9.2%*
25 Kazbegi Ave	*1,230*	*3,499,547*	*419,946*	*95.0%*	*12.0%*
14 Moscow Ave	*663*	*729,300*	*87,516*	*95.0%*	*12.0%*
Total	**17,129**	**16,312,747**	**1,649,598**	**N/A**	**10.1%**

Project financing overview

The Company has been intensively working with International Financial Institutions to finance residential developments. To finance the residential development project on 13 Tamarasvhili Str., which is the largest completed project so far, the Issuer obtained project funds from FMO (Dutch Development Fund) – USD 20mn senior debt in 2011. Due to large sales the Company drew down only half of the facility, another half was cancelled. In 2013, the Company prepaid the loan in advance.

In order to finance 3 new projects (25 Kazbegi Ave., 71 Vazha-Pshavela Ave. and 6 Tamarashvili St.), the Company started working with IFC (International Finance Corporation – World Bank Group). In 2014, IFC together with the Canadian Government (Canada Climate Change Program) provided USD 14mn revolving credit line to the Company. USD 4mn was obtained from the Canadian Government, which represent concessional funding granted for the energy efficiency components delivered by the Company in its residential developments Due to strong pre-sales the Company drew down only USD 5mn. The loan was prepaid.

In 2014, the Company also applied to Green for Growth Fund (GGF), which approved EUR 14mn corporate facility to Bank of Georgia JSC for further on-lending to the Company. The energy efficiency components delivered by the Company in its residential developments played significant role in obtaining financing. First tranche (USD 2.5mn) was drawn down for the projects on 14a Moscow Ave. (the first project under m2 Optima line).

In 2014, the Company's subsidiary JSC m2 became the first developer in Georgia to issue bonds. In April 2014, USD 5mn bonds were issued followed by second issuance of USD 10mn in June 2014. Bonds were successfully placed on the background of strong investor interest.

Additional services for residential developments

The Company has an outstanding track record of sales performance that is due to the flexible buying terms offered to customers. There are several payment options offered by the Company to its buyers:

- ✓ In-house finance: This means down paying 20%-30% (depending on a project) of the price and then paying the rest through quarterly/semi-annual installments till the end of the construction at zero interest.
- ✓ Mortgage loan: The Company offers a tailored mortgage lending program through Bank of Georgia, which enables the potential buyer to obtain a loan at market rates with no additional pledge requirements (except for the target apartment).

Having introduced m2 optima product line, the Company also developed a new mortgage lending program through Bank of Georgia which offers up to 20-year tenor for mortgage loans; such terms dramatically increase affordability of the mentioned product.

The Company was one of the first companies in Georgia to introduce the property management service after construction completion.

Strategy

Recently, the Issuer declared new strategy aiming at diversification of its product line within the residential development field. In 2014, in order to enter new customer segments the following positioning has been introduced:

- ✓ Mainstream residential development – Further diversify "core business" of the Company by capturing mass market with a new product line targeting families with lower purchasing power (USD 29,000 1-bedroom turnkey apartments in Tbilisi)
    - o m2 standard
    - o m2 optima
- ✓ Selective residential development – Selectively develop small scale but high margin luxury housing projects in Tbilisi

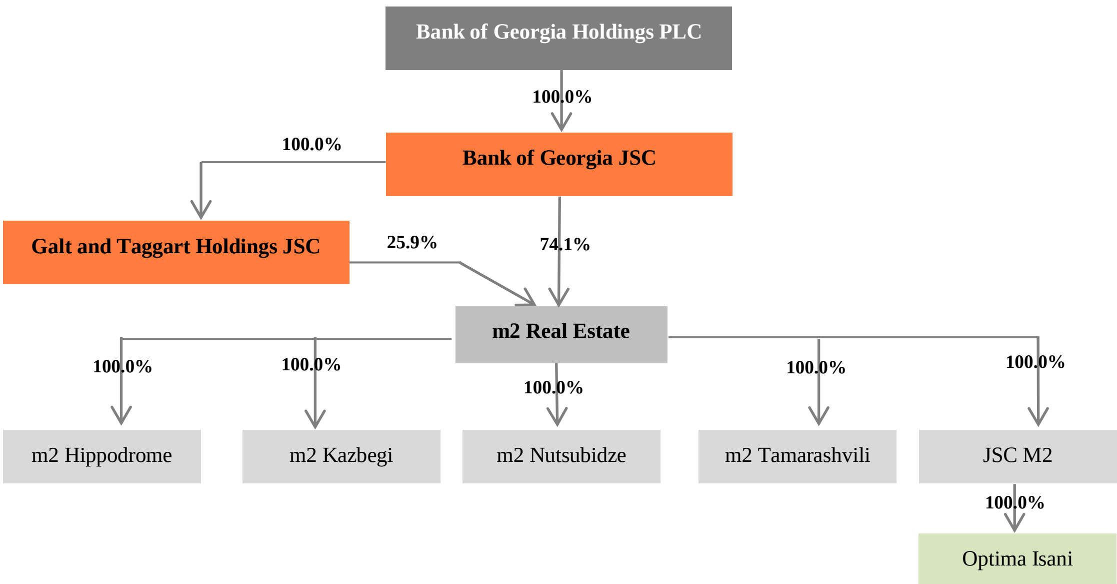
As part of its 2015 strategy the Company intends to start development of two new projects in addition to New Hippodrome and Kavtaradze Str. projects:

- ✓ Skyline project on 3 M. Makashvili Str. - the Company has already obtained building permit for the project which refers to development of 19 luxury apartments in a premium location under
- ✓ Mixed use development project on 15 Kazbegi Ave. – the Company has commenced design stage of the project which will host around 700-750 economy class apartments together with ground floor retail and a 3-star hotel with approximately 150 rooms.

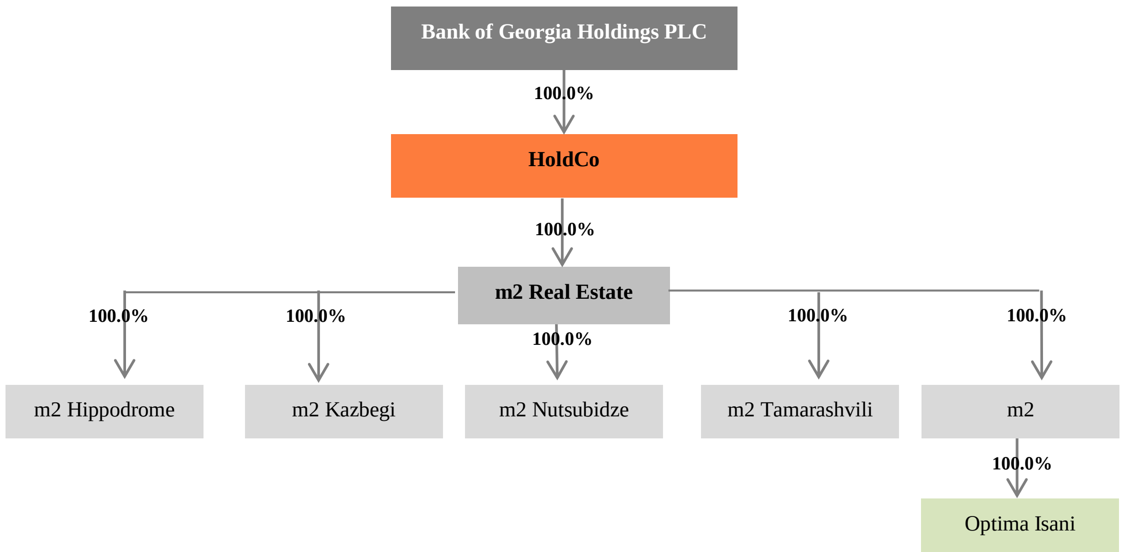
As part of its strategy to diversify the funding base, the Company is engaged in negotiations with International Financial Institutions to raise debt to finance development of Skyline and 15 Kazbegi Ave. projects.

Shareholder structure

The current shareholder structure of the Company is as follows:



The group ultimate shareholder is Bank of Georgia Holdings PLC, which is a UK public limited company listed on the main market of the London Stock Exchange (BGEO:LN). Bank of Georgia Holdings PLC holds the assets in Georgia through Bank of Georgia JSC.
The National Bank of Georgia, regulator of Bank of Georgia JSC (BOG), has recently announced that it intends to regulate banks in Georgia on a standalone basis and thereby restrict, from a regulatory perspective, investments in non-banking businesses by locally regulated banking entities. Domestic banks will have to comply with this new requirement by the end of 2015 and, as a result, Bank of Georgia Holdings PLC (BGH) intends to undertake a legal entity restructuring that will involve the transfer of ownership and separation of the banking and non-banking businesses from BOG to a Georgian holding company (HoldCo), which will be 100% owned by BGH. The corporate restructuring and transfer of these businesses is expected to take place during the middle of 2015. Therefore the shareholder structure of the Company will change as presented below:



REGULATION OF REAL ESTATE DEVELOPMENT IN GEORGIA

Development in the regulatory framework

Following activities are regulated by law: the building permits for new development projects and commissioning the building after the construction phase is completed.

Generally obtaining the building permit for the new project needs to go through following three stages:

1. **Land zoning parameters**
   On the first stage, Architectural Bureau of the City Hall provides density and footprint parameters as well as minimum green area requirement. This document also may give specific requirements depending whether site is located in historic part of the city, land plot is part of the recreational area or adjacent to major transport artery. Main documents to be submitted consist of land title, cadastral map and pictures of the site. Time frame for the obtaining land zoning parameters is 25 working days.

2. **Architectural project (full set of drawings)**
   On the second stage architectural design is submitted. All major parameters, including GFA (Gross Floor Area) and NSA (Net Sellable Area) or NLA (Net Leasable Area) are given precisely as well as the building's physical appearance with detailed facade material description. This stage does not require providing either soil survey or any construction documentation. The set of mandatory documentation is mostly comprised of the following: topographic survey, master plan, layouts, sections, facades, rendering of the proposed building, etc. Time frame is from 5 to 25 working days depending on the project scale.

3. **Construction permit**
   Generally second and third stages can be passed within one application. In addition to the previously mandated set of documents at this stage the Company needs to provide soil survey, independent engineer's report, and construction site organization map and construction time schedule. Time frame is from 5 to 25 working days depending on the project scale. At the end of this stage building permit is to be provided.

   The last stage of the process is the commissioning (exploitation) of the building itself. Commissioning order is issued by the City Hall after the respective audit of the building. A special committee is appointed to do the review/monitoring of the completed project and compare it to the initial project parameters. Up to one month is required to commission the building, followed by the transfer of the title to the owners.

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Additional Requirements Applicable to Reporting Companies

Reporting requirements

Following public offering of the Bonds, the Company will become a Reporting Company within the meaning of the Law of Georgia on Securities Market ("**Securities Law**") defined as a company that has placed securities through public offering or whose securities are admitted to trading on a stock exchange.

The Securities Law imposes specific reporting obligations on a Reporting Company. A Reporting Company is obliged to submit to the NBG, publish or provide to the registered owners of its securities annual, semi-annual and current reports. If the Bonds are traded on the GSE, such information must be also provided to the GSE. The NBG is entitled to request additional information from the Reporting Companies.

Approval of Interested/Related Party Transactions

The Securities Law regulates interested party transactions and sets various approval and transparency requirements for a Reporting Company. Except as noted below, these requirements do not apply to transactions concluded between: (i) a company and its wholly-owned subsidiary; and (ii) a company and its 100% shareholder.

If a Reporting Company enters into a transaction and a member of its management body or a holder of 20% or more of its voting shares (or a related person of any such person) (a) has some relation to the transaction counterparty (such as by directly or indirectly holding 20% of its shares or by being a member of its supervisory or management board) or (b) receives a benefit from it, that person will be regarded as an "**Interested Party**" for the purposes of the Securities Law. In general, the Interested Party must notify the supervisory board and, depending on the value of the transaction, the general meeting of shareholders, of that party's interest in the transaction to be concluded. The supervisory board or the general meeting of shareholders (as applicable) must approve the transaction. Reporting Companies are required to provide information about Interested Party transactions to the NBG and publish information about such transactions (including those concluded with wholly-owned subsidiaries and with 100% shareholders).

If a transaction is concluded in violation of the rules described above, a member of management body of the Reporting Company or its shareholder (or group of shareholders) holding 5% or more of the shares in the Reporting Company are entitled to sue the Interested Party for damages and the return of any benefit received from the transaction. The plaintiff must establish that Reporting Company suffered damages as a result of the Interested Party transaction and had there been no such interested party, the transaction would have been concluded on better terms. Invalidation of the transaction may be requested within 18 months from the date of its conclusion.

As mentioned above, the Company will become a Reporting Company following public offering of the Bonds. Consequently, following public offering of Bonds, the Company's Meeting of Partners will have to approve transactions involving Interested Parties, except transactions with its 100% shareholders - Bank of Georgia.

Priority of Claims in case of Bankruptcy Proceedings

In case of bankruptcy of the Company, the claims of its creditors will be settled in the following order:

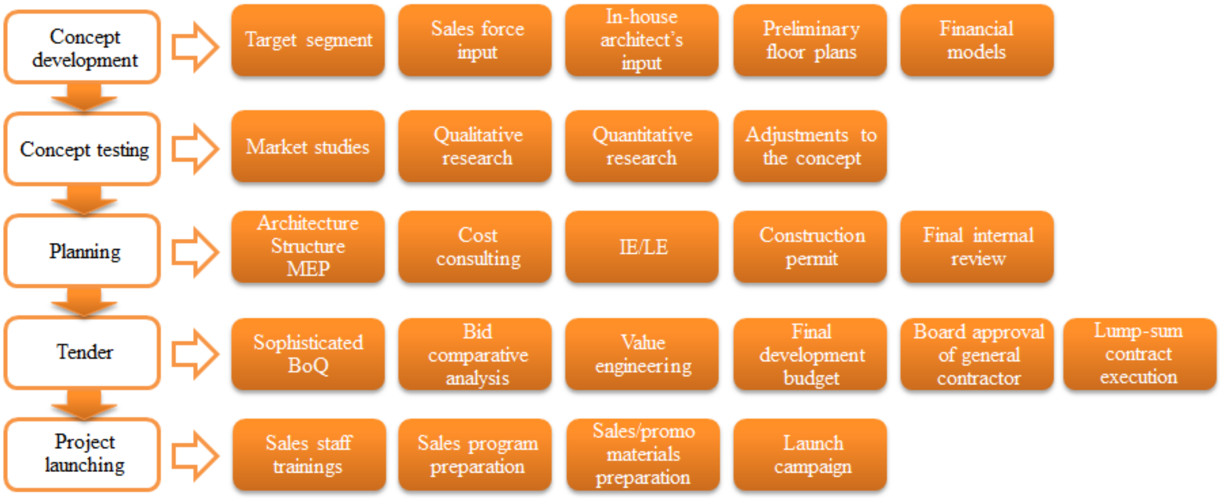
1) procedural expenses and National Enforcement Bureau service fees;
2) indebtedness towards the debtors accrued from the date the court issued a ruling on accepting the application on insolvency proceedings, including tax liabilities accrued after initiation of bankruptcy proceedings;
3) all costs and remuneration related to appointment of the insolvency manager and fulfillment of his duties;
4) all secured claims, including the secured claims under the Tax Code;
5) unsecured tax liabilities;
6) all remaining recognized unsecured claims; and
7) Creditors' claims submitted late.

Claims of the subsequent category shall be paid only after the claims of the previous category have been fully paid, unless the creditors' agreement provides otherwise. If the available funds are insufficient to fully cover all claims listed in one category, all of the claims of each creditor within the relevant category shall be paid on a pro rata basis.

POLICIES AND PROCEDURES

The company has established procedures for residential development projects from concept development to project implementation.

Figure 1 – Residential development planning



Procedures are discussed in detail below according to the consecutive steps taken:

1. Concept development
   - ✓ The Company is screening available land plots for possible residential development and decides on the target client segments
   - ✓ The Company's sales force goes through brainstorming sessions regarding the target customers, potential apartment layouts and project details coming up with the rough plans of a new project.
   - ✓ The Company's own architect works on rough renders and designs of the new residential project (incl. block structure, layouts of the apartments, common area structure, preliminary landscaping, etc.).
   - ✓ Based on the above exercises the Company comes up with the preliminary floor plans.
   - ✓ Preparation of the financial model based on the parameters deriving from the concept planning.

2. Concept testing
   - ✓ The Company hires third party consultancy in order to carry out a market research and analyze following issues: location, pricing, potential customers, competitors in the area, etc. This is done with the help of consulting companies working on qualitative and quantitative research.
   - ✓ Based on results obtained through market studies, the Company adjusts the concept of the project adequately, if needed.

3. Planning
   - ✓ The actual working phase on the concept starts with hiring an architectural and engineering company responsible for delivering architectural, structural and MEP projects.
   - ✓ The Company hires an independent cost consultant for every project who prepares detailed bill of quantities.
   - ✓ The output prepared by the Company, architects, engineers and cost consultant are checked either by the independent engineer hired by the Issuer or lender's engineer who is appointed by the lender, which provides financing to the project.

- ✓ Construction permit is obtained as outlined within the section *"Regulation of Real Estate Development in Georgia"*.
- ✓ Top managers together with in-house architect review the final project before the tendering process is commenced and submit the project for board approval.

4. Tender
   - ✓ The final bill of quantity is prepared for the bidders by the cost consultant. It is provided to the tender participants as recommendation; Participants should prepare their own bill of quantities. As a rule the tender is held privately with 5-6 participants,
   - ✓ After the bids are taken, the comparative analysis is conducted to evaluate and select the best value for money bid.
   - ✓ Together with the successful tenderer the cost consultant goes through the value engineering process, where the project can be altered through exploring the possibilities of project optimization.
   - ✓ After the value engineering is completed the final development budget is ready.
   - ✓ Board approval for the selection of general contractor
   - ✓ The Company always executes a contract with a single general contractor (the best bidder from the tender), for the total amount of works.

5. Project launching
   - ✓ For every new project the sales staff is trained extensively and different sales techniques are employed tailored for the project specificities.
   - ✓ In parallel with the trainings specific sales program is prepared to achieve the best sales results.
   - ✓ After the sales program is prepared the respective promo materials are also prepared.
   - ✓ Having finished the above items the Company launches the sales campaign

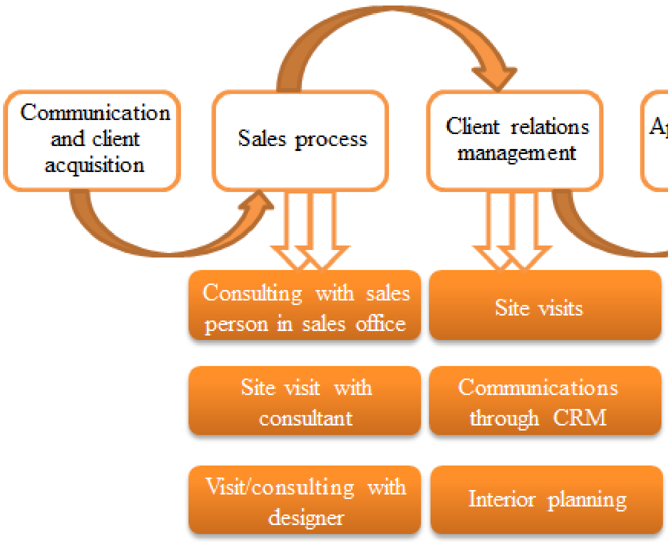
Before offering the new product to the market the Issuer actively applies the pre-sales practice. Before starting the sales process a list of potential buyers of the product is established. In general the number of the buyers on the list is not less than the number of the apartments within the respective residential development. The sales team contacts the potential buyers and makes the offering regarding new residential development. According to the Company statistics, the average conversion rate of the clients on the waiting list to the actual buyers is between 25%-30%.

There are financial requirements set out by the Company that need to be followed in order to execute residential projects. The profitability requirement for every feasible project is as follows: required IRR for luxury housing – 40%, for standard housing – 35% and for optima housing – 30%. The financing structure of the project should satisfy following requirements:

- ✓ Maximum reliance on pre-sales to finance total project costs (cash costs) should not be higher than 50% of total project costs.
- ✓ Leverage should not be lower than 30%
- ✓ Equity not higher than 20% including land value

Project launching is followed by the extensive sales and marketing efforts to keep the customers satisfied at every level before the project completion.

Figure 2 – Sales and marketing



1. Customers are either contacted directly by the sales staff on the basis of available customer data, or they approach the Company as the information about launching new project becomes available through different media channels.
2. As the potential customer expresses the interest, sales staff consults the customer regarding target property in sales office, sales consultant provides a tour to the construction site and the designed counsels the customer regarding the optimal interior planning/renovation materials.
3. After buying an apartment a client relations manager is assigned to the customer. CRM organizes site visits and meetings with the designer, provides the information concerning the construction progress status, monitors the payment schedule and deals with any inquiries coming up from the customer. He/she serves as a direct contact person from the Company side.
4. After the apartment is handed over, the Company still maintains the relationship with customers; for the next 1 year after the completion of construction the Company offers additional services to customers, such as 24/7 security of the community, cleaning of common area, maintenance of elevators and the green area etc.

After the project is launched and construction process is initiated the thorough monitoring of the construction progress is executed. The Issuer employs qualified project management team which monitors construction on-site. Most of the construction management standards adopted by the Company are incorporated into the construction agreement with the selected general contractor. The appointed project management team (mostly 2 individuals for a middle-size residential project) is required to communicate to general contractor the requirements set forth by the construction agreement. The team is responsible for the following activities:

- ✓ Monitoring the construction budget and time schedule
- ✓ Testing of major construction materials, quality of on-site works
- ✓ Monitoring the compliance with environmental and social, health and safety policies
- ✓ Reviewing architectural and MEP project and making sure that general contractor strictly complies with the approved projects

Project management team is also heavily involved in dealing with independent engineers, engineers hired by the lender and the consultants who are employed by the Company to provide any additional training to the staff of the Issuer and the general contractor.

In order to manage construction progress across several projects simultaneously, the Company has developed and successfully implemented a unified project management system which enables it to monitor construction progress and quality according to the general guidelines on daily basis.

RISK MANAGEMENT

<table>
<tr><th>Risks</th><th>The Company’s risk management efforts</th></tr>
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- ***Sales risk***

  The company may face below sales risks:

  Systematic sales risk might be caused by the external factors such as the increase in supply of residential projects and diminishing demand for apartments;

  Unsystematic risk may occur if there are certain gaps in the sales process and internal controls are not efficient.

  Project’s financing structure implies approximately 50% dependence on the pre-sales that the Company might not be able to generate.

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The Company addresses sales risk with the following risk management efforts:

- ✓ Project feasibility that covers the detailed market research regarding location, possible demand and adequate pricing is performed at the initial stage of the project planning
- ✓ The Company contacts the potential buyers through its customer channels with the schematic designs who express the interest and if sufficient initial confirmations are received the Company continues with the project, otherwise the project is cancelled or amended.
- ✓ Potential clients are offered flexible payment terms, such as in house finance before completion of construction and specialized mortgage schemes from partner banks tailored exceptionally for the Company’s clients.
- ✓ The Company applies a price matrix to its sales, which calculates the prices according to the construction phases. The best deals are available at the earliest stage of construction, motivating the buyers to purchase the property before the project completion.

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- ***Construction risk***

  Construction risk may arise in relation to the following components:

  - ✓ Cost overruns – the prices on the major construction materials might increase and/or bill of quantities might not cover sufficient quantities and at the stage of project execution the total project cost might increase.
  - ✓ Work in progress – the project might not be delivered on time.
  - ✓ Quality – the construction materials and/or the execution of renovation works might lack the adequate quality, causing increase in the total project cost through the removal of the defects
  - ✓ Advance payments – in case of advance payments the general contractor might spend the received funds irrationally, not

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- ✓ Before the construction starts, detailed architectural, structural and MEP projects are being prepared. On the basis of these documents a qualified cost consultant prepares detailed bill of quantities after which tendering process is initiated. Short-listed candidates give the feedback about the bill of quantities that is used as a cross-checking tool of the cost consultant.
- ✓ Construction materials are tested at each delivery.
- ✓ The prices of construction materials are locked in the contract; the general contractor receives advance payments against the bank guarantees and fixes the prices with the supplier up front.
- ✓ Progress, quality and safety of the

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</table>

for the given purpose. ✓ Sub-contractor risk – sub-contractors might not deliver their work on time and with adequate quality	construction are monitored by the independent engineer hired either by the Company itself or appointed by the lender at each project. ✓ The Company executes a lump sum contract with the general contractor and requests performance and warranty bonds (in aggregate 10% of the total contract value) from the reputable bank to ensure the delivery of respective works. If the general contractor defaults, the Company will call performance bond that ensures any additional costs associated with hiring new general contractor to continue the development process. The Company allows performance and warranty bonds to be in the form of retention from each interim payment certificate approved for payment. ✓ Qualified on-site project managers of the Company are involved in the daily monitoring of the construction phase. ✓ CAR insurance indemnifies against any damage to buildings while they are under construction along with third party liability and advanced loss of profits.
➢ ***Buyer default risk*** The buyers who purchase apartments through in house finance might default on payments.	✓ No title is transferred to the buyer before the full payment. ✓ 10% is retained as a penalty ✓ Balance cash between 10% penalty and purchase price is returned after the resale of an apartment provided resale is made at a price not lower than original sales price.
➢ ***Operational/legal risks*** The Company is constantly growing; product lines are added to the operations that might cause administration difficulties. Also, the increasing number of projects might cause the operational risks if the processes are not standardized.	✓ The Company operates a unified project monitoring and reporting system ✓ Sales contracts are automatically generated from the sales software thus minimizing the risk of human errors. ✓ Sales statistics are saved and maintained within the sales software and are available for different departments in the decision making process. ✓ A unified system for project management is being maintained that enables project/site managers to monitor progress and quality of works according to a common guideline on daily basis. ✓ Financial models are prepared for each project before the project implementation, plan - fact analysis

	is maintained regularly ✓ Company operates routine transaction through respective agreement templates, which are generated automatically, thus reducing the risk of human error.
➢ ***Regulatory risk*** Changes in regulation and government policies regarding the Company's activities in Georgia might have a negative impact on its performance.	Most of the residential developments initiated by the Company were financed by the International Financial Institutions, which imposed the Company to comply with the international code of construction, H&S, E&S, Life and fire safety, etc., which are far beyond the local requirements. Therefore new regulations regarding real estate construction are not expected to cause any difficulties to the Company as the stricter rules are already applied to its operations.
➢ ***Foreign currency risk*** Changes in currency exchange rates directly impact the Company's financial performance as its balance sheet is diversified in two different currencies (GEL, USD), while the reporting currency of the Company is Georgian Lari.	With the help of its servicing banks, the Company uses currency hedging techniques to manage the currency risk. Moreover, the Company is minimizing the FX risk by maintaining balanced FX position at any time.
➢ ***Key personnel risk*** The Company depends on its key employees and qualified staff, and therefore key personnel leaving the organization might have an adverse effect on the Company's performance, at least in the short term. The Company's key decision – making employees are the CEO, Deputy CEO in finance and operations and Deputy CEO in sales and marketing.	The remuneration system, employee trainings, bonus schemes and other benefits are designed to maintain employee loyalty, and the Company does not expect to lose any of its key managers in the foreseeable future.
➢ ***Liquidity risk*** It might occur if the Company is unable to meet its payment obligations when they fall due under normal and stress circumstances.	The Company has a policy to carry out each residential development through dedicated SPV to ring-fence the cash flow of the project. In case of better than planned sales the Company's financial strategy is to measure the excess liquidity on projects in active construction phase and release the excess liquidity or raise debt against the excess liquidity to finance development of the existing land bank/acquisition of new land plots.
➢ ***Risk related to competition*** The risks associated with the competition are: ✓ A competitor is the first to market a new product ✓ A competitor employs dumping strategy to gain more customers ✓ A competitor employs a strategy of aggressive expansion and thereby	The Company has an innovative approach to its business activity and constantly introduces new practices to the market, such as the turnkey apartments' concept, energy efficient buildings, CAR insurance, etc. Having international financial institutions as lenders, the Company manages to leverage its projects with respectively low interest bearing

worsens the quality of its work and eventually causes damage to the industry's reputation	funds compared to the competitors. Further, the Company arranged direct partnerships with several local and international companies which provide major construction and renovation materials and is able to get significant volume discounts. Since 2010, the Company has established itself as a financially sound and trustworthy developer. For the time being the Company enjoys up to 75% awareness rate in Tbilisi. None of the completed projects have been delayed so far.

MANAGEMENT AND EMPLOYEES

Overview

The Company's supreme governing body is the General Meeting of the shareholders (**"General Meeting"**). The General Meeting appoints the supervisory board (**"Supervisory Board"**) which is responsible for the supervision of the Company's activities. The general director of the Company (**"General Director"**) who is responsible for day-to-day operations and is vested with the representative authority is appointed by the Supervisory Board.

General Meeting

The ordinary General Meeting is held annually, while extraordinary General Meeting can be held based on written request of Supervisory Board, General Director or shareholder(s) who hold at least 5% of the ownership interest of the Company. The majority of decisions at the General Meeting are adopted by simple majority; however there are cases when 2/3 or 3/4 of the votes is needed to adopt a decision. The resolutions that are passed by the General Meeting include:

- ✓ Approval and amendments to the charter;
- ✓ Merger, division or transformation of the Company into another legal entity;
- ✓ Appointment and dismissal of the Supervisory Board members;
- ✓ Approval of annual accounts;
- ✓ Distribution of net income;
- ✓ Approval of the Supervisory Board's and General Director's reports;
- ✓ Hiring of an auditor or special controlling body;
- ✓ Acquisition, sale or encumbrance of real property if the transaction exceeds 50% of the Company's total assets; and
- ✓ Other issues that fall within the competence of the General Meeting under the law and the Charter.

Supervisory Board

The Supervisory Board consists of 5 members, none of whom has the right to be the General Director of the Company at the same time. It is authorized under Georgian law and the charter of the Company (**"Charter"**) to pass resolutions on the following issues:

- ✓ Appointment and dismissal of the General Director;
- ✓ Approval of the General Director's reports;
- ✓ Acquisition and sale of shares/ownership of more than 50% of such company's total equity or if the transaction exceeds 1% of last month's ending total assets;
- ✓ Acquisition, sale or encumbrance of real property if these activities are outside the ordinary course of the business or if the transaction exceeds 1% of last month's ending total assets;
- ✓ Establishment and liquidation of subsidiaries;
- ✓ Making of investments which exceed 1% of last month's ending total assets in case of a new business sector or 2% if the Company has already successfully invested in that business;

- ✓ Taking of loans/credits, the value of which exceeds 2% of last month’s ending total assets;
- ✓ Pledge of the property against loans/credits, if it is outside the ordinary course of business; and
- ✓ Other issues that fall within the competence of the General Meeting under the law and the Charter.

The Supervisory Board is quorate if the shareholders with more than 50% of the ownership interest are present at the meeting.

General Director

The Director of the Company is responsible for the day-to day management of the Company. His/her responsibilities include:

- ✓ Conducting day-to-day activities of the Company
- ✓ Preparation of annual budget
- ✓ Representing the Company with the third parties
- ✓ Hire and dismiss employees
- ✓ Prepare all the required materials/documentation and report to the General Meeting and the Supervisory Board

Organizational Chart

The Company's Supervisory Board consists of the following members:

Name	Current Position
Irakli Burdiladze....................................	Chairman of Supervisory Board
Sulkhan Gvalia	Deputy Chairman of Supervisory Board
Irakli Gilauri	Member of Supervisory Board
Archil Gachechiladze	Member of Supervisory Board
Mikheil Gomarteli	Member of Supervisory Board

Chairman of Supervisory Board – Mr. Irakli Burdiladze

Irakli Burdiladze currently holds a position of deputy CEO of Bank of Georgia JSC. Previously, he served as the Chief Operating Officer of Bank of Georgia since March 2007 to June 2010. Prior to this appointment Irakli has served as the Chief Financial Officer of Bank of Georgia. Immediately prior to joining Bank of Georgia Irakli served as the Chief Financial Officer of GMT Group, a leading real estate developer and operator in Georgia. Irakli has received a graduate degree in International Economics and International Relations from the Johns Hopkins University School of Advanced International Studies in Washington D.C. and is a graduate of the Tbilisi State University with an undergraduate degree in International Relations.

Deputy Chairman of Supervisory Board – Mr. Sulkhan Gvalia

Sulkhan Gvalia has served as Deputy CEO in charge of Corporate Banking Bank of Georgia JSC since May 2013, previously served as Deputy CEO, Chief Risk Officer (2005 to 2013). Since 1995, Sulkhan served as the Deputy Chairman of the Management Board of TbilUniversalBank (TUB), a mid-sized Georgian bank that he co-founded and that was acquired by Bank of Georgia in November 2004. During his tenure at TUB, Sulkhan spearheaded several departments at TUB, including finance, accounting and strategy. Sulkhan received his undergraduate degree in law from Tbilisi State University.

The Company's current management includes the General Director and other senior managers listed below:

Name	Current Position	Term of Employment / Reappointment
Giorgi Vakhtangishvili	General Director (CEO)	One year, automatic renewal
Emzar Otkhozoria...................................	Deputy CEO in finance and operations	One year, automatic renewal
Shorena Darchiashvili	Deputy CEO in sales and marketing	One year, automatic renewal

General Director/CEO – Mr. Giorgi Vakhtangishvili

Giorgi Vakhtangishvili is the CEO. Prior to becoming the CEO, he served as the Deputy CEO of the Company in charge of Operations, Finance and Accounting. In his previous capacities, Giorgi Vakhtangishvili worked as the Deputy CEO/Chief Risk Officer of JSC BG Bank – JSC Bank of Georgia's former banking subsidiary in Ukraine. As CRO of JSC BG Bank, Giorgi spearheaded implementation of a new system of credit risk management. Giorgi Vakhtangishvili closed a number of corporate restructuring deals during financial crisis in Ukraine significantly improving quality of the loan portfolio of JSC BG Bank. Prior to joining Bank of Georgia Group, Giorgi worked as a senior auditor at Ernst and Young in Tbilisi, Moscow and Kiev offices. Giorgi Vakhtangishvili is a graduate of Tbilisi based European School of Management.

Deputy CEO in finance and operations – Mr. Emzar Otkhozoria

Emzar Otkhozoria is the Deputy CEO of the Company in charge of Finance and Operations. He previously worked as Chief Financial Officer, holding this position from May 2010 to February 2013. Emzar joined the Company in October 2007 as Chief Accountant. Prior to joining the Company, he was leading the Mathematics section in Demirell private college and Mathematics Olympiad team. He received a Master's degree in Mathematics from Tbilisi State University.

Deputy CEO in sales and marketing – Ms. Shorena Darchiashvili

Shorena Darchiashvili was appointed as a Deputy CEO in sales and marketing since August, 2013. From 2010 to 2013, she served as the Head of Internal Brand Management Unit of JSC Bank of Georgia. Prior to joining the Bank of Georgia Group, Shorena had worked on managerial positions of sales and marketing departments at various real estate developers operating in Georgia. She also has a professional experience of an advertising consultant in marketing communications for the leading advertising companies of Georgia (Sarke, Butterfly). Shorena did her graduate degree in marketing and international business at the BA Mosbach, Germany and the Bachelor's degree at European School of Management (ESM).

Employees

As of 31 December 2014, the Company had a total of 56 full-time employees. As of the date of this Prospectus, total number of Company employees is 55.

The Company places significant emphasis on the professional development of its employees. The Company's employees are offered the opportunity to train at specialist training centers and various educational institutions.

The Company is required to withhold income tax at the flat rate of 20.0% on the gross compensation of its employees.

Remuneration and Benefits

The remuneration of the Company's employees is comprised of a fixed monthly salary and a quarterly or annual bonus depending on the position in the Company. Overall, the Company offers a highly competitive remuneration and benefits package to its employees.

Bonus schemes: Sales personnel bonuses are based on a quantitative formula and they are paid on the quarterly basis, while the bonuses of senior managers have both quantitative and qualitative component and are paid on annual basis. The decision on bonuses is made by the General Director of the Company and is approved by the Supervisory Board. Part of the bonus given to senior management is subject to deferral as follows: 30% must be either placed on deposit for a period of one year or used to purchase either securities of Bank of Georgia Holdings Plc. or marketable/liquid securities of other members of the BOG group (**"Deferred Bonus"**). Certain restrictions apply to the timing of disposal of these securities.

Benefits:

- ✓ Every employee is included in an insurance scheme, with the Company contributing GEL 15 per month.
- ✓ Every employee is included in a pension scheme, with the Company contributing 1% of gross monthly salary.
- ✓ Training is held frequently for the professional development of employees financed by the Company.

The table below sets out the aggregate amount of the salaries, and other benefit expenses paid to employees for the years 2013 and 2014:

	For the year 2014	
	(Lari figures) *[unaudited]*	*U.S.$ figures* *[unaudited]*
Salaries and other benefits	3,811	2,158

Note: the amount given in the table differs from the employee benefits expense in income statement, as part of the salaries and employee benefits expense directly attributable to development projects are capitalized in respective "inventory property" and are expensed through the "cost of sale - inventory property"

Litigation Statement

As of the date of this Prospectus, no Director or senior manager, for at least the previous five years, has:

- ✓ any convictions in relation to fraudulent offences;
- ✓ held an executive function as a senior manager or a member of the administrative management or supervisory bodies of any company at the time of or preceding bankruptcy, receivership or liquidation;
- ✓ been subject to any official public incrimination and/or sanction by any statutory or regulatory authority (including designated professional bodies) or has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of a company.

SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

Shareholders

Currently 74.1% shares of the Company are held by JSC Bank of Georgia and 25.9% - by JSC Galt and Taggart Holdings that is a 100% subsidiary of JSC Bank of Georgia.

Related Party Transactions

In the ordinary course of its business, the Company has engaged, and continues to engage, in transactions with related parties. Related parties include, among others, shareholders, all managers and senior personnel of the Company, companies affiliated with the Company and certain shareholders of such affiliated companies. Furthermore, parties are considered to be related if one party has the ability to control the other party or to exercise significant influence over the other party in making financial or operational decisions or if such parties are under common control.

Following the public offering of the Bonds, the Company will become a Reporting Company within the meaning of the Securities Law. The Securities Law sets certain approval and transparency requirements for transactions in which the members of the governing bodies of a Reporting Company and direct or indirect owners of 20% or more of its shares are regarded as Interested Parties (such cases are defined in the Securities Law). According to the Securities Law, a transaction involving Interested Parties shall be approved by the supervisory board or the general meeting of shareholders. For transactions exceeding 10% of the value of the assets of the Company, such transactions shall be approved by the General Meeting of Shareholders. Transactions with 100% subsidiaries and 100% shareholders are exempted from these requirements. Consequently, following public offering of Bonds, the Company's Meeting of Partners will have to approve transactions involving Interested Parties, except transactions with its 100% shareholders - Bank of Georgia. The Company seeks to conduct all related party transactions on market terms and at market prices.

The following table shows volumes of related party transactions, outstanding balances at the period end and related party expense and income for the periods indicated in Lari (‘000).

	2014		2013	
	Parent	Key management personnel	Parent	Key management personnel
Cash and cash equivalents	23,897	-	11,929	-
Rental income	61	-	128	-
Rental expense	242	-	-	-
Finance income	-	-	1,131	-
Finance expense	177	-	-	-
Employees benefits expense	-	2,208	-	2,114
Other operating expense	129	-	139	-

Conflict of Interest

The Issuer, Placement Agent, Calculation and Paying Agent and Registrar are the related persons. The members of the management boards (management board/board of directors) of such persons may be also on the management board of other related persons. Notwithstanding the fact, that the respective persons (and the members of their management board) act in accordance with the requirements of the applicable legislation (including with respect to conflict of interest) with respect to the approval/entering into the transactions related to Bond issuance and all such transactions are entered into on arm's-length terms, the conflict of interest may pose additional risk factor for the investors.

TERMS AND CONDITIONS OF THE BONDS

The issue of US$20,000,000 up to 9.5 per cent. Bonds due 20 March 2017 was authorised by a resolution of the Meeting of the Partners of the Company passed on 27 February 2015. The Bonds and the Bondholders' rights are governed by the Prospectus, including without limitation these Terms and Conditions and by the Agreement on Terms and Conditions of the Bonds between the Issuer and Nodia, Urumashvili and Partners LLC, as the Bondholders' Representative dated 25 February 2015 (the "**Agreement**"). In addition to the specific terms and conditions outlined in other sections of the Prospectus (including without limitation "*Overview of the Offering*") these Terms and Conditions include certain additional representations, covenants and other conditions which are also outlined in the Agreement.

Copies of the Agreement are available for inspection during usual business hours at the principal office of the Bondholders' Representative: at Nodia, Urumashvili and Partners LLC, Office No. 28, 4th Floor, 71 Vaja-Pshavela Ave,, Tbilisi 0186, Georgia and at the offices of the Issuer: 3/5 Kazbegi Street, Tbilisi 0179, Georgia. In addition to the Prospectus, including these Terms and Conditions, the Bondholders (as defined below), and in certain cases (envisaged by the Prospectus, including these Terms and Conditions), the Nominal Holder of the Bonds, are entitled to the benefit of, are bound by, and are deemed to be subject to the relevant terms of the provisions of the Agreement and such terms 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 Clause 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 on the condition that it authorizes the Bondholders' Representative to act on its behalf in respect of such Covenants pursuant to Condition 4(a) of these Terms and Conditions. Accordingly neither a Bondholder nor a Nominal Holder has the right to act directly against the Issuer for breach of any of these Covenants and only the Bondholders' Representative may take action against the Issuer in respect of breach 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 registered form, in denomination of US$1,000.

Title to the Bonds shall be evidenced by registration of ownership rights in (i) the register of securities (the "**Register**") that the Issuer shall procure to be kept by the registrar indicated in "Overview of the Offering" (the "**Registrar**") in accordance with the provisions of the agreement between the Issuer, on the one hand, and the Registrar, on the other hand; and/or (ii) such other registries/records as shall be maintained by any Nominal Holder of the Bonds. The Register and such other registries/records as referred to in the foregoing clause (ii) are hereinafter a "**Registry**."

2. OFFERING AND PLACEMENT OF BONDS, CHANGES TO THE OFFERING AND DISPOSAL OF BONDS

(a) Bond Offering Process

The Placement Agent carries out the offering of the Bonds on behalf of the Issuer and on the basis of the agreement concluded with the Issuer. Before commencement of the public offering, in order to procure interest in the Bonds, the Placement Agent and/or its authorized intermediary/intermediaries are entitled to send the approved Prospectus to potential investors.

Following approval of the Prospectus by the National Bank of Georgia, the Issuer carries out the public offering of the Bonds in accordance with Georgian law. The Issuer will publish a notice on offering of Bonds on its web-site. The Issuer, the Placement Agent and/or a financial intermediary(ies) involved in the placement process provide to potential investors, in accordance with their preference, electronic link to the Prospectus, its scanned or printed version. The final Prospectus is provided to potential investors (including by way of uploading it to the Issuer's website) before or right after commencement of the sale of publicly offered Bonds or in the process of such sale.

Potential investors may express interest of purchasing Bonds by submitting an application/notice to the Placement Agent. It is possible to express such interest via electronic means of communication or any other means accepted by the Placement Agent. The deadline for accepting the application(s) for Bonds is determined unilaterally by the Placement Agent. If such deadline is not a Business Day, the preceding Business Day will be deemed as the final day for accepting the application(s).

Final interest (coupon) rate to be accrued on the Bonds is fixed in the process of offering of the Bonds to potential investors (book-building). Such final interest rate falls within the range of interest rate included in the approved preliminary Prospectus and is reflected in the final Prospectus. Fixing the final interest (coupon) rate within the range of interest rate described in the preliminary Prospectus is not considered a material (significant) change and only requires being reflected in the final Prospectus.

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 is being 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 Bonds. The Placement Agent must be notified of such decision immediately (no later than 2 pm Tbilisi time of the Business Day following the day when the investor was informed of correction of its application (with respect to the number of Bonds). Failure to notify the Placement Agent of such decision entitles the Placement Agent, at its discretion, to continue to consider the initial application of the investor (with respect to full number of Bonds requested), or refuse the application.

Following completion of the book-building process, the Placement Agent makes an announcement on completion of the offering and notifies those investors (individually or as a group) whose applications (including those with corrected numbers) have been satisfied. Such notification must contain the final interest rate to be accrued on the Bonds and the number of Bonds in relation to which the purchase orders of potential investors have been satisfied. Upon announcement of the completion of the offering, the applications of the potential investors that have been satisfied are irrevocable and binding upon such investors ("**Subscribing Investors**").

Subscribing Investors must place the funds required for purchasing relevant number of Bonds on broker account in full no later than 2 Business Days before the Issue Date. Subscribing Investors shall open such brokerage accounts with the Placement Agent. The Issuer delivers the purchased Bonds to the same brokerage account on the Issue Date. In exceptional cases, the Placement Agent may at its discretion allow the Subscribing Investor to place funds required for purchasing Bonds on the nominal holding account of the Issuer held with the Placement Agent (instead of the Subscribing Investor's brokerage account with the Placement Agent). In such cases, the Bonds are delivered to the account of the Subscribing Investor held with the Registrar or with other authorized Nominal Holder.

By way of exception, the Issuer and/or the Placement Agent are entitled to set certain exemptions including but not limited to with respect to those Subscribing Investors who at the Issuance Date hold JSC M2 Bonds, whereby each of such Subscribing Investors shall be entitled to defer the payment for the Bonds until the respective maturity date of JSC M2 Bond held by such Subscribing Investor, provided that the deferred payment amount may not exceed the envisaged proceeds (bond nominal and accrued interest) at maturity of JSC M2 Bonds held by such Subscribing Investor. Unless paid by such Subscribing Investor earlier, the payment of the deferred price shall be made by, either: (a) deduction of the purchase price from the proceeds (bond nominal and accrued interest) at maturity of JSC M2 Bonds by the Placement Agent and/or another agent appointed by or acting for the Issuer; or (b) assignment by the Subscribing Investor to the Issuer of the right to proceeds (bond nominal and accrued interest) from JSC M2 Bonds in the amount equivalent to purchase price of the Bonds. The purchase price of each Bond with respect to which payment is deferred, shall be the sum of the Nominal Value of the Bond and Interest accrued on such Bond from the Issuance Date until the date of payment of the purchase price.

The Subscribing Investors opting for the deferred payment pursuant to the paragraph immediately above, shall be required to place their JSC M2 Bonds in the nominal holding of the Placement Agent, which will block (restrict the transfer) such JSC M2 Bonds pending to the payment of the full amount of deferred purchase price for the Bonds.

Following placement of Bonds, the Bondholders are entitled to hold the Bonds in the form of entry on account(s) open with other Nominal Holders or Registrar.

(b) Changes during Public Offering

If the Issuer decides to change material information about the Bonds, such as the number of securities, price, period of offering, etc., during public offering (period between the commencement of offering until the Issue Date), the Issuer shall take the following steps:

(i) Submits to the National Bank of Georgia an amendment to the Prospectus explaining all changes made to the Prospectus;

(ii) Publishes an announcement on the Issuer's web-site or other means determined by law, indicating all such changes made or proposed; announces cancellation of the offering in the existing form and makes an offer on cancellation of all agreements on the sale of Bonds up to that date;

(iii) Sets time limit of no less than 10 days for investors to respond to cancellation. After this period has passed, the Issuer is entitled to carry out amended public offering.

If the information in relation to any material event is changed in the Prospectus, the investors who have purchased the Bonds are entitled to revoke the purchase and request immediate redemption of Bonds at their principal amount together with any accrued interest. Investors (Bondholders) who have not revoked the purchase of Bonds will be subject to new terms of offering.

If non-material information is changed during public offering, the Issuer must submit to the National Bank of Georgia the document reflecting such new information (change) before incorporating such change in the Prospectus in accordance with the procedure established by the National Bank.

(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 of and transfer of title to Bonds shall be valid only if the title change is registered in the relevant Registry. As soon as possible after placement of Bonds but no later than 1 May 2015, the Issuer will submit an application to the Georgian Stock Exchange ("**GSE**") for the Bonds to be admitted to listing on the GSE's official list and to trading on GSE. In case of such admission, the Bonds may be traded on the GSE pursuant to the GSE rules and applicable securities laws for securities admitted for trading on the GSE.

3. STATUS

The Bonds constitute unsecured obligations of the Issuer and shall at all times rank pari passu and without any preference among themselves. At all times the claims against the Issuer under the Bonds and the Agreement shall rank at least pari passu in right of payment with the claims of all other unsubordinated creditors of the Issuer (subject to Condition 5(a)), save 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 Nominal Holder appoints the Bondholders' Representative to act as its agent in all matters relating to the Bonds and in particular those regulated by Condition 5 below and Article 6 of the Agreement, and authorises 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 such Nominal Holder.

(b) Each Bondholder and/or Nominal Holder shall immediately upon request provide the Bondholders' Representative with any such documents, including a written power of attorney (in form and substance satisfactory to the Bondholders' Representative), that the Bondholders' Representative deems necessary for the purpose of exercising its rights and/or carrying out its duties under, and protecting the Bondholders' interest pursuant to these Terms and Conditions and the Agreement. The Bondholders' Representative is under no obligation to represent a Bondholder which does not, or whose Nominal Holder does not, comply with such request.

(c) A Bondholder (or a Nominal Holder on behalf of a Bondholder) may act directly against the Issuer for breach of its obligation to pay the principal amount of the Bond under Condition 7(a) and Clause 2.2 of the Agreement, and/or breach of its obligation to make any interest payment when due under Condition 8(a)(ii) and Clause 2.2 of the Agreement, or as provided in Condition 12.

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 limitation), 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 rateably with such other Indebtedness or have the benefit of such security or other arrangements, as the case may be, as are satisfactory to the Bondholders' Representative, or are approved by an Extraordinary Resolution of the Bondholders.

(b) **Continuance of Business, Maintenance of Authorisations and Legal Validity**:

(i) The Issuer shall, and shall procure that each of its Material Subsidiaries shall, take all necessary action to obtain and do or cause to be done all things necessary to ensure the continuance of its corporate existence (except as otherwise permitted by Condition 5(c) (*Mergers*)), and its business and the use of all material intellectual property relating to its business as well as all consents, licences, approvals and authorisations necessary in that regard.

(ii) The Issuer shall do all that is necessary to maintain in full force and effect all authorisations, approvals, licences and consents and take or cause to be taken all measures required by the laws and regulations of Georgia to enable it lawfully to perform its obligations under the Bonds and the Agreement and ensure the legality, validity, enforceability or admissibility in evidence in Georgia of the Bonds and the Agreement.

(c) **Mergers**: The Issuer shall not, without the prior written consent of the Bondholders' Representative, (x) enter into any reorganisation (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 person or the transferee (the "**Successor Entity**") shall be the Issuer or, if not the Issuer, the Successor Entity shall expressly assume in form and substance satisfactory to the Bondholders' Representative, executed and delivered to the Bondholders' Representative, all the rights and obligations of the Issuer under the Bonds and the Agreement; and

(B) the Successor Entity (if not the Issuer) shall retain or succeed to all of the rights and obligations of the Issuer under all of its material governmental permits, licences, consents and authorisations and shall be in compliance with all material regulatory requirements in each of the jurisdictions in which it operates;

(ii) no Event of Default or Potential Event of Default shall have occurred and be continuing or result therefrom.

(iii) the relevant transaction referred to in (x) or (y) above does not result in a material adverse effect.

(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, as the case may be, 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 providing for a disposal of revenues or assets constituting more than 10 per cent. 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, the Issuer shall, prior to the disposal, provide the Bondholders' Representative with a written opinion from an Independent Appraiser to the effect that the transaction is at Fair Market Value.

This Condition 5(d) 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 from its inventory 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 securitisation 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 subject to a Security Interest permitted under paragraph (g) of the definition of "Permitted Security Interests", does not, at any time, exceed the greater of US$40,000,000 or 45 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.

(e) **Transactions with Affiliates**:

(i) The Issuer shall not, and shall ensure that none of its Material Subsidiaries will, directly or indirectly, conduct any business, enter into or permit to exist any transaction (including the purchase, sale, transfer, assignment, lease, conveyance or exchange of any property or the rendering of any service) with, or for the benefit of, any Affiliate (an "**Affiliate Transaction**"), including inter-company loans, unless the terms of such Affiliate Transaction are (taking into account the standing of the relevant Affiliate) no less favourable to the Issuer or such Material Subsidiary, as the case may be, than those that could be obtained 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.

(ii) With respect to an Affiliate Transaction or a series of related Affiliate Transactions involving aggregate payments or value in excess of 5 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, the Issuer shall, prior to the relevant Affiliate Transaction, deliver to the Bondholders' Representative a written opinion from an Independent Appraiser to the effect that such Affiliate Transaction (or series of Affiliate Transactions) is at Fair Market Value and is fair from a financial point of view to the Issuer or the relevant Material Subsidiary, as the case may be.

(iii) The following items shall not be deemed to be 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 the past practice of such member of the Group;

(B) transactions between or among the Issuer and its wholly-owned Subsidiaries;

(C) payment of reasonable directors fees to Persons who are not otherwise Affiliates of the Issuer;

(D) Any loans or other form of financing from any direct or indirect shareholder(s) of the Issuer made available on the arm’s length basis for the purpose of financing operations; and

(E) Any insurance contracts with Affiliates made available on the arm’s length basis for the purpose of insuring the operations/assets of the Issuer.

(f) **Payment of Taxes and Other Claims**: The Issuer shall, and shall ensure that its Material Subsidiaries will, pay or cause to be paid, before the same shall become overdue all Tax levied or imposed upon, or upon the income, profits or property of, the Issuer and/or its Material Subsidiaries, provided that for the purposes of this Prospectus neither the Issuer nor any Material Subsidiary shall be required to pay or cause to be paid any such Tax or similar claims (a) the amount, applicability or validity of which is being contested in good faith by appropriate proceedings and for which adequate reserves in accordance with IFRS or other appropriate provision has been made or (b) the amount of which, together with all such other unpaid Tax or similar claims, does not in the aggregate exceed US $500,000 (or equivalent).

(g) **Restricted Payments**: The Issuer shall not, and shall procure and 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) 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 a wholly-owned Subsidiary of 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 or, prior to scheduled maturity or scheduled repayment, subordinated debt (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) (any such action in (a) or (b) being, 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 31 December 2014, exceeds the sum of:

(a) 50 per cent. of the Issuer's consolidated net profit (calculated in accordance with IFRS) aggregated on a cumulative basis during the period beginning on 31 December 2014 and ending on the last day of the immediately preceding fiscal year or semi-annual financial period; and

(b) 100 per cent. of the aggregate net cash proceeds received by the Issuer subsequent to 31 December 2014 from the issuance or sale of its share capital and the conversion or exchange subsequent to 31 December 2014 of any Indebtedness of the Issuer into or for share capital of the Issuer; or

(h) **Indebtedness**: The Issuer shall not permit any of its Material Subsidiaries to create, incur, assume or otherwise become liable in respect of any Indebtedness, other than:

(i) any Indebtedness owing to the Issuer or a wholly-owned Subsidiary of the Issuer; and

(ii) any Indebtedness incurred to finance the business of any Subsidiary, provided that the aggregate principal amount of all such Indebtedness permitted under this paragraph (ii) does not at any time exceed the greater of US$40,000,000 or 45 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.

(i) **Financial Information**:

(i) The Issuer hereby undertakes that it will deliver to the Bondholders' Representative, and also publish on the Issuer's web-site, within 120 days after the end of each of its financial years, copies of the Issuer's audited consolidated financial statements for such financial year, prepared in accordance with IFRS consistently applied for the reporting period and together with the report of the Auditors thereon.

(ii) The Issuer hereby undertakes that it will deliver to the Bondholders' Representative, and also publish on the Issuer's web-site, within 60 days after the end of the second quarter of each of its financial years, copies of the Issuer's unaudited consolidated financial statements for six months, prepared in accordance with IFRS consistently applied for the reporting period.

(iii) If the Bondholders' Representative, acting reasonably, has cause to believe that an Event of Default or Potential Event of Default has occurred, then the Bondholders' Representative may request, and the Issuer shall provide to the Bondholders' Representative without delay, information that is directly relevant to the purported Event of Default or Potential Event of Default. Such information regarding an Event of Default or Potential Event of Default may also be requested by a written request of Bondholders (whether directly or through Nominal Holders) owning more than 25% of the outstanding Bonds, and in such event the Issuer shall provide the requested information without delay to the Bondholders' Representative and the Bondholders and Nominal Holders who have submitted the above written request. Such a request in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders and/or Nominal Holders. Such a request may also be adopted as an ordinary resolution at a Meeting of Bondholders.

(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, against loss or damage to the extent that property of similar character is usually so insured by companies in Georgia similarly situated and owning like properties.

(k) **Compliance with Applicable Laws**: The Issuer will at all times comply, and shall procure that each of its Material Subsidiaries complies at all times, in all material respects with all provisions of applicable laws, including directives of governmental authorities and regulations.

(l) **Change of Business**: The Issuer shall procure that no material change is made to the general nature of the business of the Group, taken as a whole, from that carried on at the Issue Date.

6. INTEREST

Each Bond bears interest from and including the Issue Date at the annual rate within the range indicated in – "*Overview of the Offering*" (*see, pg.1)*. The final interest rate will be determined pursuant to Condition 2(a) ("*Bond Offering Process*") and will be reflected in the final Prospectus. The interest is payable semi-annually in arrears on 20 September and 20 March each year (each an "**Interest Payment Date**"), commencing on 20 September 2015. Each Bond will bear interest until the due date for redemption unless payment of principal is improperly withheld or refused. In such event it shall continue to bear interest at such rate until the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant Bondholder.

If interest is required to be calculated for a period of less than one year/a complete Interest Period (as defined below), the relevant day–count fraction will be determined on the basis of a 365-day year.

The period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an "**Interest Period**".

7. REDEMPTION AND PURCHASE

(a) **Redemption**: The Issuer may redeem the Bond(s) prior to their maturity for cancellation by offering to the Bondholder(s) payment of the outstanding principal amount together with accrued and unpaid interest to the date of redemption. Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 20 March 2017. The Bonds may not be redeemed at the option of the Issuer other than as described in the Prospectus (including this Condition).

(b) **Redemption for Taxation**: The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders and Nominal Holders who are registered at the Register (which notice shall be irrevocable), at their principal amount, (together with interest accrued to the date fixed for redemption), if (i) the Issuer satisfies the Bondholders' Representative immediately prior to the giving of such notice that it has or will become obliged to pay additional amounts of Tax related to the Bonds as a result of any change in, or amendment to, the laws or regulations of Georgia, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes 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 otherwise at any price. The Bonds so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Bondholders or for the purposes of Condition 11(a).

8. PAYMENTS

(a) **Method of Payment**:

(i) Principal and interest on each Bond shall be paid to the Bondholders and Nominal Holders as recorded in the Register at the close of business (06.00 PM) 3 Business Days before the due date for payment thereof (the "**Record Date**"). Payments shall be made by bank transfer in United States dollars to the bank account for such Bondholders and Nominal Holders as recorded in the Register on the Record Date. The Bondholders and Nominal Holders recorded in the Register shall procure that the Registrar has updated, complete and correct information regarding their respective bank account details where any payments pertaining to the Bonds shall be made. None of the Issuer, the Registrar nor the Calculation and Paying Agent shall be responsible for non-payment of any amount due if the Bondholder or Nominal Holder (as the case may be) has failed to provide its bank account details to the Registrar, or to update its bank account details as of the Record Date, as requested by the Issuer or the Registrar for its receipt of payments.

(ii) If the bank account of a Bondholder or Nominal Holder referred to in the previous paragraph is at any bank other than the Calculation and Paying Agent, then any bank transaction fees assessed on the payment (transfer) may be deducted from the payment. If the bank account of the Bondholder or Nominal Holder referred to in the previous paragraph is in any currency other than United States dollars, then the payment may be made to the Bondholder or Nominal Holder (as the case may be) net of currency conversion fees.

(iii) Without prejudice to the Bondholders' rights under these Terms and Conditions to receive full payments of interest and principal when due, if the amount of interest or principal being paid on any due date is less than the amount then due, then the Issuer shall pay or cause to be paid to all Bondholders their respective pro rata shares of the funds available for payment on such date.

(iv) At the request of the Issuer and/or the Registrar trade in Bonds on the secondary market may be prohibited or restricted for the period starting from the Record Date and ending on the date when the relevant payment becomes due and payable.

(b) **Appointment of Agents**: The Calculation and Paying Agent, Placement Agent and the Registrar and their respective specified offices are listed in "*Overview of the Offering*" as well as at the end of the Prospectus. The Calculation and Paying Agent, the Placement Agent, and the Registrar act solely as agents of the Issuer and for the purposes of this Prospectus and offering do not assume any obligation or relationship of agency or trust for or with any Bondholder or Nominal Holder. The Issuer reserves the right at any time with the approval of the Bondholders' Representative to vary or terminate the appointment of Calculation and Paying Agent, Placement Agent or the Registrar and to appoint additional or other Calculation and Paying Agent, Placement Agent or the Registrar, provided that the Issuer shall at all times maintain (i) a Calculation and Paying Agent, and (ii) a Registrar, in each case, as approved by the Bondholders' Representative.

Notice of any such change or any change of any specified office shall promptly be given to the Bondholders by announcement on the Issuer's web-site.

(c) **Calculation and Payment:** any payment to be made in relation to Bonds (including interest) shall be calculated and paid in accordance with the terms of this Prospectus and Georgian law by the Calculation and Paying Agent. Furthermore, the amount(s) due as calculated by the Calculation and Paying Agent, except for manifest error, shall be binding on the Issuer. The Calculation and Paying Agent shall calculate the amounts at least 3 Business Days before the relevant payment date and notify the Issuer. At least 1 Business Day before the relevant payment date, the Issuer must place relevant funds in United States dollars on its bank account maintained with the Calculation and Paying Agent and instruct the latter to transfer such funds. If there are sufficient funds on the Issuer's account, the Calculation and Paying Agent is entitled, but not obliged, to transfer payments due on Bonds without relevant instructions from the Issuer and in case the funds on the Issuer's account are not sufficient - notify the Issuer and Bondholders' Representative accordingly.

(d) **Payments subject to Fiscal Laws**: All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives of Georgia.

(e) **Delay in Payment / Non-Business Days**: Bondholders will not be entitled to any interest, penalty or other payment for any delay after the due date in receiving the amount due on a Bond if the due date is not a Business Day. The due payment 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 after deduction of any applicable Georgian withholding tax.

10. EVENTS OF DEFAULT

If any of the following events ("**Events of Default**") occurs and is continuing the Bondholders' Representative at its discretion may, and if so directed by an Extraordinary Resolution shall (provided that the Bondholders' Representative shall have been indemnified to its satisfaction), give written notice to the Issuer that the Bonds are, and they shall immediately become due and payable at 100 per cent of their principal amount together (if applicable) with accrued interest:

(a) **Non-Payment**: the Issuer fails to pay the principal of, any interest or any other sum due on any of the Bonds or due 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 does not perform or comply with any one or more of its other obligations (other than those in Condition 10(a)) in the Prospectus or the Agreement which default is, in the opinion of the Bondholders' Representative (i) incapable of remedy and is material or repeated; or, (ii) is capable of remedy and it is not remedied within 30 days after notice of such default shall have been given to the Issuer by 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 moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any event of default (howsoever described), or (ii) any such Indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (iii) the Issuer or any Material Subsidiary fails to pay when due any amount payable by it under any other present or future Indebtedness provided that the aggregate amount of the relevant Indebtedness in respect of which one or more of the events mentioned above in this Condition 10(c) have occurred equals or exceeds US$ 500,000 or its equivalent in any other currency (as reasonably determined by the Bondholders' Representative); or

(d) **Insolvency**:

(i) the occurrence of any of the following events: (i) the Issuer or any Material Subsidiary initiating liquidation or insolvency proceedings; or (ii) the filing of a claim by any Person in respect of the Issuer or any Material Subsidiary to initiate insolvency proceedings, where such claim is not dismissed within 60 days from the date of filing; or (iii) entry into negotiations between the Issuer and its creditors for an out of court settlement of all or substantially all of the Issuer's debts; or (iv) commencement of liquidation proceedings in respect of the Issuer or any Material Subsidiary based on a decision of a court 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; or

(e) **Unsatisfied Judgments, Governmental or Court Actions**: the aggregate amount 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$ 500,000 or the equivalent thereof in any other currency or currencies, or any such unsatisfied judgment, decree or order results in (a) the management of the Issuer or any Material Subsidiary being wholly or partially displaced or the authority of the Issuer or any Material Subsidiary in the conduct of its business being wholly or partially curtailed, (b) all or a majority of the share capital of the Issuer or any Material Subsidiary or the whole or any part (the book value of which is 20 per cent. or more of the book value of the whole) of its revenues or assets being seized, nationalised, expropriated or compulsorily acquired; or

(f) **Execution**: any execution is levied against, or an encumbrancer takes possession of or sells, the whole or any material part of, the property, revenues or assets of the Issuer or any Material Subsidiary; or

(g) **Authorisation and Consents**: any action, condition or thing (including the obtaining or effecting of any necessary consent, decree, approval, authorisation, exemption, filing, licence, order, recording, registration or other authority) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its material rights and perform and comply with its payment obligations under the Bonds and the Agreement, its obligations under Condition 5 (*Covenants*) and its other material obligations under the Bonds and the Agreement, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Bonds Prospectus, and the Agreement admissible in evidence in the courts of Georgia is not taken, fulfilled or done; or

(h) **Validity and Illegality**: the validity of the Bonds, Prospectus or the Agreement is contested by the Issuer or the Issuer denies any of its obligations under the Bonds, Prospectus or the Agreement or it is, or will become, unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Bonds, Prospectus or the Agreement or any of such obligations becomes unenforceable or ceases to be legal, valid and binding.

The Issuer has undertaken in the Agreement that it will promptly upon becoming aware of the same inform the Bondholders' Representative of the occurrence of any Event of Default or event or circumstance that would, with the giving of notice, lapse of time and/or issue of a certificate, become an Event of Default (a "**Potential Event of Default**").

The Issuer has also undertaken in the Agreement that it shall 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, send to the Bondholders' Representative a certificate of the Issuer signed by its director (CEO) and its chief financial officer certifying that, having made all reasonable enquiries, to the best of the knowledge, information and belief of the Issuer as of the date of signing the certificate (the "**Certification Date**") no Event of Default or Potential Event of Default had occurred since the Certification Date of the last such certificate or (if none) the date of the Agreement or, if such an event had occurred, giving details of it.

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") of a modification of any of these Conditions or any provisions of the Agreement. Such a meeting may be convened by Bondholders (and/or Nominal Holders acting on their behalf) holding not less than 10 per cent. in 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 business of such meeting includes, inter alia, consideration of the following proposals: (i) to change any date fixed for payment of principal or interest in respect of the Bonds; (ii) to alter the method of calculating the amount of any payment in respect of the Bonds; (iii) to change the amount of principal and interest payable in respect of the Bonds; (iv) to sanction the exchange or substitution for the Bonds of, or the conversion of the Bonds into, shares, bonds or other obligations or securities of the Issuer or any other entity; (v) to change the currency of payments under the Bonds (other than such change as may be required by applicable law); (vi) to change the quorum requirements relating to Bondholders' meetings or the majority required to pass an Extraordinary Resolution; (vii) to alter the governing law of the Agreement; or, (viii) without prejudice to the rights under Condition 12(b) (Modification and Waiver) below, change 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, in principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Bondholders (whether or not they were present at the meeting at which such resolution was passed).

A resolution in writing signed by or on behalf of the Bondholders who for the time being hold 75% or more of the outstanding Bonds will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

(b) **Modification of the Agreement and Waiver**: The Bondholders' Representative may agree with the Issuer, without the consent of the Bondholders, to (i) any modification of any of these Conditions or any of the provisions of the Agreement, that is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Prospectus and the Agreement or not being capable of modification under the applicable laws), and any waiver or authorisation of any breach or proposed breach, of any of these Conditions or any of the provisions of the these Conditions that is in the opinion of the Bondholders' Representative not materially prejudicial to the interests of the Bondholders. Any such modification, authorisation or waiver shall be binding on the Bondholders and, if the Bondholders' Representative so requires, such modification shall be notified to the Bondholders as soon as practicable pursuant to Condition 14.

(c) **Entitlement of the Bondholders' Representative**: In connection with the exercise of its functions the Bondholders' Representative shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders and the Bondholders' Representative shall not be entitled to require, nor shall any Bondholder or Nominal Holder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders.

12. ENFORCEMENT

At any time after the Bonds become due and payable, the Bondholders' Representative may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce the terms of the Agreement and the Bonds, but it need not take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Bondholders and/or Nominal Holders holding at least one-quarter in principal amount of the Bonds outstanding, and (b) it shall have been indemnified and/or pre-funded and/or secured to its satisfaction. No Bondholder or Nominal Holder may proceed directly against the Issuer unless the Bondholders' Representative, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing. For the avoidance of any doubt, any Bondholder and/or Nominal Holder may institute proceedings at the court (whether individually, or together with other Bondholders and/or Nominal Holders), if (i) at least 3 (three) months have passed since the date when payments on the Bonds became due and payable, (ii) the amount payable has not been paid by the Issuer in full, and (iii) no action has been taken by the Bondholders' Representative for any reason whatsoever.

13. INDEMNIFICATION OF THE BONDHOLDERS' REPRESENTATIVE

The Agreement contains provisions for the indemnification of the Bondholders' Representative and for its relief from responsibility.

The Bondholders' Representative may rely without liability to Bondholders or Nominal Holders on a report, confirmation or certificate or any advice of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Bondholders' Representative or in any other manner) by reference to a monetary cap, methodology or otherwise.

14. NOTICES

Notices to the Bondholders from the Bondholders' Representative shall be made by publication in a widely-circulated Georgian newspaper (such newspaper to be chosen at the sole discretion of the Bondholder's Representative) and sent to the Issuer and the Registrar. Notices to the Bondholders by the Issuer shall be made by publication in a widely-circulated newspaper approved by the Bondholders' Representative and/or on the Issuer's web-site, and sent to the Bondholders' Representative and the Registrar. The Issuer and/or the Bondholders' Representative may, if they consider it justified in the exercise of their sole discretion, mail notices to all Bondholders and Nominal Holders at their respective addresses in the Register, except that notice of any Adjourned Meeting shall be mailed in such manner to all Bondholders and/or Nominal Holders. In case of a published notice (including without limitation on the Issuer's web-site), any such notice shall be deemed to have been given on the date of publication or, if published more than once, on the first date on which publication is made.

15. DEFINITIONS

Unless the context shall require otherwise, the expressions used in these Conditions shall have the following meanings:

"**Adjourned Meeting**" means a meeting of the Bondholders which continues a prior meeting at which a quorum was not present for the conduct of 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**" means the registered owner ("რეგისტრირებული მესაკუთრე") (as such term is defined in the Securities Law) of a Bond.

"**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;

"**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 of the Fair Market Value of a transaction may be relied upon by the Bondholders' Representative without further enquiry 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);

"**IFRS 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*";

"**JSC M2 Bonds**" means collectively 5,000,000 USD 9.5% bonds, ISIN GE2700503214 and 10,000,000 USD 8.42% bonds ISIN GE2700503222, issued by JSC M2, a subsidiary to the Issuer, registered and existing under the laws of Georgia, ID #404465529, respectively in April and June 2014.

"**Material Subsidiary**" means any Subsidiary of the Issuer:

(a) which, for the most recent IFRS Fiscal Period, accounted for more than 5 per cent. of the consolidated revenues of the Group or which, as of the end of the most recent IFRS Fiscal Period, was the owner of more than 5 per cent. of the total consolidated assets of the Group, determined by reference to the consolidated financial statements of the Issuer prepared in accordance with IFRS as at the end of the most recent IFRS Fiscal Period; or

(b) to which are transferred substantially all of the assets and undertakings of a Subsidiary of the Issuer which immediately prior to such transfer was a Material Subsidiary (with effect from the date of such transaction);

"**Nominal Holder**" means the nominal holder of the securities ("ფასიანი ქაღალდის ნომინალური მფლობელი") as such term is defined in the Securities Law;

"**Permitted Security Interests**" means:

(a) Security Interests in existence on the Issue Date;

(b) Security Interests granted by any Subsidiary in favour of the Issuer or any wholly-owned Subsidiary of the Issuer;

(c) Security Interests securing Indebtedness of a Person existing at the time that 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 contemplation of such merger or consolidation or event; and (ii) do not extend to any assets or property of the Issuer or any Subsidiary of the Issuer (other than those of the Person acquired and its Subsidiaries (if any));

(d) Security Interests already 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 contemplation of such acquisition and do not extend to any other assets or property (other than the proceeds of such acquired assets or property);

(e) Security Interests granted upon or with regard to any property hereafter 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 with respect to, any present or future assets or revenues or any part thereof which is created pursuant to any securitisation of receivables, asset-backed financing or similar financing structure and whereby all payment obligations secured by such Security Interest or having the benefit of 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 which are the subject of any securitisation of receivables, asset-backed financing or similar financing structure permitted pursuant to Condition 5(d) (*Disposals*), does not, at any such time, exceed 45 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 with respect to, any present or future assets or revenues or any part thereof which is created pursuant to any Repo transaction;

(i) Security Interests arising pursuant to any agreement (or other applicable terms and conditions) which is 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; and

(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;

"**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, trust, institution, organisation, state or any other entity, whether or not having separate legal personality;

"**Repo**" means a 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 and for the purposes;

"**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 and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, Georgian law.

(b) **Jurisdiction**: The courts of Georgia shall have exclusive jurisdiction in respect of any disputes which may arise out of or in connection with the Prospectus or the Bonds, (including any claim, dispute or difference regarding their issuance, existence, termination or validity or any non-contractual obligations arising out of or in connection with the Prospectus or the Bonds).

TAXATION OF THE BONDS IN GEORGIA

The following is a general description of certain material Georgian tax considerations relating to the Bonds. It does not purport to be a complete analysis of all tax considerations relating to the Bonds. Prospective purchasers of the Bonds should consult their own tax advisers as to acquiring, holding and disposing of the Bonds and receiving payments of interest, principal and/or other amounts under the Bonds and the consequences of such actions under the tax laws. This overview is based upon the law as in effect on the date of this Prospectus and is subject to any change in law that may take effect after such date. The information and analysis contained within this section are limited to taxation issues, and prospective investors should not apply any information or analysis set out below to other areas, including (but not limited to) the legality of transactions involving the Bonds.

Withholding Tax on Interest

Pursuant to the Tax Code of Georgia, interest paid to Bondholders (whether they are individuals or legal entities, resident or non-resident) will be subject to withholding tax at the source of payment at the rate of 5%. Further, the above-mentioned interest taxed at source shall not be included by a recipient resident individual in his gross income. As to Georgian resident legal entities as well as permanent establishments of non-resident legal entities, they have the right to offset the amount of withholding tax paid on the interest.

Payments of interest on Bonds will be exempt from withholding tax and such payments of interest will not be included in the gross taxable income of Bondholders (whether they are individuals or legal entities, resident or non-resident), so long as the Bonds are publicly-traded securities admitted to trading on stock exchange listing with a free float exceeding 25% as at the end of the reporting year or the previous year ("**Free Float Exemption**"). However, the practical availability of the Free Float Exemption is untested and there is no guarantee that such exemption will not be delayed or will be granted. Moreover, even if the Free Float Exemption is granted, it may be challenged by the tax authorities or may be lost if the 25% free float requirement is no longer met.

Interest paid to Bondholders that are companies registered in countries having beneficial taxation systems and recognized as offshore jurisdictions by the Government of Georgia, will be subject to taxation at the rate of 15%.

The applicability of Georgian withholding tax on interest may be affected by a double tax treaty between Georgia and the country of residency of the non-resident Bondholder.

Taxation of sale of Bonds - General

Pursuant to the Tax Code of Georgia, there will be no profit and income tax payable on the gain realized from the sale of Bonds if the Free Float Exemption applies. However, the practical availability of the Free Float Exemption is untested and there is no guarantee that such exemption will not be delayed or will be granted. Moreover, even if the Free Float Exemption is granted, it may be challenged by the tax authorities or may be lost if the 25% free float requirement is no longer met.

If the Free Float Exemption does not apply, the following tax liabilities may arise:

Taxation of sale of Bonds by Non-Resident Legal Entity Bondholders

If the Free Float Exemption does not apply, for non-resident legal entities the profit tax of 15% (the tax base being calculated after permitted deductions).will be assessed on the difference between the initial purchase and subsequent sale price. If such sale triggers a tax exposure, the selling non-resident entity will be under an obligation to properly report and pay such profit tax to the Georgian tax authorities, or if the sale is done through a Georgian brokerage company, such brokerage company will be responsible for withholding the applicable tax. The applicability of Georgian profit tax may be affected by a double tax treaty between Georgia and the country of residency of the selling entity.

Taxation of sale of Bonds by Non-Resident Individual Bondholders

If the Free Float Exemption does not apply, for non-resident individuals the income tax of 20% (the tax base being calculated after permitted deductions) will be assessed on the difference between the initial purchase and subsequent sale price. If such sale triggers a tax exposure, a relevant non-resident individual will be under an obligation to properly report and pay such income tax to the Georgian tax authorities, or if the sale is done through a Georgian brokerage company, such brokerage company will be responsible for withholding the applicable tax. The applicability of Georgian income tax may be affected by a double tax treaty between Georgia and the country of residency of the seller individual.

Exemptions may be available to certain individual Bondholders if such individuals maintain ownership of Bonds for more than two calendar years and not use them in economic activity.

Taxation of sale of Bonds by Resident Legal Entity Bondholders

If the Free Float Exemption does not apply, Georgian resident legal entity will be liable to pay 15% profit tax upon the disposal of the Bonds. The profit tax base will be calculated as the difference between the acquisition and sale prices.

Taxation of sale of Bonds by Resident Individual Bondholders

If the Free Float Exemption does not apply, a Georgian resident individual Bondholder will have to pay income tax at 20% upon the disposal of the Bonds. The income tax will be assessed on the difference between the initial purchase and subsequent sale price. If the sale is done through a Georgian brokerage company, such brokerage company will be responsible for withholding the applicable tax.

Exemptions may be available to certain individual Bondholders if such individuals maintain ownership of Bonds for more than two calendar years and not use them in economic activity.

Tax on Payment of Principal

The principal amount received by the Bondholders on redemption of the Bonds shall not be treated as their taxable income and, therefore, shall not be subject to taxation in Georgia to the extent 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.

GENERAL INFORMATION

1. It is expected that listing of the Bonds on the GSE's official list and admission of the Bonds to trading the GSE's trading system will be granted on or before 30 June, 2015.

2. The Company has obtained all necessary consents, approvals and authorisations in Georgia in connection with the issue and performance of the Bonds. The issue of the Bonds was authorised by a decision of the Partners' Meeting of the Issuer dated 27 February, 2015.

3. There has been no significant change in the financial or trading position of the Company and no material adverse change in the prospects of the Company since 31 December, 2014.

4. In the previous 12 months, there have not been any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which may have, or have had in the recent past, a significant effect on the Company's financial position or profitability.

5. Copies of the following documents will be available for inspection during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for a period of 12 months from the date of publication of this Prospectus at the office of the Company:

   (a) a copy of this Prospectus together with any Supplement to this Prospectus or any further Prospectus;

   (b) the Agreement between the Issuer and Bondholders' Representative;

   the audit report on the historical financial information of the Company set out in the annex to this Prospectus.

6. EY Georgia has consented to the inclusion in the Prospectus of their report in the annex.

INFORMATION ON THE ISSUER, PLACEMENT AGENT, BONDHOLDERS' REPRESENTATIVE, REGISTRAR AND OTHER PARTIES

Issuer

JSC m2 Real Estate

3/5 Kazbegi Str.
Tbilisi, 0179
Georgia

Placement Agent

JSC Galt & Taggart

79 Aghmashenebeli Avenue
Tbilisi, 0179
Georgia

Bondholders' Representative

Nodia, Urumashvili and Partners LLC

71 Vazha-Pshavela Avenue, Office 28
Tbilisi, 0186
Georgia

Calculation and Paying Agent

JSC Galt & Taggart

79 Aghmashenebeli Avenue
Tbilisi, 0179
Georgia

Registrar

JSC United Securities Registrar of Georgia

11 Mosashvili Str. (7^{th} floor)
Tbilisi, 0179
Georgia

Auditor of 2013 consolidated financial statements

EY Georgia LLC

44 Kote Apkhazi Str.
Tbilisi, 0105
Georgia

Auditor of 2014 consolidated financial statements

Georgian Audit LLC

49a Kipshidze Str.(apartment 48)
Tbilisi, 0162
Georgia

Signed on behalf of JSC m2 Real Estate:

Signatory

Name:	*Giorgi Vakhtangishvili*
Position:	*General Director*
Signature:	
Date:	

Signed on behalf of JSC Galt and Taggart:

Signatory

Name:	*Irakli Kirtava*
Position:	*General Director*
Signature:	
Date:	