

To the First Vice President
of the National Bank of Georgia
Mrs. Natela Turnava

Statement

of “SRG Real Estate”, LLC

(I/D 404535240)

With this statement we confirm that the individual and consolidated half-year statements for 2023 submitted by “SRG Real Estate”, LLC (ID: 404535240), in particular interim individual and consolidated financial statements and interim individual and consolidated management report, are prepared according to the applicable legislation, including the “Law of Georgia on securities market” and is complete, correct, and fair.

With deep respect,

Giorgi Ramishvili
Chairman of the Supervisory Board

Mamuka Shurghaia
Director

“SRG Real Estate” LLC

**Interim Separate Financial Statements
for the 6-months period ended 30 June 2023**

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„SRG Real Estate" LLC
 Separate Statement of Financial Position as at 30 June 2023

'000 GEL	Notes	June 30 2023	December 31 2022
Assets			
Investments in subsidiaries	3	709,932	747,851
Loans receivable	4	109,671	32,411
Non-current assets		819,603	780,262
Loans receivable	4	89,575	91,938
Trade and other receivables		503	503
Cash and cash equivalents	5	55,990	23,903
Current assets		146,068	116,344
Total assets		965,671	896,606
Equity			
Charter capital		464,296	671,140
Retained earnings		73,033	78,120
Total equity		537,329	749,260
Liabilities			
Loans and borrowings	7	354,174	128,726
Non-current liabilities		354,174	128,726
Loans and borrowings	7	68,139	9,539
Trade and other payables		6,029	9,081
Current liabilities		74,168	18,620
Total liabilities		428,342	147,346
Total equity and liabilities		965,671	896,606

Director
 Mamuka Shurghaia

„SRG Real Estate" LLC
Interim Separate Statement of Profit or Loss and Other Comprehensive Income for 2023

'000 GEL	6 months 2023	6 months 2022
Operating costs	(1,145)	(40)
Wages and other employee benefits	(339)	-
Other expenses	(11)	(1)
Results from operating activities	(1,495)	(41)
Interest income	5,645	5,459
Foreign exchange (loss)/gain	(286)	552
Interest expense	(8,951)	(6,052)
Net finance costs	(3,592)	(41)
Loss before income tax	(5,087)	(82)
Income tax	-	-
Loss and total other comprehensive income for 6-months	(5,087)	(82)

These interim separate financial statements were approved by management on 11 August 2023 and are signed on its behalf by:

Director
Mamuka Shurghaia

„SRG Real Estate" LLC
Interim Separate Statement of Changes in Equity for 2023

'000 GEL	Notes	<u>Charter Capital</u>	<u>Retained earnings</u>	<u>Total Equity</u>
Balance as at 1 January 2022		671,142	39,301	710,443
Total comprehensive income				
Profit and total comprehensive income for the 6-months		-	(1,349)	(1,349)
Balance as at 30 June 2022		671,142	37,952	709,094
Balance as at 1 January 2023		671,142	78,120	749,262
Total comprehensive income				
Profit and total comprehensive income for the 6-months		-	(5,087)	(5,087)
Total transactions with owners, recorded directly in equity				
Equity reduction	6	(206,846)	-	(206,846)
Balance as at 30 June 2023		464,296	73,033	537,329

Director
Mamuka Shurghaia

„SRG Real Estate" LLC
Interim Separate Statement of Cash Flows for 2023

'000 GEL	Notes	6 months 2023	6 months 2022
Cash flows from operating activities			
Loss before income tax		(5,087)	(82)
Adjustments for:			
Net finance cost		3,592	41
		(1,495)	(41)
Cash flows from operations before income taxes and interest paid			
Interest paid		(7,060)	(2,287)
Net cash from operating activities		(8,555)	(2,328)
Cash flows from investing activities			
Investments made in other entities		(8,509)	(15,520)
Issuance of related party loans		(59,651)	(1,994)
Repayments of issued related party loans		130	2,447
Interest received		360	101
Net cash used in investing activities		(67,670)	(14,966)
Cash flows from financing activities			
Proceeds from borrowings		74,626	28,350
Repayment of borrowings		(16,579)	(4,992)
Proceeds from bond issuance		49,697	-
Net cash from financing activities		107,744	23,358
Net increase in cash and cash equivalents		31,519	6,064
Cash and cash equivalents at 1 January	8	23,903	8,666
Effect of movements in exchange rates on cash and cash equivalents		568	(7)
Cash and cash equivalents at 31 December	8	55,990	14,723

Director
Mamuka Shurghaia

1. Reporting entity

(a) Organisation and operations

The Company is a limited liability company as defined under the Law of Georgia on Entrepreneurs and was registered as a legal entity on 7 April 2017.

The Company’s registered office is Republic square, Mtatsminda district, Tbilisi, Georgia, and the Company’s identification number is 404535240.

The principal activity of SRG Real Estate LLC is to act as a holding company to its subsidiaries. The principal activities of the subsidiaries are:

- Ownership and operation of the Radisson Blu Hotels located in Tbilisi and Batumi, Georgia and Radisson Collection Hotel located in Tsinandali, Georgia (together referred to as “Hotels”)
- Ownership and operation of the Park Hotel in Tsinandali, Georgia;
- Operation of the land-based casinos in Tbilisi and Batumi (together referred to as the “casinos”). Casinos in Tbilisi and Batumi are located in the Radisson Blu Hotels;
- Ownership and operation of Complex Republic;
- Development and management of real estate properties located in different regions of Georgia;

On 13 April 2023, the Company issued a USD 20 million bond with a coupon of 9.00% p.a. (gross) with maturity until 13 April 2026 (3 years). From 25 May 2023, the bond of the Company was listed as A category listing and trading systems of the Georgian Stock Exchange.

The owners of the Company are as follows:

Name	30 June 2023	31 December 2022
Silk Road Group Holding LLC	95%	95%
Amphidon Holding (Malta) Limited	5%	5%
Total	100%	100%

In 2020 the Company’s intermediate parent reorganized, as a result of which the Company has a new beneficial owner, Yerkin Tatishev, with indirect minority holding (36.51%) in the Company.

The Company’s ultimate parent remains Silk Road Group Holding (Malta) Limited – an entity controlled by an individual George Ramishvili.

2. Basis of accounting

Statement of compliance

These interim financial statements have been prepared in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards).

These Interim Financial Statements are in compliance with the standards and accounting policies used in the last issued annual group (“SRG Real Estate” LLC and its subsidiaries) financial statements. Interim Financial Statements are prepared according to IAS-34 standard.

Functional and presentation currency

The national currency of Georgia is the Georgian Lari (“GEL”), which is the Company’s functional currency and the currency in which these interim financial statements are presented. All financial information presented in GEL has been rounded to the nearest thousand.

3. Investment in subsidiaries

	30 June 2023	31 December 2022
Limoni 2009 LLC	176,528	176,528
Georgian Hotel Management LLC	86,341	109,439
Center Plaza LLC	107,441	107,441
Silk Road Business Center LLC	100,734	99,734
Riviera LLC	88,254	88,254
New Hotel JSC	70,348	70,348
Medea Operating Company LLC	-	25,551
Tsinandali Savane LLC	10,654	10,654
Hotel Medea+ LLC	10,031	10,031
Adjara Investment LLC	8,649	8,649
Other	50,952	41,222
	709,932	747,851

(a) Subsidiaries

Entity	Principal Activity	Date of Incorporation	ownership percentage as at 30 June 2023	ownership percentage as at 31 December 2022	Ownership type
Georgian Hotel Management LLC	Operation of Tbilisi Radisson Blu Iveria Hotel	9 August 2010	96%	96%	Direct
Argo Management LLC	Operation of Batumi Radisson Blu Hotel	30 November 2010	96%	96%	Indirect, through Georgian Hotel Management LLC
Riviera Beach LLC	Club operation	18 May 2012	100%	100%	Direct
Silk Road Service LLC	Pooling of purchases for the group companies	31 December 2015	100%	100%	Direct

Entity	Principal Activity	Date of Incorporation	ownership percentage as at 30 June 2023	ownership percentage as at 31 December 2022	Ownership type
Development Solution LLC	Real Estate development service	10 July 2006	100%	100%	Direct
Development solutions Medea LLC	Dormant entity	7 September 2009	100%	100%	Indirect, through Development Solution LLC
Tsinandali Savane LLC	Holding entity	17 February 2016	100%	100%	Direct
Tsinandali Estate LLC	Operation of Tsinandali Radisson Collection Hotel	27 June 2008	100%	67%	Indirect, through Tsinandali Savane LLC
Tsinandali LLC	Museum operation	3 October 2005	100%	100%	Direct
Georgian Wine Institute LLC	Wine tasting and training service	26 December 2011	100%	100%	Indirect, through Tsinandali LLC
SRG Investments LLC	Corporate service provider to the Group	27 May 2011	100%	100%	Direct
Limoni 2009 LLC	Operation of casinos	11 August 2009	88%	88%	Direct
Medea Operating company LLC	Ownership of Batumi Radisson Blu Hotel and related casino	5 November 2010	100%	100%	Direct
F Telecom LLC	Real estate development	2 October 2006	100%	100%	Direct
Riviera LLC	Holding entity	12 July 2012	100%	100%	Direct
Batumi Riviera LLC	Real estate development	30 May 2018	100%	100%	Indirect, through Riviera LLC
Center Plaza LLC	Real estate development	14 July 2005	100%	100%	Direct
Club Savane LLC	Night club operation	11 April 2018	100%	51%	Indirect, through Centre Plaza LLC
Tsinandali Villas LLC	Real estate development	19 February 2016	100%	100%	Direct
New Hotel JSC	Ownership of Tbilisi Radisson Blu Hotel	30 September 2005	100%	100%	Direct
Silk Road Business Centre LLC	Real estate development	27 August 1997	100%	100%	Direct
Misaktsieli LLC	Real estate development	7 August 2008	100%	100%	Direct from 2022
New Office LLC	Real estate development	7 August 2008	100%	100%	Direct from 2022
Iveria Center LLC	Real estate development	6 August 2013	100%	50%	Indirect, through New Office LLC
Restaurant Tsinandali LLC	Hospitality sector	2 April 2018	100%	50%	Indirect, through Iveria Centre LLC
Hotel Medea + JSC	Real estate development	17 April 2007	100%	100%	Direct
Adjara Investment LLC	Holding entity	30 August 2017	100%	100%	Direct
Adjara Resort JSC	Real estate development	3 January 2006	100%	100%	Indirect, through Adjara Investments LLC
Adjara Real Estate LLC	Real estate development	23 August 2006	100%	100%	Indirect, through Adjara Investments LLC
Bobokvati LLC	Real estate development	23 March 2007	100%	100%	Indirect, through Adjara Real Estate LLC and Adjara Resorts JSC
Kobuleti Resort LLC	Real estate development	17 April 2007	100%	100%	Indirect, through Adjara Resorts JSC
Silk Road Group Travel LLC	Hospitality sector	4 September 2009	51%	51%	Direct

Entity	Principal Activity	Date of Incorporation	ownership percentage as at 30 June 2023	ownership percentage as at 31 December 2022	Ownership type
Telegraph Hotel JSC	Hospitality sector	5 February 2020	100%	100%	Indirect, through Silk Road Business Centre LLC
Limoni Real Estate LLC	Real estate development	21 April 2017	100%	100%	Direct
Green-cape Botanico LLC	Real estate development	18 August 2020	51%	51%	Joint venture
Silk Hospitality LLC*	Hotel management service provider to the Group	26 March 2021	100%	100%	Direct
Tsinandali Resorts LLC (a)	Operation of Park Hotel Tsinandali	1 March 2018	51%	51%	Direct

(b) Acquisition of subsidiary

On May 15, 2023, the non-controlling share of Tsinandali Estates LLC was fully redeemed from JSC "Partnership Fund" for GEL 42,383 thousand, and the Company became the owner of 100% of shares of Tsinandali Estates LLC.

4. Loans receivable

Loans are issued to related parties. None of the loans are secured.

	<u>30 June 2023</u>	<u>31 December 2022</u>
Non-current assets		
Related party loans	109,671	32,411
Current assets		
Related party loans	89,575	91,938
Total	<u>199,246</u>	<u>124,350</u>

Terms and payment schedules:

'000 GEL	<u>Currency</u>	<u>Nominal interest rate</u>	<u>Year of maturity</u>	<u>30 June 2023</u>	<u>31 December 2022</u>
Related party loan	USD	3.5%	2025	58,051	53,814
Related party loan	USD	9%	2030	52,380	-
Related party loan	USD	13.5%	2030	42,182	37,185
Related party loan	USD	4%	2025	19,792	14,976
Related party loan	GEL	13%	2025	9,383	9,233
Related party loan	Euro	7.6% + 6-Month Euribor	2030	6,450	-
Related party loan	Euro	0.85% + 12-Month Euribor	2025	3,066	2,545
Related party loan	USD	11.5%	2030	2,475	1,850
Related party loan	USD	5.5%	2030	1,670	1,505
Related party loan	GEL	13.8%	2025	1,365	522
Related party loan	USD	9% + 6-Month Libor	2025	1,115	1,002
Related party loan	GEL	13%	2023	641	896
Related party loan	GEL	12%	2025	378	379
Related party loan	GEL	3%	2025	249	186
Related party loan	USD	8.6%	2022	49	44
Related party loan	GEL	11%	2023	-	212
Total interest-bearing assets				<u>199,246</u>	<u>124,349</u>

* On 30 June 2023, agreement was formed between the Company and the related party entity on the forgiveness of the outstanding loan amount. The transaction was considered as a transaction with shareholders, acting in the capacity of shareholders, and respectively the amount was recognized directly in equity.

For additional information on the reduction of loans receivable of the related party, see Note 6 (a).

5. Cash and cash equivalents

'000 GEL	30 June 2023	31 December 2022
Cash on hand	-	-
Bank balances	55,990	23,903
	55,990	23,903

Bank balances include current accounts and call deposits with original maturities of three months or less.

6. Capital and reserves

(a) Charter capital

The Company had loans receivable from the owner company, which was netted off in June 2023 through charter capital reduction by GEL 206,844 thousand.

Charter capital represents the nominal amount of capital in the founding documentation of the Company.

(b) Dividends

Under the Georgian legislation, limited liability companies shall maintain distributable reserves to the extent to cover their total assets and issued capital, as recorded in the financial statements prepared in accordance with IFRSs.

No dividend was issued for the period ended 30 June 2023, and 30 June 2022.

7. Loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

'000 GEL	30 June 2023	31 December 2022
Non-current liabilities		
Loans from related parties	243,135	128,726
Loans from the parent	59,519	-
Bonds	51,520	-
	354,174	128,726
Current liabilities		
Current portion of related party loans	67,095	9,539
Current portion of bonds	1,044	-
	68,139	9,539

(a) Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

'000 GEL	Currency	Nominal Interest rate	Year of maturity	30 June 2023	31 December 2022
Unsecured related party loan	USD	0%	2023	132,122	-
Unsecured related party loan	GEL	15.6%	2030	59,742	33,771
Bonds	USD	9%	2026	52,564	-
Parent loan	Euro	9%	2026	43,700	-
Unsecured related party loan	GEL	0%	2023	34,921	-
Unsecured related party loan	USD	7.25 + 6-Month Libor	2029	23,369	28,656
Unsecured related party loan	USD	3.5%	2030	16,044	24,553
Parent loan	Euro	6.6%	2026	15,819	-
Unsecured related party loan	USD	3.5%	2025	13,828	16,334
Unsecured related party loan	GEL	5%	2030	12,527	12,369
Unsecured related party loan	Euro	7.55% + 6-Month Euribor	2025	6,371	-
Unsecured related party loan	GEL	12.7%	2025	4,712	4,844
Unsecured related party loan	Euro	0.75% + 12-Month Euribor	2025	4,106	5,251
Unsecured related party loan	USD	6.6%	2030	1,270	1,706
Unsecured related party loan	USD	8.75% + 6-Month Libor	2025	918	987
Unsecured related party loan	USD	9% + 6-Month Libor	2022	300	5,264
Unsecured related party loan	USD	11%	2023	-	2,731
Unsecured related party loan	USD	9% + 6-Month Libor	2023	-	1,363
Unsecured related party loan	GEL	5%	2025	-	253
Unsecured related party loan	USD	5%	2023	-	181
Total interest-bearing liabilities				422,313	138,265

Bonds

On 13 March 2023, the Company issued bonds in the amount of USD 20 million, with 9% coupon rate and maturity date of 13 April 2026. Consequently, from 25 May 2023, the Company's bond was listed in A category listing and trading system of Georgian Stock Exchange.

8. Related parties

(a) Parent and ultimate controlling party

As at 30 June 2023 and as at the date these interim separate financial statements were authorised for issue, the Company's immediate parent company is Silk Road Group Holding LLC. The annual consolidated financial statements of Silk Road Group Holding LLC are publicly available through the website of Service for Accounting, Reporting and Auditing Supervision.

The Company's ultimate parent company is Silk Road Group Holding (Malta) Limited. In 2020 the Company's intermediate parent reorganized, as a result of which the Company has a new beneficial shareholder, Yerkin Tatishev, with indirect minority holding (38.2%) in the Company. The Company's ultimate parent remains Silk Road Group Holding (Malta) Limited – an entity controlled by an individual George Ramishvili. No publicly available financial statements are produced by the Company's ultimate parent company or any other intermediate parent company.

(b) Key management remuneration

Key management received the following remuneration during the year, which is included in wages and other employee benefits.

'000 GEL	<u>6 months 2023</u>	<u>6 months 2022</u>
Salaries and other benefits	339	106

(c) Related party transactions

The Company's related party transactions are disclosed below.

'000 GEL	<u>Transaction value for the</u>		<u>Outstanding balance as at</u>	
	<u>period ended 30 June</u>		<u>30 June</u>	<u>31 December</u>
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Other revenue and income*:				
Entities under common control	-	-	501	500
Operating costs				
Entities under common control	(104)	(24)	-	-
Loans issued:				
Entities under common control	5,645	5,459	199,246	124,349
Parent company	-	42	-	-
Loans received:				
Entities under common control	(6,775)	(5,015)	(310,300)	(138,265)
Parent company	(423)	-	(59,519)	-

Transaction values for loans and sales transactions represent original cash proceeds and do not consider settlement of the transactions. All outstanding balances with related parties, except for the loans receivable and loans and borrowings, are to be settled in cash within one year of the reporting date. None of the related party balances are secured.

During 6 months of the year 2023, interest income of GEL 5,645 thousand (6 months of 2022: GEL 5,501 thousand) was accrued on loans to related parties. The interest rates and maturities of loans to related parties are disclosed in note 4. During 6 months of the year 2023, interest expense of GEL 7,198 thousand (6 months of 2022: GEL 5,015 thousand) was accrued on loans and borrowings from related parties. The interest rates and maturities of loans from related parties are disclosed in note 7.

9. შემდგომი მოვლენები

On 4 July 2023, the Company repaid in advance the loan in the amount of GEL 22,165 thousand received from a related party.

On 17 July 2023, the Company received a loan in the amount of GEL 12,547 thousand from the parent company, “Silk Road Group Holding”, LLC.