



# SRG Real Estate

Investor Presentation

Mach 2023

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# Credit highlights of SRG Real Estate

SRG Real Estate LLC is a leading Georgian developer and manager of hospitality and other real estate



## Strong Holding

- Silk Road Group is one of Georgia's leading private investment groups active in the Caucasus and Central Asian regions with over USD 1bn invested in different sectors of Georgian economy
- Sister companies on holding level for SRG Real Estate are: Silknet (USD 300 mln euro bond) and Bakhvi Hydro Power (USD 0.3 mln bond)

## Georgia's leading team for managing hospitality assets

- Leading team with over 2,000 staff to manage hospitality assets
- Strong focus on developing human resources and promoting local management talent
- Additional opportunities for managing third-party properties

## Assets in Georgia's primary locations

- Assets in the best parts of the capital city Tbilisi as well as in the regions
- Leveraging location advantage for hospitality projects
- Selective residential projects in locations with high demand

## Track record of delivering projects in time and budget

- Experience from four hotels, two casinos, several restaurants and clubs, as well as residential
- Strong project management team for all stages of the development cycle
- Contracting with leading construction companies under performance guarantees

## Balanced portfolio of operational and development assets

- In 2022 9m, generating EBITDA of close to GEL 61 mln from operational projects
- Selective development of undeveloped properties in line with market demand

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## INDICATIVE BOND OFFERING TERMS

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# Indicative Bond Offering Terms

Final terms will be specified after the approval of the final Term Sheet



<b>ISSUER</b>	<ul style="list-style-type: none"><li>• SRG Real Estate LLC</li></ul>
<b>SECTOR/INDUSTRY</b>	<ul style="list-style-type: none"><li>• Hospitality/Entertainment/Real Estate Sector</li></ul>
<b>FUNDING INSTRUMENT</b>	<ul style="list-style-type: none"><li>• Bond</li></ul>
<b>BOND TYPE</b>	<ul style="list-style-type: none"><li>• Bond secured by joint surety*</li></ul>
<b>AMOUNT</b>	<ul style="list-style-type: none"><li>• \$40,000,000 in two Issuances</li></ul>
<b>ISSUANCES</b>	<ul style="list-style-type: none"><li>• There will be two equal issuances of \$20,000,000 each.</li></ul>
<b>EXPECTED ISSUE DATE</b>	<ul style="list-style-type: none"><li>• 13 April 2023 for 1<sup>st</sup> issuance, second issuance during 2023</li></ul>
<b>CURRENCY</b>	<ul style="list-style-type: none"><li>• US\$</li></ul>
<b>USE OF PROCEEDS</b>	<ul style="list-style-type: none"><li>• Refinancing existing debt</li></ul>
<b>ISSUE PRICE</b>	<ul style="list-style-type: none"><li>• 100% of the principal amount (nominal value) of the Bonds</li></ul>
<b>TENOR</b>	<ul style="list-style-type: none"><li>• 3 years</li></ul>
<b>TARGET COUPON RATE</b>	<ul style="list-style-type: none"><li>• [8.00%-9.00%] (To be determined during book-building)</li></ul>
<b>COUPON PAYMENT</b>	<ul style="list-style-type: none"><li>• Semi-annual</li></ul>
<b>PLACEMENT AGENT</b>	<ul style="list-style-type: none"><li>• JSC „Galt &amp; Taggart“, „TBC Capital“ LLC, JSC „Silk Bank“</li></ul>
<b>LISTING</b>	<ul style="list-style-type: none"><li>• Georgian Stock Exchange</li></ul>
<b>GOVERNING LAW</b>	<ul style="list-style-type: none"><li>• Georgian Law</li></ul>
<b>CALL OPTION</b>	<ul style="list-style-type: none"><li>• The Issuer has the right to use call option fully or partially redeeming the bonds from the bond issue date to their maturity date (see Clause [7] of the Terms and Conditions of the Bonds - Bond Maturity and Redemption for an explanation)</li></ul>

# Company seeks to refinance existing debt partly

Company seeks funding of up to GEL 120 mln (USD 40 mln)



## Proposed financing sources

Up to USD 40 mln (GEL 120 mln) 3 year bond facility secured with joint surety

- Green Box assets currently valued at GEL 511 mln pledged as a security for existing bank loans

Company seeks to maintain a Loan To Value Ratio significantly below 60%

Yellow Box assets (valued at GEL 406 mln) are:

- Initially mostly unencumbered
- Developed selectively under separate project financing

## Proposed uses of funds

### Green Box

- Refinance existing third-party debt GEL 70.5 mln
- Refinancing of mezzanine PFund GEL 49.5 mln

**Total Green Box refinancing**

**GEL 120 mln (100%)**

As a result of this transaction the company will have:

- GEL 120 mln bond instrument
- GEL 93 mln third party debt

### Green box assets

Source: Company information, company estimates  
[www.silkroadgroup.net](http://www.silkroadgroup.net)

# Bond Terms & Conditions



## Reorganization, M&A

- **Restriction:** No reorganization or M&A for the Issuer and its Restricted Subsidiaries without prior consent from the Bondholders' Representative
- **Exemptions:** Successor assumes all material rights & obligations, No event of Default/Potential Event of Default; no Material Adverse Effect, etc.

## Sale/Disposal

- **Restriction:** No sale or disposal of whole or any part of its revenues or assets by the Issuer and its Restricted Subsidiaries (no restriction for transactions between the Issuer and Restricted subsidiaries)
- **Exemptions:**
  - Sale/disposal in the normal course of business
  - On arm's-length basis, independent appraisal and consent from Bondholders' Representative if > 10% of the Total Asset Value

## Restricted Payments

- **Restriction:** No dividend /redemption of share capital by the Issuer and its Restricted Subsidiaries (no restriction for the subsidiaries with less than 100% shareholding)
- **Exemptions:**
  - Up to 50% of consolidated Net Income starting on 1<sup>st</sup> of January, 2023.
  - 100% of Proceeds of issuance or sale of shares since 31<sup>st</sup> December, 2022; 100% Proceeds of debt-to-equity conversion or a swap of debt and equity;

## Loans/Guarantees

- **Restriction:** No additional debt or guarantees to be assumed by the Issuer and its Restricted Subsidiaries
- **Exemptions:**
  - No restriction if total consolidated secured Net Debt-to-Adjusted EBITDA  $\leq$  3.5x (For the covenant calculation purposes only Issuer's and its Restricted Subsidiaries' metrics are used; Loans up to EUR 56.1 mn obtained for the purpose of development of the Hotel Telegraph will be excluded from the calculation of Net Debt)
  - No restriction for debt obtained by the Unrestricted Subsidiaries.

## Cash Retention Clause

- **Restriction:** Retention of Cash & Cash Equivalents (excl. Restricted Cash) at the end of each semi-annual fiscal period of no less than 50% of the next Annual Coupon payment.

\* Issuer's Restricted Subsidiaries include Green Box companies, while Unrestricted Subsidiaries include Yellow Box companies.

Note: Bonds are issued within the Georgian legislation and will be subject to Georgian jurisdiction.



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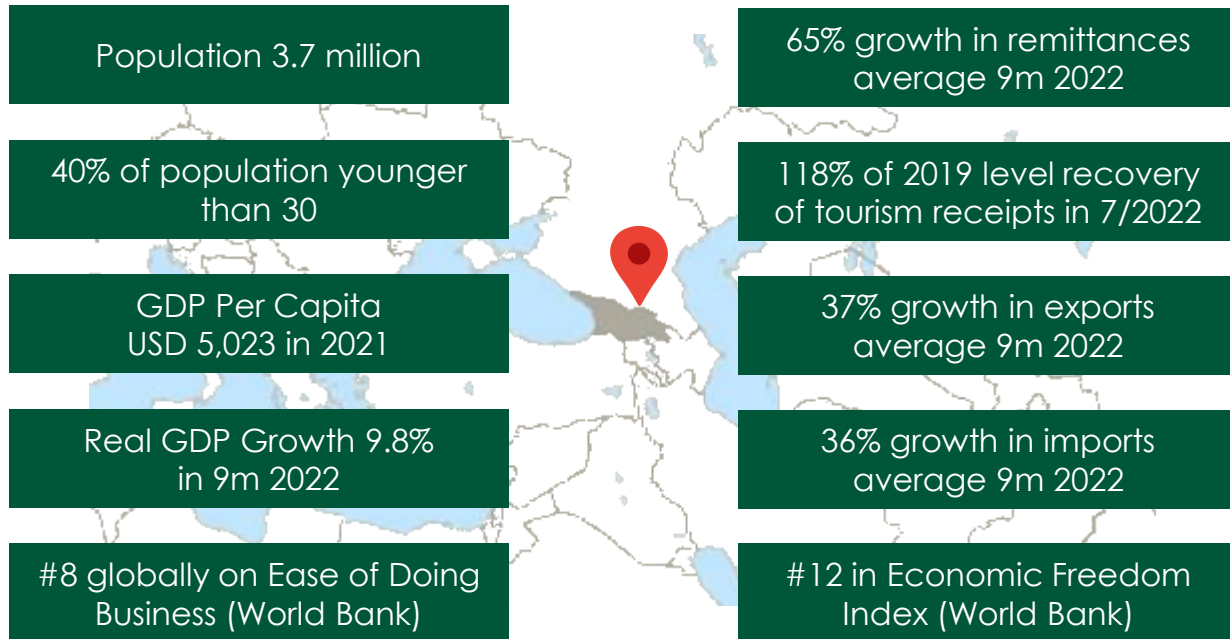
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# Georgia performs well by international benchmarks

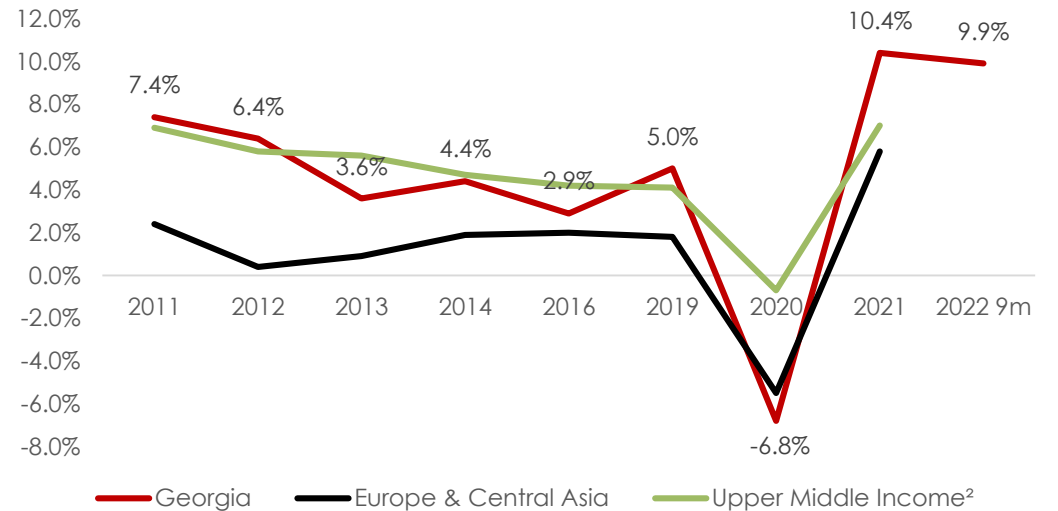
Average real GDP growth in seven months of 2022 exceeded 9%



## Credit Rating

Rating Agency	Rating	Outlook	Affirmed
S&P Global	BB	Stable	Aug. 2022
Fitch Ratings	BB	Stable	Jul. 2022
Moody's	Ba2	Negative	Apr. 2022

## Real GDP Growth



<sup>1</sup> Upper Middle Income countries with GNI per capita between USD 4,000 and 12,500 (2021)  
Sources: Geostat, World Bank, National Bank of Georgia (NBG)

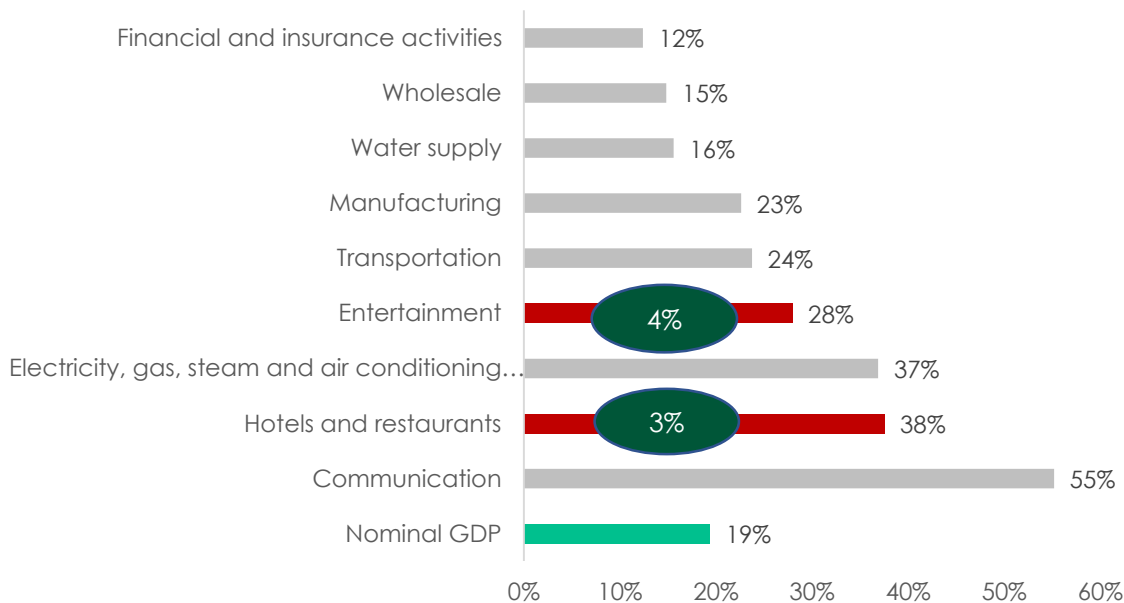
# Growth is supported by strong recovery in hospitality and entertainment sectors

Hotels and restaurants as well as entertainment contribute around 7% to Georgian GDP



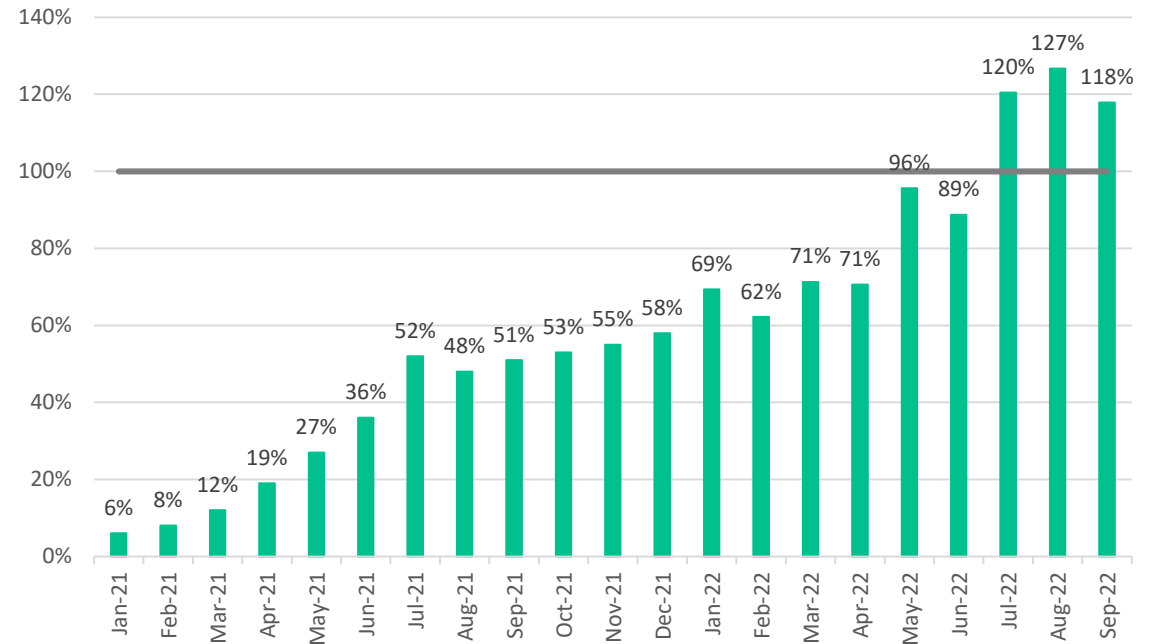
After suffering pandemic restrictions, hotels and restaurants as well as entertainment sectors have shown the strongest growth

## Nominal GDP turnover growth of Georgian economic sectors 2022 9m compared to 2021 9m



By September 2022, monthly tourism receipts exceeded 2019 levels by 18% percent

## Monthly Georgian tourism receipts versus 2019 levels



Share in Georgian GDP, 9m 2022

Sources: Geostat, Georgian National Tourist Administration (GNTA)  
www.silkroadgroup.net

# Georgia continues its trajectory as one of the fastest growing tourism destinations

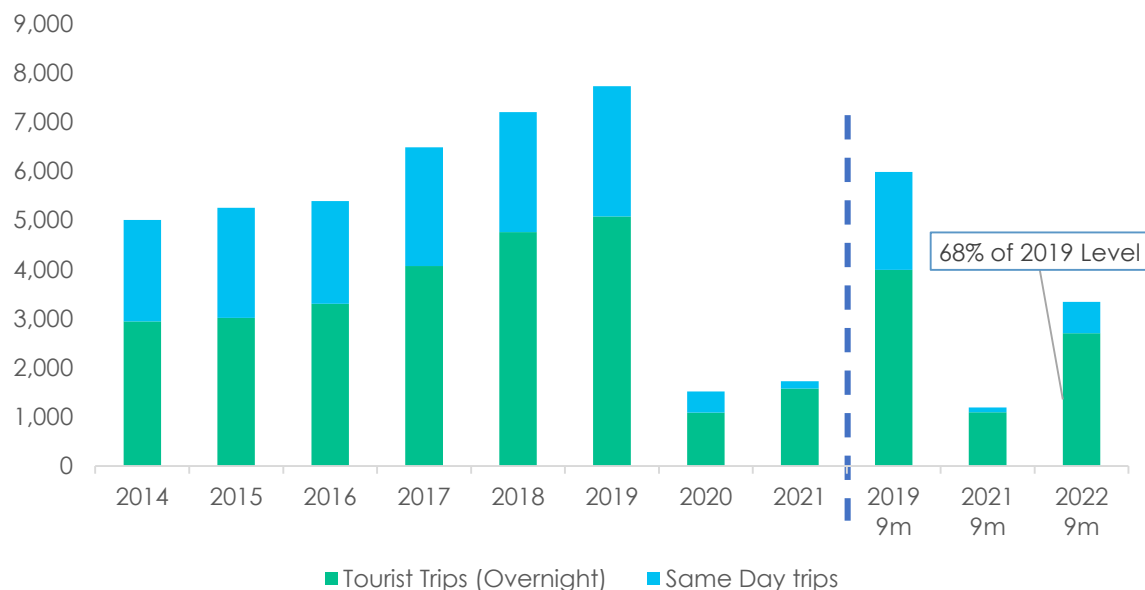
Georgia's tourism market has become more diversified with a strong inflow of tourists from neighbours and Middle East



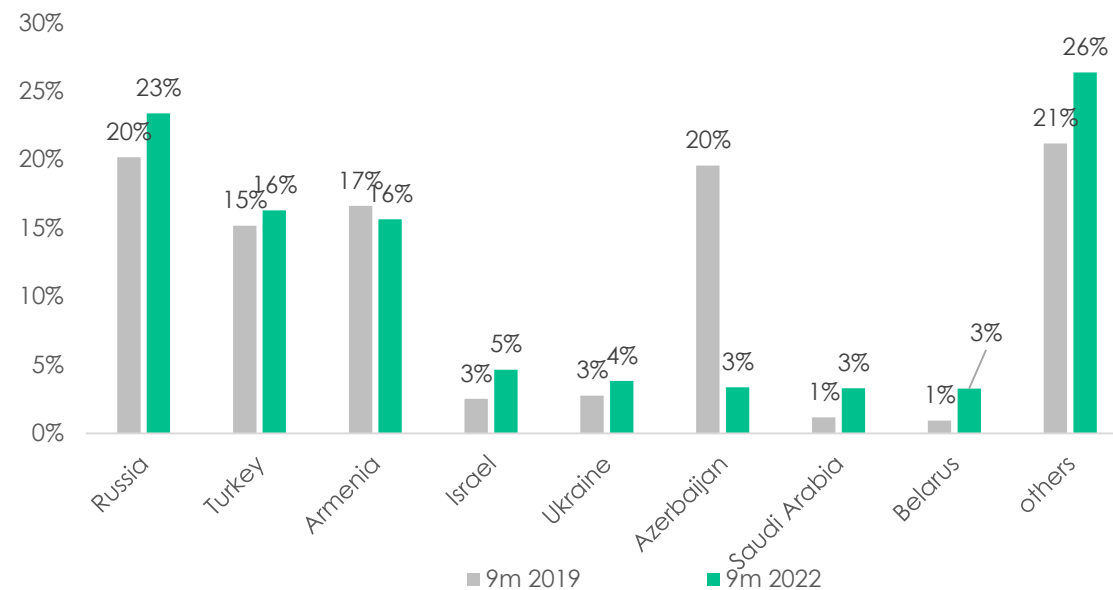
While tourism receipts are expected to exceed 2019 levels in the course of 2023, the absolute number of tourists is still lagging behind numbers seen in 2019 – however, a strong recovery is on the way

Other than Azerbaijan, which is still subject to pandemic restrictions, the main tourism markets have kept their share of international visitor trips to Georgia, with some new markets developing strongly, such as Israel, Ukraine, Belarus and Saudi Arabia

**Total number of international visitor trips (thousands)**



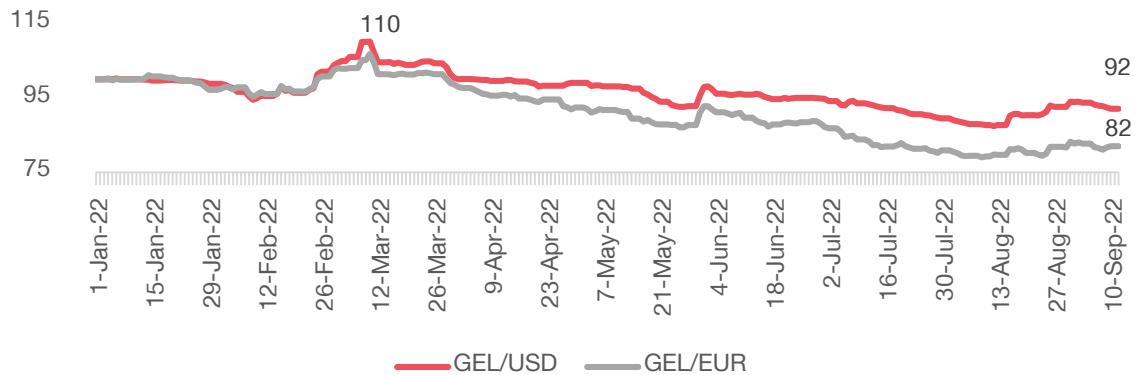
**Country shares in international visitor trips**



# Tourism revenues contribute significantly to the stability of the Georgian Lari



**GEL exchange rate evolution (1 Jan 2022=100)**

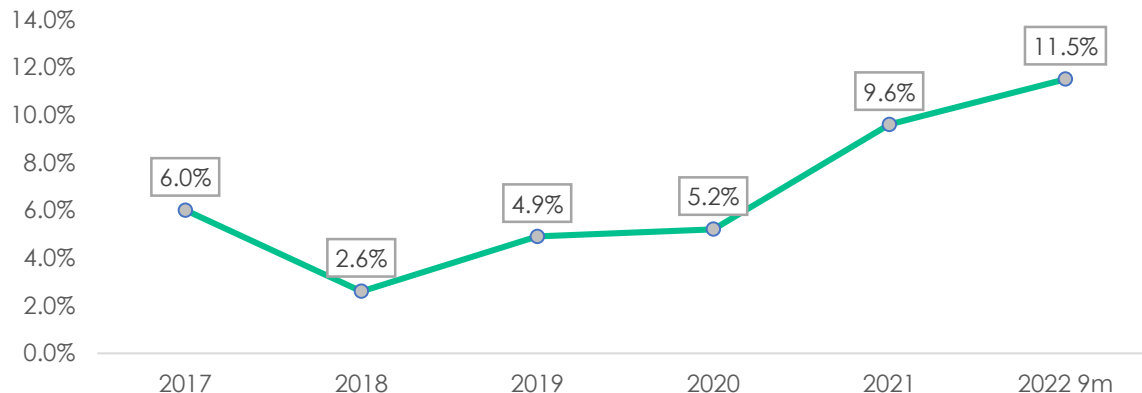


Factors contributing to the stability of the Georgian Lari

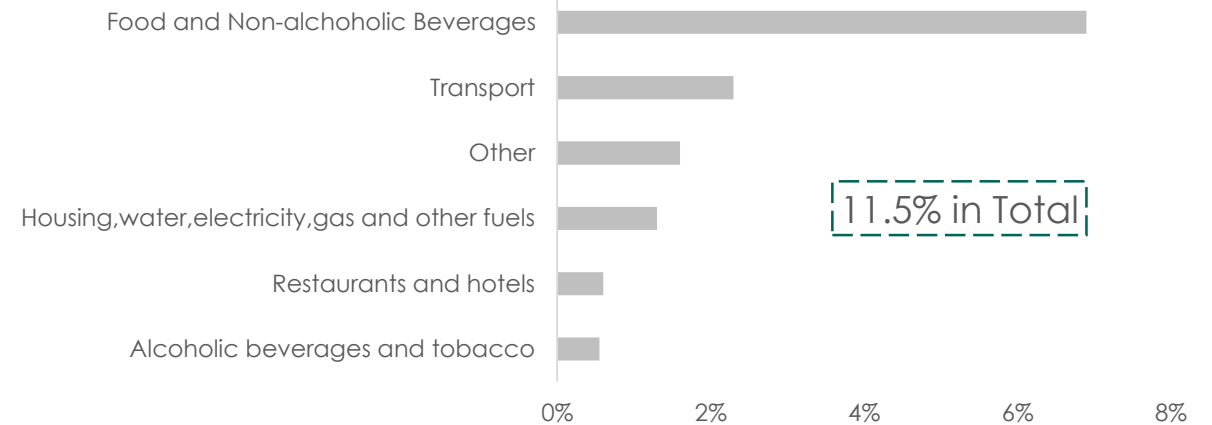
- Tighter fiscal policy with high interest rate differential
- Healthy growth in international trade
- Continued strength in remittances
- Strong recovery of tourism revenues

Meanwhile, inflation is mostly driven by global factors, resulting from higher food and energy prices

**Average inflation**



**Components of inflation (2022 9m)**

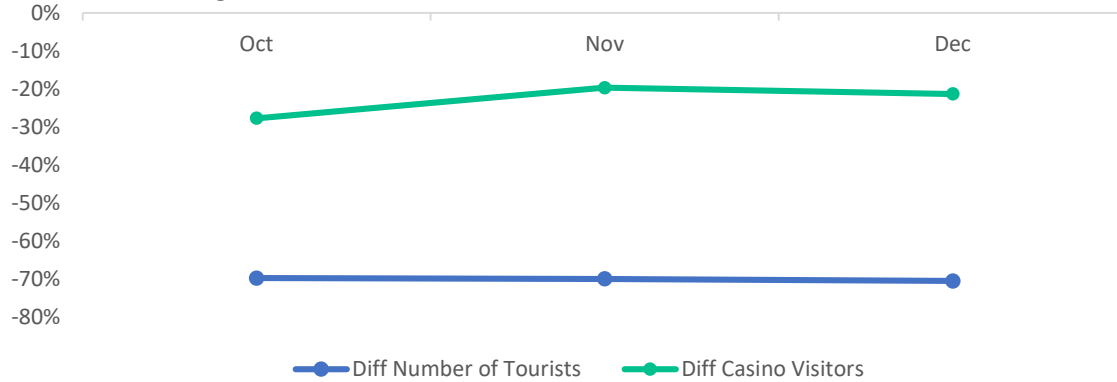


Sources: GNTA, Geostat  
www.silkroadgroup.net

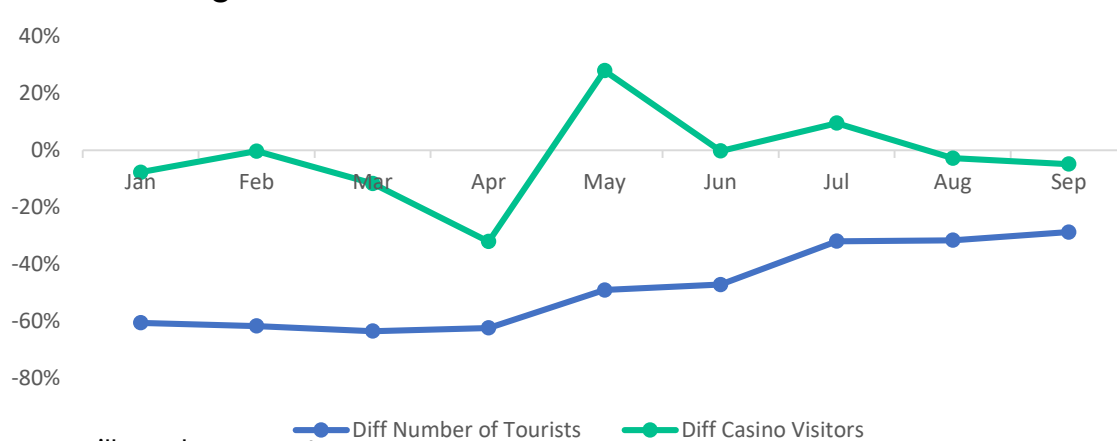
# Company's casino visits have recovered faster than overall tourism arrivals



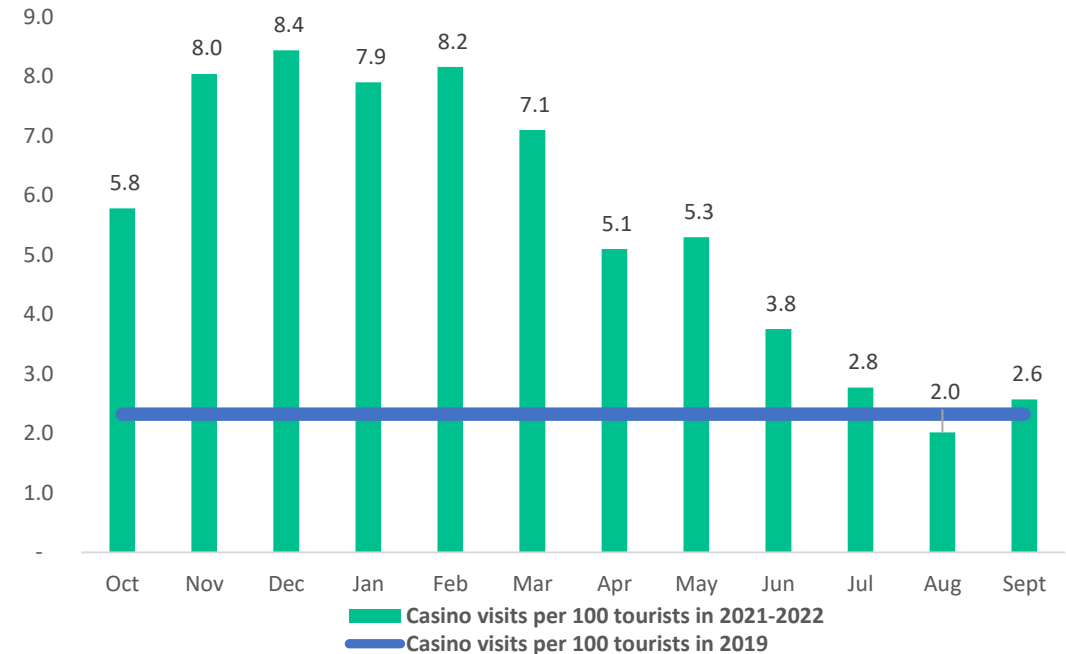
**Gap in company's casino visitors compared to gap in total number of visits to Georgia in 2021 vs 2019**



**Gap in company's casino visitors compared to gap in total number of visits to Georgia in 2022 vs 2019**



The number of company's casino visits as a share of total number of visits to Georgia in the twelve months from October 2021 to September 2022 greatly exceeds the average share of 2019



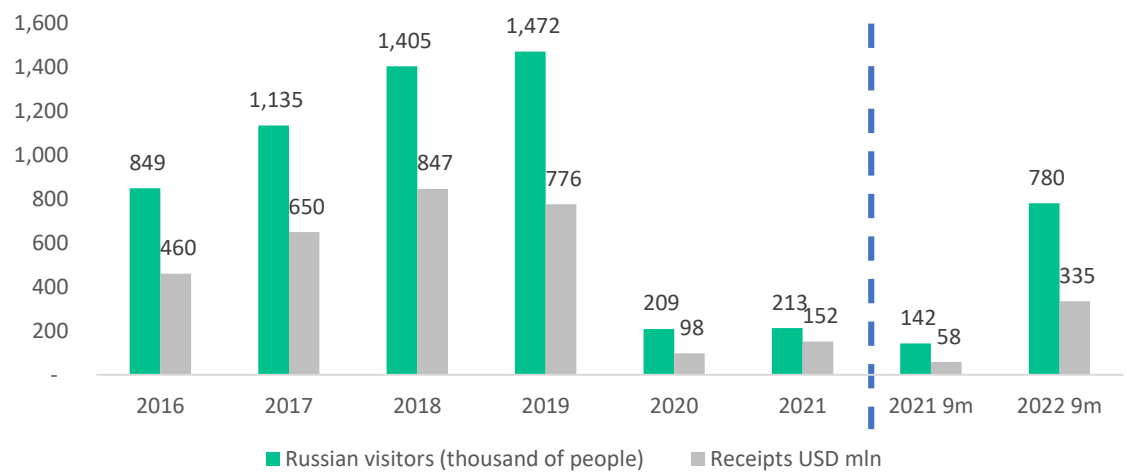
Sources: Company information, GNTA

# In the face of the situation in Ukraine, visits from Russia and Ukraine are increasing

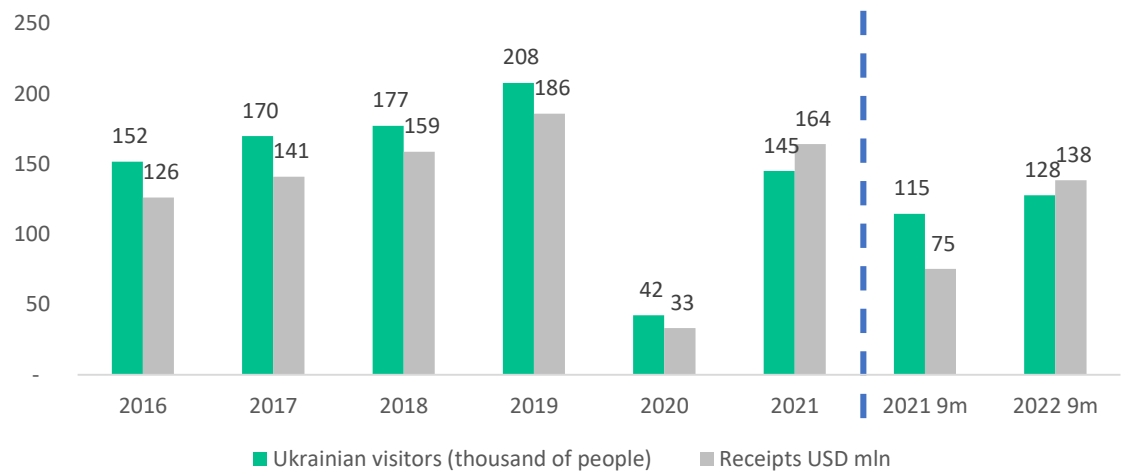
Remittances from Russia are also showing strong growth



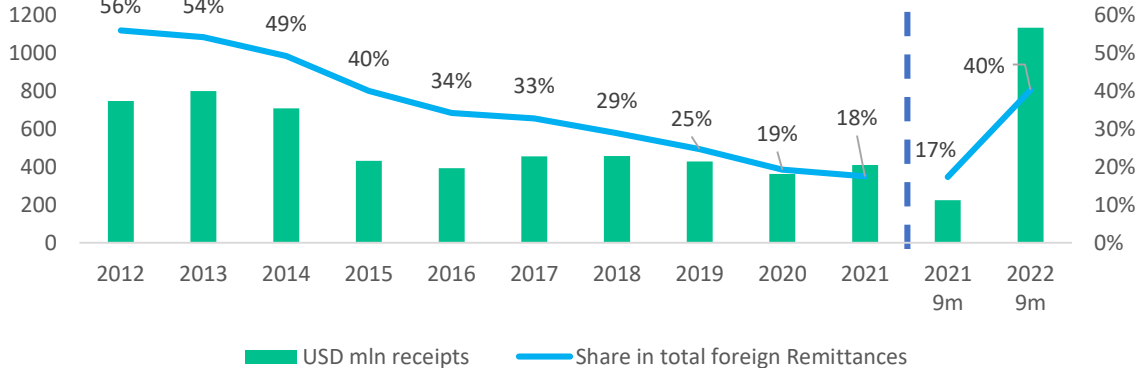
Visits from Russia and tourism receipts



Visits from Ukraine and tourism receipts



Remittances from Russia



Note:

- Arrivals from Russia and Ukraine strongly increased during 2022 (exceeding 2019 levels in the case of Ukraine)
- Simultaneously, with a high share of affluent visitors from both countries, tourism revenues are growing even stronger
- The trend is complemented by a significant growth in remittances, particularly from Russia

Sources: NBG, GNTA

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# Silk Road Group Holding LLC, a leading private investor in Georgia, is the parent of SRG Real Estate LLC

Since 2005, Silk Road Group has invested around USD 1 bln (about GEL 3 bln) in the Georgian economy



## SRG Real Estate LLC

SRG Real Estate is both owner and operator of hotels, restaurants and entertainment spaces, partnering with the best organizations in the hospitality industry to bring its guests a truly world-class experience

It also owns properties for development, both in the capital city Tbilisi as well as in the regions, including in Batumi and along the Black Sea coast

The real estate and hospitality businesses are managed by two divisions:

- **Silk Development** manages the development of new real estate projects
- **Silk Hospitality** is the operating company for most of the developed properties of the company



## Other businesses of the Silk Road Group

Communications



[www.silknet.com](http://www.silknet.com)

Banking



[www.silkroadbank.ge](http://www.silkroadbank.ge)

Energy



[www.silkroadenergy.ge](http://www.silkroadenergy.ge)

Transportation



[www.silkroadgroup.net/transportation/](http://www.silkroadgroup.net/transportation/)



# SRG Real Estate owns Georgian real estate assets valued at GEL 917 mln

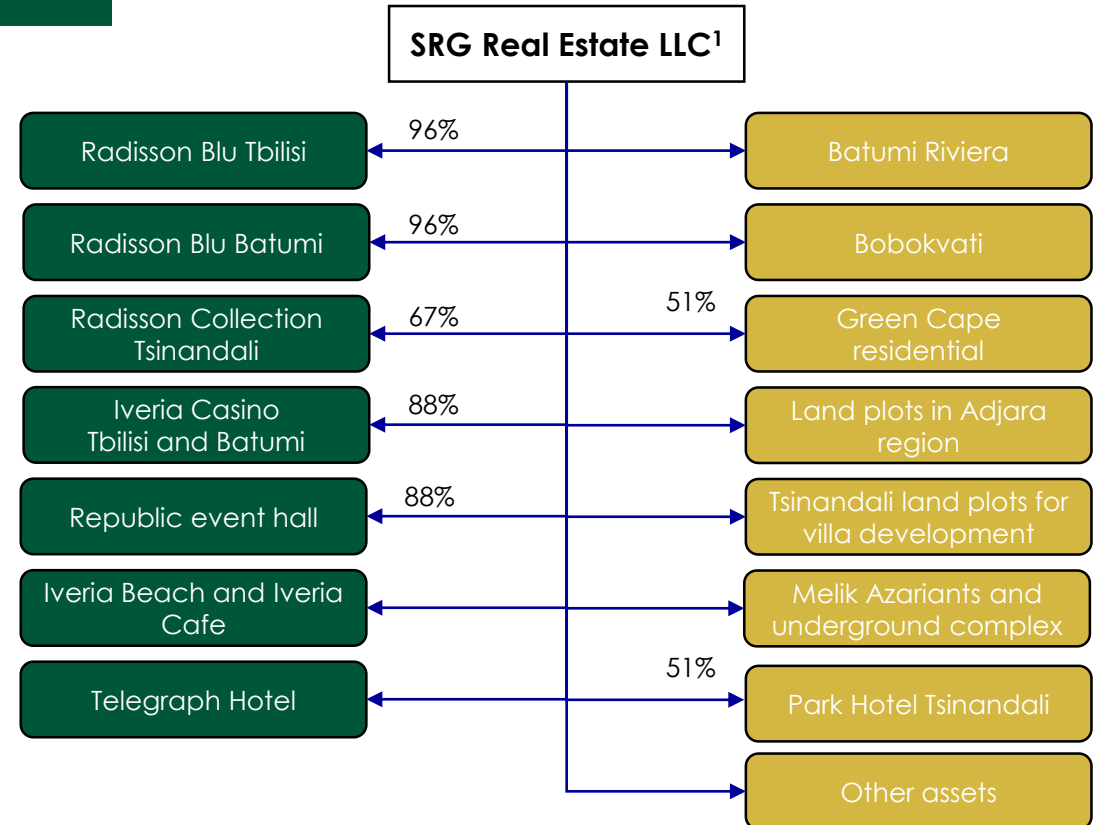
## Long-standing, successful relations with investors and financial institutions

- The group has established successful partnerships with leading Georgian banks, such as TBC Bank and Bank of Georgia
- Also maintains strong partnerships with investment funds, Partnership Fund and Georgian Co-investment Fund

## In-house team under Silk Development brand

- Architects, engineers, designers, project managers, marketing and asset management
- Strong contracting department with 20 years of experience

## Green and Yellow Box real estate assets valued at GEL 917 mln<sup>2</sup>



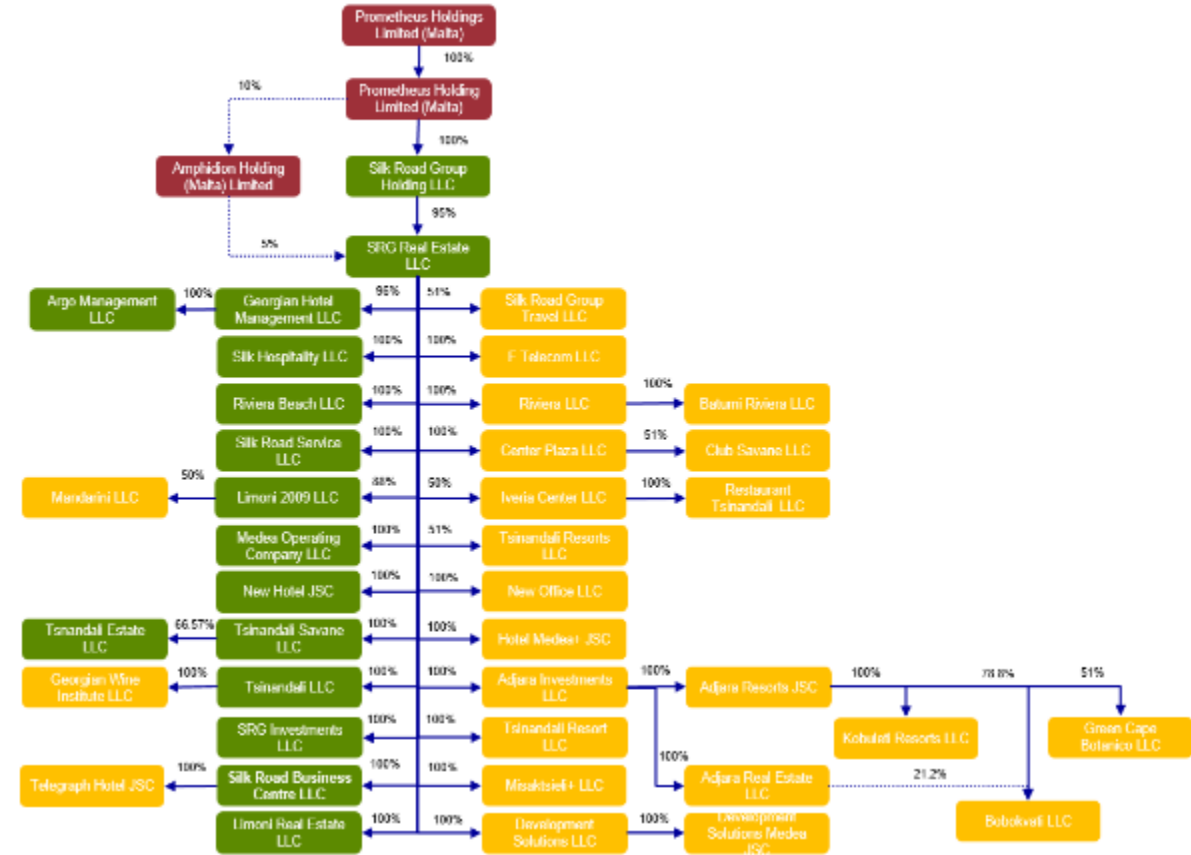
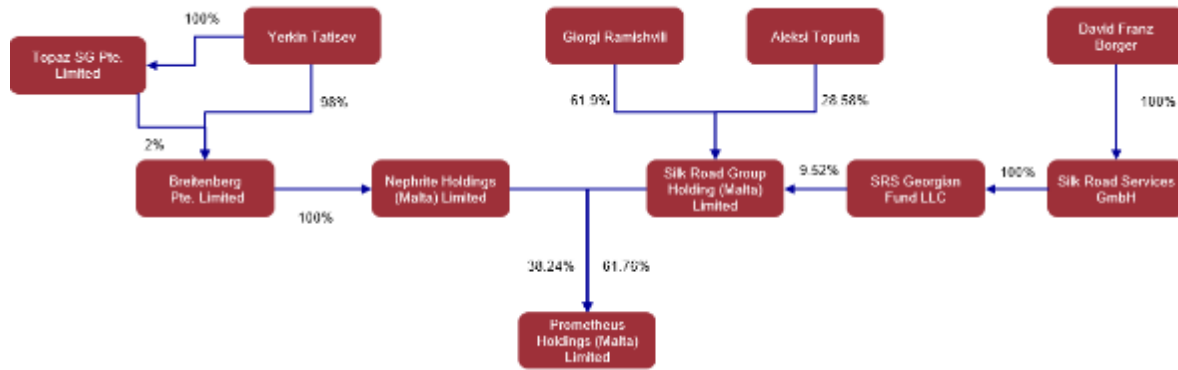
<sup>1</sup>Main shareholder (95%) in SRG Real Estate LLC is Silk Road Group Holding LLC (SRGH), beneficially owned by:  
 George Ramishvili (36.51%)  
 Yerkin Tatishev (36.51%)  
 Alex Topuria (16.86%)  
 David Borger (5.62%)

<sup>2</sup>Valuations per July 2022 by Colliers Georgia

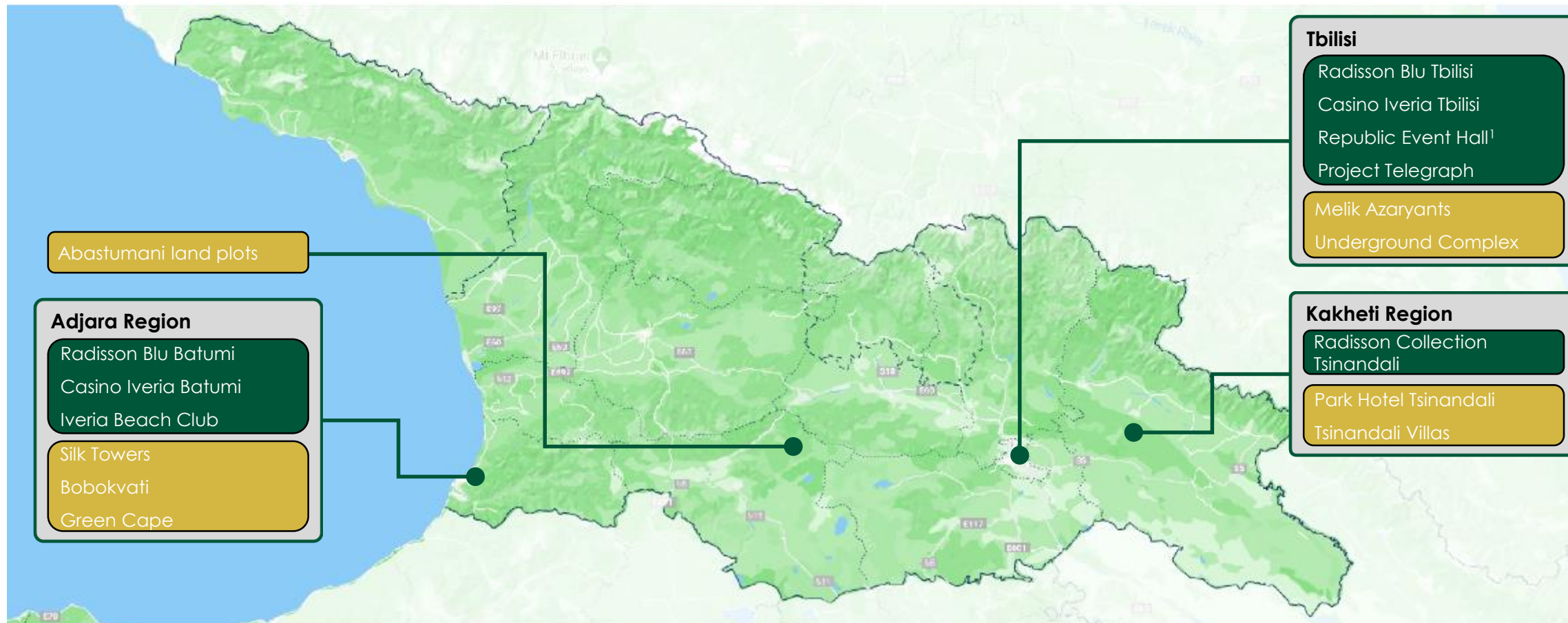
Note: simplified structure, full legal structure to be found in Annex

Sources: Colliers Georgia, company information, company estimates

# Legal structure



# SRG Real Estate assets are located throughout Georgia



Green box assets

Yellow box assets

<sup>1</sup>Republic event hall is managed by Georgian Hotel Management LLC and considered only cash flow



# Silk Road Group has an entrepreneurial ownership



38.24%

**George Ramishvili** is the founder and controlling shareholder of SRG. He studied Hydro-Technical Engineering at the State Polytechnic Institute of Tbilisi and Economics with a degree from the State University of Georgia. He has over 25 years of experience in business development. George is a supporter of classical music (founder of Tsinandali Festival) and the Georgian Skiing federation (long-time president). George is married with four children.



38.24%

**Yerkin Tatishev** has been collaborating with SRG in a series of development projects since 2006 and joined SRG as a partner in 2019, with Silknet's acquisition of Geocell. Apart from his involvement in SRG, Yerkin is the Founding Chairman of Kusto Group, an international industrial holding with an annual turnover exceeding USD 1 billion. He studied at Moscow State Management University and, in 2022, was selected the EY Business Man of the Year. Yerkin is married with five children and lives in Almaty.



17.65%

**Alex Topuria** joined SRG in the late 1990s after returning from studies and work in Germany. Alex first studied Economic Geography at the Tbilisi State University, Georgia, followed by studies in Economics and Business Management in Witten-Herdecke University, Germany. He developed SRG's logistics and oil trading business in Central Asia and now serves on the board of SRG. Having been a member of the Dynamo Tbilisi football cadre, he now supports development of Georgian football. Alex is married with two children.



5.88%

**David Berger** joined SRG as a partner in 2005 after helping to build SRG's oil trading business in 2004. He studied business in Witten-Herdecke University, Germany, and holds a PhD in Accounting and Finance from the London School of Economics. David has worked in information technology, management consulting, development finance and academia. Before joining SRG, he worked for the Boston Consulting Group in projects for the financial and insurance industry. He lives with his family and two children in Munich.

Share of ultimate beneficial ownership in Silk Road Group Holding LLC



# The Company has a strong team leading the development and hospitality divisions



**Mamuka Shurgaia**  
CEO of SRG Real Estate and SRGH, heading Silk Development. Joined SRG in 2011 as CFO of the

group after working with EY. Mamuka holds an MBA from Grenoble Ecole de Management and is a board member of group companies.



**Vasil Kenkishvili**  
CEO of SRGH. Vasil joined SRG in 2006 as General Counsel. Vasil holds a degree in

law from Tbilisi State University and an LLM degree from The American University, Washington College of Law, USA. He is a board member of various group companies.



**Nona Oniani**  
CFO of SRG Real Estate. Joined SRG in 2022 after several years in corporate

banking in TBC Bank where she covered real estate and hospitality clients. Nona holds a degree in Business Administration from Free University of Tbilisi.



**Lika Dolidze**  
Head of Project Management at Silk Development. Lika joined SRG in 2007 as procure-

ment manager after working in World Bank financed projects. She holds academic credentials from Tbilisi State University and George Washington University, USA.



**Jordi Kuijt**  
CEO of Silk Hospitality. Joined SRG in 2016 after senior hospitality

positions in Europe. Jordi is a graduate of Hotelschool, The Hague, and of Cornell University Executive Programmes in Hospitality Finance and Hotel Investment.



**David Rapava,**  
CFO of Silk Hospitality. Joined SRG in the late 1990s, and was CEO of SRG's

transportation business for many years. Born in Sokhumi, Georgia, he studied Economics at the Tbilisi State University, Georgia. He also heads the Entertainment division.



**Elenka Machavariani**  
is the COO of Silk Hospitality. She joined SRG in 2021, after several

years with a leading hospitality group in Georgia. Elenka holds a degree in international law and diplomacy from American University for Humanities, Tbilisi.



**Giorgi Kapanadze**  
Director at Silk Development. He joined SRG in 2018 after ten years as General

Director of a large Georgian development company. He has a degree in Civil Engineering from Georgian Technical University and an MBA from Free University, Tbilisi.

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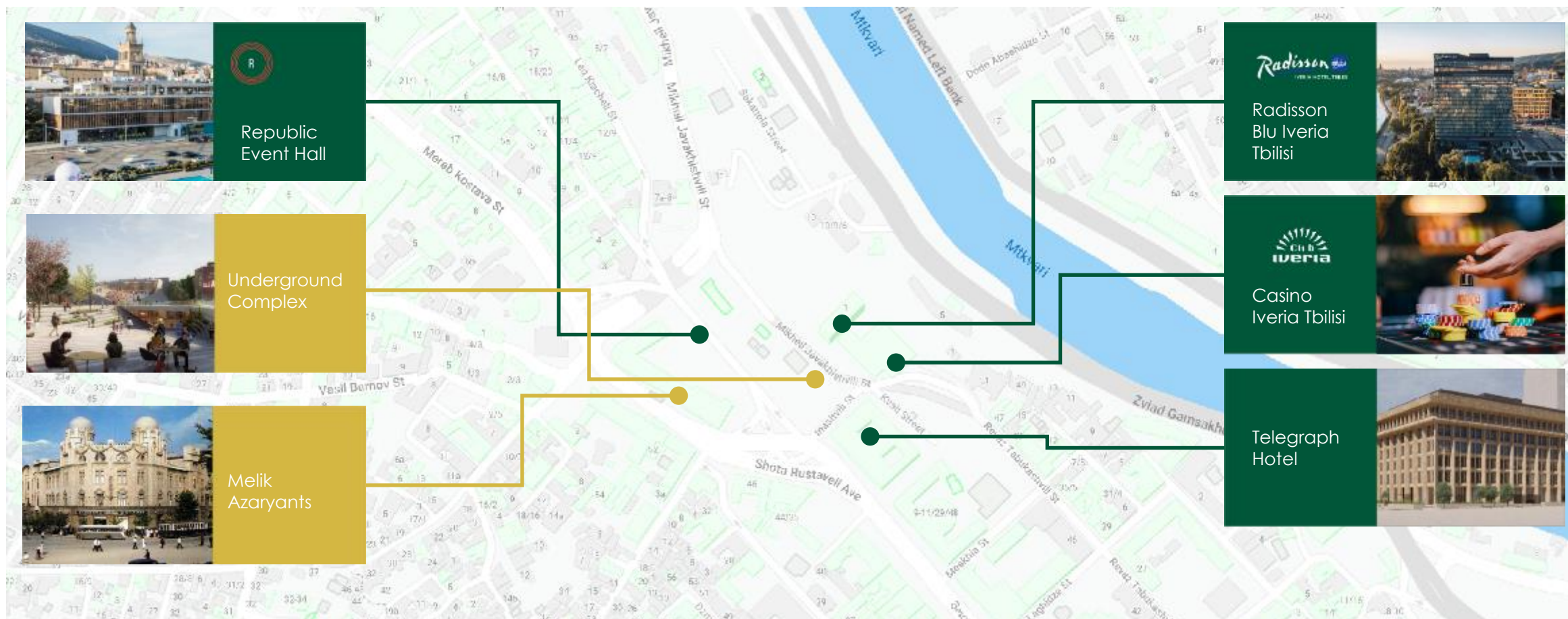
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# Tbilisi cluster of assets located in the heart of Georgia's capital city

Telegraph to be next iconic hotel project on main square of capital



Green box assets

Yellow box assets

<sup>1</sup>Republic event hall is managed by Georgian Hotel Management LLC and considered only cash flow

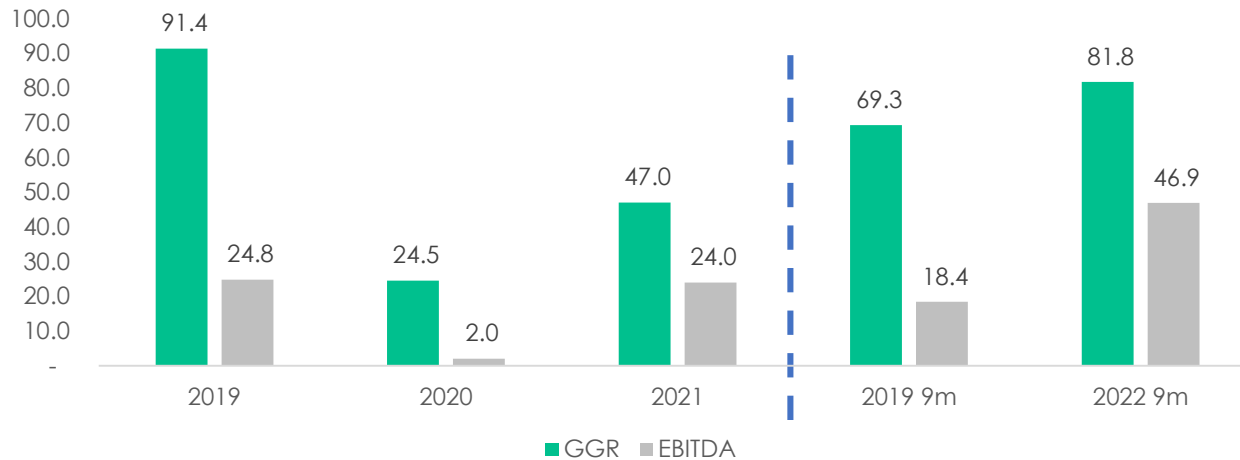


# Casino Iveria Tbilisi performance has exceeded pre-pandemic levels

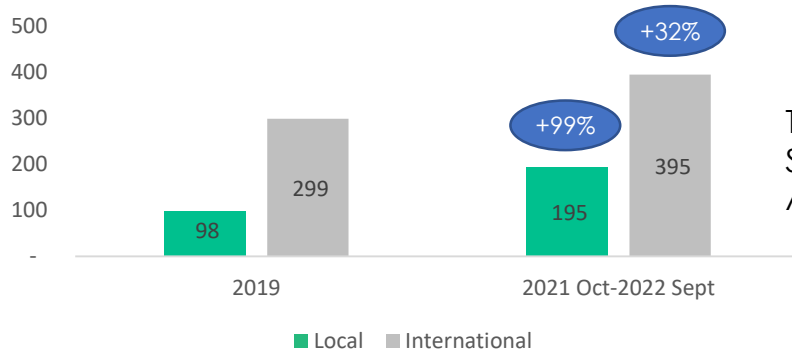
Casino Iveria Tbilisi, in operation since 2009, was one of first casinos to open in Georgia and has around 25% table capacity share in Tbilisi



## Performance of Casino Iveria Tbilisi (GEL mln)



## Average GGR per visit by local and international visitors



Tables: 22  
Slots: 158  
Average daily visits in 2022: 669

The following factors contributed to the success of the casino:

- Casino Iveria Tbilisi was among the first casinos in the capital to reopen after the pandemic
- New international visitors discovered Georgia as a gaming destination – new visitors are likely to return
- Despite the number of visitors still being below 2019 levels, the Gross Gaming Revenue (GGR) has increased as GGR per visit has increased dramatically
- The new foreign visitors tend to spend more, resulting in higher GGR per visit
- Local visitors to the casino also tend to spend more
- The flow of visitors from new markets is supported by increases in international flights

Strong improvement in EBITDA can be explained by the following (only partly sustainable):

- Savings on licence fee (50% discount post-pandemic), which is a one-off effect in the first half of 2022, saving more than GEL 3.5 mln
- GEL 3.9 mln savings in marketing expenses
- Synergies with other hospitality assets

Notes: GGR is gross gaming revenue (audited figures), the funds remaining with the casino before deducting costs.

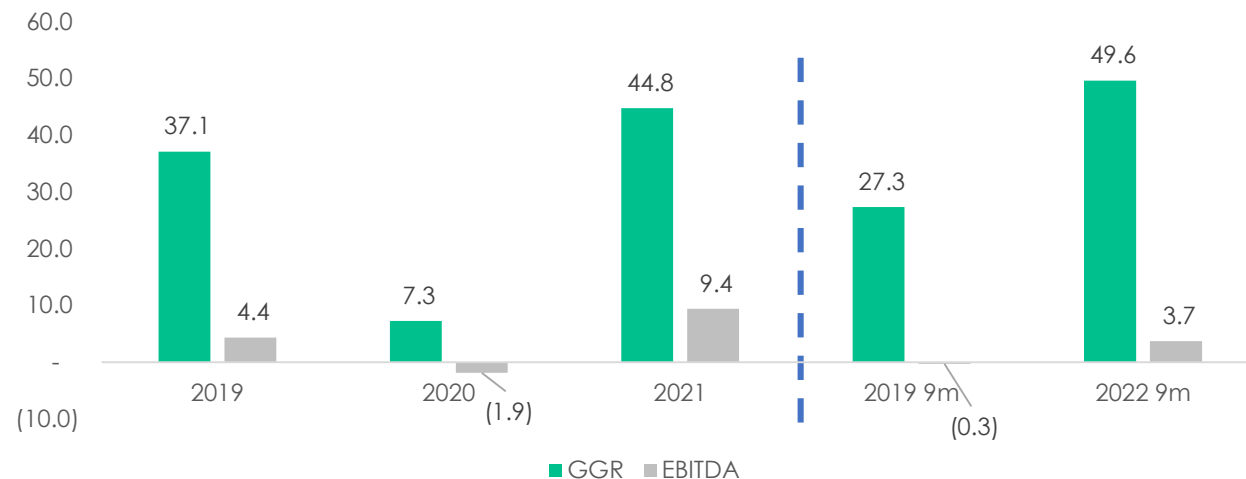
Source: Company information

# Casino Iveria Batumi has shown even more exceptional recovery

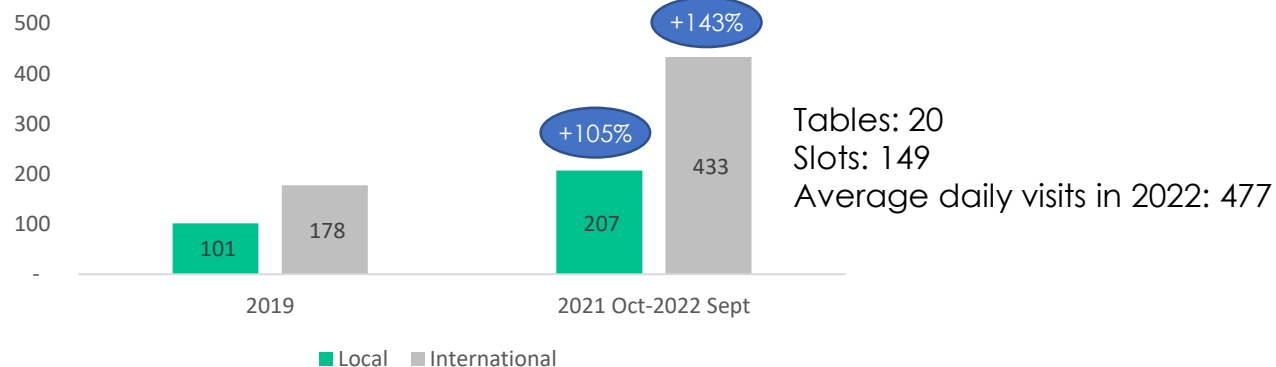
Casino Iveria Batumi, in operation since 2011, has around 13% table capacity share



## Performance of Casino Iveria Batumi (GEL mln)



## Average GGR per visit by local and international visitors



The following factors contributed to the success of the Batumi casino:

- Batumi market has opened earlier than some other markets for the target markets such as Northern Cyprus
- New international visitors discovered Georgia as a gaming destination and visitors are likely to come again
- Despite the number of visitors still being below 2019 levels, the Gross Gaming Revenue (GGR) has increased, since GGR per visit has increased dramatically
- The new foreign visitors tend to spend more, resulting in higher GGR per visit despite a lower hold percentage in the Batumi operations compared to 2019
- The flow of visitors from the new markets is supported by increases in international flights to Batumi and also Kutaisi
- Casino visitors contribute to the Radisson Blu Batumi performance (Up to GEL 3 mln revenues in H1 2022)

Casino Iveria Batumi's improvement in EBITDA is driven by

- Additional revenues
- Savings on general and administrative costs of GEL 1 mln
- Synergies with other hospitality assets

Notes: GGR is gross gaming revenue (audited figures), the funds remaining with the casino before deducting costs

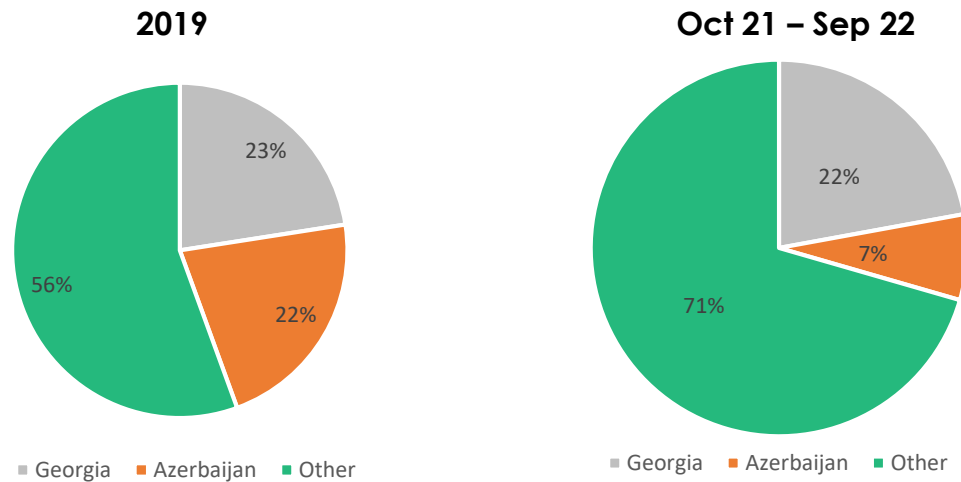
Source: Company information

# Casino recovery occurred despite closed borders in Azerbaijan, historically one of the major markets

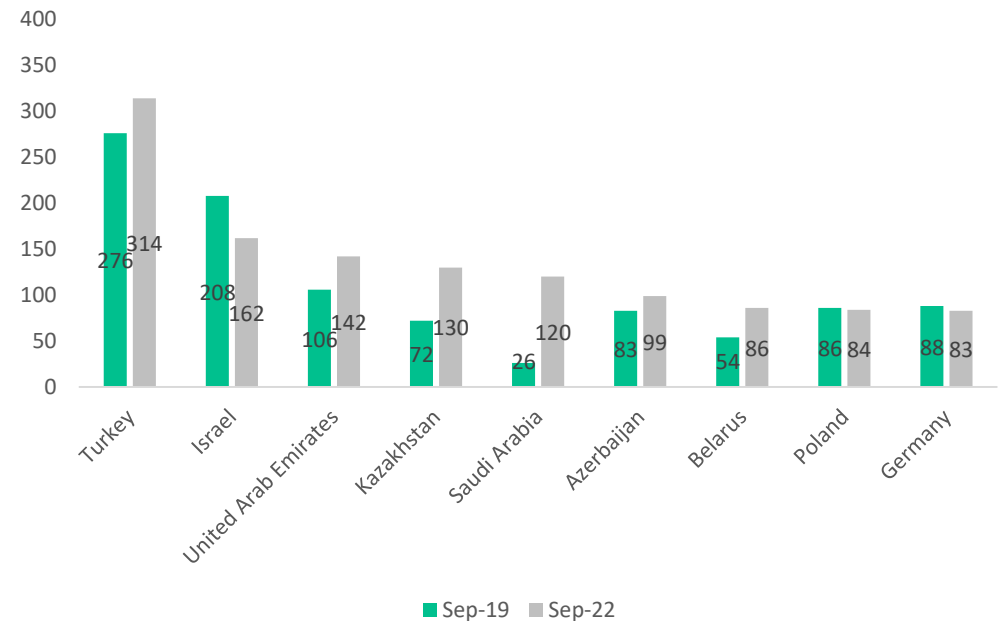
As pandemic related closure of Azerbaijan land border persists, flights from some new markets increased markedly



Casino Iveria Tbilisi GGR by nationality of visitors



Number of monthly flights September 2022 vs September 2019



The decrease in number of visitors from Azerbaijan is equivalent to a GEL 10 mln drop in GGR – this potential business is expected to return upon reopening of the borders

# Radisson Blu Tbilisi shows high guest satisfaction and strong revenue generation

In Soviet times the first international tourist hotel in the city's best location, the hotel was renovated by renowned international architects



## Upscale hotel, casino and event location in the centre of Tbilisi

Number of Rooms: 236

Opening date: September 2009

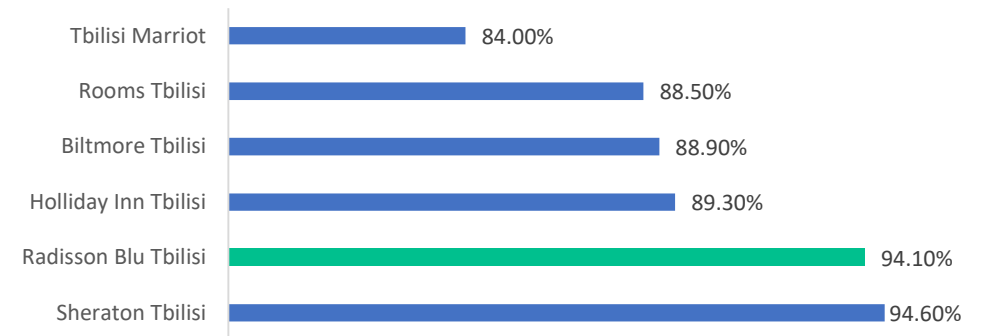
Hotel facilities:

- Anne Semonin SPA
- Indoor and outdoor pool
- Ball room and meeting facilities
- Gym and beauty treatment
- Two restaurants and one cafe

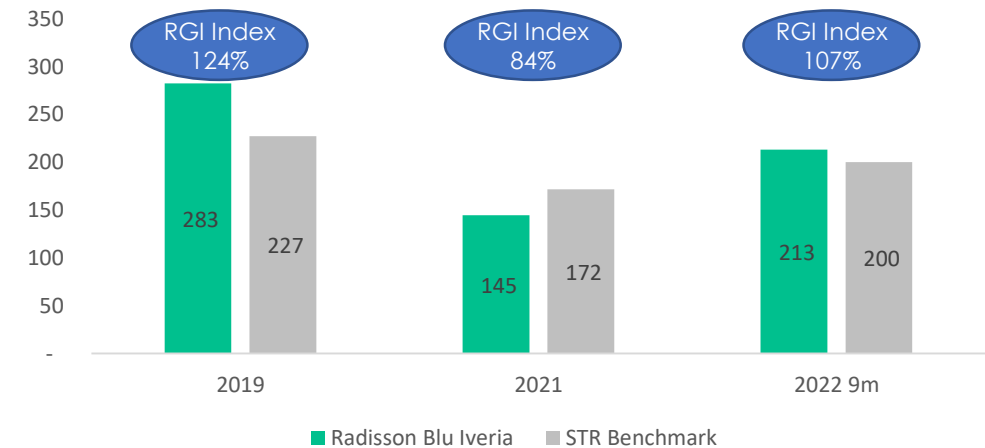
## Republic Event Hall

- Two restaurants
- 1,500 sqm event space for up to 1,000 guests

## ReviewPro Rankings per Global Review Index (GRI) as per 1<sup>st</sup> September 2022



## RevPar comparison to competitive set



Notes: RevPar – revenue per available room, GRI – Global Review Index, RGI – Revenue Generation Index  
 Source: ReviewPro, Deloitte/STR  
[www.silkroadgroup.net](http://www.silkroadgroup.net)

# Telegraph Hotel Tbilisi to become another upscale hotel located next to Radisson Blu

Telegraph Hotel will benefit from synergies with Radisson Blu hotel including shared use of facilities



## Upscale boutique hotel with international brand

Status: Cultural heritage under rehabilitation

Location: In the center of Tbilisi, Rustaveli avenue

Number of rooms: 241

Facilities:

- 7 restaurants
- Ballroom
- Meeting facilities
- Office space
- Gym

## Highlights and development status

Radisson Collection brand to benefit from high synergies with existing Radisson Blu Tbilisi hotel

LEED certificated project - the first precedent in Georgia

Current Status: Brownfield

Reconstruction and renovation works started in January 2023

The hotel is expected to be fully functional in the beginning of 2025

Total additional investment GEL 189 mln

- Committed cash equity GEL 45 mln
- Committed debt GEL 144 mln





# Retail space and parking facilities in the city centre provided in Underground of Republic Square

Melik Azaryants building to provide rentable space in cultural heritage building in the city centre



## Rentable space in city centre

Status: Under rehabilitation

Location: In the center of Tbilisi, Rustaveli avenue

Facilities

- 115 parking lots
- 8,700sqm rentable space

## Highlights and development status

Current status: Brownfield

## Rentable space in city centre

Status: Cultural heritage under rehabilitation

Location: In the center of Tbilisi, Rustaveli avenue

## Highlights and development status

Historical building

Current status: Brownfield

Reinforcement works are planned to start in 2023



Adjara properties are located along the Black Sea coast and include three developed assets



The map shows the Black Sea coast of Adjara, Georgia. A circular inset provides a detailed view of Batumi. Callout boxes are connected to specific locations on the map:

- Iveria Beach** (Green box asset): Located on the northern coast, shown with a beachside lounge area.
- Batumi Silk Towers** (Yellow box asset): A tall, modern skyscraper in Batumi.
- Radisson Blu Batumi** (Green box asset): A modern hotel building in Batumi.
- Bobokvati** (Yellow box asset): A resort area on the coast, shown with a beach and buildings.
- Green Cape Botanico** (Yellow box asset): A modern building complex in a green area.
- Casino Iveria Batumi** (Green box asset): An indoor casino floor with gaming tables.

Green box assets

Yellow box assets

# Radisson Blu Batumi was opened in 2011 with casino operations and a beach club

Revenue generating index (RGI) measured by Deloitte/STR shows strong competitive position



## Upscale hotel, casino and beach club located on the Black Sea coast

Number of Rooms: 168

Opening date: August 2011

Hotel facilities:

- Anne Semonin SPA
- Indoor and outdoor pool
- Ball room and meeting facilities
- Top-floor restaurant
- Ground-floor restaurant

About 20% of the annual hotel revenue is generated by the casino, in the low season the share is higher

## Iveria Beach

- Over 3000sqm beach venue
- Bar and restaurant, operated during season
- Live music, and many other forms of entertainment

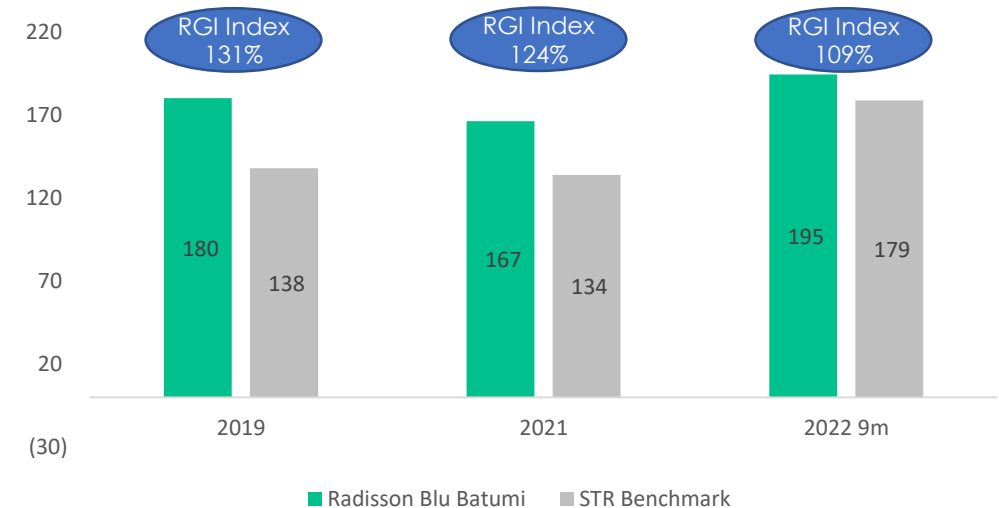
Sources: ReviewPro, Deloitte/STR, company information

[www.silkroadgroup.net](http://www.silkroadgroup.net)

## ReviewPro Rankings per Global Review Index (GRI) as per 1<sup>st</sup> September 2022



## RevPar comparison to competitive set





# Silk Towers will be the largest premium class mixed-used development in Batumi

Unique opportunity to build a 15 hectare sea resort in Adjara region with 540m beach



## Type: High-end residential complex

Status: Brownfield

Location: In the heart of Batumi

## Highlights and development status

Silk Towers will unite 5 towers, artificial lagoon, Marina and Yacht Club. Construction works are planned to start in 2023



## Type: High-end mixed using complex

Status: Brownfield

Location: Village Bobokvati

## Highlights and development status

The complex unites apartments, town-houses, villas, hotel, restaurants, beach club various entertainment facilities. Construction works are planned to start in 2025



# Green Cape Botanico – upscale turnkey apartments in prestigious location

Luxurious real estate property –  
Tsinandali Villas



**Type: High-end residential complex**

Status: Under development

Location: In close vicinity of Batumi Botanic Gardens

**Highlights and development status**

Project will be finalised in spring of 2023





# Radisson Collection Tsinandali opened in 2019 as a five-star hotel within a wine estate

Adjacent historical Chavchavadze Estate with botanical garden under patronage of the Silk Road Group



## Luxury hotel and event location in the heart of the Georgian wine region

Number of Rooms: 124

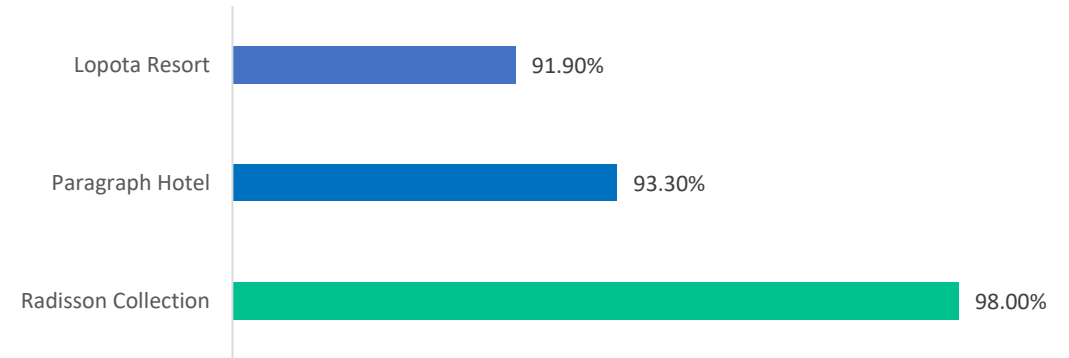
Opening date: January 2019

Hotel facilities:

- Anne Semonin SPA
- Indoor and outdoor pool
- Outdoor concert location for 1,000 visitors
- Ballroom and meeting facilities
- Two restaurants
- Adjacent to historical botanical garden

Following opening and two years of pandemic restrictions, the hotel is in the ramp-up phase, thus RevPar still below competitive set

## ReviewPro Rankings per Global Review Index (GRI) as per 1<sup>st</sup> September 2022



## Tsinandali Museum

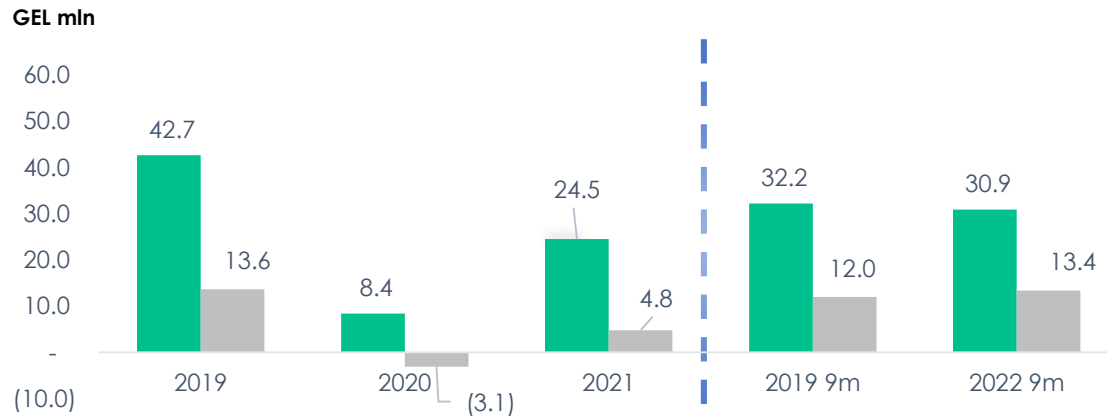
Operated by Silk Road Group under patronage



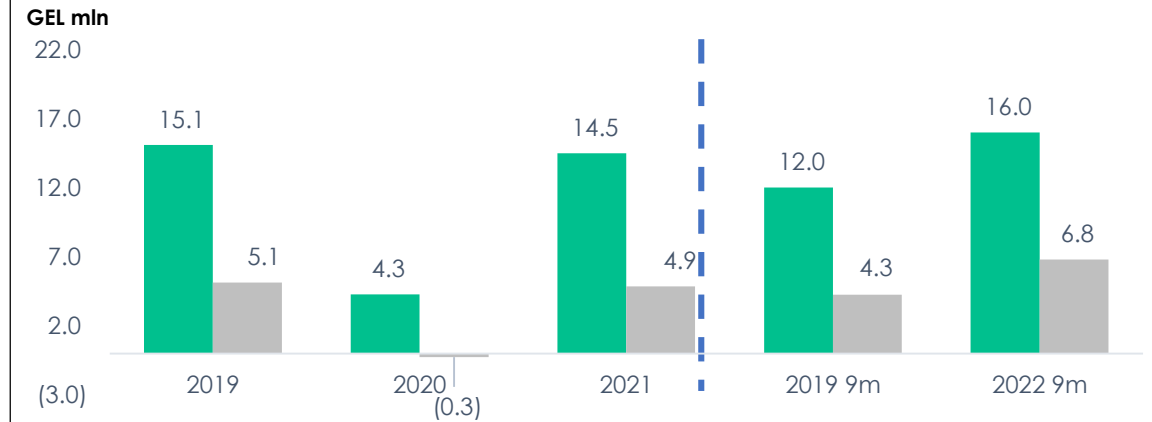
# In 2022, all hotel assets have continued strong recovery following the pandemic lockdowns



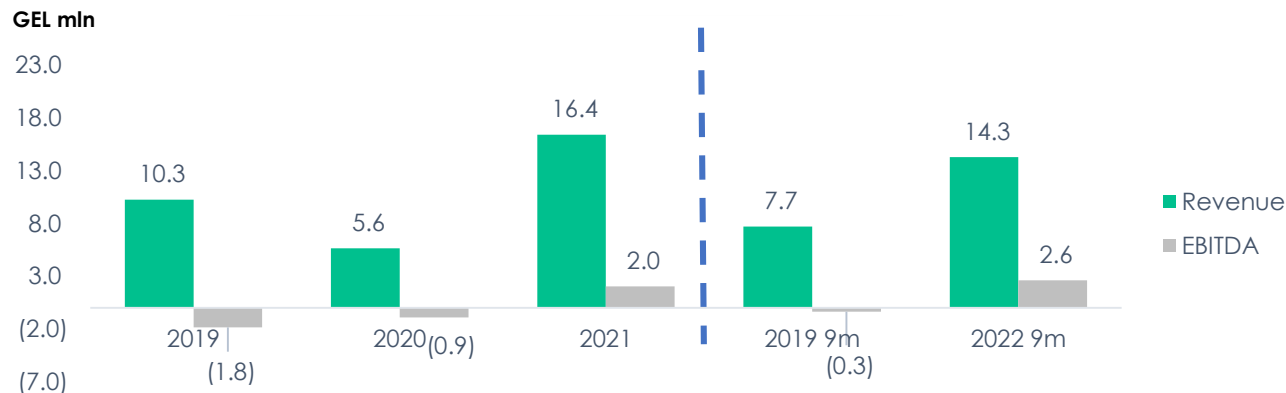
## Radisson Blu Iveria Tbilisi



## Radisson Blu Batumi



## Radisson Collection Tsinandali



Source: Company information. Note: All numbers are IFRS audited, [www.silkroadgroup.net](http://www.silkroadgroup.net)

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# Company performance in 2022 is significantly exceeding 2019 results



## Segment reporting for businesses of SRG Real Estate LLC

IS GEL mln	Audited		IFRS Managerial			YoY <>
	2019	2020	2021	2019 9M	2022 9M	
Revenue From Casino Operations	136.7	34.7	97.8	102.5	138.0	35%
GGR Table	89.9	23.2	68.3	66.1	91.2	38%
GGR Slot	38.6	8.6	23.5	30.5	37.6	24%
Tips and other	8.8	2.9	6.1	5.9	9.2	57%
Revenue from Hotel Operations	68.0	18.3	55.4	52.5	61.3	17%
Room Revenue	41.6	8.8	29.4	32.7	31.6	-3%
Other Revenue	26.4	9.5	26.0	19.8	29.6	50%
Other Revenue	18.1	49.5	21.3	10.8	27.0	149%
<b>Total Revenue</b>	<b>222.8</b>	<b>102.5</b>	<b>174.6</b>	<b>165.8</b>	<b>226.3</b>	<b>37%</b>
Adjusted EBITDA Casinos	29.2	0.2	33.1	21.3	47.6	123%
Adjusted EBITDA Hotels	16.9	(4.2)	11.7	13.5	17.7	31%
Adjusted EBITDA Other	(7.3)	27.5	(6.9)	(8.1)	(4.8)	41%
<b>Adjusted EBITDA</b>	<b>38.8</b>	<b>23.5</b>	<b>37.8</b>	<b>26.7</b>	<b>60.6</b>	<b>127%</b>
Adjusted EBITDA margin	17%	23%	22%	16%	27%	

## Performance highlights for standalone segments

- Asset sales in 2019 and 2020, reported in Other Revenue, helped to compensate the depressed hospitality business during lock-downs in 2020 and 2021
- By 2021 total revenues from operations had recovered close to 80% of 2019 levels
- Furthermore, in 2022 9m total revenues already exceeded the 2019 level by 37%
- In 2022 9m, hotel revenues exceeded 2019 levels by 17% as Tsinandali Radisson became fully operational
- Consolidated EBITDA in 2021 was only GEL 1 mln short on the 2019 results, helped by lower costs on licenses and marketing
- 2022 9m EBITDA overperformed full year levels of 2019 and 2021
- In particular, the Adjusted EBITDA 2022 9m of casinos more than tripled due to a lower cost base and a sharp increase in revenues

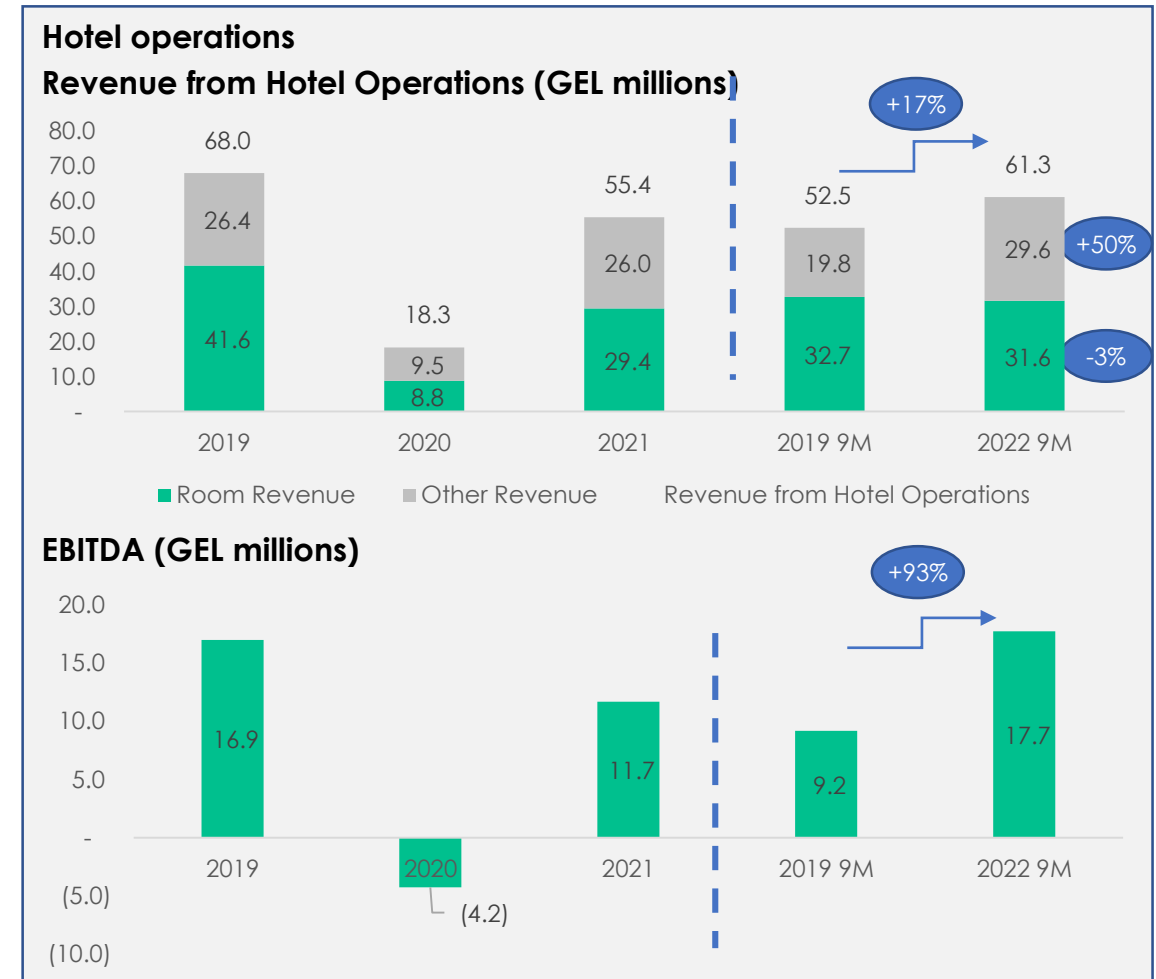
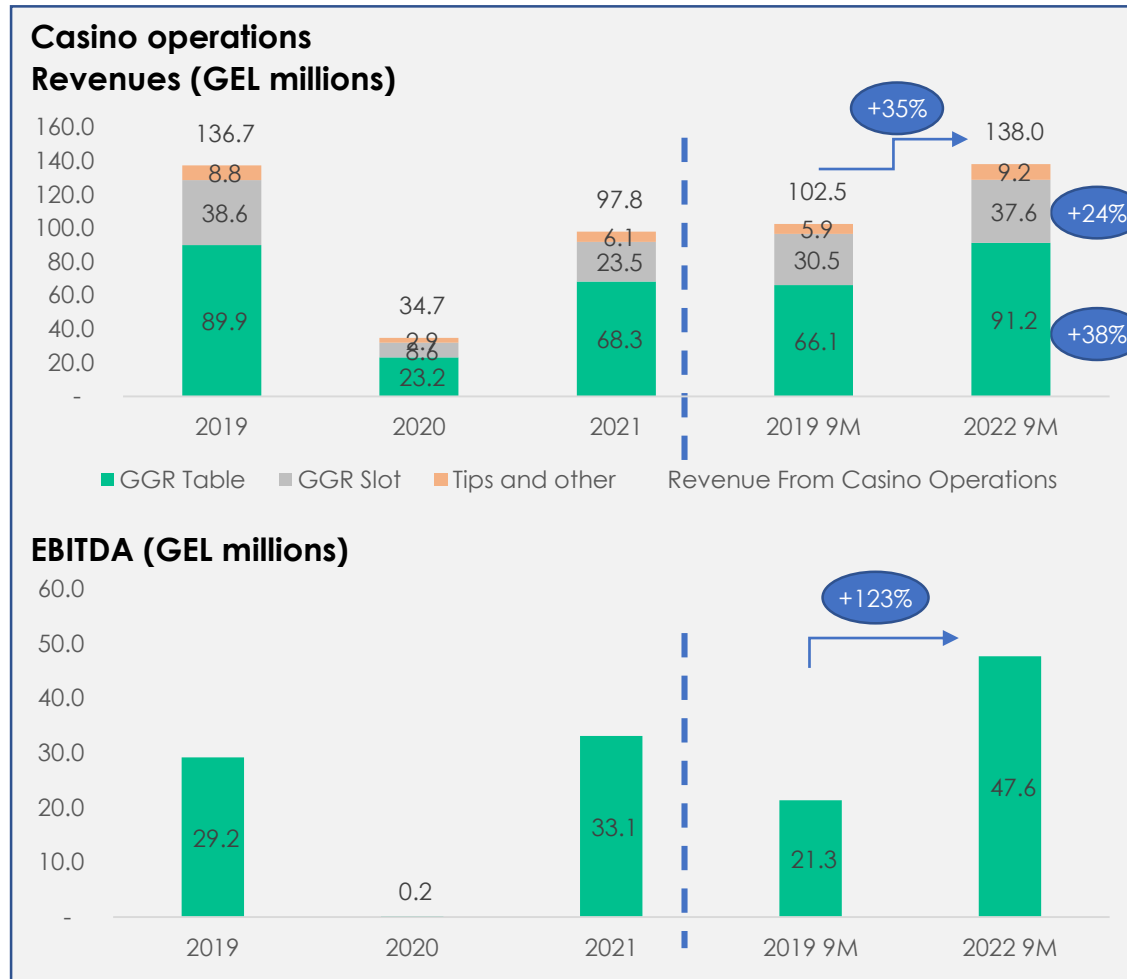
Note: Company calculates Adjusted EBITDA by adjusting profit from continuing operations to exclude following items: finance costs and finance income, corporate income tax and any other taxes related to the distribution of dividends, depreciation, amortization, revaluation, impairment (losses / reversals) of non-current assets, net foreign exchange gain/(loss), including gain/(loss) on hedging instruments, currency forward contracts and any other gain/(loss) attributable to changes in foreign currency exchange rates.

Source: Company Information

[www.silkroadgroup.net](http://www.silkroadgroup.net)

# Hotel and casino segments show strong revenues and cash generation

Performance in 2022 9M exceeds results of 2019 9M for all components



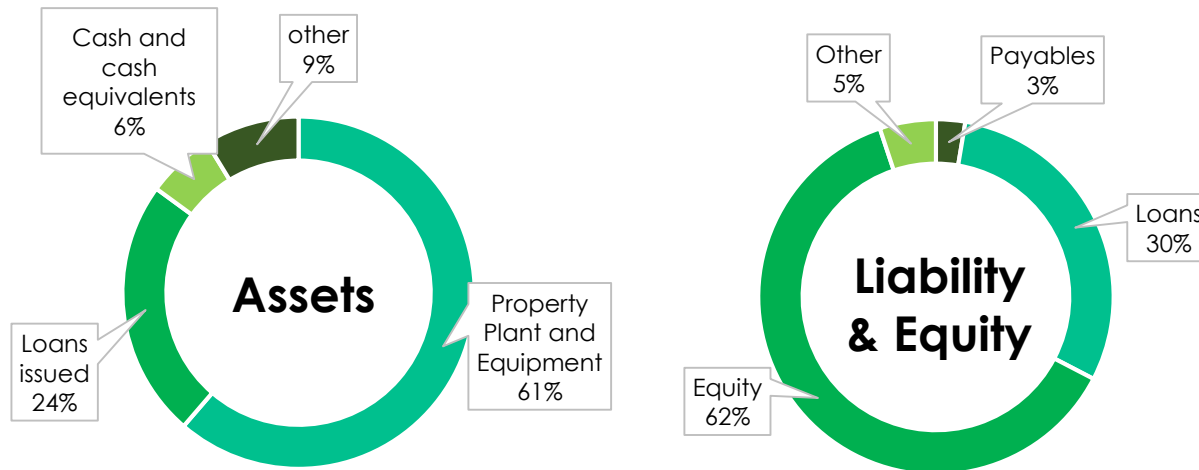
Source: Company information  
www.silkroadgroup.net

# SRG Real Estate has a strong financial structure

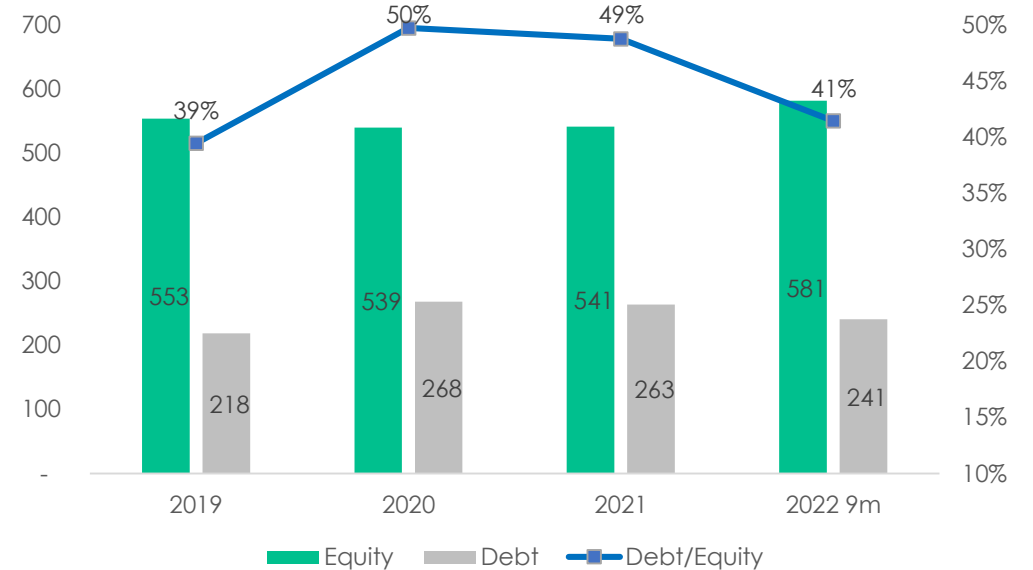
Strong Debt/Equity ratio maintained during the pandemic period



Breakdown of Assets & Liabilities, September 2022



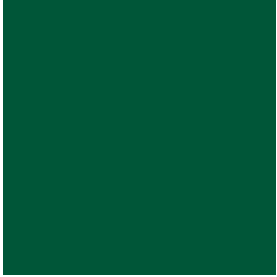
Debt/Equity and LTV for SRG RE level



- Property and equipment are measured at cost less accumulated depreciation and impairment losses
- The management team regularly monitors fair value changes for its Property Plant and Equipment, including doing regular reviews of significant inputs in the valuation models
- The company seeks to maintain a Debt To Equity Ratio significantly below 60%
- LTV for 2022 9m was below 30% (calculation is based on fair value amounts)



For further information  
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# Risks related to the Company and the Bonds



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

## **Risks related to industry and economy**

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

- 1.1 Political and governmental instability in Georgia could have a material adverse effect on the local economy and the Company's business;
- 1.2 There are additional risk factors related to investing in emerging markets such as Georgia;
- 1.3 Depreciation of the national currency, Lari, against US\$/other currencies of economically related countries may have a material adverse effect on the Company's activity;
- 1.4 Because the Company operates within Georgia, it will be affected by changes in Georgian economic conditions;

### **2. Risks related to neighboring countries and the region**

- 2.1 Regional tensions may have an adverse effect on the local economy and the Company's business;
- 2.2 Disruptions in Georgia's neighboring markets may have an adverse effect on Georgia's economy;

### **Risks Related to Issuers Activities:**

#### **3.1 Risks related to the Casino Sector**

- 3.1.1 New entrants to the market;
- 3.1.2 The Group is subject to events that adversely affect domestic or international visits;
- 3.1.3 Negative public attitude around the gaming industry;
- 3.1.4 Dependence on the continued popularity of games.

#### **3.2 Risks related to the hospitality sector ;**

- 3.2.1 The Group is subject to events that adversely affect domestic or international travel;
- 3.2.2 The Group is exposed to the supply and demand cycle risks of the hotel industry;
- 3.2.3 The hotel industry is highly competitive and the Group's lack of effective competition could adversely affect its business, operating results and financial condition.

#### **3.3 Risk related to the development (real estate) setor**

- 3.3.1 During the construction process, the company may face risks related to the increase in costs, the quality of construction materials and contractors;
- 3.3.2 The development industry is becoming more and more competitive;
- 3.3.3 An increase in the supply of newly built residential premises may expose the company to price risk;

#### **3.4 General risks related to the issuer's business;**

- 3.4.1 Unexpected events such as natural disasters, emergencies, pandemics, natural disasters, etc. may have a serious negative impact on the company;

# Risks related to the Company and the Bonds



## **Operation Risks Related to the Issuers Activities;**

### **4.1 Operational risks related to the casino activities**

- 4.1.1 Vulnerability to player fraud;
- 4.1.2 Progressive Jackpots
- 4.1.3 Suppliers' reliance on maintaining third-party certification approvals;
- 4.1.4 The ability of major suppliers to request the withdrawal or withdrawal of products from certain markets;
- 4.1.5 Risks related to the third party software suppliers;
- 4.1.6 Vulnerability to hacking, malicious viruses and other cybercrime attacks

### **4.2 Operational risks related to the hospitality business (hotels):**

- 4.2.1 The Group is exposed to various risks related to the identification, provision and maintenance of management and franchise agreements;
- 4.2.2 Some of the hotel bookings come from online travel agencies and intermediaries. If such agencies take a larger share of bookings than direct bookings and if competitors offer more favorable conditions to customers, this may indirectly have a negative impact on the results of the Group's hotels;

### **4.2.3 The Company's hotel services revenues may be subject to seasonal fluctuations**

### **4.3 Operational risks related to the development business (real estate):**

- 4.3.1 Customer may not be able to make all payments to the Company;
- 4.3.2 There is risk associated with building permits and project approval;
- 4.3.3 The fair value of the buildings reflected in the appraisals may misrepresent their current market value;

### **4.4 Operational risks related to the general activities of the company:**

- 4.4.1 The shortage of qualified staff in the market may prevent the company from working effectively;
- 4.4.2 Investment in real estate and hotel business is illiquid. The company may face liquidity and default risk;
- 4.4.3 The Group depends on the reputation of its brands and the protection of its intellectual property rights;

4.4.4 There is a risk of lack of access to financing;

4.4.5 Incomplete insurance of company-owned assets can have a significant negative impact on the company's profits;

4.4.6 A company's success in business depends on its ability to attract and retain senior management and key personnel;

4.4.7 Further expansion cannot be guaranteed;

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

4.4.9 The Group is exposed to certain risks related to technology and systems;

## **Risk Related to the Legislative and Judicial Systems**

### **5.1 Regulatory risks related to the casinos;**

5.1.1 Dependence on regulatory licenses and approvals to maintain gaming activities and tax structures;

5.1.2 Regulation regarding the use of personal data of the user;

5.1.3 Current or future laws or regulations may prohibit, restrict or invalidate casino's activities;

5.2 general risks related to the legal and regulatory system

5.2.1 Challenges related to the harmonization of Georgian legislation with EU legislation, which a deep and comprehensive agreement on free trade space requires, may arise;

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

5.2.3 The uncertainties of the judicial system in Georgia, or any arbitrary or inconsistent state action taken in Georgia in the future, may have a material adverse effect on the local economy, which could, in turn, have an adverse effect on the business of the Company;

5.2.4 Changes in regulations regarding the Company's activities may have a negative impact on the Company's business;

5.2.5 The company may be subject to stricter environmental laws in the future;

# Risks related to the Company and the Bonds



5.2.6 The company will become an accountable entity after the bond issue and will be subject to additional regulations and reporting requirements;

5.2.7 New antitrust regulations may adversely affect the Company;

5.2.8 If in the future the Company fails to comply with any applicable regulations related to money laundering or terrorist financing, or if the Company is associated with them, this may adversely affect the Company;

5.2.9 The Company is exposed to the risk of litigation from its customers, suppliers, employees and regulators;

## **Risks specific to the offered securities**

### **Risks related to the market price, liquidity and yield of bonds:**

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

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

6.3 Investors whose financial activities are denominated in a currency or currency unit other than the bond currency may receive less interest or principal than expected, as a result of fluctuations in exchange rates or changes to exchange controls.

6.4 Bonds accrue interest at a fixed interest rate;

6.5 It is possible to repay or redeem the bonds before the due date;

### **7. Risks relating to the right of bonds:**

7.1. In case of insolvency of the company or the respective guarantors, the bonds will be deemed to be unsecured obligations.;

7.2. Joint and several guarantees are associated with various risks due to the absence of an appropriate regulatory framework for bonds secured by joint and several guarantees.

7.3. The offering and disposal of the bonds is subject to restrictions imposed on certain territorial/other country investors;

7.4. 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.

### **8. Risks relating to legislative/regulatory framework governing bonds, bondholding and etc.:**

8.1. Any change of law in Georgia in the future may have a material adverse effect on the bonds, including their GSE listing and taxation of interest on the bonds.; 8.2. Investors must rely on procedures of the Registrar, the representative of the bondholders and, where applicable, the nominal holders of the bonds; In addition, the issuer has established a threshold amount of expenses subject to compensation for the representative of the bondholders.

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

8.4. Application for purchase of bonds may be satisfied partially;

# Statement of Consolidated Financial Position

## Reconciliation of stated asset values with consolidated audited financial statements



Amounts are presented in GEL mln

	Audited Balance as at 31 December 2019	Audited Balance as at 31 December 2020	Audited Balance as at 31 December 2021
<b>Assets</b>			
Property Plant and Equipment	273.4	274.8	267.2
Investment Property	302.1	303.7	309.8
Intangible assets	6.5	2.6	5.6
Prepayments for non-current assets	6.0	0.6	0.3
Loans receivable	218.4	267.7	237.3
<b>Non-current assets</b>	<b>806.3</b>	<b>849.4</b>	<b>820.2</b>
Inventories	5.4	3.7	4.9
Loans receivables	5.3	3.3	40.7
Trade and other receivables	7.4	16.4	9.0
Cash and cash equivalents	30.6	16.2	34.4
Prepayment and other assets	9.5	6.4	7.7
<b>Total Current Assets</b>	<b>58.3</b>	<b>46.1</b>	<b>96.7</b>
<b>Total Assets</b>	<b>864.6</b>	<b>895.5</b>	<b>916.9</b>
<b>Equity</b>			
Charter capital	(671.0)	(671.1)	(671.1)
Accumulated losses	134.2	136.7	137.9
<b>Equity attributable to owners of the Company</b>	<b>(536.8)</b>	<b>(534.4)</b>	<b>(533.3)</b>
Non-controlling interests	(16.6)	(4.5)	(7.5)
<b>Total Equity</b>	<b>(553.4)</b>	<b>(539.0)</b>	<b>(540.8)</b>
Loans and borrowings	(218.1)	(267.8)	(263.5)
Trade and other payables	-	(1.0)	(0.5)
Put option liability	(31.8)	(40.8)	(42.4)
<b>Total Non-Current Liabilities</b>	<b>(249.9)</b>	<b>(309.6)</b>	<b>(306.4)</b>
Loans and borrowings	(44.8)	(35.8)	(49.3)
Trade and other payables	(16.5)	(11.1)	(20.3)
<b>Current liabilities</b>	<b>(61.3)</b>	<b>(46.9)</b>	<b>(69.6)</b>
<b>Total liabilities</b>	<b>(311.2)</b>	<b>(356.5)</b>	<b>(376.1)</b>
<b>Total equity and liabilities</b>	<b>(864.6)</b>	<b>(895.5)</b>	<b>(916.9)</b>

GEL mln	Book value	Appraisal effect	Market Value
Green box	270.1	240.8	511.0
Yellow box	306.8	98.8	405.7
<b>Total property value</b>	<b>577.0</b>	<b>339.7</b>	<b>916.6</b>

Note: In July 2022, Colliers Georgia revalued the assets of SRG Real Estate with a net revaluation effect of close to 59% on total book value

Long term and short term loans receivable (in total GEL 278 mln) are mainly from intergroup companies and will be netted against intergroup payables and equity by the end of 2022, the net effect is expected to reduce the book value of equity by more than GEL 150 mln

Debt relating to Green Box assets to third parties (Georgian banks) is expected to be GEL 198 mln at the end of 2022

# Statement of Consolidated Other Comprehensive Income

## Reconciliation of standalone segment and EBITDA with consolidated audited financial statements



Amounts are presented in GEL mln

	Audited Year 2019	Audited Year 2020	Audited Year 2021
Revenue	187.4	56.7	144.7
Other income	13.7	40.6	7.8
Operating costs	(82.5)	(30.2)	(59.6)
Wages and other employee benefits	(71.5)	(35.7)	(51.6)
Depreciation and amortization	(27.8)	(26.5)	(29.4)
Impairment loss of trade and other receivables and loan receivables	(1.3)	(0.4)	(0.4)
Other expenses	(3.0)	(4.3)	(2.3)
<b>Results from operating activities</b>	<b>14.9</b>	<b>0.2</b>	<b>9.3</b>
Interest income	17.5	18.9	19.7
Net foreign exchange gain/(loss)	(0.7)	2.4	3.0
Interest expenses	(23.3)	(22.4)	(29.5)
<b>Net finance costs</b>	<b>(6.6)</b>	<b>(1.1)</b>	<b>(6.8)</b>
<b>(Loss)/profit before income tax</b>	<b>8.3</b>	<b>(0.9)</b>	<b>2.5</b>
Income tax benefit	0.9	-	-
<b>(Loss)/profit and total comprehensive (loss)/income for the year</b>	<b>9.2</b>	<b>(0.9)</b>	<b>2.5</b>

### Reconciliation of revenue

GEL mln	2019	2020	2021
Revenue from Casino operations	136.7	34.7	97.8
Revenue from Hotel operations	68.0	18.3	58.3
Other revenue	18.1	49.5	18.4
<b>Total standalone revenue</b>	<b>222.8</b>	<b>102.5</b>	<b>174.6</b>
Eliminations for consolidation	(14.1)	(3.9)	(11.5)
Revenue reclassification per IFRS	(7.6)	(1.3)	(10.5)
<b>Total effect on revenue</b>	<b>(21.7)</b>	<b>(5.2)</b>	<b>(22.0)</b>
<b>Total consolidated revenue</b>	<b>201.1</b>	<b>97.3</b>	<b>152.5</b>

### Profit/(loss) reconciliation to adjusted EBITDA

GEL mln	2019	2020	2021
<b>Profit/(loss) for the year</b>	<b>9.2</b>	<b>(0.9)</b>	<b>2.5</b>
Income tax benefit	(0.9)	-	-
Interest expenses	23.3	22.4	29.5
Net foreign exchange gain/(loss)	0.7	(2.4)	(3.0)
Interest income	(17.5)	(18.9)	(19.7)
Impairment loss of trade and other receivables and loan receivables	1.3	0.4	0.4
Depreciation and amortization	27.8	26.5	29.4
Reclassification: casino license fee amortization	(5.2)	(3.6)	(1.3)
<b>Adjusted EBITDA</b>	<b>38.8</b>	<b>23.5</b>	<b>37.8</b>

# Statement of Consolidated Other Comprehensive Income



('000 GEL)	30-Sep-2022	30-Sep-2021	31-Dec-2021	31-Dec-2020	31-Dec-2019
	Unaudited	Unaudited	Audited	Audited	Audited
<b>Cash flows from operating activities</b>					
<b>Profit before income tax</b>	<b>37,540</b>	<b>910</b>	<b>2,460</b>	<b>(853)</b>	<b>8,304</b>
Depreciation and amortisation	18,636	24,351	29,408	26,492	27,835
(Gain)/loss on disposal of property and equipment, investment property and intangible assets	-	-	374	350	1,299
Impairment of financial assets	-	(777)	(777)	(33,231)	2,970
Net finance costs	4,389	3,113	6,828	1,095	6,573
Write of PPE	-	-	-	1,295	-
<b>Cash flows from operating activity before changes in assets and liabilities</b>	<b>60,565</b>	<b>27,597</b>	<b>38,293</b>	<b>(4,852)</b>	<b>46,981</b>
Inventories	(1,973)	(1,001)	(1,134)	1,671	316
Trade and other receivables	908	9,823	7,279	203	(2,703)
Prepayments and other assets	(5,589)	(3,251)	(1,334)	3,131	995
Trade and other payables	3,667	10,494	8,108	(1,330)	(2,568)
<b>Cash flows from/(used in) operations before income taxes and interest paid</b>	<b>57,578</b>	<b>43,663</b>	<b>51,212</b>	<b>(1,177)</b>	<b>43,021</b>
Interest paid	(22,377)	(31,484)	(43,132)	(10,297)	(31,190)
<b>Net cash (used in)/from operating activities</b>	<b>35,201</b>	<b>12,179</b>	<b>8,080</b>	<b>(11,474)</b>	<b>11,831</b>
<b>Cash flows from investing activities</b>					
Proceeds from sale of property and equipment, investment property and intangible assets	-	2,987	2,987	30,912	29,461
Loans issued	(8,253)	(9,672)	(10,186)	(4,176)	(21,748)
Loans issued repaid	10,659	7,052	7,116	-	12,207
Interest received	1,443	841	841	-	1,359
Acquisition of property and equipment, intangible assets and investment property	(10,165)	(15,258)	(22,720)	(24,750)	(34,377)
<b>Net cash from/(used in) investing activities</b>	<b>(6,316)</b>	<b>(14,051)</b>	<b>(21,962)</b>	<b>1,986</b>	<b>(13,098)</b>

('000 GEL)	30-Sep-2022	30-Sep-2021	31-Dec-2021	31-Dec-2020	31-Dec-2019
	Unaudited	Unaudited	Audited	Audited	Audited
<b>Cash flows from financing activities</b>					
Proceeds from issue of share capital	-	-	-	-	48
Proceeds from borrowings	18,230	25,900	34,587	18,978	234,457
Repayment of borrowings	(23,880)	-	(1,821)	(23,975)	(227,960)
Acquisition of non-controlling interest	-	-	-	(1,670)	-
Dividends paid	-	-	-	-	(4,781)
<b>Net cash from/(used in) financing activities</b>	<b>(5,650)</b>	<b>25,900</b>	<b>32,766</b>	<b>(6,667)</b>	<b>1,764</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>23,235</b>	<b>24,028</b>	<b>18,884</b>	<b>(16,155)</b>	<b>497</b>
Cash and cash equivalents at 1 January	34,413	16,221	16,221	30,600	30,568
Effect of movements in exchange rates on cash and cash equivalents	432	(486)	(692)	1,776	(465)
<b>Cash and cash equivalents at 31 December</b>	<b>58,081</b>	<b>39,762</b>	<b>34,413</b>	<b>16,221</b>	<b>30,600</b>



# Segment Report as of September 30, 2022 (Green Box and Yellow Box are separated by respective colors)



Consolidated statement of profit or loss and other comprehensive income (000' GEL)	Green Box													Yellow Box				Total		
	Radisson Blu Iveria Hotel, Tbilisi	Radisson Blu Hotel, Batumi	Tsinandali Estate, A Radisson Collection Hotel	Hotels	Eliminations	Hotels after eliminations	Casino Tbilisi	Casino Batumi	Casinos	Eliminations	Casinos after eliminations	Other unallocated "Green box" entities	Elimination	Other unallocated "Green box" entities after eliminations	Total "Green box" entities after eliminations	Other unallocated "Yellow box" entities	Elimination		Other unallocated "Yellow box" entities after eliminations	Eliminations
Revenue	30,961	15,994	14,298	61,253	(4,830)	56,423	87,217	49,629	136,846	-	136,846	20,261	(8,338)	11,922	205,191	3,218	-	3,218	-	208,409
Other operating income	-	-	2	2	-	2	708	475	1,183	-	1,183	-	-	-	1,184	3,515	(8)	3,507	(4,446)	246
Depreciation and amortization	(4,713)	(1,533)	(5,195)	(11,441)	-	(11,441)	(227)	(204)	(430)	-	(430)	(2,495)	-	(2,495)	(14,366)	(4,270)	-	(4,270)	-	(18,636)
Direct costs and expenses	(17,955)	(9,215)	(11,644)	(38,814)	5,090	(33,725)	(43,674)	(46,409)	(90,083)	5,096	(84,987)	(14,880)	2,983	(11,898)	(130,609)	(1,579)	-	(1,579)	4,446	(127,742)
Overhead costs	(2,266)	(1,134)	(1,338)	(4,738)	-	(4,738)	(197)	(122)	(319)	-	(319)	(11,479)	-	(11,479)	(16,536)	(3,820)	8	(3,812)	-	(20,348)
<b>Segment operating profit</b>	<b>6,027</b>	<b>4,112</b>	<b>(3,877)</b>	<b>6,262</b>	<b>259</b>	<b>6,522</b>	<b>43,827</b>	<b>3,369</b>	<b>47,196</b>	<b>5,096</b>	<b>52,292</b>	<b>(8,594)</b>	<b>(5,356)</b>	<b>(13,949)</b>	<b>44,864</b>	<b>(2,935)</b>	<b>(0)</b>	<b>(2,935)</b>	<b>0</b>	<b>41,929</b>
Interest income	1,691	24	-	1,715	(66)	1,649	2,390	-	2,390	(2,390)	-	18,641	(6,546)	12,094	13,744	3,480	(382)	3,097	(3,485)	13,356
Interest expense	(143)	-	(2,415)	(2,558)	160	(2,398)	-	-	-	-	-	(26,462)	8,842	(17,619)	(20,018)	(2,987)	382	(2,605)	3,485	(19,138)
Net FOREX	(2,501)	(58)	3,000	441	-	441	(75)	(16)	(91)	-	(91)	(1,640)	-	(1,640)	(1,290)	2,683	-	2,683	-	1,393
Impairment of financial assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Segment profit/loss before tax</b>	<b>5,075</b>	<b>4,078</b>	<b>(3,292)</b>	<b>5,860</b>	<b>353</b>	<b>6,214</b>	<b>46,141</b>	<b>3,353</b>	<b>49,494</b>	<b>2,706</b>	<b>52,201</b>	<b>(18,056)</b>	<b>(3,060)</b>	<b>(21,115)</b>	<b>37,299</b>	<b>241</b>	<b>(0)</b>	<b>241</b>	<b>-</b>	<b>37,540</b>
Income tax expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Segment profit/loss after tax</b>	<b>5,075</b>	<b>4,078</b>	<b>(3,292)</b>	<b>5,860</b>	<b>353</b>	<b>6,214</b>	<b>46,141</b>	<b>3,353</b>	<b>49,494</b>	<b>2,706</b>	<b>52,201</b>	<b>(18,056)</b>	<b>(3,060)</b>	<b>(21,115)</b>	<b>37,299</b>	<b>241</b>	<b>(0)</b>	<b>241</b>	<b>-</b>	<b>37,540</b>
<b>Net operating profit</b>	<b>13,006</b>	<b>6,779</b>	<b>2,656</b>	<b>22,440</b>	<b>259</b>	<b>22,700</b>	<b>44,251</b>	<b>3,694</b>	<b>47,946</b>	<b>5,096</b>	<b>53,042</b>	<b>5,380</b>	<b>(5,356)</b>	<b>25</b>	<b>75,766</b>	<b>5,154</b>	<b>(8)</b>	<b>5,147</b>	<b>0</b>	<b>80,913</b>
<b>Segment adjusted EBITDA</b>	<b>10,740</b>	<b>5,644</b>	<b>1,318</b>	<b>17,703</b>	<b>259</b>	<b>17,962</b>	<b>44,054</b>	<b>3,572</b>	<b>47,626</b>	<b>5,096</b>	<b>52,722</b>	<b>(6,099)</b>	<b>(5,356)</b>	<b>(11,454)</b>	<b>59,230</b>	<b>1,335</b>	<b>(0)</b>	<b>1,335</b>	<b>0</b>	<b>60,565</b>

# Segment Report as of September 30, 2021 (Green Box and Yellow Box are separated by respective colors)



Consolidated statement of profit or loss and other comprehensive income (000' GEL)	Radisson Blu Iveria Hotel, Tbilisi	Radisson Blu Hotel, Batumi	Tsinandali Estate, A Radisson Collection Hotel	Hotels	Eliminations	Hotels after eliminations	Casino Tbilisi	Casino Batumi	Casinos	Eliminations	Casinos after eliminations	Other unallocated "Greenbox" entities	Elimination	Other unallocated "Greenbox" entities after eliminations	Total "Greenbox" entities after eliminations	Other unallocated "Yellowbox" entities	Elimination	Other unallocated "Yellowbox" entities after eliminations	Eliminations	Total
Revenue	24,538	14,483	16,422	55,443	(4,324)	51,119	50,028	46,826	96,854	-	96,854	12,454	(3,050)	9,404	157,377	3,085	-	3,085	(330)	160,132
Other operating income	-	-	-	-	-	-	393	564	957	-	957	489	-	489	1,446	5,289	(418)	4,871	(3,408)	2,909
Depreciation and amortization	(6,309)	(1,892)	(7,090)	(15,291)	-	(15,291)	(2,174)	(1,055)	(3,229)	-	(3,229)	(6,236)	-	(6,236)	(24,756)	(3,401)	-	(3,401)	-	(28,157)
Direct costs and expenses	(15,956)	(8,594)	(13,117)	(37,667)	1,621	(36,046)	(26,373)	(37,995)	(64,368)	5,023	(59,345)	(8,283)	-	(8,283)	(103,674)	(2,418)	-	(2,418)	2,977	(103,115)
Overhead costs	(3,812)	(1,026)	(1,270)	(6,108)	74	(6,034)	(204)	(152)	(356)	117	(239)	(2,918)	539	(2,379)	(8,652)	(14,634)	418	(14,216)	761	(22,107)
<b>Segment operating profit</b>	<b>(1,539)</b>	<b>2,971</b>	<b>(5,055)</b>	<b>(3,623)</b>	<b>(2,629)</b>	<b>(6,252)</b>	<b>21,670</b>	<b>8,188</b>	<b>29,858</b>	<b>5,140</b>	<b>34,998</b>	<b>(4,494)</b>	<b>(2,511)</b>	<b>(7,005)</b>	<b>21,741</b>	<b>(12,079)</b>	-	<b>(12,079)</b>	-	<b>9,662</b>
Interest income	2,630	13	-	2,643	(92)	2,551	-	-	1,261	(903)	358	27,554	(10,109)	17,445	20,354	4,553	(506)	4,047	(4,746)	19,655
Interest expense	(411)	-	(3,651)	(4,062)	431	(3,631)	-	-	-	-	-	(36,603)	10,668	(25,935)	(29,566)	(5,134)	506	(4,628)	4,679	(29,515)
Net FOREX	(905)	(38)	2,248	1,305	(1,358)	(53)	-	-	(1,158)	-	(1,158)	980	1,363	2,343	1,132	1,833	-	1,833	67	3,032
Impairment of financial assets	(293)	-	-	(293)	-	(293)	-	-	98	-	98	5	-	5	(190)	(184)	-	(184)	-	(374)
<b>Segment profit/loss before tax</b>	<b>(518)</b>	<b>2,946</b>	<b>(6,458)</b>	<b>(4,030)</b>	<b>(3,648)</b>	<b>(7,678)</b>	<b>21,670</b>	<b>8,188</b>	<b>30,059</b>	<b>4,237</b>	<b>34,296</b>	<b>(12,558)</b>	<b>(589)</b>	<b>(13,147)</b>	<b>13,471</b>	<b>(11,011)</b>	-	<b>(11,011)</b>	-	<b>2,460</b>
Income tax expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Segment profit/loss after tax</b>	<b>(518)</b>	<b>2,946</b>	<b>(6,458)</b>	<b>(4,030)</b>	<b>(3,648)</b>	<b>(7,678)</b>	<b>21,670</b>	<b>8,188</b>	<b>30,059</b>	<b>4,237</b>	<b>34,296</b>	<b>(12,558)</b>	<b>(589)</b>	<b>(13,147)</b>	<b>13,471</b>	<b>(11,011)</b>	-	<b>(11,011)</b>	-	<b>2,460</b>
<b>Net operating profit</b>	<b>8,582</b>	<b>5,889</b>	<b>3,305</b>	<b>17,776</b>	<b>(2,703)</b>	<b>15,073</b>	<b>24,048</b>	<b>9,395</b>	<b>33,443</b>	<b>5,023</b>	<b>38,466</b>	<b>4,660</b>	<b>(3,050)</b>	<b>1,610</b>	<b>55,149</b>	<b>5,956</b>	<b>(418)</b>	<b>5,538</b>	<b>(761)</b>	<b>59,926</b>
<b>Segment adjusted EBITDA</b>	<b>4,770</b>	<b>4,863</b>	<b>2,035</b>	<b>11,668</b>	<b>(2,629)</b>	<b>9,039</b>	<b>23,844</b>	<b>9,243</b>	<b>33,087</b>	<b>5,140</b>	<b>38,227</b>	<b>1,742</b>	<b>(2,511)</b>	<b>(769)</b>	<b>46,497</b>	<b>(8,678)</b>	-	<b>(8,678)</b>	-	<b>37,819</b>
CAPEX and other additions	624	1,147	1,991	3,762	-	3,762	5,239	2,274	7,513	-	7,513	394	-	394	11,669	9,781	-	9,781	-	21,450

# Segment Report as of September 30, 2020 (Green Box and Yellow Box are separated by respective colors)



Consolidated statement of profit or loss and other comprehensive income ('000' GEL)	Green Box										Yellow Box								Total	
	Radisson Blu Iveria Hotel, Tbilisi	Radisson Blu Hotel, Batumi	Tsinandali Estate, A Radisson Collection Hotel	Hotels	Eliminations	Hotels after eliminations	Casino Tbilisi	Casino Batumi	Casinos	Eliminations	Casinos after eliminations	Other unallocated "Greenbox" entities	Elimination	Other unallocated "Greenbox" entities after eliminations	Total "Greenbox" entities after eliminations	Other unallocated "Yellowbox" entities	Elimination	Other unallocated "Yellowbox" entities after eliminations		Eliminations
Revenue	8,073	4,287	5,639	17,999	(1,948)	16,051	25,993	7,632	33,625	-	33,625	9,725	(522)	9,203	58,879	796	-	796	-	59,675
Other operating income	320	-	-	320	-	320	746	342	1,088	(21)	1,067	1,158	-	1,158	2,545	37,799	(33)	37,766	(1,372)	38,939
Depreciation and amortization	(6,139)	(1,757)	(6,610)	(14,506)	-	(14,506)	(1,981)	(971)	(2,952)	-	(2,952)	(2,476)	-	(2,476)	(19,934)	(2,942)	-	(2,942)	-	(22,876)
Direct costs and expenses	(7,776)	(3,903)	(7,254)	(18,933)	-	(18,933)	(24,495)	(9,747)	(34,242)	2,195	(32,047)	(7,974)	-	(7,974)	(58,954)	(308)	-	(308)	806	(58,456)
Overhead costs	(3,701)	(642)	708	(3,635)	98	(3,537)	(213)	(85)	(298)	68	(230)	(5,698)	130	(5,568)	(9,335)	(7,954)	33	(7,921)	566	(16,690)
<b>Segment operating profit</b>	<b>(9,223)</b>	<b>(2,015)</b>	<b>(7,517)</b>	<b>(18,755)</b>	<b>(1,850)</b>	<b>(20,605)</b>	<b>50</b>	<b>(2,829)</b>	<b>(2,779)</b>	<b>2,242</b>	<b>(537)</b>	<b>(5,265)</b>	<b>(392)</b>	<b>(5,657)</b>	<b>(26,799)</b>	<b>27,391</b>	-	<b>27,391</b>	-	<b>592</b>
Interest income	2,628	-	-	2,628	(92)	2,536	-	-	2,544	(2,060)	484	26,343	(9,704)	16,639	19,659	3,980	(498)	3,482	(4,209)	18,932
Interest expense	(217)	-	(3,282)	(3,499)	240	(3,259)	-	-	(11)	-	(11)	(31,376)	11,616	(19,760)	(23,030)	(4,118)	498	(3,620)	4,209	(22,441)
Net FOREX	3,103	(113)	(4,847)	(1,857)	-	(1,857)	-	-	3,647	-	3,647	1,641	-	1,641	3,431	(1,017)	-	(1,017)	-	2,414
Impairment of financial assets	(233)	-	-	(233)	-	(233)	-	-	-	-	(117)	-	-	(117)	(350)	-	-	-	-	(350)
<b>Segment profit/loss before tax</b>	<b>(3,942)</b>	<b>(2,128)</b>	<b>(15,646)</b>	<b>(21,716)</b>	<b>(1,702)</b>	<b>(23,418)</b>	<b>50</b>	<b>(2,829)</b>	<b>3,401</b>	<b>182</b>	<b>3,583</b>	<b>(8,774)</b>	<b>1,520</b>	<b>(7,254)</b>	<b>(27,089)</b>	<b>26,236</b>	-	<b>26,236</b>	-	<b>(853)</b>
Income tax expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Segment profit/loss after tax</b>	<b>(3,942)</b>	<b>(2,128)</b>	<b>(15,646)</b>	<b>(21,716)</b>	<b>(1,702)</b>	<b>(23,418)</b>	<b>50</b>	<b>(2,829)</b>	<b>3,401</b>	<b>182</b>	<b>3,583</b>	<b>(8,774)</b>	<b>1,520</b>	<b>(7,254)</b>	<b>(27,089)</b>	<b>26,236</b>	-	<b>26,236</b>	-	<b>(853)</b>
<b>Net operating profit</b>	<b>617</b>	<b>384</b>	<b>(1,615)</b>	<b>(614)</b>	<b>(1,948)</b>	<b>(2,562)</b>	<b>2,244</b>	<b>(1,773)</b>	<b>471</b>	<b>2,174</b>	<b>2,645</b>	<b>2,909</b>	<b>(522)</b>	<b>2,387</b>	<b>2,470</b>	<b>38,287</b>	<b>(33)</b>	<b>38,254</b>	<b>(566)</b>	<b>40,158</b>
<b>Segment adjusted EBITDA</b>	<b>(3,084)</b>	<b>(258)</b>	<b>(907)</b>	<b>(4,249)</b>	<b>(1,850)</b>	<b>(6,099)</b>	<b>2,031</b>	<b>(1,858)</b>	<b>173</b>	<b>2,242</b>	<b>2,415</b>	<b>(2,789)</b>	<b>(392)</b>	<b>(3,181)</b>	<b>(6,865)</b>	<b>30,333</b>	-	<b>30,333</b>	-	<b>23,468</b>
CAPEX and other additions	14,083	-	5,580	19,663	-	19,663	434	251	685	-	685	1,176	-	1,176	21,524	8,268	-	8,268	-	29,792

# Segment Report as of September 30, 2019 (Green Box and Yellow Box are separated by respective colors)



Consolidated statement of profit or loss and other comprehensive income ('000' GEL)	Green Box													Yellow Box				Total		
	Radisson Blu Iveria Hotel, Tbilisi	Radisson Blu Hotel, Batumi	Tsinandali Estate, A Radisson Collection Hotel	Hotels	Eliminations	Hotels after eliminations	Casino Tbilisi	Casino Batumi	Casinos	Eliminations	Casinos after eliminations	Other unallocated "Greenbox" entities	Eliminations	Other unallocated "Greenbox" entities after eliminations	Total "Greenbox" entities after eliminations	Other unallocated "Yellowbox" entities	Elimination		Other unallocated "Yellowbox" entities after eliminations	Eliminations
Revenue	41,567	15,097	9,938	66,602	(8,398)	58,204	96,431	39,165	135,596	(31)	135,565	8,753	(3,996)	4,757	198,526	4,611	-	4,611	(1,585)	201,552
Other operating income	1,108	-	323	1,431	-	1,431	1,077	2	1,079	-	1,079	2,031	-	2,031	4,541	2,717	(150)	2,567	-	7,108
Depreciation and amortization	(4,861)	(1,666)	(6,442)	(12,969)	-	(12,969)	(2,080)	(1,425)	(3,505)	-	(3,505)	(2,364)	-	(2,364)	(18,838)	(3,789)	-	(3,789)	-	(22,627)
Direct costs and expenses	(21,087)	(8,471)	(10,284)	(39,842)	85	(39,757)	(70,234)	(34,462)	(104,696)	8,398	(96,298)	(7,362)	-	(7,362)	(143,417)	(458)	-	(458)	-	(143,875)
Overhead costs	(7,947)	(1,484)	(1,812)	(11,243)	1,890	(9,353)	(2,467)	(351)	(2,818)	366	(2,452)	(9,113)	1,686	(7,427)	(19,232)	(8,485)	150	(8,335)	1,585	(25,982)
<b>Segment operating profit</b>	<b>8,780</b>	<b>3,476</b>	<b>(8,277)</b>	<b>3,979</b>	<b>(6,423)</b>	<b>(2,444)</b>	<b>22,727</b>	<b>2,929</b>	<b>25,656</b>	<b>8,733</b>	<b>34,389</b>	<b>(8,055)</b>	<b>(2,310)</b>	<b>(10,365)</b>	<b>21,580</b>	<b>(5,404)</b>	-	<b>(5,404)</b>	-	<b>16,176</b>
Interest income	3,229	40	36	3,305	(562)	2,743	-	-	1,280	(1,133)	147	23,680	(8,553)	15,127	18,017	2,088	(537)	1,551	(2,053)	17,515
Interest expense	(376)	-	(4,156)	(4,532)	158	(4,374)	-	-	(55)	-	(55)	(27,440)	10,090	(17,350)	(21,779)	(4,154)	537	(3,617)	2,053	(23,343)
Net FOREX	1,942	(168)	(2,641)	(867)	-	(867)	-	-	1,420	-	1,420	2,698	-	2,698	3,251	(3,996)	-	(3,996)	-	(745)
Impairment of financial assets	-	-	-	-	-	-	-	-	584	-	584	(1,883)	-	(1,883)	(1,299)	-	-	-	-	(1,299)
<b>Segment profit/loss before tax</b>	<b>13,575</b>	<b>3,348</b>	<b>(15,038)</b>	<b>1,885</b>	<b>(6,827)</b>	<b>(4,942)</b>	<b>22,727</b>	<b>2,929</b>	<b>28,885</b>	<b>7,600</b>	<b>36,485</b>	<b>(11,000)</b>	<b>(773)</b>	<b>(11,773)</b>	<b>19,770</b>	<b>(11,466)</b>	-	<b>(11,466)</b>	-	<b>8,304</b>
Income tax expense	-	-	-	-	-	-	899	-	899	-	899	-	-	-	899	-	-	-	-	899
<b>Segment profit/loss after tax</b>	<b>13,575</b>	<b>3,348</b>	<b>(15,038)</b>	<b>1,885</b>	<b>(6,827)</b>	<b>(4,942)</b>	<b>23,626</b>	<b>2,929</b>	<b>29,784</b>	<b>7,600</b>	<b>37,384</b>	<b>(11,000)</b>	<b>(773)</b>	<b>(11,773)</b>	<b>20,669</b>	<b>(11,466)</b>	-	<b>(11,466)</b>	-	<b>9,203</b>
<b>Net operating profit</b>	<b>21,588</b>	<b>6,626</b>	<b>(23)</b>	<b>28,191</b>	<b>(8,313)</b>	<b>19,878</b>	<b>27,274</b>	<b>4,705</b>	<b>31,979</b>	<b>8,367</b>	<b>40,346</b>	<b>3,422</b>	<b>(3,996)</b>	<b>(574)</b>	<b>59,650</b>	<b>6,870</b>	<b>(150)</b>	<b>6,720</b>	<b>(1,585)</b>	<b>64,785</b>
<b>Segment adjusted EBITDA</b>	<b>13,641</b>	<b>5,142</b>	<b>(1,835)</b>	<b>16,948</b>	<b>(6,423)</b>	<b>10,525</b>	<b>24,807</b>	<b>4,354</b>	<b>29,161</b>	<b>8,733</b>	<b>37,894</b>	<b>(5,691)</b>	<b>(2,310)</b>	<b>(8,001)</b>	<b>40,418</b>	<b>(1,615)</b>	-	<b>(1,615)</b>	-	<b>38,803</b>
CAPEX and other additions	2,440	359	3,775	6,574	-	6,574	6,301	862	7,163	-	7,163	2,823	-	2,823	16,560	9,877	-	9,877	-	26,437

# Key Financial Ratios



	30-Sep-2022 LTM	30-Dec-2021	30-Dec-2020	30-Dec-2019	
	Unaudited	Audited	Audited	Audited	
<b>Financial Leverage Ratios</b>					
1	Long-term debt / equity	0.39	0.49	0.50	0.39
2	Long-term debt / equity (w/o related party loan)	0.28	0.32	0.33	0.24
3	Total debt / EBITDA	4.00	8.27	12.94	6.78
4	Total debt / EBITDA (w/o related party loan)	3.26	6.41	9.99	4.95
5	Total debt ratio	30.0%	34.1%	33.9%	30.4%
6	Total debt ratio (w/o related party loan)	24.4%	26.4%	26.2%	22.2%
7	Total debt to equity	0.48	0.58	0.56	0.48
8	Total debt to equity (w/o related party loan)	0.36	0.40	0.39	0.31
<b>Profitability Ratios</b>					
9	Return on assets	4.19%	0.27%	-0.10%	1.07%
10	Return on equity	6.97%	0.46%	-0.16%	1.67%
11	Return on capitl employed	5.64%	1.04%	-0.38%	1.50%
12	EBITDA margin	31.02%	24.79%	24.12%	19.30%
13	EBIT margin	21.48%	5.51%	-3.11%	5.46%
14	Operating profit margin	21.48%	6.09%	0.25%	7.40%
15	Operating cashflow margin	18.03%	5.07%	-11.79%	5.88%
16	Net profit margin	19.23%	1.61%	-0.88%	4.58%
<b>Liquidity Ratios</b>					
17	Liquid assets / current liabilities	1.65	1.32	0.90	0.86
18	Liquid assets / total assets	0.13	0.10	0.05	0.06
19	Current assets ratio	1.73	1.39	0.98	0.95
<b>Key Financial Covenants</b>					
20	DSCR – Group	1.95	2.15	1.67	N/A
21	DSCR – Hotels Tbilisi, Batumi	1.30	1.05	1.14	N/A
22	DSCR – Hotel Tsinandali	-	(0.19)	(0.69)	N/A
23	DSCR – Casinos	2.45	5.39	3.81	N/A
24	ICR – Group	2.02	2.29	1.67	N/A
25	ICR – Hotels Tbilisi, Batumi	1.37	1.11	1.14	N/A
26	ICR – Hotel Tsinandali	-	(0.21)	(0.69)	N/A
27	ICR – Casino	2.51	5.70	3.81	N/A
28	Total debt / EBITDA – Group	3.68	2.78	5.30	N/A
29	Total debt / EBITDA – Hotels	3.89	6.20	10.85	N/A
30	Total debt / EBITDA -Casinos	3.57	1.05	1.90	N/A
<b>Bonds Financial Covenants</b>					
31	Net Debt / EBITDA (<3,5)	2.46	1.67	3.91	N/A

# Key Financial Ratios



	Potential Credit Rating	30 September 2022 After Bonds Issuance	30 September 2022	31 December 2021	31 December 2020*	31 December 2019*
EBITDA margin	aa	31.0%	31.0%	24.8%	24.1%	19.3%
EBITDA leverage	b	3.6	3.6	8.3	12.9	6.8
EBIT margin	aa	21.5%	21.5%	5.5%	-3.1%	5.5%
EBITDA net leverage	bb	2.8	2.8	7.4	12.2	6.0
FFO margin	aa	20.3%	20.3%	-2.9%	13.5%	
FFO leverage	bb	3.6	3.6	8.3	12.9	
FCF margin	aa	12.8%	12.8%	-9.8%	-37.2%	
EBITDA interest coverage	bbb	12.8%	12.8%	-5.4%	-12.6%	
(CFO-Capex)/Net Debt	bb	2.07	2.07	(0.15)	0.59	
FFO interest coverage	aa	31.0%	31.0%	24.8%	24.1%	19.3%