

Silk Real Estate

EUR 7 million Bonds
Investor Presentation
August 2024



www.silkroadgroup.net



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Indicative Bond Offering Terms

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



ISSUER	LLC "Silk Real Estate" (the Issuer, the Company, formerly – LLC "SRG Real Estate")
BONDS	Bond secured by joint surety
SECTOR/INDUSTRY	Hospitality/Entertainment/Real Estate Sector
ISSUE CURRENCY	EUR
OFFERING AMOUNT	EUR 7,000,000
NOMINAL VALUES	EUR 1,000
MIN. PLACEMENT AMOUNT	1 Bond
MATURITY	1 Years
COUPON RANGE	6.75%-7.00%
COUPON PAYMENT	Semi-annual
ISSUE DATE	August, 2024
ISSUE PRICE	100% of the principal amount (nominal value) of the Bonds
USE OF PROCEEDS	Refinancing existing debt
BONDHOLDER REPRESENTATIVE	Suknidze & Partners LLC
LISTING	Georgia Stock Exchange
PLACEMENT AGENTS	Galt & Taggart JSC, TBC Capital LLC, Silk Bank JSC
GOVERNING LAW	Georgian Law



Key Covenants

Bondholders have a range of rights and protective mechanisms at their disposal, which limit the actions of the Issuer



FINANCIAL COVENANTS

- If Net Debt / Adjusted EBITDA* \leq 3.5x, the Issuer is prohibited from incurring additional indebtedness;
- As of December 31, 2023, the mentioned indicator is 3.14 and falls within the aforementioned limitation.

INFORMATION DISCLOSURE TO INVESTORS

- Obligation to disclose financial information twice a year:
 - Audited annual report until May 15
 - Until August 15, non-audited semi-annual reporting
- Financial information will be available at: www.Reportal.ge.
- In the event of default, the Issuer is obligated to provide a confirmation letter

ADDITIONAL MECHANISMS TO PROTECT INVESTORS:

- Negative Pledge;
- Without written consent, the Issuer shall not engage in mergers, subject to certain exceptions;
- The Issuer, together with its restricted subsidiaries, shall not allow the sale, transfer and exchange of property, except of exceptional cases;
- The issuer is obliged to pay all taxes
- The issuer is obliged to maintain the existing insurance;

*For detailed information regarding exceptional cases and reservations related to bonds, see the issue prospectus

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

Since 2005, Silk Road Group has invested around USD 1.3 bn in the Georgian economy



Silk Real Estate LLC

Silk Real Estate LLC owns and operates hotels, restaurants, and entertainment facilities, collaborating with renowned organizations in the hospitality industry to provide exceptional quality services to its guests

The Company also owns properties for development, both in Tbilisi (the capital city) 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** manages the majority of the developed properties of the company



Other businesses of the Silk Road Group

Communications



www.silknet.com

Banking



www.silkroadbank.ge

Energy



www.silkroadenergy.ge

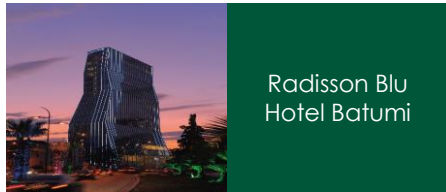
Transportation



www.silkroadgroup.net/transportation/

About Silk Real Estate

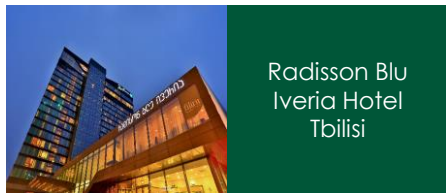
Real estate and hospitality businesses are managed through Silk Hospitality & Silk Development. Primary Locations covered include Tbilisi, Kakheti region, Batumi and along the Black Sea coast;



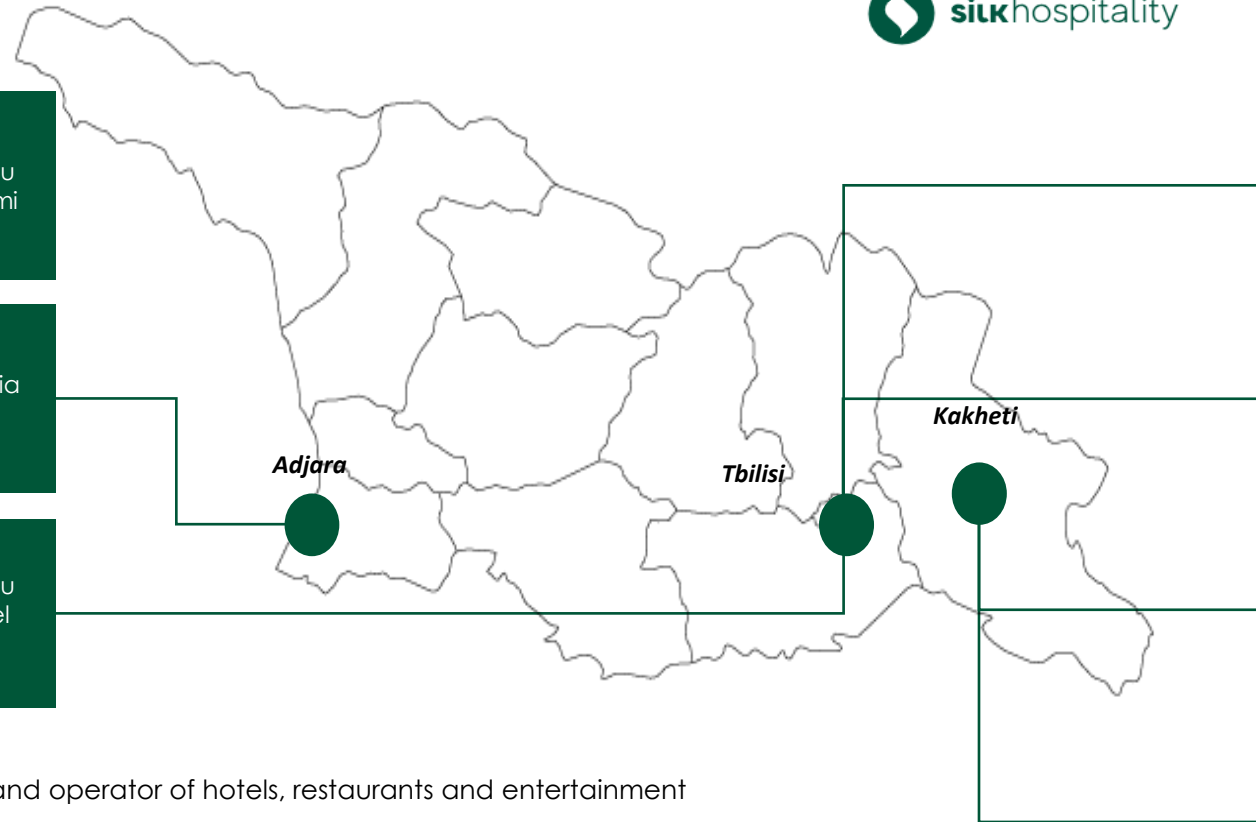
Radisson Blu Hotel Batumi



Casino Iveria Batumi



Radisson Blu Iveria Hotel Tbilisi



Republic Complex Tbilisi



Casino Iveria Tbilisi



Park Hotel Tsinandali



Radisson Collection Tsinandali

Silk Rial Hotel LLC is an owner and operator of hotels, restaurants and entertainment facilities



Company overview

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



264.0

Revenue, mln GEL
(2023)

59.4

EBITDA, mln GEL
(2023)

992

Total Asset Value*,
mln GEL

0.44 x

LTV**
(31-Dec-2023)

4

Hotels

2

Casinos

14

Restaurants and
clubs

1 Strong Holding

- Silk Road Group is Georgia's one of the leading private investment groups active in the Caucasus and Central Asian regions with over USD 1.3bn invested in Georgian economy
- The Silk Road Group, including Silk Road Estate, encompasses: Silknet (USD 300 mln euro bond) and Bakhvi Hydro Power

2 Georgia's leading team for managing hospitality assets

- Experienced team with over 2,000 employees to manage hospitality assets
- Strong focus on developing human resources and promoting local management talent
- Additional opportunities for managing third-party properties, which will become a source of additional income generation

3 Assets located in key locations across Georgia

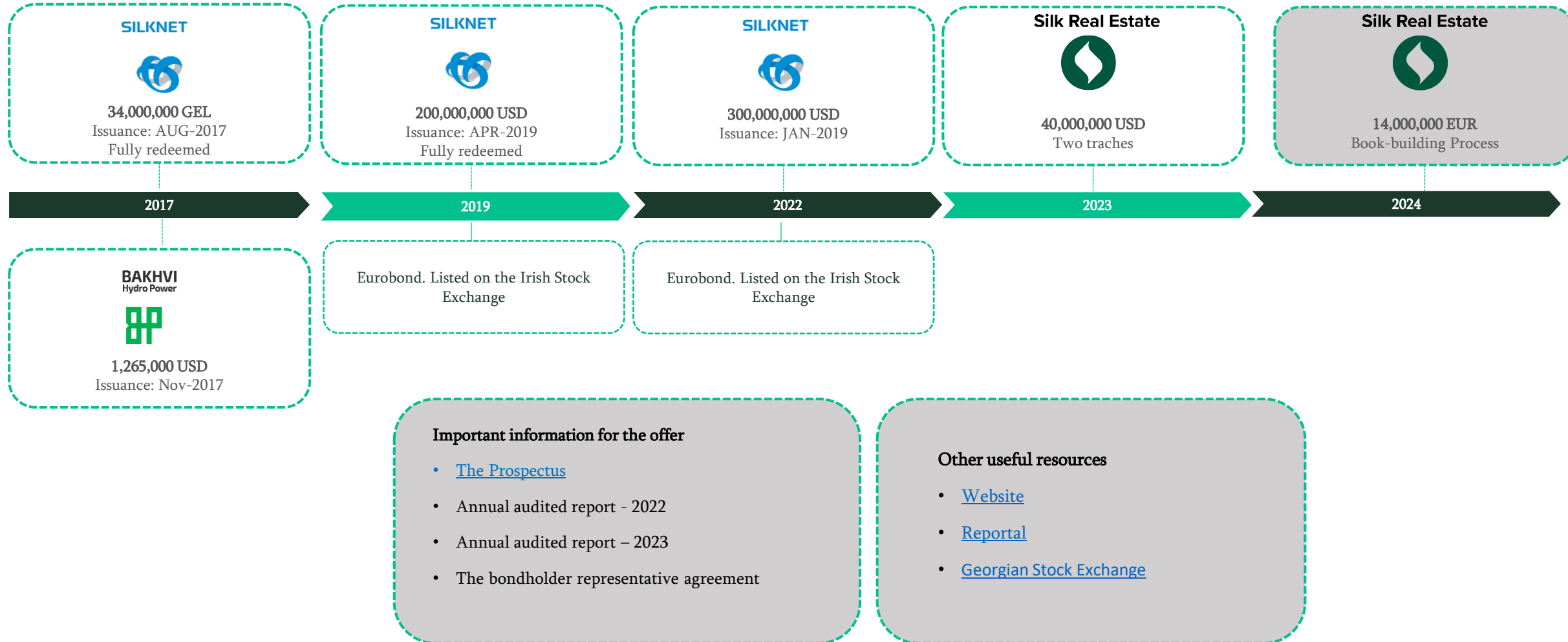
- Real estate assets located in prime locations in Tbilisi and throughout the regions of Georgia
- Leveraging location advantage for hospitality projects
- Selective residential projects in locations with high demand

4 Track record of delivering projects in time and budget

- Strong project management team for all stages of the development cycle
- Contracting with leading construction companies under performance guarantees
- Deliver catering events for up to 10,000 people

Group transactions in the capital market

Over the last six years Group successfully placed debt securities amounting to over **USD 540 mln**



Silk Real Estate owns Georgian real estate assets valued at GEL 992 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

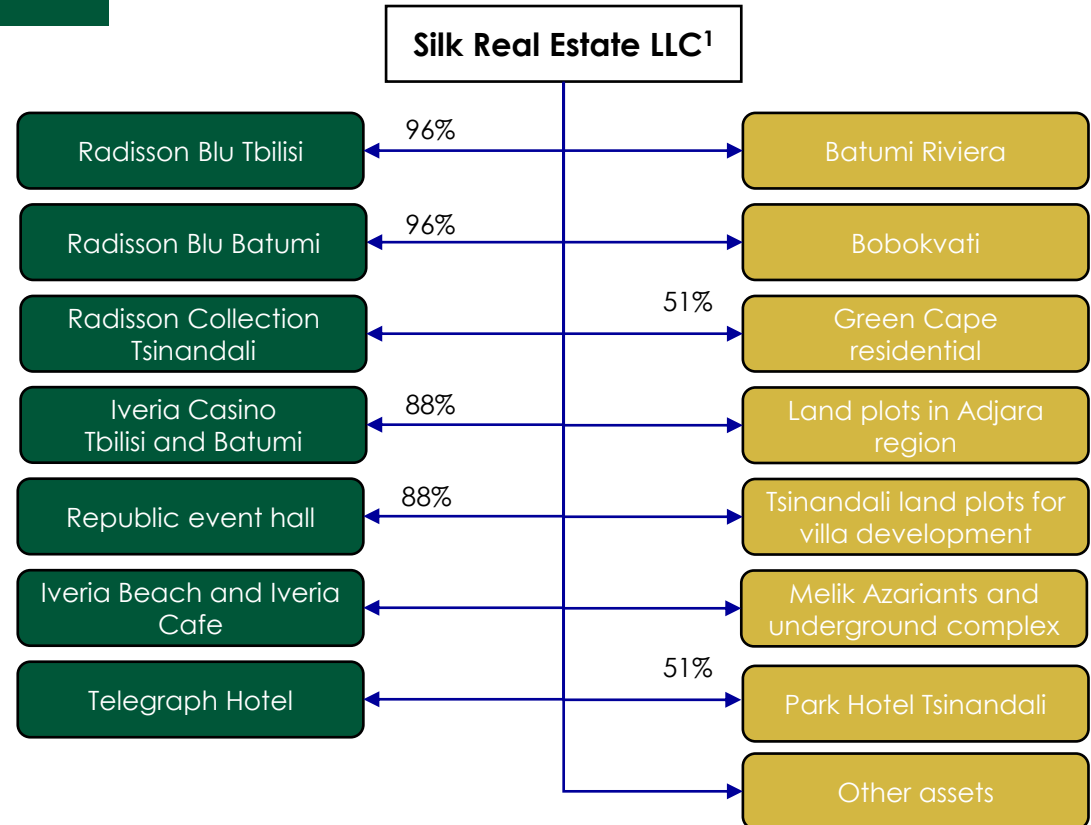
- Architects, engineers, designers, project managers, marketing and asset management team
- Strong legal department with 20 years of experience

Green and Yellow Box real estate assets valued at GEL 900 mln²



*The "Green Box" companies mainly are a) already operational b) currently under development stage and will generate significant income c) companies which provide management and or consulting services.

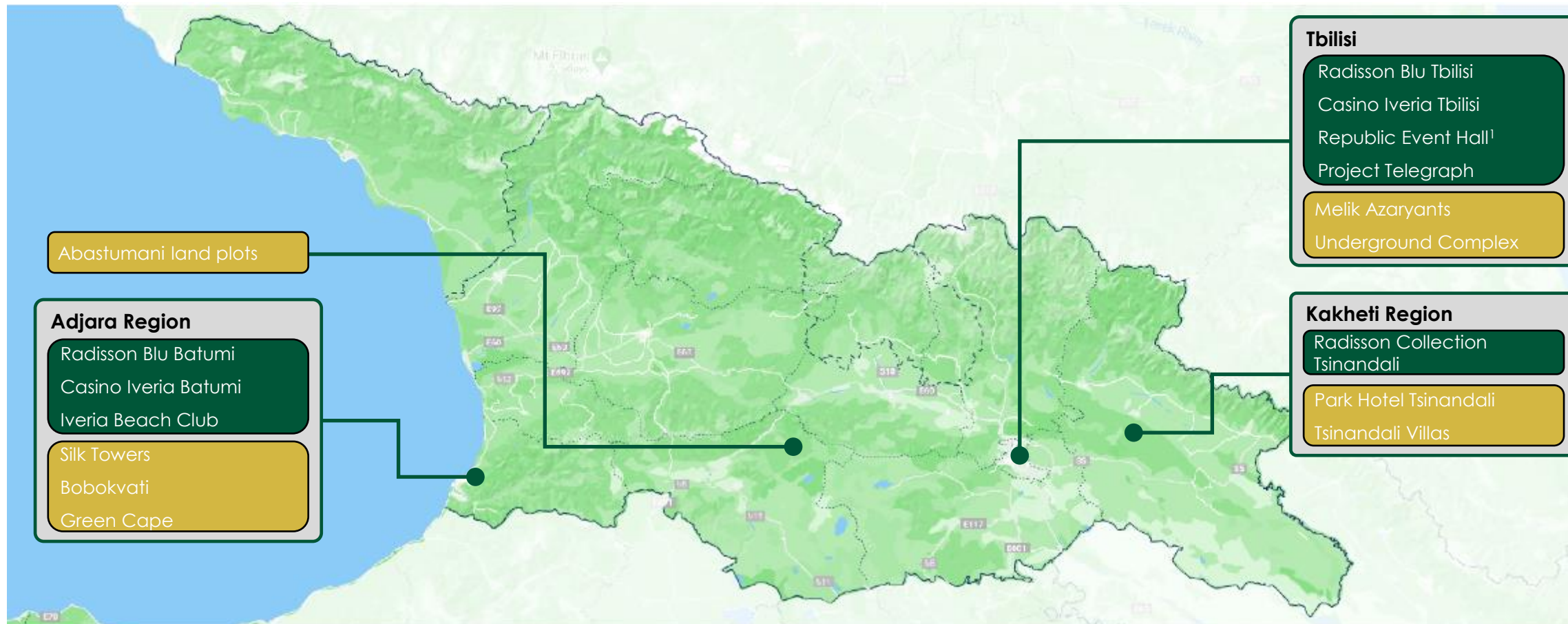
**The "Yellow Box" companies mainly are a) owners of future development assets b) companies which do not generate significant income c) any other enterprise or operating segment that does not belong to the "Green Box"



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

²Valuations per December 2023 by Colliers Georgia
Note: simplified structure, full legal structure to be found in Annex
Sources: Colliers Georgia, company information, company estimates

Silk Real Estate assets are located throughout Georgia



Green box assets

Yellow box assets

¹The property of the Republic Event Hall business belongs to the Yellow Box projects, and is managed by the Green Box company on the basis of a lease agreement.



Silk Road Group has an entrepreneurial ownership



38.24%

George Ramishvili is the founder and controlling shareholder of SRE. Chairman of the Supervisory Boards of Silk Real Estate LLC and Silknet JSC. He has over 25 years of business development experience. He is the founder of the Tsinandli classical music festival, and the chairman of the board of National Geographic Georgia.



38.24%

Yerkin Tatishev is one of the main shareholders of SRE. In addition, Yerkin is the founder and chairman of the international industrial holding, Kusto Group, whose annual turnover exceeds 1 billion US dollars. In 2022, Yerkin was named businessman of the year by EY.



17.64%

Alex Topuria Joined SRE in the late 1990s. He is one of the shareholders of Silk Road Group, a member of the supervisory boards of Silk Real Estate LLC and Silknet JSC. He is also the beneficial owner of a significant share of the football club "Locomotive".



5.88%

David Borger Joined SRE in 2005 as a partner. He holds a degree in business and economics from Witten-Herdecke University (Germany) and a PhD in accounting and finance from the London School of Economics. David Borger is a member of the supervisory boards of Silk Real Estate LLC, Silk Bank JSC and Silknet JSC.

 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 Silk 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 supervisory 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 Silk Real Estate. Joined Silk 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 Silk 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 Silk 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.

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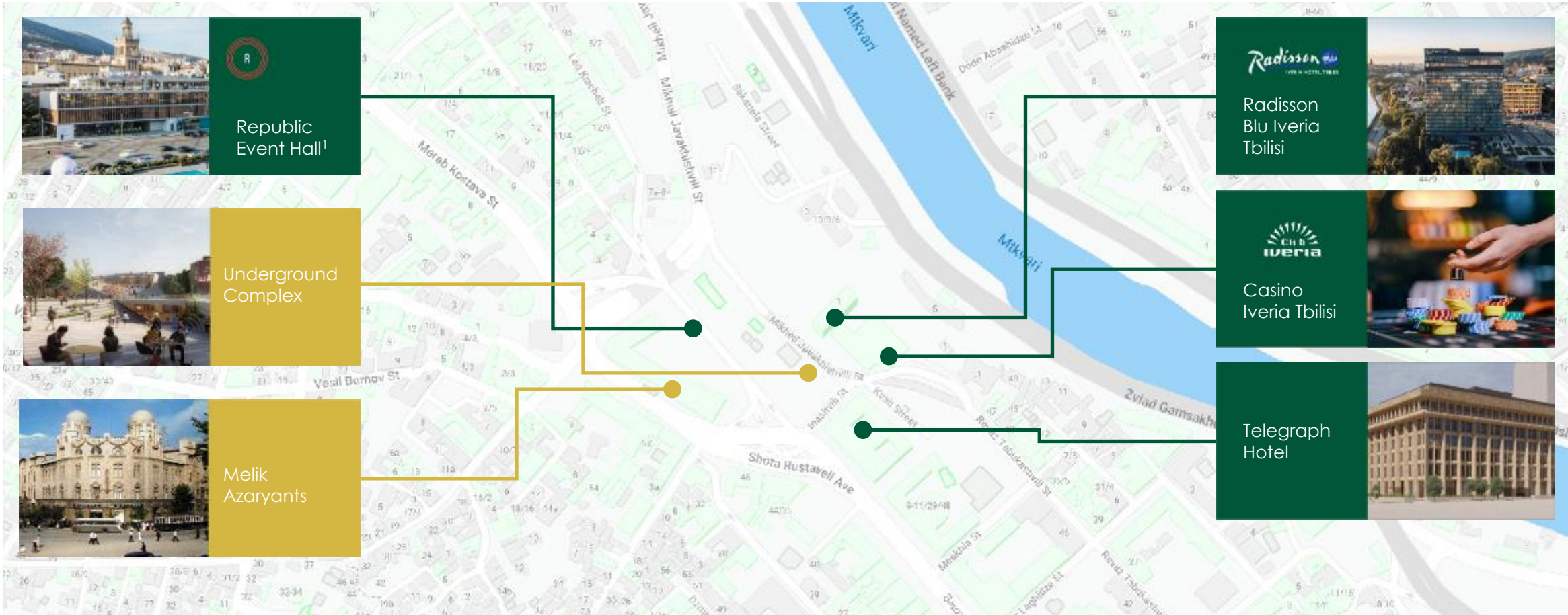
FINANCIAL PERFORMANCE

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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

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¹The property of the Republic Event Hall business belongs to the Yellow Box projects, and is managed by the Green Box company on the basis of a lease agreement.

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. Callouts connect specific locations on the map to property images and names:

- Iveria Beach Club** (Green box asset): Located on the northern coast, shown as an outdoor 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 complex on the coast, shown as an aerial view.
- Green Cape Botanico** (Yellow box asset): A modern building complex in the inland area.
- Casino Iveria Batumi** (Green box asset): An indoor casino gaming area in Batumi.

Green box assets

Yellow box assets

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 spaces



Upscale boutique hotel with international brand

Status: Cultural heritage under rehabilitation

Location: In the center of Tbilisi, Rustaveli avenue

Number of rooms: 239

Facilities:

- 8 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



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The company's performance in 2023 continued to exceed 2019 results

In 2023, increased direct casino costs and competition impacted group EBITDA



Segment reporting for businesses of Silk Real Estate LLC

IS GEL mln	Audited					YY<>
	2019	2020	2021	2022	2023	
<i>Revenue from Casino Operations</i>	136.7	34.7	97.8	183.5	172.8	-6%
<i>GGR Table</i>	89.9	23.2	68.3	116.5	98.3	-19%
<i>GGR Slots</i>	38.6	8.6	23.5	53.7	62.4	14%
<i>Tips and other</i>	8.2	2.9	6.0	13.1	12.1	-8%
<i>Revenue from Hotel Operations</i>	68.0	18.3	55.4	82.6	89.6	8%
<i>Room Revenue</i>	41.5	8.8	30.9	40.4	42.9	6%
<i>Other Revenue</i>	26.5	9.5	27.4	42.2	46.8	10%
<i>Other Revenue</i>	18.1	49.5	21.3	38.6	44.4	13%
Total Revenue	222.8	102.5	174.6	304.7	306.7	1%
<i>Adjusted EBITDA Casino</i>	29.2	0.2	33.1	61.8	39.8	-55%
<i>Adjusted EBITDA Hotels</i>	16.9	(4.2)	11.7	23.1	26.5	13%
<i>Adjusted EBITDA Other</i>	(7.3)	27.5	(6.9)	(4.8)	(6.9)	-30%
Adjusted EBITDA	38.8	23.5	37.8	80.1	59.4	-35%

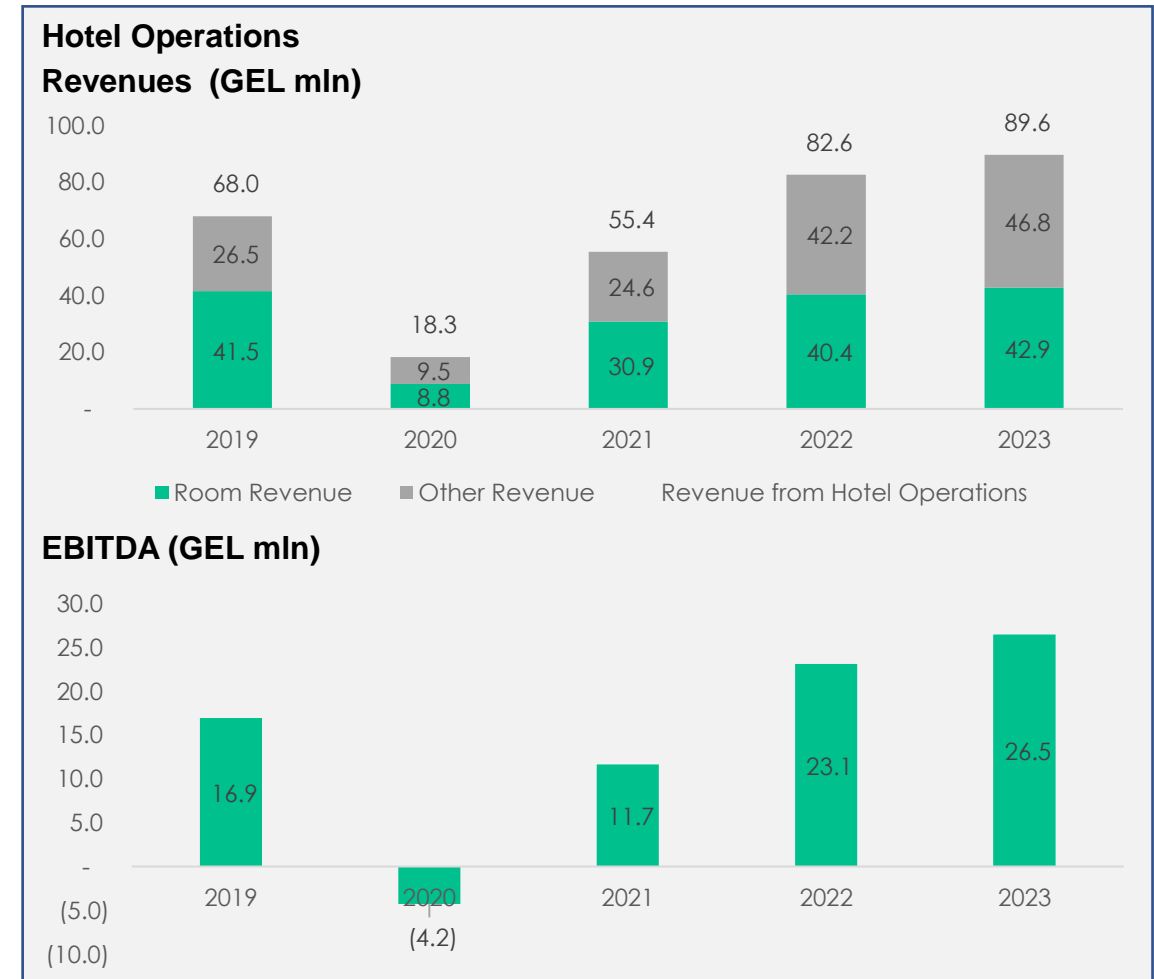
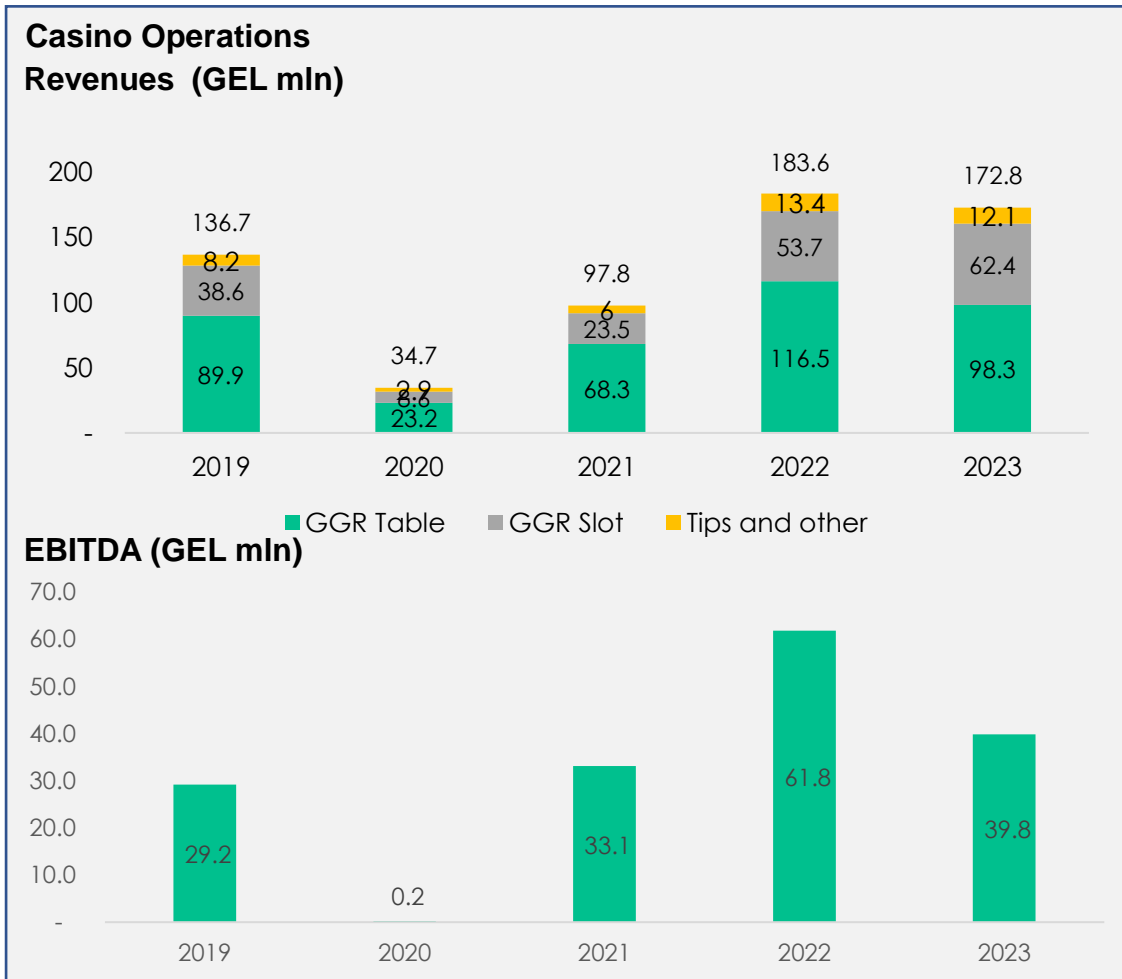
Note: The Group calculates Adjusted EBITDA by adjusting the profit from continuing operations, excluding the following items: financial expenses and financial income, income tax and any other taxes related to the distribution of dividends; depreciation, amortization (except casino license amortization), revaluation, impairment (loss/recovery) of fixed assets; net income/(loss) due to exchange rate differences, including income/(loss) on hedging instruments, which are also caused by foreign currency exchange rate changes; Specific items in particular: non-recurring, non-core or non-operating income or expenses that are material due to their nature or size (such as: proceeds from trading as a result of the acquisition of a business, expenses related to the acquisition of a business, expenses related to the collection of cash and the listing of securities of the group, loans issued and receivables write-off/depreciation etc.)

Performance highlights for standalone segments

- Asset sales recorded in 'other income' during 2019 and 2020 offset the downturn caused by the pandemic in the hospitality business
- By 2021 total revenues from operations had recovered close to 80% of 2019 levels
- Furthermore, in 2022 total revenues exceeded the 2019 level by 37%
- In 2022, hotel revenues exceeded 2019 levels by 21% as Tsinandali Radisson became fully operational
- 2022 EBITDA overperformed full year levels of 2019 and 2021
- In particular, the Adjusted EBITDA 2022 of casinos almost doubled due to a lower cost base and a sharp increase in revenues
- In 2022, the company had the best year in history, which was largely due to one-time factors. Accordingly, the decrease in 2023 does not indicate a deterioration in performance in the opinion of the management.
- In 2023, despite increased revenues, increased direct casino costs and competition negatively impacted the Group's total EBITDA

Sources: audit report/company information

Hotels and casinos generate a large portion of both revenue and cash flow*



Sources: audit report/company information

www.silkroadgroup.net

*Segment information is presented without eliminations.

Radisson Blu Tbilisi showcases high guest satisfaction rate and strong revenue generation

The first international tourist hotel during the Soviet period, strategically located, was later renovated by renowned international architects



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

Number of Rooms: 236

Opening date: September 2009

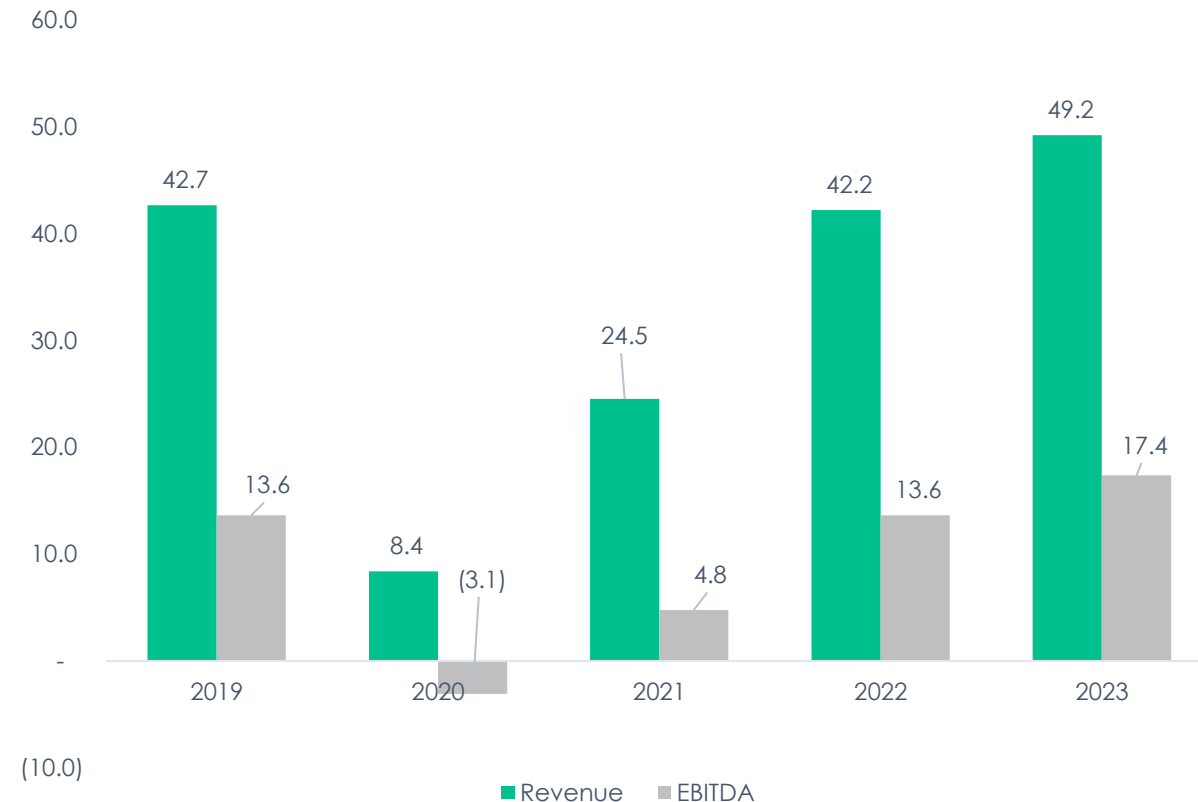
Hotel facilities:

- Anne Semonin SPA
- Indoor and outdoor pool
- Conference and event space
- 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

Radisson Blu Tbilisi financial results (GEL mln)



Source: Company information

www.silkroadgroup.net

Five-star hotel Radisson Collection Tsinandali was opened in 2019

Located near the historical estate of the Chavchavadze princes, whose botanical garden is under the patronage of the Silk Road Group.



A luxury hotel and event space in the heart of the Georgian wine region

Number of Rooms: 124

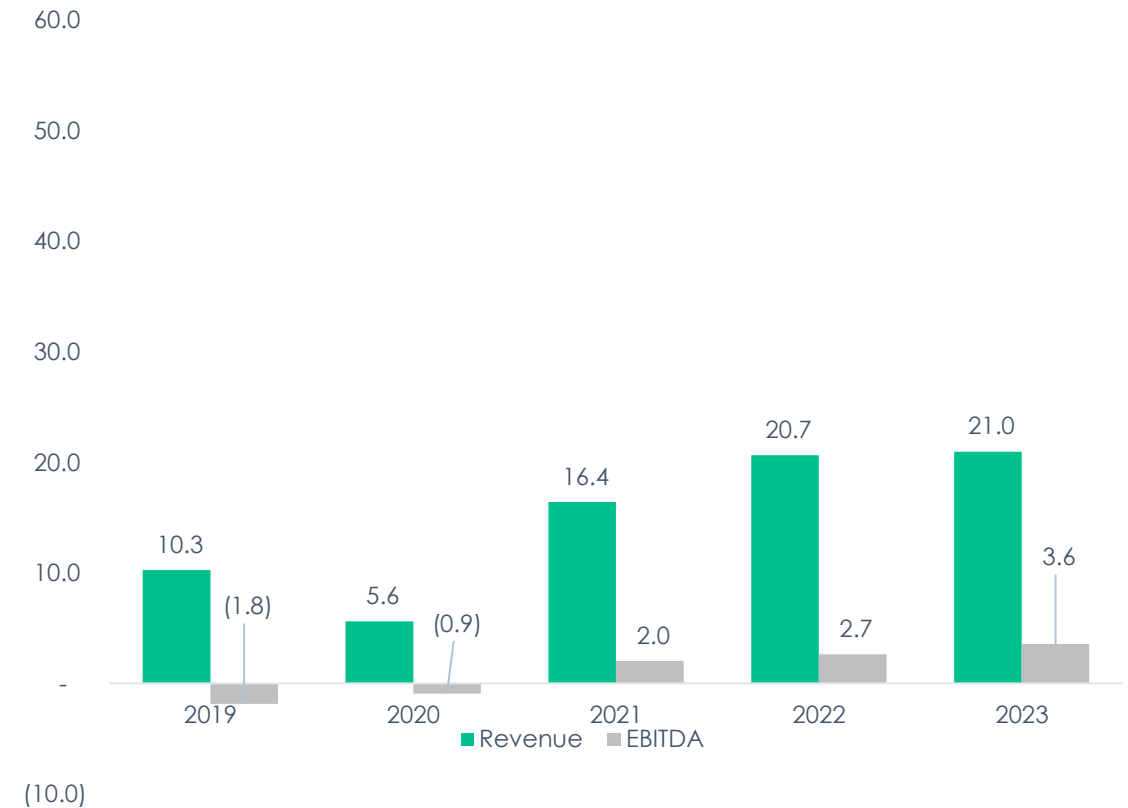
Opening date: January 2019

Hotel facilities:

- Anne Semonin SPA
- Indoor and outdoor pool
- Concert space for 1,000 people
- Gym and meeting space
- Two Restaurants
- Located near the historical botanical garden

After opening and two years of pandemic restrictions, the hotel is still in a growth phase and therefore the RevPar is still low compared to its competitors.

Financial results of Radisson Collection Tsinandali (GEL million)



*Income includes other operating income.

Radisson Blu Batumi was opened in 2011 along with Iveria Beach Club and Casino

The hotel is located in an attractive location for vacationers, a few minutes' walk from the Batumi beach and boulevard.



High class hotel, casino and Iveria Beach Club located on the Black Sea coast

Number of Rooms: 168

Opening date: August 2011

Hotel facilities:

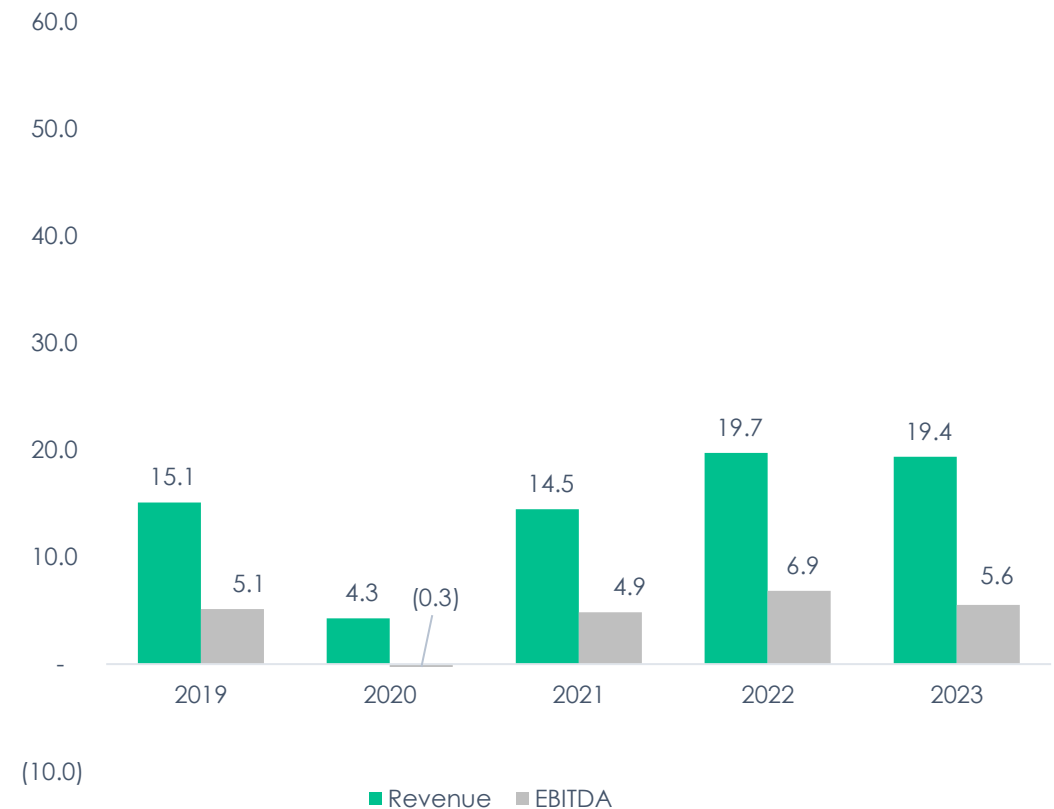
- Anne Semonin Spa
- Indoor and outdoor pool
- Conference and event space
- Top floor restaurant
- Downstairs restaurant

The casino generates around 20% of the hotel's annual revenue, with its share being higher in the off-season.

Iveria Beach Club

- More than 3,000 square meters of beach area
- Bar and restaurant open during the season
- Live music and many other forms of entertainment

Financial results of Radisson Blu Batumi (GEL mln)



Source: Company information

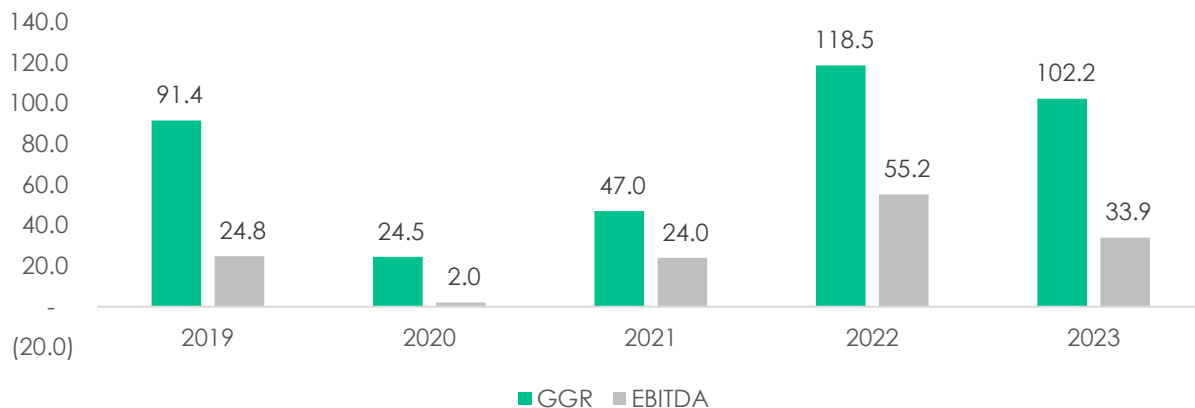
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Despite increased competition, Casino Iveria Tbilisi has once again surpassed pre-pandemic financial results

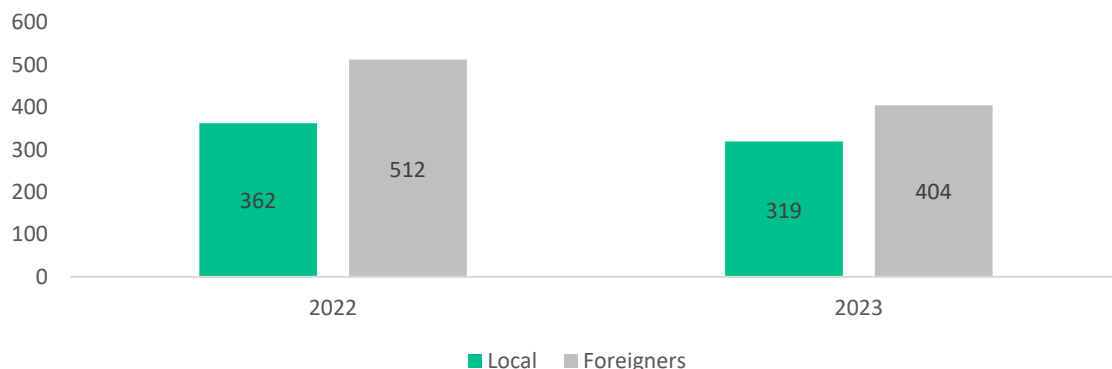
Casino Iveria Tbilisi, one of the first casinos in Georgia, was opened in 2009



Casino Iveria Tbilisi financial results (GEL mln)



Average GGR by domestic and international visitors



The success of the casino stems from the following factors:

- Casino Iveria Tbilisi was the first casino in the capital to resume operations after the pandemic.
- New international visitors have embraced Georgia as a gambling destination - while old visitors are expected to return (Azerbaijan's land border remains closed).
- The historically high results of 2022 were largely attributed to the post-pandemic recovery that was caused by the complete lifting of government lockdowns.
- The decrease in revenue in 2023 could be explained one hand by increased competition and on the other hand, by the absence of the aforementioned one-time post-pandemic boost.
- In 2023, the company strategically increased expenditures in marketing and employee benefits to effectively address rising competition.
- Despite the deterioration compared to 2022, the figures of 2023 remain significantly higher than the pre-pandemic levels of 2019.

Note: GGR is gross gaming business revenue (audited figures), the amount remaining in the casino before expenses are deducted.

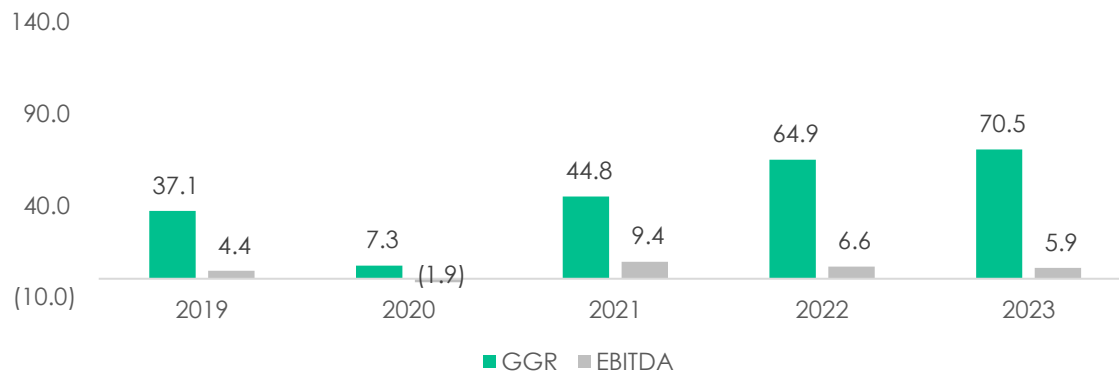
Source: Company information

Casino Iveria Batumi also showed better results compared to 2019

Casino Iveria Batumi has been successfully operating since 2011



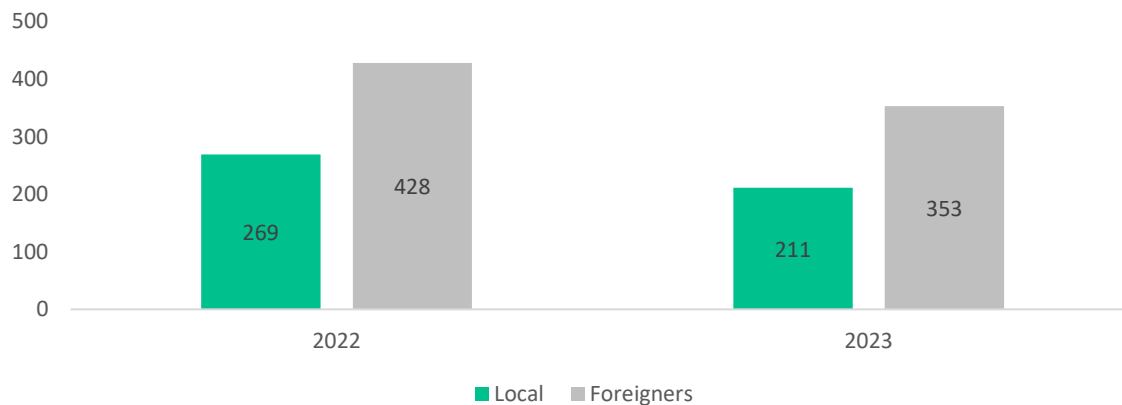
Financial results of Casino Iveria Batumi (GEL million)



The success of Iveria Batumi was determined by the following factors:

- The Batumi market reopened earlier than other target region such as Northern Cyprus.
- The flow of visitors from the new markets is supported by increases in international flights to Batumi and Kutaisi
- In 2023, Casino Iveria Batumi recorded historically highest revenue.
- Despite improved Revenue, similarly to Iveria Tbilisi, the company increased spending on marketing and employee benefits to address increased competition, which affected EBITDA margins in 2023.

Average GGR by domestic and international visitors



Note: GGR is gross gaming business revenue (audited figures), the amount remaining in the casino before expenses are deducted.

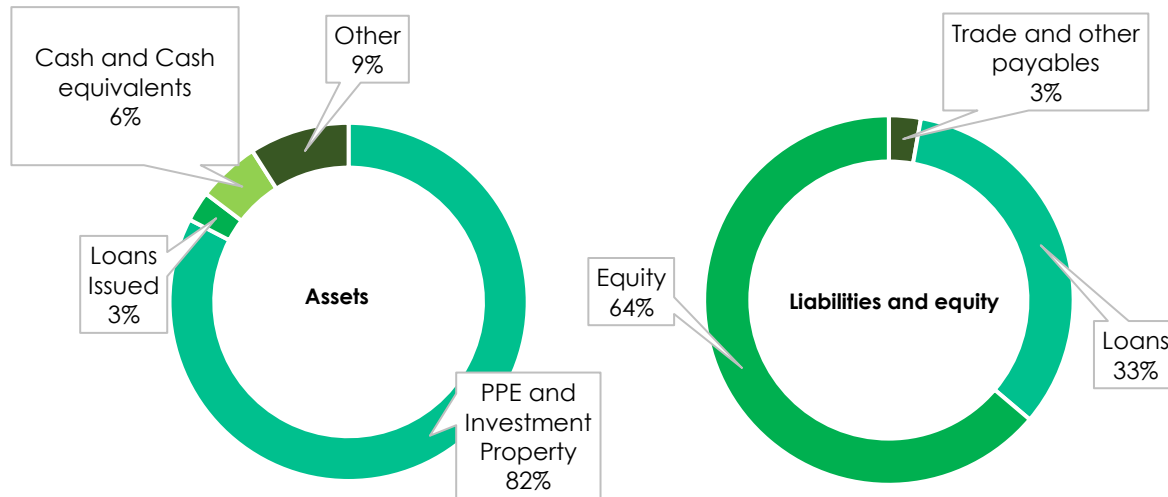
Source: Company information

Silk Real Estate has a strong financial structure that has been maintained even during the pandemic

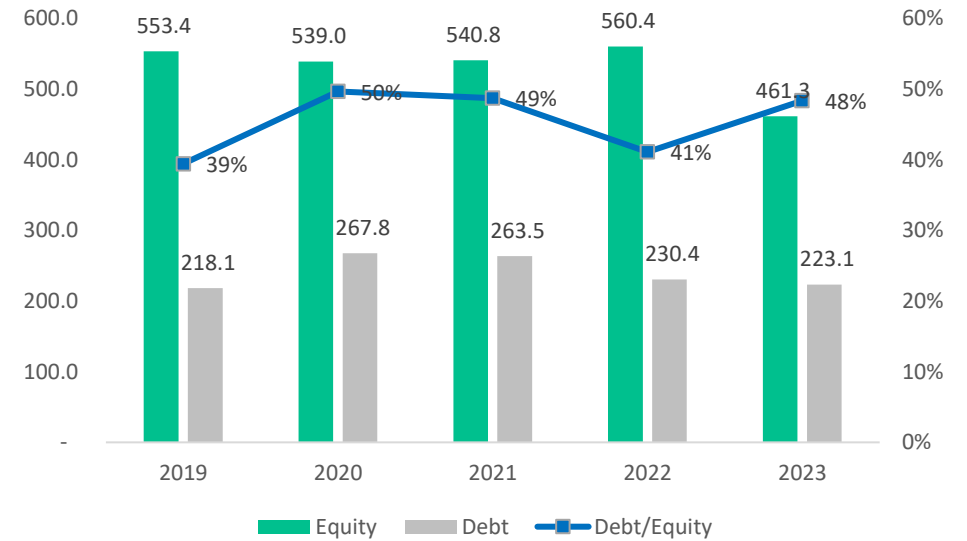
The total debt-to-equity ratio has remained at a low level throughout the pandemic



Breakdown of assets and liabilities, December 2023



Debt/Equity and LTV (Silk Real Estate)



- Property and equipment are stated at cost less accumulated depreciation and impairment losses.
- The management team regularly monitors changes in the fair value of the company's assets, including regularly reviewing material changes in the assumptions made in the valuation models.

- As a result of the internal transaction of the group carried out at the end of June 2023, the capital of the company decreased by 206.8 million GEL. Long-term loans receivable from related parties were deducted from capital. The abovementioned transaction was not restricted by the conditions defined in the 2023 bond issuance prospectus.
- At the end of 2023, the actual LTV was 44%

(*calculation based on the ratio of Green Box non-subordinated loans to the fair value of Green Box assets)

Sources: audit report/company information

www.silkroadgroup.net

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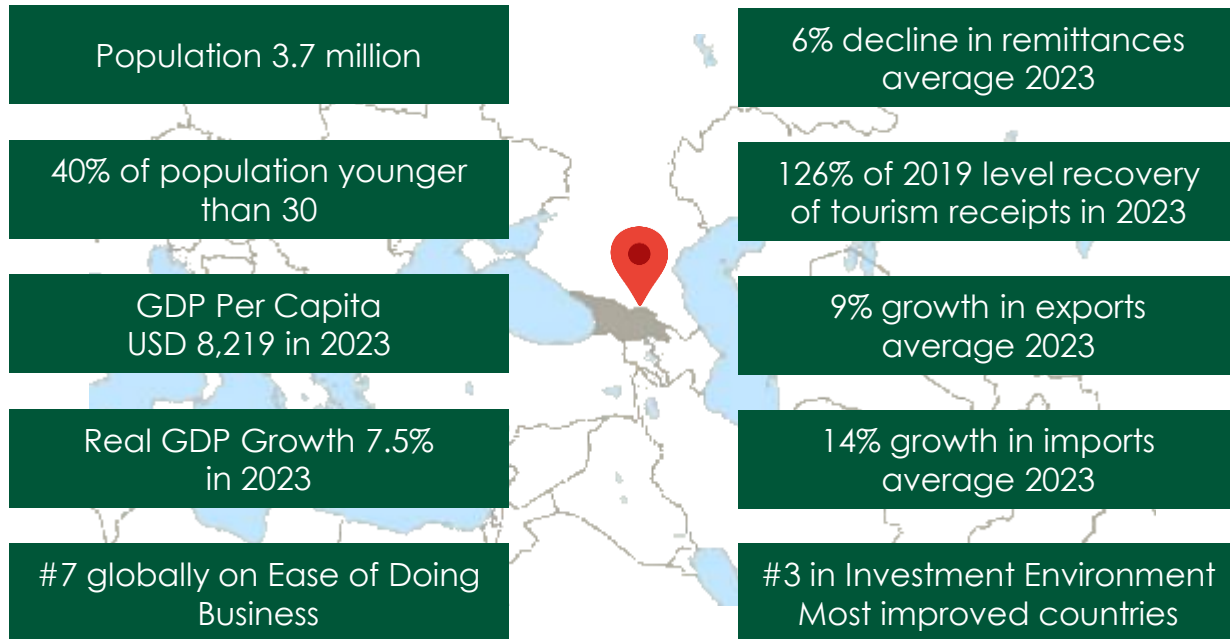
GEORGIA – MACRO SECTION

ANNEXES

Georgia performs well by international benchmarks



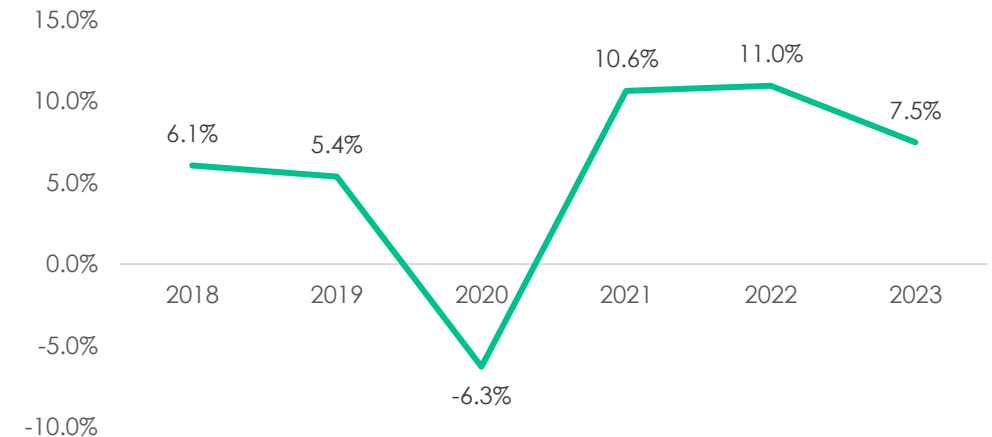
Real GDP growth of 2023 exceeded 7%



Credit Rating

Rating Agency	Rating	Outlook	Affirmed
S&P Global	BB	Stable	Feb. 2024
Fitch Ratings	BB	Positive	Jan. 2024
Moody's	Ba2	Stable	Mar. 2024

Real GDP Growth



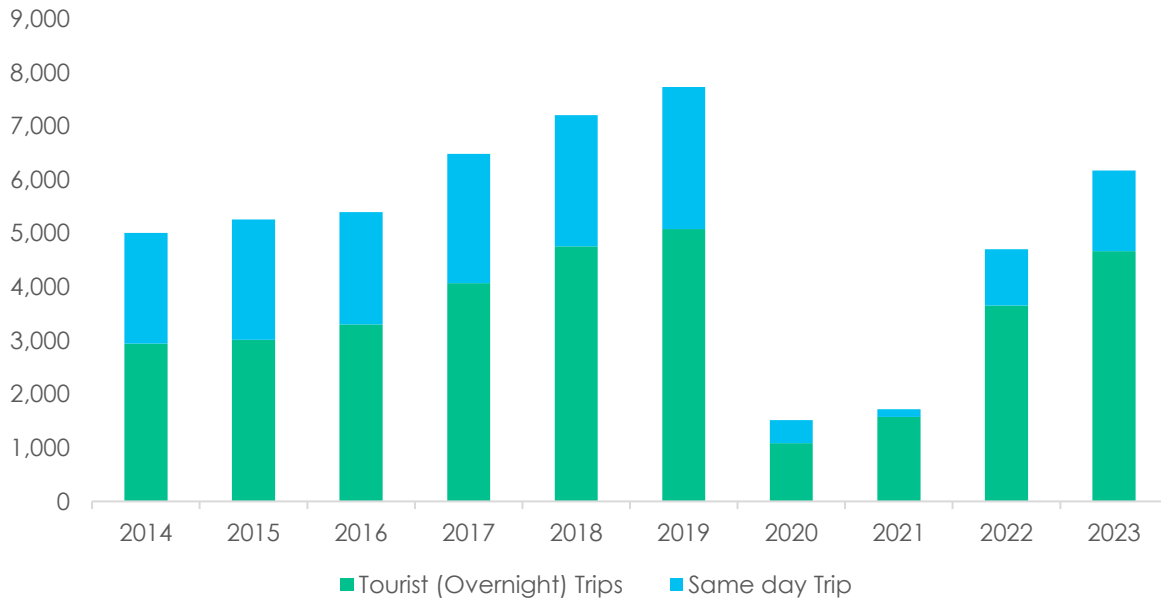
Georgia continues to be one of the fastest-growing tourist destinations

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



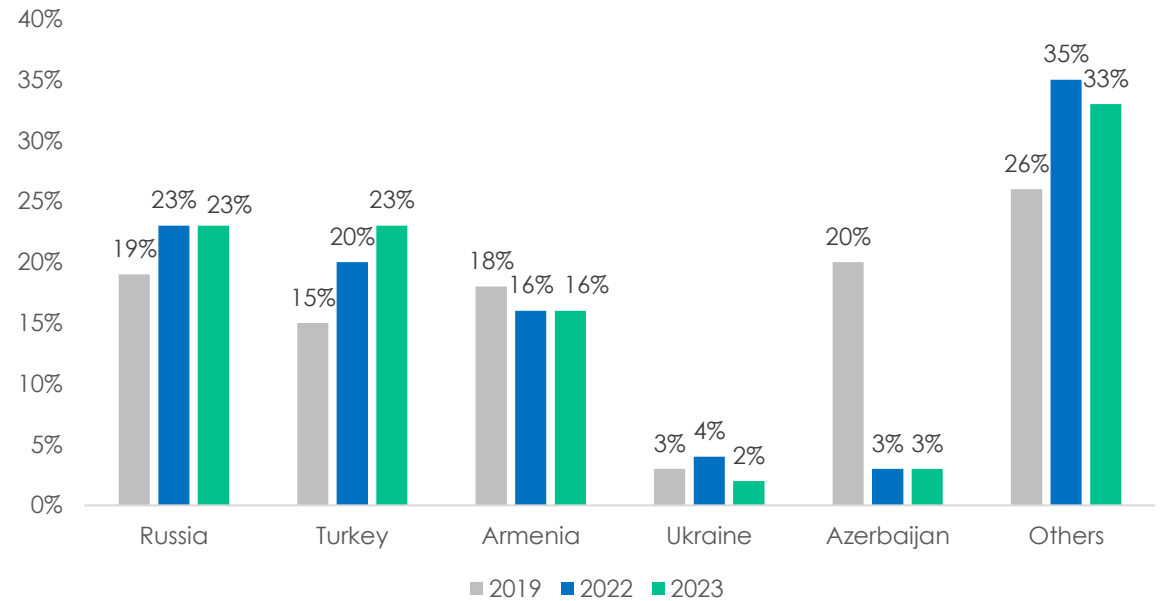
Although in 2023, the absolute number of tourists did not reach the levels recorded in 2019, it is expected that this indicator will recover quickly and increase even further in the future.

Total number of international visitor trips (thousands)



With the exception of Azerbaijan, which is still subject to pandemic restrictions, the main tourism markets have maintained their share of international visitors to Georgia. Meanwhile, some new markets such as Israel, Ukraine, Belarus, and Saudi Arabia are developing rapidly

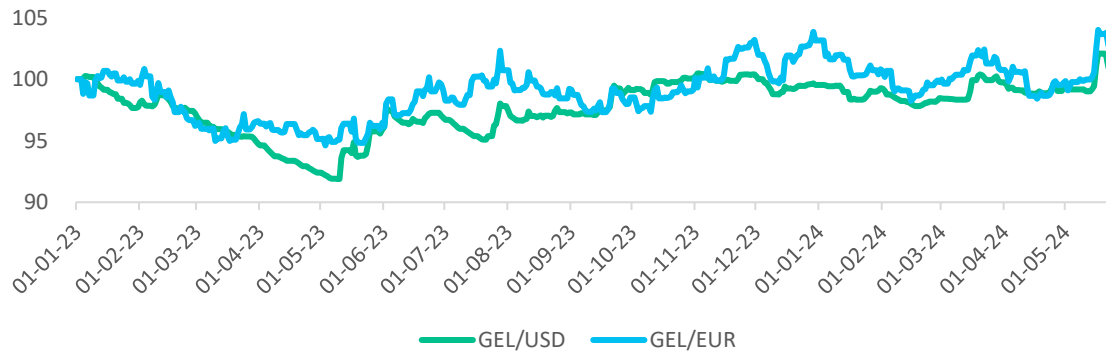
Country shares in international visitor trips



Tourism revenues contribute significantly to the stability of the Georgian Lari



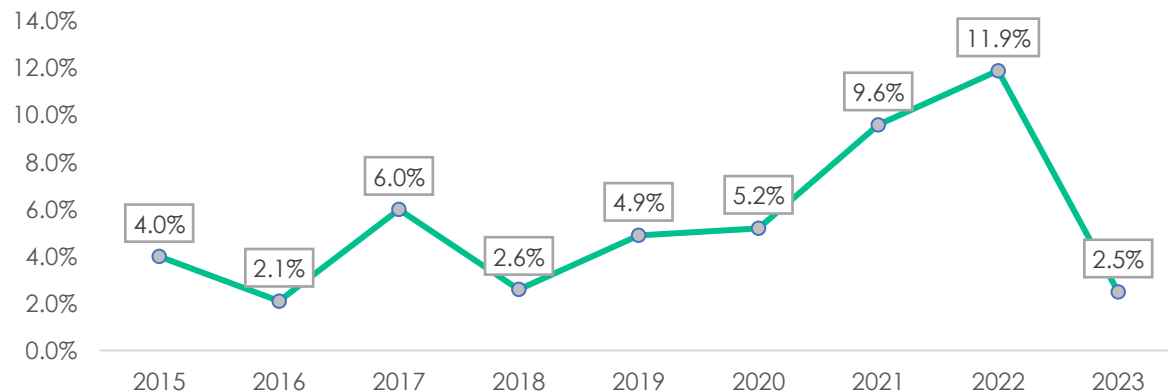
GEL exchange rate (1 Jan 2023=100)



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

Average inflation



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

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 "Company" has granted loans to related parties, and the Company faces the risk of not returning the granted loan;
- 4.4.2 The "Company's" charter capital is not defined and is not subject to legal restrictions, including those related to the distribution of dividends and the reduction of capital.
- 4.4.3 The shortage of qualified staff in the market may prevent the company from working effectively;
- 4.4.4 Investment in real estate and hotel business is illiquid. The company may face liquidity and default risk.
- 4.4.5 The Group depends on the reputation of its brands and the protection of its intellectual property rights;

- 4.4.6 There is a risk of lack of access to financing;
- 4.4.7 Incomplete insurance of company-owned assets can have a significant negative impact on the company's profits;
- 4.4.8 A company's success in business depends on its ability to attract and retain senior management and key personnel;
- 4.4.9 Further expansion cannot be guaranteed;
- 4.4.10 The company may breach the financial or non-financial covenants defined by the loan obligations;
- 4.4.11 The Group is exposed to certain risks related to technology and systems;
- 4.4.12 Due to the complexity of founding structure, the group is exposed to certain risks.

Risk Related to the Legislative and Judicial Systems

5.1 Regulatory risks related to the casinos;

- 5.1.1 Dependence on licenses and regulatory approvals to maintain gaming activities and tax structures;
- 5.1.2 Regulation regarding the use of the 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 legislative and judicial systems:

- 5.2.1 Challenges related to the harmonization of Georgian legislation with EU legislation, as required by the deep and comprehensive free trade area agreement, may arise;
- 5.2.2 Uncertainties in the tax system of Georgia may result in tax adjustments or imposition of fines against the Company; there may be changes in the tax laws and policies of Georgia;
- 5.2.3 Uncertainties of the judicial system in Georgia, including any future arbitrary or inconsistent action by the state, 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 or introduction of regulations in relation to 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 a reporting company upon the issuance of bonds and will be subject to additional legislative and reporting requirements;
- 5.2.7 New antitrust regulations may adversely affect the Company;
- 5.2.8 If the Company fails to comply with regulations related to money laundering or terrorism financing in the future, 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 interest rate of the 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 and/or income 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 redeem or repurchase the bonds before the redemption date;

7. Risks related to rights pertaining to the bonds:

- 7.1. In case of insolvency of the Company or the relevant Guarantor, the bonds will be deemed to be unsecured obligations;
- 7.2 Joint surety carries certain risks due to the absence of the relevant regulatory framework for bonds secured by joint surety;
- 7.3. The offering and disposal of the bonds is subject to certain territorial/foreign investor restrictions;
- 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, 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 the procedures of the Depository, the Bondholders' Representative and, where applicable, the Account Keepers; the Issuer has also established a capped amount subject to reimbursement by the Issuer in favour of the Bondholders' Representative;
- 8.3. An investment in the bonds involves certain legality of investment considerations;
- 8.4. Application for purchase of bonds may be satisfied partially.

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 disposition of more than 25% of the proceeds or assets of the Issuer and its subsidiaries. (This limitation does not apply to transactions between the issuer and subordinated subsidiaries)
- At the same time, the transaction should be done on the basis of the „arm's length" principle
- **Exemptions:**
 - Sale/disposal in the normal course of business
 - Disposal of less than 25% of total assets on arm's length principle.

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:**
 - Withdrawal of up to 75% of consolidated net profit is allowed, starting from January 1, 2023;
 - 100% of the aggregate net proceeds from the issue or sale of shares/shares by the Issuer after December 31, 2022, and from the conversion or exchange of any debt of the Issuer into its own equity or for such equity after December 31, 2022.
 - Disposition of funds contributed by shareholders in the form of capital contribution, subordinated loan.
 - Dividend/capital distribution issued by GHM and Limoni 2009
 - Disposition of Funds within 6mil USD:
 - Through lending from Green Box companies to Yellow Box companies;
 - Making capital expenditures by Green Box companies;
 - Repayment of subordinated loans received from partners;
 - Payments to partners;

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 mln obtained for the purpose of development of the Hotel Telegraph will be excluded from the calculation of Net Debt)
 - Exemptions include:
 - Obtaining loans for subsidiaries without restrictions
 - Intercompany debt between Green Box companies
 - Obtaining Subordinated Debt
 - Financing of Hotel Telegraph in the amount of 56.1 million euros

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.

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 2021	Audited Balance as at 31 December 2022	Audited Balance as at 31 December 2023
Assets			
Property Plant and Equipment	267,193	331,151	354,339
Investment Property	309,771	238,930	242,890
Intangible assets	5,619	6,700	6,607
Prepayments for non-current assets	308	1,592	29,630
Investment in related enterprises	-	-	642
Loans receivable	237,275	222,123	14,537
Non-current assets	820,166	800,496	648,645
Inventories	4,873	6,483	7,802
Loans receivables	40,710	1,886	5,198
Trade and other receivables	8,966	11,523	9,106
Cash and cash equivalents	34,413	53,912	40,779
Prepayment and other assets	7,747	9,062	11,499
Total Current Assets	96,709	82,866	74,384
Total Assets	916,875	883,362	723,029
Equity			
Charter capital	671,140	671,140	492,242
Accumulated losses	(137,860)	(122,875)	(48,205.0)
Equity attributable to owners of the Company	533,280	548,265	444,037
Non-controlling interests	7,529	12,091	17,304
Total Equity	540,809	560,356	461,341
Loans and borrowings	263,497	230,374	223,130
Trade and other payables	504	-	599
Put option liability	42,436	42,138	-
Total Non-Current Liabilities	306,437	272,512	223,729
Loans and borrowings	49,296	33,287	18,413
Trade and other payables	20,333	17,207	19,546
Current liabilities	69,629	50,494	37,959
Total liabilities	376,066	323,006	261,688
Total equity and liabilities	916,875	883,362	723,029

GEL 597.2 mln

GEL mln	Book value	Appraisal effect	Market Value
Green box	330.8	181.0	511.8
Yellow box	266.5	213.6	480.1
Total property value	597.3	394.6	991.9

Note: In Dec 2023, Colliers Georgia revalued the assets of Silk Real Estate with a net revaluation effect of close to 66% on total book value

Statement of Consolidated Other Comprehensive Income



Amounts are presented in GEL mln	Audited Year 2021	Audited Year 2022	Audited Year 2023
Revenue	144,738	246,002	246,995
Other income	7,795	17,030	15,433
Operating costs	(59,607)	(88,328)	(97,940)
Wages and other employee benefits	(51,606)	(87,679)	(97,191)
Depreciation and amortization	(29,408)	(26,977)	(27,566)
Impairment (loss)/reversal of trade and other receivables and loan receivables	(374)	650	2,218
Surplus from financial obligations modification	-	-	1,575
Other expenses	(2,250)	(2,700)	(3,795)
Results from operating activities	9,288	57,998	39,729
Interest income	19,655	18,639	9,103
Net foreign exchange gain/(loss)	3,032	(5,220)	(9,009)
Interest expenses	(29,515)	(26,284)	(27,176)
Net finance costs	(6,828)	(12,865)	(27,082)
(Loss)/profit before income tax	2,460	45,133	12,647
Income tax benefit	-	-	-
(Loss)/profit and total comprehensive (loss)/income for the year	2,460	45,133	12,647
Profit and total comprehensive income/loss attributable to:			
Owners of the Company	463	38,244	5,201
Non-controlling interests	1,997	6,890	7,446

Statement of Consolidated Cash Flow



('000 GEL)	31-Dec-2023 Audited	31-Dec-2022 Audited	31-Dec-2021 Audited		31-Dec-2023 Audited	31-Dec-2022 Audited	31-Dec-2021 Audited
Cash flows from operating activities				Cash flows from investing activities			
Profit before income tax	12,647	45,134	2,460	Proceeds from sale of property and equipment, investment property and intangible assets	-	-	2,987
Depreciation and amortization	27,566	26,977	29,408	Loans issued	(7,340)	(7,141)	(10,186)
loss on impairment of trade and other receivables and loans issued	(2,218)	(650)	374	Repayments of issued loans	1,395	9,655	7,116
(Gain)/loss on disposal of property and equipment, investment property and intangible assets	136	61	(777)	Interest received	1,434	307	841
Net finance costs	27,082	12,865	6,828	Acquisition of investment	-	(2,137)	-
Cash flows from operating activity before changes in assets and liabilities:	63,638	84,387	38,293	Purchase of non-controlling interest	(44,882)	-	-
Inventories	(1,319)	(1,610)	(1,134)	Acquisition of property and equipment, intangible assets and investment property	(77,550)	(20,368)	(22,720)
Trade and other receivables	2,460	(3,036)	7,279	Net cash from/(used in) investing activities	(126,943)	(19,684)	(21,962)
Prepayments and other assets	3,043	(1,315)	(1,334)	Cash flows from financing activities			
Trade and other payables	(645)	(523)	8,108	Contribution to Capital	27,948	-	-
Cash flows from/(used in) operations before income taxes and interest paid	66,347	77,903	51,212	Proceeds from borrowings	145,702	33,968	34,587
Interest paid	(32,186)	(24,465)	(43,132)	Repayment of borrowings	(165,516)	(44,057)	(1,821)
Net cash (used in)/from operating activities	34,161	53,438	8,080	Income from other capital transactions with the parent company	74,292	-	-
				Bond Issuance expense	(1,417)	-	-
				Net cash from/(used in) financing activities	81,009	(10,089)	32,766
				Net (decrease)/increase in cash and cash equivalents	(11,773)	23,665	18,884
				Cash and cash equivalents at 1 January	53,912	34,413	16,221
				Effect of movements in exchange rates on cash and cash equivalents	407	(4,166)	(692)
				Cash and cash equivalents at 31 December	40,779	53,912	34,413

Segment Report as of December 31, 2023



Consolidated statement of profit or loss (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 "Green box" entities	Eliminations	Other unallocated "Green box" entities after eliminations	Total "Green box" entities after eliminations	Other unallocated "Yellow box" entities	Eliminations	Other unallocated "Yellow box" entities after eliminations	Eliminations	Total
Revenue	49,229	19,364	20,982	89,575	(11,547)	78,028	102,302	69,467	171,769	(111)	171,658	31,782	(13,621)	18,161	267,847	6,426	(3)	6,423	(2,642)	271,628
Other operating income	-	-	-	-	-	-	(74)	1,059	985	(4)	981	1,980	-	1,980	2,961	4,162	(17)	4,145	(998)	6,108
Depreciation and amortization	(6,459)	(2,361)	(6,132)	(14,952)	-	(14,952)	(2,102)	(1,386)	(3,488)	-	(3,488)	(464)	-	(464)	(18,904)	(2,951)	-	(2,951)	-	(21,855)
Direct costs and expenses	(28,736)	(11,827)	(16,137)	(56,700)	8,488	(48,212)	(66,730)	(64,434)	(131,164)	12,176	(118,988)	(14,708)	3,543	(11,165)	(178,365)	(5,121)	4	(5,117)	2,214	(181,268)
Overhead costs	(3,129)	(1,984)	(1,284)	(6,397)	-	(6,397)	(1,630)	(150)	(1,780)	12	(1,768)	(26,655)	1,064	(25,591)	(33,756)	(4,788)	16	(4,772)	1,426	(37,102)
Segment operating profit	10,905	3,192	(2,571)	11,526	(3,059)	8,467	31,766	4,556	36,322	12,073	48,395	(8,065)	(9,014)	(17,079)	39,783	(2,272)	-	(2,272)	-	37,511
Interest income	1,411	106	53	1,570	(92)	1,478	8,296	54	8,350	(6,709)	1,641	22,721	(15,094)	7,627	10,746	3,251	(66)	3,185	(4,828)	9,103
Interest expense	(34)	-	(3,105)	(3,139)	950	(2,189)	-	-	-	-	-	(46,901)	20,945	(25,956)	(28,145)	(3,925)	66	(3,859)	4,828	(27,176)
Net FOREX	(718)	(27)	129	(616)	-	(616)	(149)	(63)	(212)	-	(212)	(7,747)	-	(7,747)	(8,575)	(434)	-	(434)	-	(9,009)
Impairment of financial assets	916	-	-	916	-	916	-	-	-	-	-	1,332	-	1,332	2,248	(30)	-	(30)	-	2,218
Segment profit/loss before tax	12,480	3,271	(5,494)	10,257	(2,201)	8,056	39,913	4,547	44,460	5,364	49,824	(38,660)	(3,163)	(41,823)	16,057	(3,410)	-	(3,410)	-	12,647
Income tax expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Segment profit/loss after tax	12,480	3,271	(5,494)	10,257	(2,201)	8,056	39,913	4,547	44,460	5,364	49,824	(38,660)	(3,163)	(41,823)	16,057	(3,410)	-	(3,410)	-	12,647
Net operating profit	20,493	7,537	4,845	32,875	(3,059)	29,816	35,498	6,092	41,590	12,061	53,651	19,054	(10,078)	8,976	92,443	5,467	(16)	5,451	(1,426)	96,468
Segment adjusted EBITDA	17,364	5,553	3,561	26,478	(3,059)	23,419	33,868	5,942	39,810	12,073	51,883	(7,601)	(9,014)	(16,615)	58,687	679	-	679	-	59,366
Capital expenditure and other allowances	2,607	2,760	973	6,340	-	6,340	8,621	3,289	11,910	-	11,910	29,556	-	29,556	47,806	7,479	-	7,479	-	55,285

Segment Report as of December 31, 2022



Consolidated statement of profit or loss ('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 "Green box" entities	Eliminations	Other unallocated "Green box" entities after eliminations	Total "Green box" entities after eliminations	Other unallocated "Yellow box" entities	Eliminations	Other unallocated "Yellow box" entities after eliminations	Eliminations	Total
Revenue	42,228	19,731	19,876	81,835	(9,596)	72,239	116,896	65,810	182,706	(10)	182,696	25,597	(9,960)	15,637	270,572	7,414	(3)	7,411	(4,381)	273,602
Other operating income	-	-	777	777	-	777	118	712	830	-	830	2,069	-	2,069	3,676	3,500	-	3,500	(1,975)	5,201
Depreciation and amortization	(6,271)	(2,157)	(7,084)	(15,512)	-	(15,512)	(2,352)	(1,166)	(3,518)	-	(3,518)	(1,199)	-	(1,199)	(20,229)	(2,511)	-	(2,511)	-	(22,740)
Direct costs and expenses	(24,530)	(11,277)	(16,249)	(52,056)	7,253	(44,803)	(61,666)	(59,758)	(121,424)	9,694	(111,730)	(10,628)	841	(9,787)	(166,320)	(3,678)	3	(3,675)	84	(169,911)
Overhead costs	(4,083)	(1,602)	(1,752)	(7,437)	152	(7,285)	(187)	(118)	(305)	-	(305)	(24,947)	1,626	(23,321)	(30,911)	(4,164)	-	(4,164)	6,272	(28,803)
Segment operating profit	7,344	4,695	(4,432)	7,607	(2,191)	5,416	52,809	5,480	58,289	9,684	67,973	(9,108)	(7,493)	(16,601)	56,788	561	-	561	-	57,349
Interest income	2,477	40	12	2,529	(57)	2,472	5,340	-	5,340	(4,111)	1,229	23,954	(9,025)	14,929	18,630	4,553	(511)	4,042	(4,033)	18,639
Interest expense	(151)	-	(3,386)	(3,537)	174	(3,363)	-	(6)	(6)	-	(6)	(36,371)	13,019	(23,352)	(26,721)	(4,107)	511	(3,596)	4,033	(26,284)
Net FOREX	(3,758)	(231)	4,287	298	-	298	(2,896)	(670)	(3,566)	-	(3,566)	(7,053)	-	(7,053)	(10,321)	5,101	-	5,101	-	(5,220)
Impairment of financial assets	-	-	-	-	-	-	-	-	-	-	-	650	-	650	650	-	-	-	-	650
Segment profit/loss before tax	5,912	4,504	(3,519)	6,897	(2,074)	4,823	55,253	4,804	60,057	5,573	65,630	(27,928)	(3,499)	(31,427)	39,026	6,108	-	6,108	-	45,134
Income tax expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Segment profit/loss after tax	5,912	4,504	(3,519)	6,897	(2,074)	4,823	55,253	4,804	60,057	5,573	65,630	(27,928)	(3,499)	(31,427)	39,026	6,108	-	6,108	-	45,134
Net operating profit	17,698	8,454	4,404	30,556	(2,343)	28,213	55,348	6,764	62,112	9,684	71,796	17,038	(9,119)	7,919	107,928	7,236	-	7,236	(6,272)	108,892
Segment adjusted EBITDA	13,615	6,852	2,652	23,119	(2,191)	20,928	55,161	6,646	61,807	9,684	71,491	(7,909)	(7,493)	(15,402)	77,017	3,072	-	3,072	-	80,089
Capital expenditure and other allowances	1,864	1,245	712	3,821	-	3,821	7,188	1,245	8,433	-	8,433	5,897	-	5,897	18,151	3,400	-	3,400	-	21,551

Segment Report as of December 31, 2021



Consolidated statement of profit or loss (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 "Green box" entities	Eliminations	Other unallocated "Green box" entities after eliminations	Total "Green box" entities after eliminations	Other unallocated "Yellow box" entities	Eliminations	Other unallocated "Yellow box" 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)
Segment operating profit	(1,539)	2,971	(5,055)	(3,623)	(2,629)	(6,252)	21,670	8,188	29,858	5,140	34,998	(4,494)	(2,511)	(7,005)	21,741	(12,079)	-	(12,079)	-	9,662
Interest income	2,630	13	-	2,643	(92)	2,551	-	-	-	(903)	(903)	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)	-	-	-	-	-	980	1,363	2,343	1,132	1,833	-	1,833	67	3,032
Impairment of financial assets	(293)	-	-	(293)	-	(293)	-	-	-	-	-	5	-	5	(190)	(184)	-	(184)	-	(374)
Segment profit/loss before tax	(518)	2,946	(6,458)	(4,030)	(3,648)	(7,678)	21,670	8,188	29,858	4,237	34,095	(12,558)	(589)	(13,147)	13,471	(11,011)	-	(11,011)	-	2,460
Income tax expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Segment profit/loss after tax	(518)	2,946	(6,458)	(4,030)	(3,648)	(7,678)	21,670	8,188	29,858	4,237	34,095	(12,558)	(589)	(13,147)	13,471	(11,011)	-	(11,011)	-	2,460
Net operating profit	8,582	5,889	3,305	17,776	(2,703)	15,073	24,048	9,395	33,443	5,023	38,466	4,660	(3,050)	1,610	55,149	5,956	(418)	5,538	(761)	59,926
Segment adjusted EBITDA	4,770	4,863	2,035	11,668	(2,629)	9,039	23,844	9,243	33,087	5,140	38,227	1,742	(2,511)	(769)	46,497	(8,678)	-	(8,678)	-	37,819
Capital expenditure and other allowances	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

Key Financial Ratios



	31-Dec-2022	31-Dec-2022	31-Dec-2021
	Audited	Audited	Audited
<u>Financial Leverage Ratios</u>			
1	Long-term debt / equity	0.48	0.41
2	Long-term debt / equity (w/o related party loan)	0.45	0.29
3	Total debt / EBITDA	4.07	3.29
4	Total debt / EBITDA (w/o related party loan)	3.90	2.65
5	Total debt ratio	33.41%	29.85%
6	Total debt ratio (w/o related party loan)	30.02%	24.05%
7	Total debt to equity	0.52	0.47
8	Total debt to equity (w/o related party loan)	0.49	0.35
<u>Profitability Ratios</u>			
9	Return on assets	1.57%	5.01%
10	Return on equity	2.48%	6.97%
11	Return on capital employed	4.31%	5.64%
12	EBITDA margin	22.62%	31.02%
13	EBIT margin	12.12%	21.48%
14	Operating profit margin	15.14%	21.48%
15	Operating cashflow margin	13.02%	18.03%
16	Net profit margin	4.82%	17.16%
<u>Liquidity Ratios</u>			
17	Liquid assets / current liabilities	1.75	1.65
18	Liquid assets / total assets	0.09	0.13
19	Current assets ratio	1.96	1.73
<u>Key Financial Covenants with the borrower - on specific group companies</u>			
		31-Dec-23	31-Dec-22
20	DSCR – Group	1.21	1.70
21	DSCR – Hotels Tbilisi, Batumi	1.14	0.73
22	DSCR – Hotel Tsinandali	0.35	0.10
23	DSCR – Casinos	1.73	5.62
24	ICR – Group	1.83	2.54
25	ICR – Hotels Tbilisi, Batumi	1.56	1.31
26	ICR – Hotel Tsinandali	0.47	0.12
27	ICR – Casino	3.52	6.11
28	Total debt / EBITDA – Group	1.69	2.05
29	Total debt / EBITDA – Hotels	2.82	5.57
30	Total debt / EBITDA –Casinos	0.94	0.73
<u>Bonds Financial Covenants</u>			
31	Net Debt / EBITDA (<3.5)	3.14	1.71

Key Financial Ratios According to Credit Rating Agencies



	Potential Credit Rating	31 December 2023 After Bonds Issuance	30 December 2023	31 December 2022	31 December 2021
EBITDA margin	a	22.6%	22.6%	30.4%	24.8%
EBITDA leverage	b-bb	4.07	4.07	3.29	8.27
EBIT margin	bbb	12.1%	12.1%	20.2%	5.5%
EBITDA net leverage	b-bb	3.38	3.38	2.62	7.36
FFO margin	bbb	12.0%	12.0%	22.8%	-2.9%
FFO leverage	bb-bbb	3.88	3.88	3.14	8.27
FCF margin	ccc	-16.5%	-16.5%	12.6%	-9.8%
EBITDA interest coverage	b	1.84	1.84	3.27	0.88
(CFO-Capex)/Net Debt	ccc	-21.6%	-21.6%	15.8%	-5.4%
FFO interest coverage	b	1.93	1.93	3.44	0.88

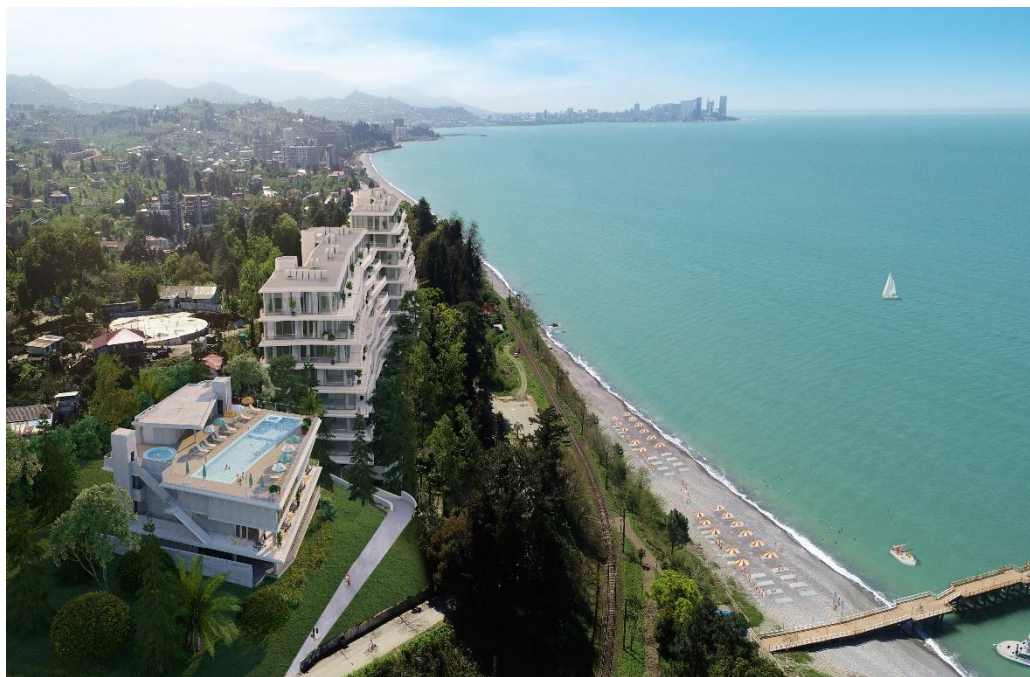
*These figures are presented for illustrative purposes and should not be used to draw conclusions about the company's potential credit rating.

Green Cape Botanico – upscale turnkey apartments in prestigious location

Type: High-end residential complex

Status: Finished

Location: In close vicinity of Batumi Botanical Gardens



Luxurious real estate property – Tsinandali Villas



Type: Luxurious Villas

Status: Under development

Location: Near Radisson Collection Tsinandali



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

Type: High-end residential complex

Status: Brownfield

Location: In the heart of Batumi

Highlights and development status

Silk Towers will unite 3 towers, artificial lagoon, Marina and Yacht Club. Construction works are planned to start in 2024



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



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

