

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

Joint Stock Company

Georgian Renewable Power Operations (ID 404642892)

Final Term Sheet of the Bonds

Final Term Sheet prescribes offering terms and represents the Term Sheet of the Final Prospectus.

This document determines offering terms of Bonds up to 80,000,000 (eighty million) USD total nominal value, with the stated maturity of 60 months, fixed coupon rate and terms determined based on the Terms and Conditions of the bonds, including the repurchase options of the Green Secured Bonds.

Name of the security	Green Secured Bonds (Bonds) of Georgian Renewable Power Operations JSC (“GRPO”, the “Company” or the “Issuer”)
Name of the Issuer, legal form, identification number and contact information	Joint Stock Company Georgian Renewable Power Operations, ID No. 404642892, address: 10 Medea (Mzia) Jugheli Street, Tbilisi 0179, Georgia. Telephone: +(99532) 2931111, Email: info@grpc.ge, Website: www.grpc.ge
Name and contact information of the Placement Agent 1	JSC Galt & Taggart (numberIdentification number: 211359206) Address: N3, Pushkin Street, 0105, Tbilisi E-mail: gt@gt.ge; sales@gt.ge Web-page: https://galtandtaggart.com/en Tel: (+995 32) 2 40 11 11
Name and contact information of the Placement Agent 2	TBC Capital LLC (numberIdentification number: 204929961) Address: 7 Marjanishvili Street, 0102, Tbilisi E-mail: info@tbccapital.ge Web-page: https://www.tbccapital.ge/ Tel: (+995 32) 227 27 33
Name and contact information of the body responsible for approving the Prospectus	National Bank of Georgia - Address. Zviad Gamsakhurdia Sanapiro N1, Tbilisi 0114, Georgia, Tel: 2 406 406. E-mail: info@nbg.gov.ge. Website: www.nbg.gov.ge
Date of approval of the Prospectus	<i>September 29, 2022 (as approved by the NBG)</i>
Term of effectiveness of the Prospectus	Pursuant to the law, 12 months from the approval of the final offering terms document
Date of approval of the Terms Sheet	<i>October 11th, 2022 (as approved by the NBG)</i>
State registration number of the issue	<i>GE2700604186-1-01</i>
International registration number of issue ISIN	<i>GE2700604186</i>

The Term Sheet represents an integral part of the Final Prospectus.

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

Approved by National Bank of Georgia

Signed on behalf of GRPO:

Signatory:

Name: Zurab Gordeziani

Position: Chief Executive Officer

Signature:

Date:

Signatory:

Name: Nana Mshvidobadze

Position: Chief Financial Officer

Signature:

Date:

Signatory:

Name: Avtandil Namicheishvili

Position: Chairman of the Supervisory Board

Signature:

Date:

Signed on behalf of JSC Galt and Taggart:

Signatory:

Name: Otar Sharikadze

Position: Managing Director

Signature:

Date:

Signed on behalf of TBC Capital LLC:

Signatory:

Name: Mary Chachanidze

Position: Managing Director

Signature:

Date:

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

Information about the Bonds

Main characteristics of bonds:

Interest (coupon)	The annual interest (coupon) rate on the bond is determined from its nominal value, and is fixed 7.00%.
Bond amortization terms	Principal amount of the Bonds will be repaid on maturity date.
Interest Accrual and Payment	The interest is accrued on the Bonds at the abovementioned rate from the date of issuance of Bonds until the maturity date. The interest will be accrued based on a 365-day year. The accrued interest will be payable semi-annually on October 12 and April 12. The first payment of interest will be made on April 12, 2023.
Currency of the Bonds	Bonds are denominated in USD.
Rights and Restrictions related to the Bonds	There are no special and material rights and restrictions related to the Bonds except for the ones presented in the Terms & Conditions part of the Prospectus.
Limitations to the free transfer/circulation of the Bonds	There are no special limitations to the free transfer/circulation of the Bonds.
Call Option	Issuer has call options as determined by the Terms and Conditions of the Prospectus (Condition 7, "Redemption and purchase of the Bonds")
Credit rating of the Issuer/Bond	Neither of the Issuer or the Bonds have credit rating.
Maturity Date	The Bonds will be redeemed on October 12, 2027 at their nominal value together with accrued and unpaid interest (if any)
Contact Information of the Registrar	JSC United Securities Registrar of Georgia (identification number 205156374). Tbilisi, 0162, Mosashvili str. N11; Tel: (995 32) 2 25 15 60; e-mail: info@usr.ge (the issuer will ensure signing the agreement prior to the Bond issuance).
Listing	The issuer plans to list issued Bonds on the Georgian Stock Exchange after the placement. Under management assessment, the Company meets every criteria to list the Bonds on the Georgian Stock Exchange (volume of equity, profitability, etc.). Compliance with listing rules will be assessed by the Georgian Stock Exchange. For the detailed information about listing rules, please visit: https://gse.ge/upload/_28.05.2020__6f4d6e87.pdf
Status and Ranking of the Bonds	Bonds are secured liabilities. Each Bond has equal legal status, without any advantage over the other. Beside exceptions stated in the law, the Bonds will have the same status in the terms of payment rights (priorities), as all the other secured liabilities.
Security (Collateral)	1. The Bonds will be secured with immovable assets owned by the Issuer directly or indirectly through its subsidiaries and Guarantors' Right to Build on state-owned or municipality-owned land parcels, as determined in accordance with the

	<p>“Terms and Conditions of the Bonds” and ”Mortgage Agreement”.</p> <p>2. Joint guarantee of the guarantors, according to which guarantors jointly undertake the obligation to fulfill all due and unpaid obligation of the issuer, as determined in accordance with the “Terms and Conditions of the Bonds” and ”Joint Guarantee Agreement”.</p>
Green Framework /Second Party Opinion	The Issuer has obtained Second Party Opinion (SPO) from Sustainalytics, a Morningstar company and an approved verifier under the Climate Bonds Standard and a global market leader.
Dividend disbursement policy	Please refer to the Company’s dividend distribution policy described in the Prospectus (sub-chapter Dividend Policy). Furthermore, there are some restrictions regarding this matter, which is defined by the Terms and Conditions of the Prospectus).

Information about the Offering:

The Offer	Debt securities (Bonds) with up to USD 80,000,000 (eighty million) total nominal value due on October 12, 2027.
Minimal placement lot	1 bond.
Security	Coupon bond (fixed interest bearing security).
Nominal value	USD 10,000 (ten thousand).
Quantity of Bonds	8,000 (eight thousand).
Total nominal value of the Issue	Up to USD 80,000,000 (eighty million).
Issue Price	100% of the principal amount (nominal value) of the Bonds.
Indication of the minutes of the meeting of the partners (shareholders) and the decisions of the management on the approval of the issue;	The decision of the Supervisory Board on September 22, 2022.
Bond Issue Date	The Bonds will be issued on October 12, 2022.
Bond Deferred Placement Date	Any date after the Bond Issue Date until the end of the Offering Period when the Bond is issued at the Deferred Placement Price (as defined in the Terms and Conditions of the Prospectus).
Bond Deferred Placement price	Bond nominal value of the Bond plus interest accrued from the Bond Issue Date to the Deferred Placement Date (as defined in the Terms and Conditions of the Prospectus).
Offering Period	The period of time from the approval of the Final Term Sheet Document to the completion of the Offering Period during which securities may be purchased.
Offering Completion Date	Date on which one of the following events occur: a) Prospectus becomes invalid; b) Publicly offered securities are placed in full; c) Public offering is terminated.
Maturity Date	The Bonds will be redeemed on October 12, 2027 at their principal/nominal value together with accrued and unpaid interest (if any).
Currency of the Bonds	Bonds are denominated in USD.
The ranking of securities in the capital structure in case of insolvency/bankruptcy	In the event of bankruptcy, the owners of the securities are secured creditors. Claims of secured creditors are governed by the Article 105 of Law of Georgia on Rehabilitation and Collective Satisfaction of Creditors, according to which the secured creditor of the first rank may apply to a bankruptcy manager requesting the sale of secured property in the manner provided for by a respective mortgage agreement. The bankruptcy manager ensures the sale of the said property in accordance with the claim of a mortgagee of the first rank. If the proceeds from its sale exceed the claim of a creditor of the first rank, the claims of creditors of each following rank are satisfied by the excess amount in accordance with the procedure established by the Civil Code of Georgia, whereas the remaining amount shall be included in the insolvency estate.see chapter “Risks Relating to the Bonds“ in the Prospectus.
Calculation and Paying Agent	JSC Galt & Taggart (Identification number: 211359206).

Default	If an "Event of Default" is determined in appropriate manner, the Bondholders, either directly or by instructing Bondholder Representative, may notify the Issuer of a request for an immediate payment of 100% principal amount of the Bond and the accrued interest (if any) (see Condition 10, "Events of Default" of the Terms and Conditions of the Bonds).
Use of Proceeds	The funds raised from the Bonds' issue will be used in full to refinance existing liabilities (for detailed information see section "Reasons for the offer and use of proceeds").
Net Proceeds	In case of full placement of the Bonds, Net proceeds shall be no less than 98.5% of the total principal/nominal amount issued.
Selling Restrictions	The offer and sale of Bonds shall only be made within the jurisdiction of Georgia as allowed by the applicable laws of Georgia.
Governing Law	Georgian law.
Jurisdiction	Any disputes related to the Bonds shall be settled by arbitration in accordance with the effective UNCITRAL Arbitration Rules, by one arbitrator appointed by LCIA (London Court of International Arbitration). For more details see "Terms and Conditions of the Bond, Governing Law and Jurisdiction".
Main terms of Bond Placement Agreement	The agreement obliges Placement Agent 1 and Placement Agent 2 (together, "Placement Agents") to provide placement of Bonds only on a non-guaranteed basis. It is the duty of the Placement Agents to prepare the documentation required for the placement of the Bonds (including the Bond prospectus), to act as the Placement Agent, and to advise the Company on the issuance, sale, and settlement of the Bonds.
Placement & Other fees related to the Offering	The placement and other fees related to the offering do not exceed 1.5% of the placed Bonds, including relevant fees paid to Strategic Investors. The commission is fully covered by the Issuer and no costs will be charged to investors.

Possible fees imposed on investors

Fees associated with placement of the Bonds are reimbursed in full by the Issuer and the investor will not incur any additional costs under the offer.

Conflicts of interest connected with the Offering

The Issuer and the Placement Agent 1, also acting as the Calculation and Paying Agent (Galt & Taggart) are indirectly related, with the Issuer representing 100% indirect subsidiary of Georgia Capital PLC (“GCAP”, “Ultimate Parent”) who also indirectly holds 19.90% non-voting equity interest in the Bank of Georgia Group PLC, holding 100% of the JSC Galt & Taggart. Although, such connection could be potentially considered as certain risk factor from the potential investors’s perspective, the Issuer considers this to be non-material considering the non-voting nature of Ultimate Parent’s equity interest in the Placement Agent 1, the fact that members of governing bodies of these companies are fully and completely segregated and all the agreements associated with this transaction are made according to existing legislation, on a commercial basis.

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

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

10 October, 2022

JSC “Georgia Renewable Power Operations“

Official Letter depicting immaterial change

Within the Prospectus of the JSC “Georgia Renewable Power Operatins“ (ID 404642892) amounting up to USD 80,000,000 (eighty million) nominal amount in total, approved by the National Bank of Georgia’s Decree N386, dated September 29th, 2022, immaterial change is being made.

Reason for Change: The reason for the change is the correction of the non-essential technical error described below in the Prospectus.

Description of Change: On page 4 of the Bond Prospectus, for the avoidance of any doubt, the "and" connection between sub-clauses ii) and iii) of the Investor's Confirmation shall be replaced by the "and/or" connection and shall be formulated as follows:

The investor’s confirmation: the attached Prospectus is delivered to the investor at his/her/its request and on the basis that the investor has confirmed to the Placement Agents: Galt & Taggart JSC (ID No. 211359206), address: 3, Pushkin street, Tbilisi 0105, Georgia, tel.: (995 32) 2401-111; Email: st@gt.ge (hereinafter referred to as the “**Placement Agent 1**”), TBC Capital LLC (ID No. 204929961), address: 7, Marjanishvili street, Tbilisi 0102, Georgia, tel.: (995 32) 227-27-27; Email: info@tbccapital.ge (hereinafter referred to as the “**Placement Agent 2**”) and GRPO that the investor (i) is located outside the United States of America and is not a US person (as defined in Regulation S under the United States Securities Act of 1933), and (ii) is outside the United Kingdom and European Economic Area, **and/or** (iii) is a person into whose possession this Prospectus may lawfully be delivered in accordance with the laws of the jurisdiction in which he/she/it is located.

Probable impact of the change on the decision of existing or potential investors:

Based on the fact that the change presented above is immaterial and serve to correct a technical error in the Prospectus, issuer does not expect the change to have any impact on the decision of either existing or potential investors.

Notwithstanding the above, the official letter reflecting this change will become an integral part of the Final Prospectus, after which the said communication to existing or potential investors will be carried out in the form of the Final Prospectus.

Signed on behalf of GRPO:

Signatory:

Name: Zurab Gordeziani

Position: Chief Executive Officer

Signature:

Date:

Signatory:

Name: Nana Mshvidobadze

Position: Chief Financial Officer

Signature:

Date:

Signatory:

Name: Avtandil Namicheishvili

Position: Chairman of the Supervisory Board

Signature:

Date:

Signed on behalf of JSC Galt and Taggart:

Signatory:

Name: Otar Sharikadze

Position: Managing Director

Signature:

Date:

Signed on behalf of TBC Capital LLC:

Signatory:

Name: Mary Chachanidze

Position: Managing Director

Signature:

Date:

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

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

Joint Stock Company

Georgian Renewable Power Operations

(ID No. 404642892)

Green Secured Bond Prospectus

Bonds of up to USD 80,000,000 (eighty million) total principal/nominal amount and detailed terms determined by the Final Term Sheet document and the Prospectus.

The Bonds constitute secured liabilities of the Company.

Georgian Renewable Power Operations JSC (“GRPO”, the “Company” or the “Issuer”) accepts responsibility for the information contained in this Prospectus. To the best of the Company’s knowledge and belief (which has taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to significantly affect the accuracy and completeness of such information. Furthermore, the Prospectus contains *all the material facts known to the Company and there has not been intentionally omitted information, which could affect the content of the Prospectus.*

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

Persons responsible for preparation of the document:

Zurab Gordeziani – Chief Executive Officer of GRPO

Nana Mshvidobadze – Chief Financial Officer of GRPO

Signed on behalf of GRPO:

Signatory:

Name: Zurab Gordeziani

Position: Chief Executive Officer

Signature:

Date:

Signatory:

Name: Nana Mshvidobadze

Position: Chief Financial Officer

Signature:

Date:

Signatory:

Name: Avtandil Namicheishvili

Position: Chairman of the Supervisory Board

Signature:

Date:

Signed on behalf of Galt and Taggart JSC:

Signatory:

Name: Otar Sharikadze

Position: Managing Director

Signature:

Date:

Signed on behalf of TBC Capital LLC:

Signatory:

Name: Mary Chachanidze

Position: Managing Director

Signature:

Date:

Please refer to the original, Georgian version of the Prospectus for relevant signatures and approvals.

Important Information for the Investors:

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

Body responsible for approving the Prospectus:

National Bank of Georgia – address: Zviad Gamsakhurdia Sanapiro N1, 0114, Tbilisi, Georgia. Telephone: 2 406 406. Email: info@nbg.gov.ge. Website: www.nbg.gov.ge

Limitation of liability:

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

Furthermore, except for cases expressly provided for by applicable law, no person, including an authorized representative of the Issuer, CEO, CFO, member of the Supervisory Board, Chairperson of the Supervisory Board, Placement Agents, the Calculation and Paying Agent, the Registrar, other advisers of the Company, nor any of their affiliates, directors, advisers or agents, other than the Issuer, accepts any responsibility whatsoever for the contents of this Prospectus, the accuracy or completeness of the information contained in this Prospectus or for any other statement, made or purported to be made by any of them or on its/their behalf in connection with the Company or the issue and offering of the securities described herein. Therefore, the Placement Agent and the advisers of the Company disclaim any liability under the law or other liability they might have in respect of this Prospectus or any other statement made by them.

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

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

The investor's confirmation: the attached Prospectus is delivered to the investor at his/her/its request and on the basis that the investor has confirmed to the Placement Agents: Galt & Taggart JSC (ID No. 211359206), address: 3, Pushkin street, Tbilisi 0105, Georgia, tel.: (+995 32) 2 40 11 11; Email: st@gt.ge (hereinafter referred to as the "**Placement Agent 1**"), TBC Capital LLC (ID No. 204929961), address: 7, Marjanishvili street, Tbilisi 0102, Georgia, tel.: (995 32) 227-27-27; Email: info@tbccapital.ge (hereinafter referred to as the "**Placement Agent 2**") and GRPO that the investor (i) is located outside the United States of America and is not a US person (as defined in Regulation S under the United States Securities Act of 1933), and (ii) is outside the United Kingdom and European Economic Area, and (iii) is a person into whose possession this Prospectus may lawfully be delivered in accordance

with the laws of the jurisdiction in which he/she/it is located.

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

For the avoidance of any doubts, the approved Prospectus published/made publicly available by the NBG shall prevail.

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

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

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

Approved by the National Bank of Georgia

Date of Approval
September 29, 2022

Please refer to the original, Georgian version of the Prospectus for relevant signatures and approvals.

Table of Contents

Table of Contents	5
Prospectus Summary	8
Introduction	8
Key Information about the Issuer	11
Key Financial Indicators	16
Selected Key Financial Ratios	17
Brief Information on the Material Risk Factors Specific to the Issuer’s Business and the Securities being Offered	21
Terms of the Offering and Main Characteristics Of Securities	23
Risk Factors	24
Risk Factors specific to the Industry and the Economy	24
Risks Factors specific to Issuer’s business	32
Risks Factors specific to securities being offered	38
Reasons for the Offer and Use of Proceeds	42
Green Bond Framework	43
Registration Document	45
Persons responsible for preparation of the document	45
Principal Activities	46
Overview & History	46
Operations	47
Insurance	49
Strengths	49
Principal Markets	52
Brief Summary of the electricity market	52
The current structure of the electricity market and main participants	53
Electricity supply-demand trends	55
Macroeconomic Snapshot: Key recent developments and measures	58
Descriptions of Important Events in the Development of the Issuer’s Business Activities	61
Strategy and Objectives	61
Investments	63
Competitive Market Positioning	63
Operating and Financial Review	65
Financial Condition	65

Capitalisation and Indebtedness	67
Operating Results	70
Cash Flow Statement Review	72
Regulatory Environment	73
Governing Body and Management.....	78
Overview.....	78
General Meeting of Shareholders	78
Supervisory Board.....	78
The CEO.....	- 81 -
Executive management team.....	- 81 -
Corporate Governance.....	- 82 -
Conflicts of Interest	- 83 -
Litigation Statement	- 83 -
Pensions	- 83 -
Major Shareholders.....	- 83 -
Related Party Transactions	- 86 -
Financial Information concerning the Issuer's Assets and Liabilities, Financial Position and Profit and Losses.....	- 87 -
Statement of financial position.....	- 88 -
Statement of profit or loss and other comprehensive income	- 89 -
Statement of cash flows	- 90 -
Dividends Policy.....	- 91 -
Litigation and Other Proceedings	- 91 -
Share Capital.....	- 92 -
A list of documents mentioned/indicated in the registration document.....	- 93 -
Overview of securities	- 94 -
Important Information	- 94 -
TERMS AND CONDITIONS OF THE BONDS	- 96 -
1. FORM, NOMINAL AMOUNT, TITLE AND COLLATERAL.....	- 96 -
2. OFFERING AND PLACEMENT OF BONDS, EXECUTION AND REGISTRATION OF MORTGAGE, EXECUTION OF GUARANTEE AGREEMENT, CHANGES TO THE OFFERING AND DISPOSAL OF BONDS.....	- 97 -
3. STATUS.....	- 103 -
4. APPOINTMENT OF BONDHOLDERS' REPRESENTATIVE.....	- 103 -
5. COVENANTS.....	- 103 -
6. INTEREST.....	- 111 -
7. REDEMPTION AND PURCHASE OF THE BONDS.....	- 111 -

8.	SETTLEMENT & PAYMENTS	- 113 -
9.	TAXATION.....	- 115 -
10.	EVENTS OF DEFAULT	- 115 -
11.	MEETINGS OF BONDHOLDERS, MODIFICATION AND WAIVER.....	- 117 -
12.	ENFORCEMENT	- 120 -
13.	INDEMNIFICATION OF THE BONDHOLDERS' REPRESENTATIVE.....	- 121 -
14.	NOTICES.....	- 121 -
15.	DEFINITIONS.....	- 122 -
16.	GOVERNING LAW AND JURISDICTION	- 134 -
	TAXATION OF BONDS IN GEORGIA.....	135

Prospectus Summary

Introduction

Name of the security	Green Secured Bonds of Georgian Renewable Power Operations JSC (“GRPO”).
Name, legal form, identification number and contact details of the Issuer	Joint Stock Company Georgian Renewable Power Operations, ID No. 404642892, address: 10 Medea (Mzia) Jugheli Street, Tbilisi 0179, Georgia. Telephone: +(99532) 2931111, Email: info@grpc.ge, Website: www.grpc.ge.
Name and contact information of the Placement Agent 1	JSC Galt & Taggart (Identification number: 211359206) Address: N3, Pushkin Street, 0105, Tbilisi E-mail: gt@gt.ge; sales@gt.ge Web-page: https://galtandtaggart.com/en Tel: (+995 32) 240 11 11.
Name and contact information of the Placement Agent 2	TBC Capital LLC (Identification number: 204929961) Address: N7 Marjanishvili Street, 0102, Tbilisi E-mail: info@tbccapital.ge Web-page: https://www.tbccapital.ge/ Tel: (+995 32) 227 27 33.
Name and contact details of the body responsible for approving the Prospectus	National Bank of Georgia, address: N1 Zviad Gamsakhurdia Sanapiro, 0114, Tbilisi, Georgia. Telephone: 2 406 406. Email: info@nbg.gov.ge. Website: www.nbg.gov.ge.
Date of approval of the Prospectus	<i>September 29, 2022 (as approved by the NBG)</i>
Prospectus Valid Through	In accordance with the legislation, within 12 months after the approval of the Final Term Sheet Document.

Important information:

The Summary (General Overview) is the integral part of the Prospectus.

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

The Issuer may become liable if the information represented in the General Overview is misleading or inaccurate or is not relevant to the main Prospectus or does not provide the basic information to help investors to make investment decisions with regard to the Bonds.

An investment in Bonds involves high risk. Any prospective investor, who will purchase the Bonds, should be prepared to face the economic risk of his/her/its investment and take into account the fact that the repayment of the principal amount of the Bonds and accrued interest will depend on the Issuer's solvency. Neither this Prospectus nor any other information supplied by the Company or the Placement Agents in connection with the Bonds and placement is intended to provide an evaluation of the risks involved in investing in Bonds. Each investor is advised to make his/her/its own evaluation of the potential risks involved. In addition, the investor may lose all or part of the total invested amount.

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

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

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

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

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

Warning

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

- i. Have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained in this Prospectus or any applicable supplement;
- ii. Have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio;
- iii. Have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where the currency for principal and interest payments (USD) is different from the currency in which the potential investor attracts or implements investments;
- iv. Understand thoroughly the terms of the Bonds and be familiar with the behaviour of the financial markets in which they participate;
- v. Be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and the ability to bear the applicable risks.

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

References:

The main sources used in the Prospectus are as follows:

- Semi-annual financial statements of the GRPO (for the half-year 2022) (www.grpc.ge)
- Audited annual combined carve-out financial statement (for the year 2021) (www.grpc.ge)
- Issuer website (www.grpc.ge)
- JSC “Georgia Global Utilities” (www.ggu.ge)
- Georgia Capital PLC (www.georgiacapital.ge)
- National Statistics Office of Georgia (www.geostat.ge)
- National Bank of Georgia (www.nbg.ge)
- Galt & Taggart Research (www.gt.ge)
- TBC Capital Research (www.tbccapital.ge)
- Coronavirus Prevention Portal of the Government of Georgia (www.stopcov.ge)
- Our World In Data (www.ourworldindata.org)
- Saras Reportal (www.reportal.ge)

Responsible persons represent that when the information provided by a third party is used, the source is indicated and a reservation is made that this information has been processed correctly. To their knowledge, no significant information and facts are omitted which would make the information inaccurate and misleading.

Key Information about the Issuer

The Issuer is JSC "Georgian Renewable Energy Operations" ("GRPO", "Company", "Issuer"). Address: Georgia, Tbilisi 0179, Medea (Mzia) Jugeli st. N10. Country of registration: Georgia. Regulatory legislation: legislation of Georgia. Date of establishment: June 28, 2022

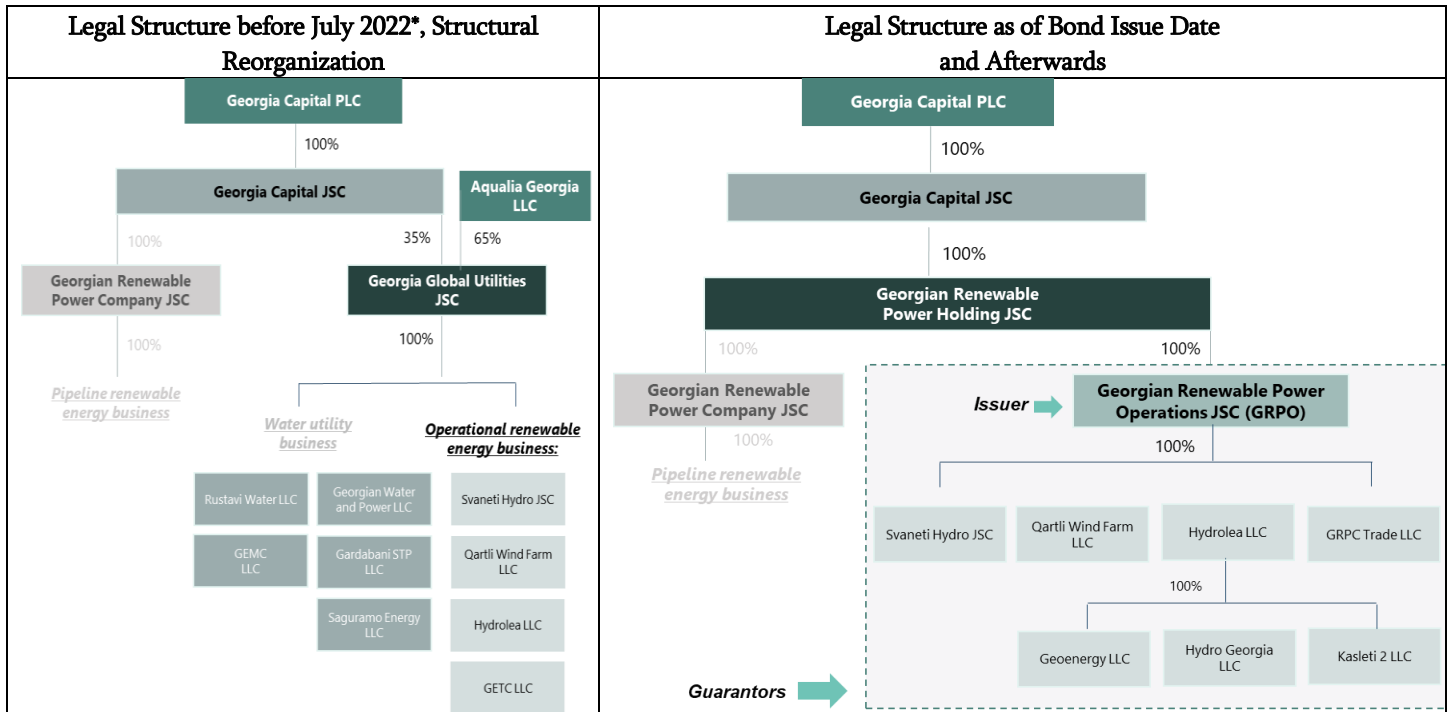
GRPO's business represents a platform for operating hydro power plants ("HPPs") and wind power plant ("WPP") across the country. The business operates commissioned renewable assets with 71MWs of installed capacity in aggregate and with average capacity factors of more than 40%: 30MW Mestiachala 2 HPP, 20MW Hydrolea HPPs and 21MW Qartli WPP. The latter two assets represent successful acquisitions made by the business at the end of 2019, while the Mestiachala 2 HPP was built and commissioned by GCAP's renewable energy business in 2019. All power plants (except for the Akhmeta HPP, whose PPA has expired) benefit from long-term power purchase agreements (the "PPAs") (additional information on PPAs is given in section "Principal Markets") formed with the Electricity System Commercial Operator ("ESCO", ID number 205170036), resulting in predictable dollar-linked cash flows, as PPAs are fixed in US dollars.

In December 2021, Georgian Capital JSC ("GCAP"), which at the time was the sole (100%) owner of Georgia Global Utilities JSC ("GGU"), and which combined water utility and renewable energy businesses, has agreed to sell an initial 80% of its equity interest in the water utility business to FCC Aqualia ("Aqualia") for a cash consideration of US\$ 180 million, while GCAP has retained sole (100%) shareholding in the renewable energy business. This values the entire water utility business at US\$ 225 million. In addition, the seller and the buyer were granted put and call options, respectively, over GCAP's remaining 20% interest in the water utility business.

The first stage of the transaction, which considered the initial sale of a 65% equity interest in GGU (representing an 80% economic interest in the water utility business) was successfully completed on 3rd February 2022 with the receipt of full sale proceeds and transfer of respective shares of GGU to Aqualia.

The second stage of the transaction, the demerger of the renewable energy business occurred in September 2022 and upon completion of this stage of the transaction, GCAP indirectly (through Georgian Renewable Power Holding JSC) owns 100% of GRPO's renewable energy assets.

Legal structure before structural changes in July 2022 and at the time of/after bond issuance is given below (for detailed information please see subsection Registration Document, Principal Activities"



* The issuer, JSC “Georgian Renewable Power Operations” (ID: 404642892) was founded in July 28th, 2022;

Further information regarding the disposal of Water Utility Business can be found in Circular to Shareholders by Georgia Capital PLC dated January 6, 2022: https://georgiacapital.ge/sites/default/files/inline-files/Circular_0.pdf

GRPO’s existing portfolio of renewable energy assets includes four HPPs and one on-shore wind farm (the only commissioned wind farm in Georgia so far). The details of these plants are set forth in the table below:

Power Plant	Location (Region)	Installed Capacity, MW	CoD	Load Factor, %	PPA price, Usc/Kwh	PPA Coverage	PPA Expiration Date
Mestiachala 2 HPP	Svaneti	30.0	2019	40%	5.50	8m/15Y	Apr 2034
Akhmeta HPP	Kakheti	9.1	2014	73%	5.54	Expired	Feb 2022
Dedeba HPP	Kvemo Kartli	3.2	2015	71%	5.54	8m/10Y	Dec 2023
Kasleti 2 HPP	Svaneti	8.1	2018	69%	5.66	8m/10Y	Sep 2028
Qartli WPP	Shida Kartli	20.7	2016	47%	6.50	12m/13Y	Jan 2030

Mestiachala 2 HPP. The Mestiachala 2 HPP is a run-of-the-river plant with an aggregate installed capacity of 30MW located in the Samegrelo-Upper Svaneti region. Construction commenced in May 2017 by GRPC JSC and was completed in April 2019 (the HPP was transferred to JSC “Georgia Global Utilities” in 2020). The actual cost of construction per MW was approximately \$1.2 million, with approximately 70% of the total project cost being financed through long-term debt facility. For the first 15 years after the commencement of power generation, the Mestiachala 2 HPP will sell electricity at market prices during the period from May through August and pursuant to the long-term power purchase agreement with ESCO (“PPA”), at fixed prices of \$ c 5.50 per KWh during the period from September through April.

Previously, Mestiachala HPPs comprised cascade of two power plants with 50MW installed capacity in total. In July 2019, the Mestiachala HPPs were affected by flood event resulting from a rock avalanche and both plants were taken offline. Following a rehabilitation process, the 30 MW generation unit was recommissioned in December 2019 and it remains operational at the originally planned capacity. In 2021, in line with the outcome of the comprehensive cost and feasibility assessment, the restoration

process of the 20MW plant of Mestiachala HPP 1 has been suspended indefinitely. Hence, as at 31 December 2021, impairment of the remaining assets of Mestiachala 1 HPP was recognized resulting in GEL 36.6 million impairment charge in profit or loss for 2021. In June 2022, conditional alienation of assets and corresponding rights of Mestiachala 1 HPP was carried out.

Akhmeta HPP. The Akhmeta HPP was acquired by GCAP in October 2019 as part of the Hydrolea Group acquisition and subsequently transferred to GGU in July 2020. The Akhmeta HPP is built on irrigation infrastructure located in the Kakheti region that was commissioned in 2014. The installed capacity of the Akhmeta HPP is 9.1 MW. Since March 2022, Akhmeta HPP sells electricity at market prices.

Debeda HPP. The Debeda HPP was acquired by GCAP in October 2019 as part of the Hydrolea Group acquisition and subsequently transferred to GGU in July 2020. It is a HPP built on irrigation infrastructure located in the Kvemo Kartli region that was commissioned in 2015. The installed capacity of the Debeda HPP is 3.2 MW. Until 2023, the Debeda HPP will sell electricity at market prices during the period from May to August and pursuant to a PPA with ESCO at fixed prices of U.S.\$ c 5.54 per kWh during the period from September to April (inclusive).

Kasleti 2 HPP. The Kasleti 2 HPP was acquired by GCAP in October 2019 as part of the Hydrolea Group acquisition and subsequently transferred to GGU in July 2020. The Kasleti 2 HPP is a run-of-the-river plant located in the Samegrelo-Upper Svaneti region that was commissioned in 2018. The installed capacity of the Kasleti 2 HPP is 8.1 MW. Until 2028, the Kasleti 2 HPP will sell electricity at market prices during the period from May to August and pursuant to a PPA with ESCO at fixed prices of U.S.\$ c 5.66 per kWh during the period from September to April (inclusive).

Qartli Wind Farm. In November 2019, GCAP won a public auction held by the Georgian Energy Development Fund and Georgian Oil and Gas Corporation to acquire a 100% equity interest in the 20.7 MW six-turbine Qartli Wind Farm, an on-shore wind farm located in the Shida Kartli region, for U.S.\$14.4 million. The wind farm was subsequently transferred to GGU in July 2020. Qartli Wind Farm is the only operational wind farm in Georgia with its remarkable capacity factor of 50%, and has been generating power since late 2016. The PPA between Qartli Wind Farm and ESCO sets the price at U.S.\$ c 6.50 per kWh, runs to 2030 and covers 100% of the plant's output throughout the entire year. Pursuant to its PPA with ESCO, while Qartli Wind Farm is obliged to sell electricity to ESCO during the eight months from September to April (inclusive), it is permitted to select an offtaker and market the electricity it generates for the remainder of the year, subject to the restriction that, during the first 13 years of operation, electricity generated by Qartli Wind Farm must be sold exclusively to satisfy the internal Georgian demand.

Brief Information about the Sector

The electric energy market is divided into two parts - the retail market and the wholesale market. The residential sector, small and medium enterprises, and specific government organizations are the end-users in the retail market. In the retail market, the end-user electricity tariff is regulated and set by the Georgian National Energy and Water Supply Regulatory Commission (“GNERC”). The power suppliers in the retail market are Telmico LLC and EP Georgia JSC. They purchase electricity in the wholesale market and supply it to retail consumers. The price of electricity on the wholesale market is not regulated by GNERC, other than a contract for differences designated for vulnerable consumers (residential sector and small businesses). Settlement in the retail market takes place once a month.

The wholesale market of electricity is more diversified in terms of market players. Sellers on this market are power plants (hydro, thermal, solar, or wind), importers or wholesale suppliers (same as traders or re-sellers of electricity). Electricity is purchased by power suppliers (Telmico and EP Georgia supply), Abkhazia region, direct consumers (large industrial companies), exporters or traders. All wholesale market participants are free to choose their contractors. As of Feb-22, there are two power suppliers on the demand side, 46 direct consumers, 20 traders (although only 5 of them were active in 2021), and 40 registered exporters (although

only 5 of them were actively exporting in 2021 and 3 of them in 2020). There are over 100 power producers on the supply side, 29 importers (although only 5 were active in 2020-21), and 20 traders (only 5 were actively involved in power trade in 2020 and 2021).

The electricity generation market is partially deregulated, formally unbundled, and privatized. The only state-owned HPPs - Enguri and Vardnili – are expected to remain under state ownership as they are located partly on the occupied territory of Abkhazia. The Gardabani-1 and Gardabani-2 thermal power plants are owned by state-owned company Georgian Oil and Gas Corporation JSC. All other power plants are under private ownership.

Electricity consumption is highly correlated with GDP growth, with average consumption growth rate of 5.1% throughout 2010-2021. Electricity consumption was down by 4.9% y/y in 2020, because of the reduced economic activity caused by the Covid-19 pandemic. In 2021, consumption increased by 13.1% and surpassed pre-pandemic levels by 7.6% (2021 vs 2019 consumption).

Georgia's installed capacity totaled 4.5GW in 2021, up from 3.3GW in 2010. Since 2010, installed capacity increased by 1.2 GW, out of which only 0.7 GW were hydro and wind projects, while the remaining 0.5 GW were TPPs, that run on imported natural gas. Currently, Georgia has 103 hydro (3.3 GW), 6 thermal (1.2GW), and 1 wind (20.7MW) power plants. Since 2010, the electricity supply increased from 10.1 TWh to 14.4 TWh (excluding electricity transit). More than 80% of growth in supply (3.5 TWh) came from import-dependent sources - direct electricity imports and generation of gas-fired TPPs. Only less than 20% of supply-side growth was satisfied by increased generation of wind and hydropower plants. The low pace of development of local renewable energy sources resulted in the increased share of thermal generation and direct electricity imports in the supply mix.

Shareholders of the Issuer

In September 2022, GCAP spun-off its renewable energy business from GGU and now it is indirectly (through Georgian Renewable Power Holding JSC) fully-owned by GCAP. On the other hand, GRPO is 100% parent company of Qartli Wind Farm LLC, Hydrolea LLC, Svaneti Hydro JSC, and GRPC Trade LLC. The Issuer's assets are geographically localized in Georgia.

Georgia Capital PLC, 100% shareholder of the Issuer through GCAP represents leading investment management company in Georgia, listed on the premium segment of the London Stock Exchange (Ticker: CGEO). Its strategy focuses on capital-light, larger-scale investment opportunities in Georgia, which can reach at least GEL 300 million equity value in 3-5 years after initial investment and monetize them through exits as investments mature. Core strategy enablers of the company include superior access to capital, access to good management and strong corporate governance amongst others. As of June 30 2022, the total value of its portfolio was GEL 2.7 billion. Its portfolio consists of investments large portfolio companies (such as Bank of Georgia, Healthcare and Insurance), investment stage companies operating in renewable energy business (GRPO) and education and other portfolio companies operating in real estate development, hospitality and commercial real estate, beverages, auto services and digital services.

For further details, please refer to the legal structure disclosed above, in the sub-chapter “Key Information about the Issuer”.

Management of the Issuer

Zurab Gordeziani – Chief Executive Office of GRPO

Zurab Gordeziani is a Chief Executive Officer of the Issuer. Zurab joined GGU in January 2015 and served as a member of GGU's Management Board during 2019-2022. Zurab joined BGEO Group in 2013 to develop hydro projects. Before that, he was involved in the energy sector of Georgia for 14 years and was part of the team that developed the current legislative framework for the energy sector in Georgia. He also served in executive positions in Energo-Pro Georgia JSC, Georgian State Electrosystem and Ministry of Energy of Georgia. Zurab holds degrees in Law and Economics from Tbilisi State University.

Nana Mshvidobadze – Chief Financial Officer of GRPO

Nana joined GCAP's renewable energy business in 2017. Before that, she worked in BGEO Group's Finance Team starting from 2016. Formerly she worked at PricewaterhouseCoopers (PWC) for more than 6 years. At PWC, Nana worked for Tbilisi and Brussels offices, where used to manage audit teams for various clients in different sectors. She holds Bachelor's degree of Business Administration with major in Finance from Caucasus University and is an ACCA affiliate.

For detailed information on the Issuer's corporate governance arrangement, please refer to the Registration Document subsection Governing Body and Management.

Auditors of the Issuer and third parties or experts involved in the preparation of the Prospectus:

Financial auditor of the Issuer: financial auditor of the Issuer is LLC EY. Identification number: 204441158. Address: 44, Kote Abkhazi st., Tbilisi, Georgia Email: info@ge.ey.com

Financial auditor of the Company has not changed during the periods presented in the Prospectus.

Registrar of the Issuer: JSC United Securities Registrar of Georgia (identification number 205156374). Tbilisi, 0162, Mosashvili str. N11; Tel: (995 32) 2 25 15 60; e-mail: info@usr.ge (the issuer will ensure signing the agreement prior to the Bond issuance).

Bondholders' Representative: Local consultancy firm Nodia, Urumashvili and Partners LLC will act as the Bondholders' representative based on respective agreement entered into with the Issuer. Identification number: 204484628. Tel: 0322 207 407. Address: Tbilisi, Saburtalo district, N71 Vazha-Pshavela Ave. building IV, floor IV, office 28. Email: info@nplaw.ge

Second Party Opinion Provider/External Verifier: Sustainalytics, a Morningstar Company, approved verifier under Climate Bonds Initiative (<https://www.climatebonds.net/certification/approved-verifiers>, Largest External Review Provider in 2020). Identification number: [●]. Address: 1 Oliver's Yard, 55-71 City Road, London EC1Y 1HQ, United Kingdom web-page: www.sustainalytics.com; E-mail: susfinance.emea@sustainalytics.com

Individuals and legal entities involved in the Offering:

Placement, Calculation and Paying Agent: Galt and Taggart JSC (ID No. 211359206), registration country: Georgia; governing law: Georgian law; address: 3, Pushkin street, Tbilisi 0105, Georgia, tel.: (+995 32) 2 40 11 11; Email: st@gt.ge

The Company has entered into the contract with the Placement Agents - Galt and Taggart JSC (who also acts as the Calculation and Paying Agent) and TBC Capital LLC. The contract obliges Galt and Taggart JSC and TBC Capital LLC to provide placement of Bonds only on a non-guaranteed basis (under best effort terms). The duty of the Placement Agents is to support in preparation of the paperwork required for the placement of the Bonds (including the Bond Prospectus), to act as a placement agent, and to advise the Company on the matters related to the Bonds issue, sale and settlement. The duty of Galt and Taggart JSC as the Calculation and Paying Agent is to calculate and pay the coupon and the principal amount.

The Issuer and the Placement Agent 1, also acting as the Calculation and Paying Agent (Galt & Taggart) are indirectly related, with the Issuer representing 100% indirect subsidiary of Georgia Capital PLC (the “Ultimate Parent”) who also indirectly holds 19.90% non-voting equity interest in the Bank of Georgia Group PLC, holding 100% of the JSC Galt & Taggart. Although, such connection could be potentially considered as certain risk factor from the potential investors’s perspective, the Issuer considers this to be non-material considering the non-voting nature of Ultimate Parent’s equity interest in the Placement Agent 1, the fact that members of governing bodies of these companies are fully and completely segregated and all the agreements associated with this transaction are made according to existing legislation, on a commercial basis.

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

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

Key Financial Indicators

The table summarises key financial indicators from company’s financial , which are based on audited combined carve-out financial statements for the year 2021 and 2020 and on semi-annual (HY) financial statements of 2022 for the HY 2022 and HY2021. The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). Semi-annual financial statements for 2022 and 2021 is prepared on carve-out basis.

Based on the 2021 audited curved out financial statements, audit opinion is unqualified. Basis for preparation and additional details are provided in the enclosed financial statements.

Material changes that occurred after 30 June 2022 and before submission of the Prospectus is related to:

- Early repayment of the Issuer’s former 100% owner GGU’s existing USD 250 mln green Eurobonds on 7 September 2022, including the Issuer’s and it’s group’s share of c.USD 95 mln, mostly through subordinated shareholder funding received from 100% shareholder Georgia Capital JSC (for more detailed information, see sub-section of Registration Document, ‘Operating and Financial Review, Capitalisation and Indebtedness’), and
- Finalization of Issuer’s demerger as described in the Prospectus (for details, see sub-section of Prospectus Summary, ‘Key Information about the Issuer’)

In addition to the information described in the Prospectus, no material changes have occurred since June 30, 2022 and before submission of the Prospectus, which could have material effect on the Issuer’s solvency.

Profit and Loss Statement, Key Indicators, thousand GEL	2022 HY Unaudited	2021 HY Unaudited	2021 Audited	2020 Audited
Total revenue and gains	19,244	20,432	43,951	42,510
Operating expenses	(2,228)	(2,111)	(4,369)	(4,140)
General and administrative expenses	(1,710)	(1,807)	(3,541)	(3,589)
Other operating expenses	(844)	(1,042)	(1,963)	(1,734)
EBITDA (Operating Profit)	14,463	15,472	34,078	33,047
EBITDA (Operating Profit Margin)	75%	76%	78%	78%
Finance costs, net	(11,060)	(12,153)	(23,580)	(23,417)
Foreign exchange gains/(losses)	(27)	22	(25)	(1,301)

Depreciation and amortization	(5,585)	(6,564)	(12,580)	(12,640)
Non-recurring revenue/(expenses), net	(1,783)	(1,328)	(43,411)	(10,577)
Loss before income tax expense	(3,992)	(4,551)	(45,518)	(14,888)

Income tax expense	-	-	-	-
Loss for the year	(3,992)	(4,551)	(45,518)	(14,888)

	30.06.2022	31.12.2021	31.12.2020
Balance Sheet, Key Indicators, thousand GEL	Unaudited	Audited	Audited
Current assets	46,467	51,805	70,085
Non-current assets	281,384	302,994	366,615
Total Assets	327,851	354,799	436,700
Current liabilities	12,780	12,576	13,058
Non-current liabilities	277,117	299,389	311,161
Total Liabilities	289,897	311,965	324,219
Share capital	84,664	84,664	104,664
Retained earning	(64,128)	(60,135)	(14,617)
Other reserves	17,418	18,305	22,434
Total Equity	37,954	42,834	112,481

Cash Flow Statement, '000 GEL	2022 HY	2021 HY	2021	2020
	Unaudited	Unaudited		
Cash flow from operating activities before investments in trading securities	12,076	9,529	31,019	47,550
Net investment in trading securities	-3,064	-8,308	-8,308	-
Cash flow from operating activities	9,012	1,221	22,710	47,550
Cash flow from investing activities	-7,476	-3,952	-6,012	22,888
Cash flow from financing activities	-18,585	-19,881	-41,460	-30,565
Effect of exchange rate changes on cash and cash equivalents	-977	-507	-1,553	3,171
Net change in cash and cash equivalents	-18,025	-23,119	-26,314	43,044
Cash and cash equivalents at the beginning of year	36,948	63,262	63,262	20,218
Cash and cash equivalents at the end of period	18,923	40,143	36,948	63,262

Selected Key Financial Ratios

Ratios:	2022 HY corr. ²	2022 HY	2021	2020
Financial Leverage Ratios:				
1. Interest Coverage Ratio	1.4	1.4	1.4	1.6
2. Net Debt / EBITDA Ratio (bond covenant)	6.8	8.0	8.0	7.8
3. Debt/Assets	0.8	0.9	0.9	0.7
4. Long-term debt to equity	6.1	7.3	7.0	2.8
Profitability Ratios				
5. EBITDA margin	75%	75%	78%	78%
6. EBIT margin	46%	46%	49%	48%
7. Return on capital employed (ROCE)	6.7%	6.5%	5.6%	5.1%

Liquidity Ratios

8. Cash collection ratio	96%	96%	99%	100%
9. Liquid Assets / Total Assets	3.2%	10.1%	13.4%	14.9%
10. Liquid Assets / Current liabilities	1.85	2.59	3.77	4.98
11. Current Ratio	4.42	3.64	4.12	5.37

Selected ratios from credit rating agencies' methodology

12. (CFO Pre-W/C + Interest) / Interest Expense	1.37	1.37	1.36	1.42
13. (CFO Pre-W/C) / Net Debt	4.1%	3.5%	3.5%	3.5%
14. RCF / Net Debt	3.7%	3.1%	-0.1%	10.8%

General notes:

- The table above presents ratios which, based on Issuer's judgement, are relevant to evaluate its business activity. The following ratios are not disclosed:
 - Debt Service Coverage Ratio (DSCR), as for the periods disclosed in the document, majority of interest-bearing liabilities is bond, hence mentioned ratio is almost identical to Interest Coverage Ratio (ICR)
 - Profitability ratios, such as return on assets and equity and net income margin, as Issuer's net income for the disclosed periods is negative;
 - Other ratios which are not relevant for Issuer's business
- Corrected ratios as of 30 June 2022 take into consideration the effect of following changes on Issuer's financial ratios:
 - Repayment of GGU's USD 250 mln Eurobonds issued on 28 July 2020 and its portion of around USD 95 mln attributed to the Issuer and its group;
 - Receiving subordinated shareholder funding of around USD 90 mln from Issuer's indirect 100% owner Georgia Capital JSC, the proceeds of which was used to finance the repayment of abovementioned around USD 95 mln, along with around USD 5 mln cash on Issuer's account (part of the cash was received by fully selling trading securities which was held on balance on 30 June 2022);
 - The effect of USD 80 mln Bond issue provided for in the Prospectus, which will be used to refinance part of subordinated shareholder funding of around USD 90 mln (after refinancing, Issuer will have around USD 10 mln of subordinated shareholder funding remaining).

It should be considered, that such effects are not based on exact IFRS data, but reflects the best available information to the Issuer at the moment of preparing the Prospectus.

For the ratios that are not altered compared to the actual ratios as of 30 June 2022, Bond issuance is not expected to have any material effect or such effect is impossible to determine.

- Unless otherwise specified, the terms in the coefficient calculation methodology have the following meanings:
 - EBITDA (operating profit) - Profit before Interest, Taxes, Depreciation and Amortization expenses (see the definition in the section of Key Financial Indicators, as shown in the Profit and Loss Statement)
 - EBIT - Profit before Interest and Tax expenses, also calculated as EBITDA minus depreciation and amortization expenses
 - Interest-bearing (debt) liabilities - the sum of loan liabilities and bonds on the company's balance sheet excluding any subordinated shareholder funding;
 - Net Debt (or Net interest-bearing liabilities)- Interest-bearing (debt) liabilities minus Cash and Cash equivalents

Methodology for calculating the key financial ratios:

1. Interest Coverage Ratio - EBITDA to interest payment (For the year 2022, due to the specifics of the sector/business and frequency of payments, LTM measures are used)
 2. Net Debt / EBITDA Ratio (or the Consolidated Net Leverage Ratio as specified in bond's financial covenants – see “Terms and Conditions of the Covenants, 5. Covenants”) – Company's Interest-Bearing Debt minus Cash and Cash Equivalents to EBITDA (LTM EBITDA used for the year 2022)
 3. Debt/Assets – interest-bearing liabilities to total assets
 4. Long-term debt/equity – long-term interest-bearing liabilities to total equity
 5. EBITDA Margin – EBITDA to Revenue
 6. EBIT Margin – EBIT to Revenue
 7. ROCE – EBIT (LTM EBIT used for the year 2022) to last two periods' average equity plus last two periods' average long-term interest-bearing liabilities
 8. Cash collection ratio - Cash receipts from customers to revenue
 9. Liquid Assets/Total Assets - Cash and cash equivalents plus trade receivables plus trading securities to total assets
 10. Liquid Assets / Current liabilities – Cash and cash equivalents plus trade receivables plus trading securities to total current liabilities
 11. Current Ratio – current assets to current liabilities
- 12-14 ratios are calculated based on Credit Rating Agency's calculation methodology described below. Despite this, the Issuer does not take any responsibility for the compliance of mentioned ratios with Credit Rating Agency's approach.

Key Financial Ratios in accordance with Credit Rating Agency's Methodology

As disclosed in the Prospectus, GRPO and its bonds do not have a credit rating assigned by credit rating agency.

GGU - which was a parent company of GCAP's renewable energy and water utility businesses and is an issuer of 250 mln USD Eurobonds – was assigned following ratings from S&P and Fitch (note, that the rating has not changed following the announcement of sale):

	S&P Global	Fitch Rating
Rating	B	B+
Outlook	Stable	Rating Watch Evolving
Date	31-Jan-22	14-Jan-22
Link	https://www.ggu.ge/_files/ugd/5ed98d_c240a07637ed46129db73677519ae7cf.pdf	https://www.fitchratings.com/research/corporate-finance/fitch-places-ggu-on-rating-watch-evolving-on-announced-sale-to-fcc-aqualia-14-01-2022

Additionally, for illustrative purposes only, the table below shows selected quantitative ratios which are used by Moody's Ratings in the process of assigning credit rating to companies.

This does not imply that in case of rating being assigned, Issuer would receive rating in compliance with these ratios, as the process of assigning rating is complex and takes into consideration various quantitative and qualitative factors: for example, availability of parent company's support and in case of power companies – revenue hedge against price fluctuations. Moreover, according to Moody's methodology, credit rating is assigned based on projected data, while historical data only has supporting function. Therefore, company management believes that evaluating company credit rating based on these ratios only can be misleading and investors should assess risks associated with company and its bonds independent of that.

Additionally, Issuer does not take responsibility that presented sector, methodology or ratio calculation methodology is in compliance with Credit Rating Agencies' methodology and/or Issuer's specific business activity.

Moody's unregulated power companies rating methodology

Leverage and Coverage	AAA	AA	A	Baa	Ba	B	Caa
(CFO Pre-W/C + Interest) / Interest Expense	>=18x	13x-18x	8x-13x	4.2x-8x	2.8x-4.2x	1x-2.8x	<1x
(CFO Pre-W/C) / Net Debt	>=90%	60%-90%	35%-60%	20%-35%	12%-20%	5%-12%	<5%
RCF / Net Debt	>=60%	45%-60%	25%-45%	15%-25%	8%-15%	3%-8%	<3%

General Notes:

- Source of methodology and ratio calculation:
https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_1066389;
- At the moment of bond issuance the interest-bearing (debt) liabilities will be reduced by USD 15 mln, resulting in improved ratios;
- For ratios using data from both balance sheet and profit/loss statement and/or cash flow statement, numbers for last twelve month period (LTM) is used (as specified for respective ratio calculating methodology);

Ratio Calculation Methodology:

1. (CFO Pre-W/C + Interest) / Interest Expense – Operating cash flows before working capital changes divided by interest paid (for the year 2022, due to the specifics of the sector/business and frequency of payments, LTM measures are used).
2. (CFO Pre-W/C) / Net Debt - Operating cash flows before working capital changes and net interest expense (interest expense minus interest income) divided by net interest-bearing liabilities (interest-bearing liabilities minus cash and cash equivalents). For the year 2022 LTM measures are used;
3. RCF / Net Debt – Operating cash flow after net interest expense (interest expense minus interest income) and dividend distribution divided by net interest-bearing liabilities (interest-bearing liabilities minus cash and cash equivalents). For the year 2022 LTM measures are used;

Brief Information on the Material Risk Factors Specific to the Issuer's Business and the Securities being Offered

Risk Factors specific to the industry and the economy

1. The risk of economic instability and investment is high in developing countries like Georgia.

- 1.1. Political and government instability in Georgia may have a significant adverse effect on the local economy and the Company's business;*
- 1.2. There are additional risks related to investing in developing markets such as Georgia;*
- 1.3 Volatility of the exchange rate of the national currency, GEL, against USD/other currencies of economically related countries may have a material adverse effect on the Company's activity;*
- 1.4. Since the Company operates within Georgia, it will be affected by changes in Georgian economic conditions;*

2. Risks associated with the neighbouring 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;*

3. Risks related to legislative and judicial systems:

- 3.1. Challenges may emerge, related to harmonizing the Georgian legislation with that of the EU, required by the DCFTA;*
- 3.2. Ambiguities in the tax system of Georgia may cause correction of tax liabilities of the Company or imposition of fines on the Company. Georgia's existing tax system and policy may also undergo changes;*
- 3.3. Uncertainty in the judiciary of Georgia, including any future arbitrary or inconsistent action by the state may adversely affect the local economy which, in turn, may cause damage to the Company's business;*
- 3.4. The Company may be subject to litigation risk from its customers, suppliers and regulator;*

4. Risks related to regulatory framework

- 4.1. The Georgian electricity market is still in the process of transformation. There are some uncertainties regarding the market organization and the main drivers for market price formation, which might pose additional risks for the Company.*
- 4.2 New regulations on this or other industries may adversely affect the Company's business;*
- 4.3. If the Company fails, in future, to comply with any existing regulation concerning the money laundering or financing terrorism or if the Company appears to be associated with them, this may adversely affect the Company;*

Risk Factors specific to the Issuer's business

5. Risks related to the market:

- 5.1. Ability to generate, distribute and supply electricity is dependent upon the Georgian transmission system;*

6. Operational risks:

- 6.1. GRPO and/or its subsidiaries sell electricity mainly to ESCO in terms of long-term power purchase agreement ("PPAs"), but in months which PPAs do not cover, the Company takes market risks, which can be expressed in two sub-risks, which are 1) risk of finding off-taker and 2) market price risk;*
- 6.2. Environmental, health and safety laws;*
- 6.3 Climate conditions and natural hazards can affect the Company;*
- 6.4 Issuer in regard to its renewable energy business is dependent upon its PPAs with ESCO;*
- 6.5 Maintenance and refurbishment of power plants involve significant risks that could result in unplanned power outages, reduced output and unanticipated capital expenditure;*

7. Liquidity-related risks:

- 7.1 Investments in power plants is illiquid*

8. Risks related to Governance and financial accounting/reporting

8.1. If the Company fails to ensure effective internal control system, the accuracy of financial accounting and reporting may be adversely affected;

8.2. Risks related to corporate governance standards;

8.3. The Issuer's shareholder's interests may, in certain circumstances, be different from the interests of the Bondholders;

9. Risks related to personnel and safety of employees

9.1. Shortage of qualified personnel on the market may impede the Company's development and effective activity;

9.2. Labor disputes and strikes may adversely affect the Company's production level and profitability;

10. Risks related to unexpected events

10.1. Unexpected events such as natural disasters, state of emergency, pandemic, etc. may have a serious adverse effect on the Company;

10.2. Incomplete insurance of assets owned by the Company could have a significant adverse effect on the Company's earnings;

Risk Factors specific to the securities being offered

11. Risks related to the market price, liquidity and returns of the Bonds

11.1. The market price of Bonds may be volatile;

11.2. There may not be an active trading market for the Bonds, which may be further affected by the fact that bonds are secured

11.3 Investors whose financial activities are denominated in a currency or currency unit other than Bond currency may receive less interest or principal than expected, as a result of fluctuations in exchange rates or exchange controls;

12. Risks related to rights of Bonds:

12.1. The collateral held by the Bondholders may be negatively affected by certain statutory or third party liens;

12.2 There are various risks related to the security (collateral) of the Bonds, including risks related to signing of security agreements and transfer of bonds

12.3. Transfer of the Bonds will be subject to restrictions imposed on investors of certain territories/other countries;

12.4. 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;

12.5 Bonds have a Call option which carries certain risks for investors;

13. Risks related to legislative-regulatory and ownership framework of Bonds and other risks

13.1. 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;

13.2. Investors must rely on procedures of the Registrar, Bondholders and in corresponding cases - nominal holders of the Bonds;

13.3. An investment in the Bonds may involve certain legal investment considerations;

13.4. Application for purchasing Bonds may be satisfied partially;

Terms of the Offering and Main Characteristics Of Securities:

The main characteristics of securities are defined by the "Term Sheet" document of the Bonds.

Possible costs imposed on the investor

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

Use of proceeds

The funds raised from the Bonds' issue will be used in full to refinance existing liabilities. Detailed information on the use of proceeds can be found in the section "Reasons for the offer and use of proceeds".

Conflicts of interest associated with the offering

The Issuer and the Placement Agent 1, also acting as the Calculation and Paying Agent (Galt & Taggart) are indirectly related, with the Issuer representing 100% indirect subsidiary of Georgia Capital PLC (the "Ultimate Parent") who also indirectly holds 19.90% non-voting equity interest in the Bank of Georgia Group PLC, holding 100% of the JSC Galt & Taggart. Although, such connection could be potentially considered as certain risk factor from the potential investors' perspective, the Issuer considers this to be non-material considering the non-voting nature of Ultimate Parent's equity interest in the Placement Agent 1, the fact that members of governing bodies of these companies are fully and completely segregated and all the agreements associated with this transaction are made according to existing legislation, on a commercial basis.

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

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

As far as the Issuer is aware, the Issuer's management, members of the Board of Directors or the Supervisory Board or the shareholder are not going to participate in the Offering and purchase the securities. The Issuer has no information about such a person who has expressed a prior desire to subscribe to more than 5% of the Offering.

Information about the Issuer's registrar is provided in the "Term Sheet" document of the Bonds.

Risk Factors

Investing in Bonds implies certain risks. Before deciding on the investment, potential buyers of Bonds must read this Prospectus attentively. Apart from other information provided in the Prospectus, potential investors must, before investing in the Bonds, thoroughly study, in the light of their own financial condition and investment goals, the risks described below. Any of the risks described below may have a material adverse effect on the Company's activity, financial condition and results of operation. Should any of these risks arise, it may adversely affect the market value of the Bonds. Moreover, factors that are important for the assessment of bond-related market risks are described below too. Although the Company believes that the risk factors described below are the main risks related to investing in the Bonds, there may emerge additional risks and uncertainties which the Company does not consider significant or is unaware of and any of such risks and uncertainties may have an effect similar to that described below. The Company does not therefore claim that the statements about the risks of Bondholding described below are exhaustive.

Risk Factors specific to the Industry and the Economy

1. The risk of economic instability and investment is high in developing countries like Georgia.

1.1. Political and government instability in Georgia may have a significant adverse effect on the local economy and the Company's business;

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

Georgia faces several challenges, one of which is further implementation of economic and political reforms. However, the implementation of reforms that are favorable for business and investors may be discontinued or may experience regress; furthermore, such reforms and economic growth may be impeded by a change that will affect the continuation or stability of the activity of Georgian Dream government, and/or as a result of refusal of the president, parliament or other institution to pursue the policy of reforms.

In October 2010, the parliament of Georgia adopted certain amendments to the constitution of Georgia, designed to enhance the governing authority of the parliament, to increase the powers of the prime minister of Georgia and to limit the functions of the president of Georgia. In March 2013, the parliament unanimously adopted certain constitutional amendments further limiting the powers of the president of Georgia. Any further changes to the power of parliament, president or prime minister of Georgia might cause a political disruption or political instability or otherwise negatively affect the political climate in Georgia.

The parliamentary election held in Georgia in October-November 2020 (the parliamentary election included the first round and runoff elections conducted on 31 October and 21 November, respectively), resulted in the Georgian Dream gaining 90 seats, the United National Movement 36 seats and other political parties gaining the remaining seats in the 150-strong parliament. However, the opposition political parties decided to boycott the parliament and refused to enter it. To defuse political tensions, representatives of the EU and the USA actively engaged in negotiations to broker agreement and in the late spring of 2021, all the parties entered the parliament. The short political disruption that began in November 2020 affected the economic and investment activities to some extent. Moreover, recent events, including the assault of media representatives in July 2021; the ruling party's withdrawal from the EU-brokered agreement, which was signed on 19 April 2021; arrest of former president of Georgia, Mikheil Saakashvili; negative remarks from various key international figures (USA ambassador, EU, etc.); slow progress in terms of Eurointegration compared to other members of the three EU associated states („Associated Trio”); also any recent or future political

instability may have an adverse effect on economic development of Georgia, including on the investment climate and private business activity.

1.2. There are additional risks related to investing in developing markets such as Georgia;

Developing markets are marked with a higher degree of instability, limited liquidity, smaller export base and they are more susceptible to frequent changes in political, economic, social, legal and regulatory environment than developed markets. Developing markets change quickly and are especially vulnerable to market conditions and an economic crisis that occurs in any place in the world.

Moreover, international investors' reaction to events is characterized with "chain effect" whereby investors reject the entire region or an investment class. In case of such chain effect, Georgia may be adversely affected by negative economic and financial events occurred in other developing markets. Georgia has already experienced this chain effect, including after the 1998 economic crisis in Russia and the later global financial crisis, and the country might experience a similar negative effect in the future too.

Furthermore, a financial and political instability may also adversely affect the country's economy. If this happens, the outflow of capital will ensue which may seriously damage the financial system and eventually lead the economy to stagnation.

By the date of submission of the Prospectus, the following rating has been assigned to Georgia by international rating agencies, as of 31 May 2022:

- Fitch Ratings – BB (Stable Outlook);
- Moody's – Ba2 (Negative Outlook);
- S&P Global Ratings – BB (Stable Outlook);

1.3 Volatility of the exchange rate of the national currency, GEL, against USD/other currencies of economically related countries may have a material adverse effect on the Company's activity;

Given its mode of activity, the Company has a sort of natural protection against currency risks related to loan liabilities, because its revenues, much like its loan liabilities, are largely denominated in USD (Financial assets/liabilities per currency is shown in subsection "Financial Condition"). At the same time, GRPO's revenue under its PPAs is denominated in U.S. Dollars. In addition, sales to third parties on the open market are typically conducted in U.S. Dollars rather than Lari. This effectively provides GRPO with a hedge against Lari depreciation, which is particularly valuable given recent fluctuations in the U.S. Dollar/Lari exchange rate. In addition, sale to third party in open market is denominated in USD or is tied to ESCO balancing price which is dependent on import denominated in USD and PPA prices. In 2021-2022 company did not export electricity and 100% of sale happened in local market. In accordance with Georgian legislation, local transactions are executed in GEL but every agreement is directly or indirectly denominated in USD. As interest-bearing liabilities are denominated in foreign currency, namely in USD, financial expenses are also in USD.

Nevertheless, the GEL exchange rate volatility may have an adverse effect on the Company's activity due to deterioration of fundamental economic factors (for example, increasing inflation during extreme depreciation) or other reasons.

Although GEL is a fully convertible currency, there is no currency market for conversion outside Georgia. There is a market in Georgia for converting GEL into other currencies, but the volume of this market is small. According to the NBG, in HY 2022 the

total trade turnover on GEL-USD and GEL-Euro markets (sum of sales and purchases, excluding the National Bank activity) comprised USD 30.6 billion and 15.5 billion Euros, respectively.

Official reserves of the NBG stood at USD 3.9 billion as of 31 May 2022, showing an annual 7.2% decrease. The level of current reserves is adequate for the country to handle crises in the short term, according to the International Monetary Fund (“IMF”). Furthermore, the reserves may be used if the national currency exchange rate significantly depreciates due to one-off factors, because the currency depreciation may adversely affect the country’s economy.

In the past few years, the GEL exchange rate against USD saw notable changes and fluctuations due to external shocks as well as seasonal factors, including plunge in oil and commodity prices in 2015, Russia banning direct flights to Georgia- in 2019, problems emerging due to global coronavirus pandemic with exchange rate hitting a historic record high of GEL 3.48 per USD 1 and Russia’s invasion of Ukraine, to name a few. At the onset of Russian invasion of Ukraine, GEL together with other regional currencies started depreciating abruptly. Between 24 February and 10 March, GEL dropped in value by 12.8% against USD reaching GEL 3.40 per USD 1. In the following months, as the Georgian economy proved resilient against the regional shock with rising foreign currency inflows and strong domestic activity, GEL started to appreciate again recovering all of the losses suffered during February and March. The NBG also supported the local currency value by maintaining tight monetary policy and selling USD 39.6 million in a currency auction held in March. As of 31 May 2022, GEL has appreciated by 7.4.4% since the beginning of the year.

Furthermore, any instability of GEL depends on several political and economic factors, including the control of inflation by the NBG. According to the National Statistics Office of Georgia (“Geostat”), an average annual consumer prices inflation in Georgia stood at 2.6% in 2018, at 4.9% in 2019, 5.2% in 2020 and at 9.6% in 2021. Inflation pressure started to grow significantly since the spring of 2021 and in mid-July annual inflation reached 11.9%. To contain inflation expectations, the NBG increased the refinancing rate four times over the period between March and December, in total by 250 percentage points to 10.5%. From the start of 2022, inflation remained elevated on the back of previous year’s low base and surging food and energy prices triggered by the Russia-Ukraine war, reaching 12.8% in June 2022. The NBG further hiked the refinancing rate by 0.5 percentage points to 11% in March 2022 and has declared to maintain the tight monetary stance until inflationary pressures subside. Even though the current high inflation is a global phenomenon predominantly driven by supply-side factors, tight monetary policy should help bring inflation back to the target as price pressures abate.

Maintaining inflation at a target level is important for a stable development of the economy. A high inflation rate may cause instability of currency and financial markets, reduce the purchasing power of consumers and undermine their trust. All this may cause deterioration of economic indicators of Georgia and have a material adverse effect on businesses of the Company’s counterparties, which will, in turn, adversely affect the Company.

1.4. Since the Company operates within Georgia, it will be affected by changes in Georgian economic conditions;

The Company’s revenues are primarily sourced from Georgia and consequently, the Company’s results of operations are, and will probably be, strongly influenced by financial and economic developments in or affecting Georgia and, in particular, by the level of economic activity in Georgia. Factors such as gross domestic product (“GDP”), inflation, interest and currency exchange rates, as well as unemployment, personal income and the financial situation of companies, have a material impact on customer demand for the Company’s products and services.

The crises caused by Covid-19 pandemic had a material negative impact on the Georgian economy, significantly affecting the tourism sector whose share in the Georgian economy is notably high. According to Geostat, in 2020, the Georgian economy shrank

by 6.8% as compared to 2019. However, with a stage-by-stage release of restrictions imposed to manage the pandemic, the Georgian economy started to recover since March 2021 and increased by 10.4% in 2021 as compared to 2020 and by -2.9% as compared to 2019. In early 2022, the Russia-Ukraine war led to increased uncertainty, trade disruptions and commodity price spikes with particularly adverse implications for the region. The expected negative spillovers to the Georgian economy caused significant deterioration in growth outlook. However, as the Georgian economy has demonstrated resilience against the regional shock with surging foreign currency inflows and strong domestic activity, growth outlook has started to improve. Tourism recovery has accelerated, while commodity-led export revenues have been increasing on the back of soaring commodity prices. Domestic demand also remains strong supported by healthy credit growth and fiscal spending. According to the preliminary data by Geostat, year-on-year real GDP growth was at 10.8% in the first four months of 2022. The Georgian economy is expected to increase by 5.5% in 2022 according to the World Bank forecast, while the IMF projection is at 3.2%. The NBG expects the economy to grow by 4.5% in 2022, while the government of Georgia keeps the 2022 GDP growth forecast at 6.0%. Notably, the considerable variance in the growth projections reflects looming uncertainty caused by the regional instabilities, and forecasts are expected to be raised significantly in the 2nd half of the year. For information, Georgian economy increased by 5.0% in 2019, 4.8% in 2018 and 2017 and by 3% on average in 2015 and 2016.

Georgia continues to face significant risks to its growth prospects, including risks associated with the exchange rate, financial stability, inflation, budget and capital flight. Furthermore, regional turbulence and frequency of political instability adversely affects the economic growth and may impede the attraction of foreign investments to the country. Market turmoil and economic deterioration in Georgia may have a material adverse effect on the liquidity and financial condition of Company's customers in Georgia. Uncertainty and volatility of regional economic conditions due to the ongoing Russia-Ukraine war may have substantial political and macroeconomic ramifications globally, which may, in turn, have a significant impact on the Georgian economy and consequently, have a material adverse effect on the Company's business, financial condition and results of operations.

2. Risks associated with the neighbouring countries and the region

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

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

Furthermore, the war between Armenia-Azerbaijan in September-October 2020 should be mentioned, which had a negative impact on the economic situation in the region and gave rise to negative expectations regarding the process of economic recovery in the region in 2021. A ceasefire agreement was signed in Moscow on October 10, 2020, although on October 11, Armenia and Azerbaijan reportedly bombed each other's cities. Azerbaijan has accused Armenia of attacking major cities at the night time, saying the country had violated a ceasefire agreement reached in Moscow on October 10. Finally, on November 10, a ceasefire agreement was reached, which reversed the situation - calming political tensions in the region and thus neutralizing negative expectations.

The continuation of the Nagorno-Karabakh conflict may have a negative impact on foreign direct investments in the region, including Georgia, and the tourism sector.

From July 8, 2019, direct flights from Russia to Georgia were banned, which affected the tourism sector. At the same time, the reduction of tourist flows from Russia has had a significant impact on the foreign exchange market. According to the estimation of the NBG, the country has received about \$ 300 million less in tourism revenue than expected due to the ban of direct flights from Russia. Besides, despite this shock, Georgia's external balance in 2019 improved compared to 2018.

The Russian invasion of Ukraine in February 2022 may also have an adverse impact on the Georgian economy. The war in Ukraine has created a humanitarian crisis and tremendous economic damage not only to the countries involved but also to the region and the global economy. Since the onset of the invasion, the United States and the EU have imposed a series of sanctions aimed at pressuring Russia to end hostilities. The adverse spillovers of this large-scale military conflict are expected to be transmitted through commodity markets, trade and financial channels. As the war broke out, fuel and food prices spiked leading to further increase in already elevated inflation. In response to increased price pressures, western central banks are expected to hike interest rates causing tighter global financial conditions. Further escalation or delayed resolution of the conflict between Russia and Ukraine, any additional sanctions on Russia, increasing levels of uncertainty, increasing levels of regional political and economic instability and any future deterioration of Georgia's relationship with Russia may have a negative effect on the political or economic stability of Georgia.

Furthermore, the political and economic stability of Georgia may be affected by any of the following:

- Deterioration of Georgia's relations with Russia, including in relation to border and territorial disputes;
- Changes in Georgia's importance as a transit country for energy supplies;
- Changes in the amount of aid granted to Georgia or the ability of Georgian manufacturers to access world export markets;
- Significant deterioration in relations between the countries of the region;
- Deterioration of economic and financial situation in the countries of the region.

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

The Georgian economy depends on the economies of other countries within the region (Azerbaijan, Armenia, Russia and Turkiye). Azerbaijan and Armenia historically represented two largest markets for Georgian exports and they accounted for 13.4% and 11.4%, respectively, of Georgia's total exports in 2019, according to Geostat. The year 2021 saw an insignificant decrease in the share of Azerbaijan to 12.5% and a significant decrease in the share of Armenia to 6.1% of total Georgian exports. Russia remains to be one of the largest markets for Georgian exports. The share of Russia in total exports stood at 13.1% in 2019, 13.2% in 2020, and 14.4% in 2021 according to Geostat. Turkey is the largest country of imports for Georgia with its share accounting for 17.0% of Georgia's total imports in 2019, 17.5% in 2020, and 18.1% in 2021 according to Geostat. In addition, Ukraine has also been an important trade partner for Georgia accounting for 7.2% of exports and 4.5% of imports in 2021. Consequently, heavy dependence on regional countries and any political or economic instability in those countries are potential obstacles for future economic growth. Georgia's dependence on Russia in terms of exports, tourism and remittances has been rather high in the past few years. For example, in 2021, Georgian exports to Russia, tourism revenues from Russian visitors and remittances accounted for 6.3% of GDP. Such a considerable dependence on one country poses certain risks, which have partially materialized in early 2022 amid the Russia-Ukraine war. Notably, there is still great uncertainty about the extent of its impact on the Georgian economy. It is contingent to the duration and the possibility of further escalation of the crises which, in turn, may have a material adverse effect on the Company's business, financial condition and results of operations. Any further economic downturn or crisis in neighboring countries may have an extremely negative effect on the economy of Georgia.

Furthermore, Covid-19 pandemic in Georgia and regional countries, which broke out in the spring of 2020 and has had significant negative impact on the economic activity globally, in the region and in Georgia.

3. Risks related to legislative and judicial systems:

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

On 27 June 2014, Georgia signed the Association Agreement (the “AA”) and the Deep and Comprehensive Free Trade Area (the “DCFTA”) with the EU, which envisages the liberalization of bilateral trade. It is expected that the implementation of AA will provide opportunities for the business, though it may also pose challenges to enterprises, household farming and the state. The implementation of the AA and the DCFTA requires from Georgia to approximate its legislation with the EU trade and sectoral legislation, which will pose challenges especially in the fields of environmental protection and consumer safety. Following from the aforementioned, from the standpoint of requirements to the business of the Issuer, fundamental changes have been introduced, or may be introduced, to legislation on corporate law or securities market:

- **Law of Georgia on Entrepreneurs:** On 2 August 2021, the Parliament of Georgia adopted a revamped Law on Entrepreneurs (the “**Law on Entrepreneurs**”), which came into force on 1 January 2022. The amended Law on Entrepreneurs significantly affects the legislative regulation of business registration, founding documents, corporate management and other issues. In regard to the management of enterprise, the Law on Entrepreneurs provides for modern principles of corporate management. The revamped Law on Entrepreneurs differentiates types of capital, introduces the notion of a business letter, interprets legal nature of the relationship between the director and enterprise, etc.
- **Securities market legislation:** In accordance with the AA, the legislation on securities market has been approximated with the EU legislation. For example, a whole set of legislative amendments designed to approximate the Georgian legislation with that of the EU came into force in 2020, including: the NBG’s Rule on Insider Trading, Illegal Disclosure of Insider Information and Market Manipulation; also, transparency of issuers of securities has been improved by relevant amendments; requirements have been set for submitting and publishing periodic or current reports.

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

Other changes may be made to government policy, including changes to government initiatives announced earlier or approaches to them. Moreover, the implementation of AA may impose a significant load on regulatory agencies.

Expected changes in the sphere of regulation, implemented for the approximation with the EU legislation may require from the Company to change its policy and procedures in accordance with any amendment to laws and regulations that will be adopted. For example, the Company made changes to its labor agreements group-wide so as to comply with the above-mentioned amendments to the labor legislation. Further, in light of the new corporate requirements set forth by the Law on Entrepreneurs, the Company is in the process of updating corporate documentation of the Issuer’s subsidiaries. The Company expects that new

changes will be adopted, however, it cannot predict the extent of impact of these changes or of its ability to comply with any such changes.

3.2. Ambiguities in the tax system of Georgia may cause correction of tax liabilities of the Company or imposition of fines on the Company. Georgia's existing tax system and policy may also undergo changes;

Compared to countries with more advanced market economies, Georgia's history of application of tax legislation is much shorter. This creates problems in the implementation of tax legislation due to its ambiguity and leaves an ample room for diverse interpretations, thus posing a risk to companies that their efforts to comply with the legislation may be questioned by tax authorities.

Furthermore, this tax legislation is being subject to amendments and addenda and therefore could create incredible difficulties to the Company and its business. A new Tax Code was enacted on 1 January 2011. Opinions differ regarding the interpretation of various provisions of the Tax Code both among and within governmental ministries and entities, including tax authorities, which creates uncertainties, inconsistencies and collisions. Moreover, the Tax Code entitles tax authorities to take advance ruling decisions on tax issues raised by taxpayers. While the Company believes that it complies with the tax legislation, relevant authorities might interpret it differently, which may lead to tax corrections or fines.

The tax legislation and the government tax policy may also change in the future, including as a result of change in power (please refer to "Political and governmental instability in Georgia may have a material adverse effect on the local economy and the Company's business" section). Such changes may involve the introduction of new taxes or increase of tax rates applicable to the Company, which, in turn, will have a serious adverse effect on the Company's business.

In May 2016, the amendments to the rules for corporate income tax (the so-called Estonian Model of profit tax) entered into force. According to the amendments, tax is levied only on distributed profit defined as cash or non-cash dividend distributed among owners – resident and non-resident individuals and non-resident legal entities, whereas reinvested profit is no longer taxable. It should be mentioned that this amendment does not apply to companies in the financial sector and profit tax is charged on them based on the old method (15% of taxable profit). All significant amendments to the Tax Code entered into force on 1 January 2017. Moreover, the regulations regarding value-added-tax (VAT) were amended; advances received (other than advances received as a part of long-term regular service) became taxable by VAT. Additionally, amendments to the tax code were made on 23 December 2017 and on 1 January 2018 relevant amendments in Tax Code came into force relating to the taxation of interest income received from publicly placed bonds listed on stock exchange (for more details, please see "Taxation of Bonds in Georgia").

Taking into account the above, the changes implemented in recent years and ongoing in terms of the tax legislation of Georgia serve to simplify the existing approaches and bring them closer to international standards.

3.3. Uncertainty in the judiciary of Georgia, including any future arbitrary or inconsistent action by the state may adversely affect the local economy which, in turn, may cause damage to the Company's business;

Georgia is still in the process of developing an adequate legislative framework necessary for a proper functioning of market economy. Several crucial civil, criminal, tax, administrative and commercial laws have been enacted just recently (e.g. the establishment of the institute of criminal law jury trial, the imposition of criminal liability on legal entities, the Estonian Model of profit tax). A recent adoption of the mentioned legislation and a fast development of the legislative system have raised doubts about the quality of the laws and their enforcement, and caused uncertainty and inconsistency in their application. Moreover, the Georgian judiciary experiences a shortage of employees and serious reforms are underway in the system. Judges and courts

in Georgia, generally, are less experienced in the sphere of business and corporate law than in other countries, particularly, in European countries and the USA. Uncertainties in the Georgian judiciary may adversely affect the country's economy which, in turn, will have a significant damaging impact on the Company's business, financial condition and results of operations.

3.4. The Company may be subject to litigation risk from its customers, suppliers and regulator;

Wide range of stakeholders are connected with the Company, which include GNERC, the state, consumers and suppliers. If the Company fails to meet its material contractual obligations, it may be subject to litigation risk, which will adversely affect its reputation and operating activities.

As of the date of submission of the Prospectus, the Company did not have any legal disputes which would have a significant impact on its financial standing or reputation (for more information on current litigation, please refer to the "Legal Proceedings" section), however, there is no guarantee that such disputes will not arise in the future.

4. Risks related to regulatory framework

4.1 The Georgian electricity market is still in the process of transformation. There are some uncertainties regarding the market organization and the main drivers for market price formation, which might pose additional risks for the Company.

In line with market reforms described in the "Regulatory Environment" section, market rules are being modified. Hence, there still are some uncertainties regarding the market organization and the main drivers for market price formation. The new market rules should give indications for market price in the period when the Issuer's power plants do not have PPA. The start of organized markets was postponed several times: it was initially planned for July 2021, later postponed to January 2022, they were further postponed to March 2022, and according to the latest plan, the markets should start their operation by the end of March 2023. The delaying of organized markets' start increases the sector's uncertainty and unpredictability.

For electricity traded outside of PPA, the Company's generation will be subject to imbalance settlement (for the explanation of the principle of imbalance settlement please refer to the "Regulatory Environment" section). In case of a difference between scheduled and actual generation, the Company might have to pay some imbalance fee or get reimbursement for helping the system. The imbalance payment will be made on a monthly bases for net imbalances minimizing the cash flow risks.

4.2. New regulations on this or other industries may adversely affect the Company's business;

Future changes to regional, territorial, local legislation and regulations or changes in the enforcement and interpretation thereof may cause changes in legislative requirements to the Company. Moreover, with the plans to approximate with the EU legislation in mind, Georgia constantly undertakes new reforms, which may have a negative effect on the Company's business operations.

It is impossible to predict whether the regulatory regimes applied to the Company will change or not in future; nor it is easy to estimate the monetary effect of such changes on the Company's business activity. However, adoption of new regulations concerning the ownership and other property rights may adversely affect the Company's investments (see the detailed information in "Regulatory Environment" section).

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

Although the Company complies with all the requirements of legislation and the relevant policies within the GCAP Group (<https://georgiacapital.ge/sites/default/files/2019-01/Anti-Bribery%20and%20Anti-Corruption%20Policy.pdf>), designed to avoid the use of Company as a tool for money laundering, there is no assurance that the measures prove to be absolutely effective. If the Company fails, in future, to timely fulfill reporting requirements or other anti-money laundering regulations, or if it appears to be associated with money laundering or financing terrorism, this may have a material adverse effect on the Company. Furthermore, the involvement in such activities may be followed by fines and sanctions.

Risks Factors specific to Issuer's business

5. Risks related to the market:

5.1. Ability to generate, distribute and supply electricity is dependent upon the Georgian transmission system;

The distribution of electricity to GRPO's distribution networks, as well as the distribution of electricity to customers, is dependent upon the infrastructure of the transmission systems in Georgia. GRPO has no control over the operation of the transmission system and it is entirely reliant on the System Operator, which is a state-owned entity. Any failure in the transmission system in Georgia, including as a result of natural disasters, insufficient maintenance or inadequate development, could prevent GRPO from distributing electricity to its end customers. As a result, any failure in the transmission system could in turn have an adverse effect on GRPO's business, results of operations and financial condition.

6. Operational risks:

6.1. GRPO sells electricity mainly to ESCO in terms of long-term power purchase agreements ("PPAs"), but in months which PPA does not cover, the Company takes market risks, which can be expressed in two sub-risks, which are 1) risk of finding off-taker and 2) market price risk;

In the non-PPA period, power plants may sell electricity via a bilateral agreement to any off-taker or sell to ESCO as balancing electricity. After the start of operation of DAM and the Intraday market ("**IDM**") (the principles of DAM and IDM are defined in section on Regulatory Environment), the power plants will have two additional channels for power sales, and off-taker risk will be almost fully eliminated. Currently if the power plant neither has PPA nor a bilateral agreement, according to applicable market rules, ESCO pays them the lowest regulated HPP price during the summer months (May to August) or the highest TPP price in winter months (September to April). As of 2021, Enguri HPP has the lowest regulated price of 1.857 Tetri/kWh set for the 2021-23 period – in case of non-existence of the bilateral agreement, this would be the ESCO settlement price. Considering the deficit in recent years, company always managed to sell the electricity according to the direct contract and sale to ESCO was less than 0.1%. As mentioned above, the volumes can easily be traded on these markets after the launch of DAM and IDM. The launch of DAM and IDM will not affect PPAs with ESCO - the tariff, other terms of payment, term of agreement will remain the same.

Considering the above-mentioned, the Company is still subject to risk of selling electricity at unfavorable prices in case of inexistence of an off-taker. Yet, increasing electricity deficit in the country decreases the risk, expected to be completely faded away upon the implementation of the new market.

6.2. Environmental, health and safety laws;

GRPO is subject to various environmental and health and safety laws and regulations governing, among other things, pollution caused by GRPO's operations and the health and safety of GRPO's employees. GRPO is also required to obtain environmental and safety permits from various governmental authorities for its operations.

GRPO has adopted environmental standards applicable to its operations. While as at the date of this Prospectus GRPO is in compliance with all applicable environmental and health and safety regulations in force in Georgia in all material respects, there can be no guarantee that it will continue to be in compliance in the future. Should any GRPO company fail to comply with any such regulations, it may be liable for penalties and/or the consequences of default under any contractual obligations requiring it to comply with applicable regulations.

Any occurrence of environmental damage or loss of life or serious injury to its employees as a result of any breach of applicable health and safety legislation may result in disruption to GRPO's operations or cause reputational harm and significant liability could be imposed on GRPO for damages, clean-up costs and penalties and/or compensation as a result. The occurrence of any of these events may also cause disruption to GRPO 's operations and result in additional costs to GRPO.

Although environmental laws and regulations have an increasing impact on GRPO's activities, it is impossible to predict accurately the effect of future developments in such laws and regulations on GRPO's business. While GRPO has budgeted for future capital and operating expenditures to comply with current environmental and health and safety laws, it is possible that any of these laws may change or become more stringent in the future or that new laws may be adopted. Any of the foregoing could have a material adverse effect on GRPO's business, results of operations and financial condition.

6.3. Climate conditions and natural hazards can affect the Company;

Adverse weather conditions can affect GRPO's renewable energy business. In drought conditions, the level of electricity produced by GRPO's HPPs for sale to third parties may be lower, which would result in lower revenue. Water availability is also seasonal, especially for GRPO's run-of-river HPPs, which include the Mestiachala 2 HPP and the Kasleti 2 HPP, with the strongest water flow typically occurring during the months of March, April and May for the Kasleti 2 HPP and July and August for the Mestiachala 2 HPP due to thawing snow. Moreover, the Akhmeta and Debeda HPPs are located on irrigation channels and the supply of water to these HPPs may be diverted for irrigation purposes, which will have priority over the supply of water for electricity generation purposes during the irrigation season in the summer months. Any rehabilitation works carried out on irrigation channels can also limit water supply to the aforementioned HPPs. In addition, GRPO is dependent on suitable wind conditions, which exhibit seasonal patterns and are difficult to predict. Winds exceeding certain speeds may also require GRPO to halt its turbines.

Finally, while GRPO projects electricity generation on the basis of normal weather representing a long-term historical average and considers possible variations in normal weather patterns, taking a conservative approach where necessary, and the potential impact on its operations, there can be no assurance that such planning can address an impact of adverse weather conditions or accurately predict future weather conditions. To the extent climate change causes changes in temperature, variability in precipitation and wind patterns or exacerbates the intensity or frequency of extreme weather events, this could negatively impact GRPO's business.

Any adverse weather conditions, whether as a result of climate change or otherwise, could have a material adverse effect on GRPO's business, results of operations and financial condition.

6.4. Issuer in regard to its renewable energy business is dependent upon its PPAs with ESCO;

All of the HPPs of the Issuer (save for the Akhmeta HPP) as well as the Qartli Wind Farm sell the electricity they generate pursuant to PPAs with ESCO as the offtaker. With the exception of Qartli Wind Farm (for which the PPA applies for the entire year), these PPAs apply only for the period from September to April (inclusive) (Details of existing PPA are given in section “Key information about the Issuer”) . PPAs can typically only be terminated in circumstances of force majeure or default (which is not remedied despite written warnings) by either of the parties. Purchase prices for electricity generated under these PPAs are pre-determined. For the period from May to August, electricity generated by these plants is sold at market prices. PPAs with ESCO are typically not extended and there can be no assurance that GRPO will be able to find arrangements for the sale of the electricity it generates that are as favourable as those under the relevant PPA (although all of GRPO's PPAs (with the exception of the Debeda HPP PPA) expire after the maturity of the Bonds). In addition, at the time of expiration of GRPO's PPAs, market prices may be volatile as a result of various factors. The Government offers PPAs, which are effectively intended to serve as a price hedge, as an incentive to HPP developers. From 2018, the PPA process is formally determined by LEPL ‘Public Private Partnership Agency’ (www.ppp.gov.ge), which conducts a cost/benefit analysis and concludes whether the project requires any support from the Government and decides on the mechanism of support. Notwithstanding changes to Georgian energy regulations, the PPAs already entered into by the Government remain effective. However, the offering of new PPAs will be limited due to associated fiscal risks. It is also worth mentioning, that PPAs are formed based on market prices, with no significant changes expected by the Company. As a result, in the future some projects will be offered PPAs and possibly other forms of support (e.g. contracts for difference). If GRPO is unable to find suitable arrangements for the replacement of its existing PPAs, this could, in the longer term, have a material adverse effect on its business, results of operations and financial condition.

6.5. Maintenance and refurbishment of power plants involve significant risks that could result in unplanned power outages, reduced output and unanticipated capital expenditure;

The operation of GRPO's power plants involves risks that include the breakdown or failure of equipment or processes, performance below expected levels of output or efficiency and the inability to transport electricity to customers in an efficient manner due to a lack of transmission capacity or transmission infrastructure issues. Such failures and performance issues can stem from a number of factors, including errors in operation and general wear over time. As a result, GRPO's facilities may require planned periodic major overhaul activities (for additional information on capital expenditures, please see “Cash Flow Statement Review”; planned and non-capital repair/maintenance costs are described in ‘Operating Results’), which may also include improvements. Unplanned outages of power plants may occur from time to time and are an inherent risk of GRPO's renewable energy business. Unplanned outages of GRPO's power plants will typically increase GRPO's expenses which may not be recoverable under the applicable PPA (where relevant) and may reduce GRPO's revenue as a result of selling lower volumes of electricity.

It is worth noting, that compared to the average useful life of the similar assets, power plants are commissioned in quite a recent past, are technically sound and respectively, the company does not expect material capital expenditures for the purposes of maintenance or renewal. Nevertheless, GRPO cannot be certain of the level of capital expenditure that will be required due to changing environmental, health and safety laws and regulations (including changes in the interpretation or enforcement thereof), necessary facility repairs and unexpected events (such as natural or man-made disasters or terrorist attacks). Any unexpected failure, including failure associated with breakdowns, forced outages or any unanticipated capital expenditure at GRPO's power plants, could have a material adverse effect on GRPO's business, results of operations and financial condition.

7. Liquidity risks

7.1 Investments in power plants is illiquid

Company owns and operates HPPs and a wind farm. Renewable energy assets are illiquid in nature, which can create liquidity issues for the company, affect its ability to sell the assets duly and at acceptable price in case of emergency. This can create further financial and liquidity risks for the company.

8. Risks related to Governance and financial accounting/reporting:

8.1. If the Company fails to ensure effective internal control system, the accuracy of financial accounting and reporting may be adversely affected;

In order to provide timely and accurate financial reports, it is required to conduct a constant monitoring and assessment of procedures of internal financial and accounting control. In accordance with the Law of Georgia on the Securities Market, the Company, as a reporting entity, has set up an audit committee that controls accuracy of financial reports of the Issuer and ensures the efficiency of internal control systems. It is to note that all of the Company's subsidiaries, including for the subsidiaries of the Hydrolea LLC, audited financial statements are prepared individually (except for the GRPC Trade LLC, established in the current year). Furthermore, company has additional reporting requirements to GCAP.

If the Company fails to implement a transparent and correct internal control policy, risks may arise in terms of accuracy of financial accounting and reporting, which may have a material adverse effect on the Company's reliability as well as financial condition and results of operation.

8.2. Risks related to corporate governance standards;

Georgian legislation does not obligate Georgian companies to comply with corporate governance procedures of international standards. The Georgian legislation considers a company a reporting entity, where an audit committee normally reports to the supervisory board. The corporate governance structure of the Company is determined in accordance with the charter of the Company and relevant legislation/regulating normative acts, namely, the Law of Georgia on Entrepreneurs, the Law of Georgia on Securities Market and decrees of the President of the NBG, issued on the basis of the aforementioned laws. In addition, on December 7, 2021 according to decree of the President of the NBG, a Corporate Governance Code (the "**Governance Code**") was issued, which came into legal force from January 2022. However, issuers will have to submit annual financial statements prepared in accordance with the Governance Code for the reporting year 2023. The Governance Code is based on the "comply or explain and provide the alternative" principle with the purpose to encourage the wide use of corporate governance best practices. There is no assurance that the corporate management policy of the Company is compliant or will be compliant with the internationally recognized standards. Consequently, there is a risk that the decision-making procedure in the Company, the impartiality and independence of the presented information may be incompliant with the internationally recognized standards.

8.3. The Issuer's shareholder's interests may, in certain circumstances, be different from the interests of the Bondholders;

The Issuer's controlling shareholder is GCAP, which indirectly (through Georgian Renewable Power Holding JSC) owns 100 per cent of the Issuer's shares. As a result, GCAP is in a position to control the outcome of actions requiring shareholders' approval and also has the ability to approve the election of all the members of the Supervisory Board of the Issuer and thus influence its decisions. The interests of GCAP may be different from those of the Issuer's creditors, including the Bondholders.

9. Risks related to personnel and safety of employees:

9.1. Shortage of qualified personnel on the market may impede the Company's development and effective activity;

The Issuer largely depends on the availability of qualified workforce and care for their professional growth. If the Company fails to attract or/and maintain qualified top management, experienced mid managers, engineers, specialists and support staff, this may create and increase operational and administrative costs, impede the effective operational activity, which will have a negative effect on the Company's financial results.

The success of GRPO's business depends, in part, on the continued service of its key management and employees and its ability to continue to attract, retain, train, develop and motivate qualified personnel. Given the nature of its business, GRPO requires highly trained employees, including engineers and technicians, and these employees may be particularly difficult to recruit and retain. In addition, certain of GRPO's key management and other personnel have established important working relationships with GNERC and have detailed knowledge of GRPO's business and the markets in which it operates. There can be no assurance that GRPO will be able to attract, recruit and retain sufficient qualified personnel. Any failure to do so could have a material adverse effect on GRPO's business, results of operations and financial condition.

9.2. Labor disputes and strikes may adversely affect the Company's production level and profitability;

As of the date of issuance of the Prospectus, the Company and its subsidiaries have 71 employees. The employed personnel include all rank-and-file employees - managers, technical workers, operators, etc. The personnel is one of main driving forces of the Company's operational level. Labor disputes and/or strikes may cause the disruption in the Company's operations that will have a negative effect on the operation and financial results of the Company.

While GRPO has not yet experienced any strikes or litigation or voluntary refusal to fulfil contractual obligations under Georgian employment law, there can be no assurance that it will not experience such events in the future. Any labour disputes or disruptions could have a material adverse effect on GRPO's business, results of operations and financial condition.

10. Risks related to unexpected events:

10.1. Unexpected events such as natural disasters, state of emergency, pandemic, etc. may have a serious adverse effect on the Company;

Unexpected events such as natural disasters, state of emergency, etc. may have a serious adverse effect on the Company's operations, cause damage to its property and also affect the number or otherwise impact its activity in a negative manner.

On 11 March 2020, the World Health Organization declared the Covid-19 outbreak a global pandemic. No one can know when the virus could be contained, which makes it difficult to forecast economy as there is no historic example to compare with. The existing crisis has led to a worldwide decrease both in supply (due to reduced manufacturing and hampered supply chains) and demand (social distancing, uncertainty, job losses). The impact of pandemic-induced crisis on the Georgian economy has been heavy as it significantly affected the tourism sector which accounts for a relatively high share of the Georgian economy. According to the Geostat, the Georgian economy shrank by 6.8% in 2020 as compared to 2019. This has, naturally, had an adverse effect on the majority of economic sectors.

The entry into a strict lockdown once the pandemic broke out slowed down the spread of the virus in the early months of 2020; however, with a gradual easing of the restrictions in the spring of 2020, Georgia was hit with a second wave of the pandemic in

the second half of the year. From late November 2020 to early February 2021, the government introduced partial restrictions, including the curfew between 21:00 and 05:00 hours, closure of restaurants and other catering facilities, suspension of public transport, etc., which decreased the incidence of infection and allowed the government to gradually reopen the economy beginning from March 2021.

In July and August 2021, as the incidence of Covid-19 increased again, certain restrictions were tightened, including the wearing of face masks outdoors, ban of large gatherings, suspension of municipal transport, etc. Despite a slackened immunization rate and high Covid-19 incidence, the progress of immunization has shown a notable improvement since the end of July and the government has sufficient quantity of vaccines. By the end of 2021, a new variant of coronavirus has emerged called “Omicrone”, cases of which have also been confirmed in Georgia at the time of the prospectus submission. New variants of Covid-19 represent new risk factors and increase the risk of imposing new restrictions both locally, in the country, and internationally. In 2022, the number of Covid-19 infection cases have reduced significantly and the Government has lifted most of the pandemic-related restrictions.

However, it should also be emphasized here that the pandemic did not directly affect the sector or company's activities, because despite the decrease in general demand, Georgia still has a large energy deficit.

Due to the decline in economic activity caused by pandemic, electricity consumption in Georgia during 2020 was reduced by 5%. Reduction in demand from local market did not have negative effect on electricity producers. Despite reduced consumption, locally generated electricity was not enough to meet the demand, which was further affected by reduced generation caused by worsened hydrological condition in 2020. It should be mentioned that net import remained the same in 2020 as in previous year. Furthermore, the selling price of electricity has not materially changed (weighted average balancing price of ESCO was increased by 4% compared to previous year). Thus, pandemic did not have any effect on electricity producers in Georgia, neither in terms of selling volume nor selling price.

10.2. Incomplete insurance of assets owned by the Company could have a significant adverse effect on the Company's earnings;

Management believes that GRPO maintains adequate insurance cover in respect of its businesses. These covers are maintained in such amounts and with deductibles that are commensurate with best local practice and industry standards. GRPO also maintains business interruption covers and political violence coverage. Nevertheless, GRPO's operations may be affected by risks for which full insurance cover is either not available or not available on commercially reasonable terms. In addition, the severity and frequency of various insurance events, such as accidents and other mishaps, business interruptions or potential damage to its facilities, property and equipment caused by inclement weather, human error, pollution, labour disputes and natural catastrophes, may result in losses or expose GRPO to liabilities in excess of its insurance coverage. There can be no assurance that GRPO's insurance coverage will be sufficient to cover losses arising from any, or all, of such events, or that it will be able to renew existing insurance cover on commercially reasonable terms, if at all.

In addition, GRPO's insurance policies are subject to commercially negotiated deductibles, exclusions and limitations, and GRPO will only receive insurance proceeds in respect of a claim made to the extent that its insurers have the funds to make payment. Further to note, all of the Company's insurances are further reinsured with high quality reinsurers. Therefore, insurance policies may not cover all losses incurred by GRPO and no assurance is given that GRPO will not suffer losses beyond the limits of, or outside the cover provided by, its insurance policies.

Should an incident occur in relation to which GRPO has no insurance coverage or inadequate insurance coverage, GRPO could lose the capital invested in, and anticipated future revenue relating to, any property that is damaged or destroyed and, in certain

cases, GRPO may remain liable for financial obligations related to the impacted property. Any of these occurrences could have a material adverse effect on GRPO's business, results of operations and financial condition.

GRPO's subsidiaries maintain comprehensive insurance policies on business, assets, liabilities and employee healths/security. The terms and coverage volume of policies are in accordance with best local practices and industry standards. GRPO insurance policy includes but is not limited to the insurance of the following: property, business continuity, damage of machinery/equipment, loss of profit, political violence (including terrorism), comprehensive third party and employer's liability. For more details please see subsection "Registration Document – Principal Activities".

Risks Factors specific to securities being offered

11. Risks related to the market price, liquidity and returns of the Bonds

11.1. The market price of Bonds may be volatile;

The market price of the Bonds could be subject to significant fluctuations in response to actual or anticipated variations in the Company's operating results, actual or anticipated variations in the operating results of the Company's competitors, adverse business developments, changes to the regulatory environment in which the Company operates, changes in financial estimates by securities analysts and actual or expected sales of a large number of Bonds, as well as any other factors affecting the Company, including economic and market conditions in Georgia. In addition, in recent years, the global financial markets have experienced significant price and volume fluctuations, which, if repeated in the future, could adversely affect the market price of the Bonds without regard to the Company's business, financial condition and results of operations. If an active trading market for the Bonds develops, there can be no assurance that events in Georgia or elsewhere will not cause market volatility or that such volatility will not adversely affect the liquidity or the price of the Bonds and/or that economic and market conditions will not have any other adverse effect. If the Bonds are traded after their initial issuance, they may trade at a discount to their offering price, depending upon prevailing interest rates, the market for similar bonds, general economic conditions, and the financial condition of the Company or other factors which may be beyond the control of the Company.

11.2. There may not be an active trading market for the Bonds, which may be further affected by the fact that bonds are secured;

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

Although the secondary market indicator of foreign currency denominated bonds segment significantly exceeds the GEL denominated bonds, active trading market for the Bonds may not exist, especially in developing economies like Georgia. Moreover, during 2021, due to number of unforeseen factors, the indicator of the secondary market activity (ratio between the volume of transactions on the secondary market during the year and the average annual balance of securities) increased to 16% compared to 8% in the previous year. Despite the 8% net increase, 2021 indicator still falls behind the pre-pandemic measure of 25% in 2019.

In addition to the circumstances described above, bonds are secured, which can further affect disposal of bonds in secondary transaction, considering that abovementioned requires following procedures established by Prospectus and relevant agreements,

including making amendments in security agreements in predetermined form (for more details see “Terms and Conditions of the Bonds”).

11.3. Investors whose financial activities are denominated in a currency or currency unit other than Bond currency may receive less interest or principal than expected, as a result of fluctuations in exchange rates or exchange controls;

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

Governmental and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected on the Bonds.

12. Risks related to rights under the Bonds:

12.1 The collateral held by the Bondholders may be negatively affected by certain statutory or third party liens.

Although the Bonds are secured, in certain limited scenarios their rights may be prejudiced or negatively affected by the statutory lien imposed by the Revenue Service of Georgia. Under the clause 239, section 6 of the Tax Code of Georgia, unless the Bondholder is a commercial bank licensed by the NBG or international financial institution or foreign commercial bank licensed in any developed country recognized as such by the NBG, (primarily including the countries of Europe and Northern America), the interests of the Revenue Service of Georgia prevail and any foreclosure proceeds generated from the sale of assets (even if the assets in questions are mortgaged in favor of the Bondholders) may be applied towards the satisfaction of the statutory claims.

Where the Bondholder is a commercial bank licensed by the NBG or international financial institution or foreign commercial bank licensed in the developed country recognized as such by the NBG, statutory lien imposed by the Revenue Service of Georgia or any third party restriction imposed as a preliminary injunction or enforcement measure can nevertheless have the negative affect on the Bondholders' interests. Although such claims do not prevail over the Bondholders receivables and the proceeds generated from the sale of assets shall be firstly applied towards satisfaction of the Bondholders' interests, it may nevertheless cause Event of Default and thus, redemption of Bonds without the Bondholders' control.

12.2 There are various risks related to the security (collateral) of the Bonds, including risks related to signing of security agreements and transfer of bonds

Bonds are secured with immovable assets owned by the Issuer directly or indirectly through its subsidiaries and Guarantors' Right to Build on state-owned or municipality-owned land parcels, as well as with joint guarantee of the guarantors, according to which guarantors jointly and severally undertake the obligation to fulfill all due and unpaid obligation of the issuer, as determined in accordance with the Prospectus and terms and conditions of respective agreements. There are no regulatory framework for secured bonds in Georgian legislation and all relevant requirements are defined in this Prospectus and terms and conditions of respective

agreements to the extent possible. Regardless, signing of security agreements and transfer of the Bonds may be delayed due to nonflexible format of established processes, taking relevant actions by transaction participants or other investors, or other factors.

12.3. Transfer of the Bonds will be subject to restrictions imposed on investors of certain territories/other countries;

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

12.4. 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;

The terms and conditions of the Bonds contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders, including Bondholders who did not attend the relevant meeting and who voted in a manner contrary to the majority (please refer to the "Terms and Conditions of the Bonds" of the Prospectus, "Bondholders' Meetings, Changes and Refusal of Rights" section).

12.5. The bonds have a call option, which carries certain risks for investors;

The bonds have call options in various means, which means that if the Company decides to use these instruments, the Bondholders will receive the prices as determined by the Terms & Conditions of the Prospectus (Condition 7, Redemption and Purchase of the Bonds). This might be less than the interest Bondholders would have received in case of maturing the Bonds.

There is the risk that if interest rates fall in the market, the Company may exercise this option. In this case, Bondholders will have to reinvest the funds at lower interest rates, which means that they will receive less return on their funds, than they would have, had the Company not exercised the call option.

13. Risks related to legislative-regulatory and ownership framework of Bonds

13.1. 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;

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

In the future, changes in the taxpayer's income taxation regime may negatively affect the amount of net income the Bondholders may receive.

Securities legislation may be subject to further amendments that may adversely affect the Bond emissions, their registration, placement, listing on the Georgian Stock Exchange JSC (“GSE”), as well as transaction and settlement procedures of the GSE and/or secondary market.

13.2. Investors must rely on procedures of the Registrar, Bondholders and in corresponding cases - nominal holders of the Bonds;

The Company will discharge its payment obligation under the Bonds by making payments to Bondholders and nominal holders of the Bonds registered by the Registrar (by the date defined in the terms and conditions of the Bonds). A Bondholder must rely on the procedures of the Registrar and in corresponding cases, of the nominal holders (where applicable) to receive payments under the Bonds. The Company has no responsibility or liability for the accuracy of records or receipt of money by the Bond beneficiary. Also, the Issuer has no responsibility or liability for a mistake made by any other person during settlement. Furthermore, bond issuance structure envisages existence of the Bondholder Representative, for which no comprehensive legislative or regulatory framework exists and accordingly, Bondholder rights are fully governed by the Agreement between the Bondholder Representative and the Issuer and Terms and Conditions of the Bond;

13.3. An investment in the Bonds may involve certain legal investment considerations;

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

13.4. Application for purchasing Bonds may be satisfied partially;

If in the process of book-building the final interest rate the potential investors express interest for purchase of more Bonds than are being offered based on this Prospectus, such demand will be satisfied partially, in proportion to the numbers indicated in the relevant applications from the investors or otherwise, as determined by the Issuer at its discretion. Furthermore, if the application of a potential investor has been only partially satisfied, such potential investor is entitled to refuse or continue to participate in the process of purchasing the Bonds (for details, please refer to the "Terms and Conditions of the Bonds").

Reasons for the Offer and Use of Proceeds

The Issuer plans to issue Bonds with the total principal/nominal amount of up to USD 80,000,000 (eighty million), net proceeds from which shall be fully used to refinance the Company's existing loans. Company plans to issue Bonds by the end of October 2022. In total, the Company expects that the net proceeds from the Bond issuance will be no less than 98.5%.

In accordance with final terms of issuance, the Issuer should use the Bond proceeds to repay largest part of temporary subordinated loan of around USD 90 mln received from its indirect 100% owner Georgia Capital JSC (subordinated shareholder funding), after which the Issuer will have around USD 10 mln of subordinated shareholder funding remaining. Subordinated shareholder funding of around USD 90 mln was used for early repayment of the Issuer's former owner Georgia Global Utilities' U.S.\$250,000,000 7.750% green Eurobonds issued in July 28, 2020, which took place on 7 September 2022. In particular, the portion of the mentioned Eurobonds attributed to the Issuer and its group (operating business of renewable energy) - around USD 95 mln was repaid by using subordinated shareholder funding of around USD 90 mln and around USD 5 mln of cash on Issuer's account (part of the cash was generated from full sale of trading securities held on Issuer's balance on 30 June 2022). For information about the Company's capitalisation and indebtedness, please visit sub-chapter "Operational and financial overview, Capitalisation and indebtedness".


Allocation of the mentioned US\$ 95.4 mln from Eurobonds to the company does not imply legal transfer. Legal obligations arising from existing bonds were born by the issuer – Georgian Global Utilities. The liability is allocated to the company based on context and is recognized in carve-out statements.

Green Bond Framework

GRPO has developed the Green Bond Framework which follows the guidelines specified in the Green Bond Principles 2021 published by the Executive Committee of the Green Bond Principles with the support of the International Capital Market Association (ICMA). The Green Bond Framework has been published at the Issuer’s website www.grpc.ge.

Amongst other topics, The Green Bond Framework clarifies the Direct Use of Proceeds and Sustainability at GRPO as follows:

- Use of proceeds states that an amount equal to the net proceeds of the Green Bond issuance will be used to refinance, in whole or in part, Eligible Green Projects as defined below. The issuance will free up parent company’s capacity and secure liquidity for equity needs of the pipeline projects on GRPC Group level, resulting in further development of Georgia Capital’s renewable energy arm.

ELIGIBLE GREEN PROJECT CATEGORIES	Renewable Energy
ELIGIBILITY CRITERIA	Hydropower or Wind Power electricity generation assets with a carbon intensity of less than 100g CO2e/KWh
RELEVANT SDGS	

- As for the Sustainability at GRPO, In 2020 operating assets of the Renewable Energy business (the Issuer Group) implemented an Environmental and Social Policy Framework, which consists of a combination of Environmental and Social Policy Statements, legal and regulatory review, etc. Additionally, the Issuer Group introduced an Environmental and Social Management System (ESMS). Both the Framework and the ESMS emphasize the Issuer Group’s ultimate goal to meet international environmental and social standards.

Sustainalytics provided a Second Party Opinion on the Green Bond Framework available at www.grpc.ge¹. The opinion states that GRPO’s business activity and it’s projects are in compliance with green bond principles. The Scope of the report includes review and assessment of the following elements of the Green Bond Framework, which confirmed their alignment with the Green Bond Principles (GBP):

- **Use of proceeds:** The eligible category for the use of proceeds, Renewable Energy, is aligned with those recognized by the Green Bond Principles. Investments in the eligible category are expected to support the increase in share of renewable energy in Georgia where Georgian Renewable Power Operations JSC (GRPO) operates and advance the UN Sustainable Development Goals, specifically SDG 7.
- **Project evaluation/selection:** GRPO’s Green Bond Committee (GBC) will be responsible for reviewing and approving eligible projects. GRPO’s Environment and Social Management Systems are applicable to all allocation decisions made under the Framework. These risk management systems are adequate and in line with market practice.

¹ As well as at Sustainalytics’ web-page: [https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects/project/georgian-renewable-power-operations-jsc/georgian-renewable-power-operations-green-bond-framework-second-party-opinion-\(2022\)/georgian-renewable-power-operations-green-bond-framework-second-party-opinion-\(2022\)](https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects/project/georgian-renewable-power-operations-jsc/georgian-renewable-power-operations-green-bond-framework-second-party-opinion-(2022)/georgian-renewable-power-operations-green-bond-framework-second-party-opinion-(2022))

- **Management of proceeds:** GRPO's Green Bond Committee (GBC) will be responsible for reviewing and approving eligible projects. GRPO's Environment and Social Management Systems are applicable to all allocation decisions made under the Framework. These risk management systems are adequate and in line with market practice.
- **Reporting:** GRPO's Green Bond Committee (GBC) will be responsible for reviewing and approving eligible projects. GRPO's Environment and Social Management Systems are applicable to all allocation decisions made under the Framework. These risk management systems are adequate and in line with market practice.

GRPO also intends to commission and make publicly available a "Compliance Review" within one year of these Prospectus and annually thereafter, until proceeds of the Bonds are fully allocated in accordance with the use of proceeds.

All abovementioned documents within Green Bond Framework are prepared and publicly available in English.

None of the Green Bond Framework or the Second Party Opinion is incorporated in or forms part of, these Listing Particulars or is a recommendation to buy, sell or hold the Bonds.

It is worth noting that Georgia Global Utilities U.S.\$250,000,000 7.750% Notes issued in July 2020 also represented Green bonds, with relevant Framework implements on a GGU level and Second Party Opinion also provided by Sustainalytics, as well as annual compliance reviews.

Registration Document

Persons responsible for preparation of the document:

Avtandil Namicheishvili – Chairman of the Supervisory Board of GRPO

Zurab Gordeziani – Chief Executive Officer of GRPO

Nana Mshvidobadze – Chief Financial Officer of GRPO

Representation of Responsible Persons

Responsible persons represent that all the material facts known to them are provided in the registration document and there has not been intentionally omitted information, which could affect the content of the Prospectus.

Financial auditor of the Issuer

Financial auditor of the Issuer is EY LLC. Identification number: 204441158. Address: 44, Kote Abkhazi st., Tbilisi, Georgia . Email: info@ge.ey.com *The change of financial auditor of the Company did not occur during the periods presented in the Prospectus.*

Credit rating:

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

Second Party Opinion Provider/External Verifier:

Sustainalytics, a Morningstar Company, approved verifier under Climate Bonds Initiative (<https://www.climatebonds.net/certification/approved-verifiers>, Largest External Review Provider in 2020). web-page: www.sustainalytics.com; E-mail: contact@sustainalytics.com

Information about the material agreements

The Issuer's group or its predecessor (GGU) has no material agreements concluded for Issuer's business activity purposes as of the date of this Prospectus which are not related to the ordinary business activities of the Company or are not disclosed in relevant sections of the Prospectus.

Principal Activities

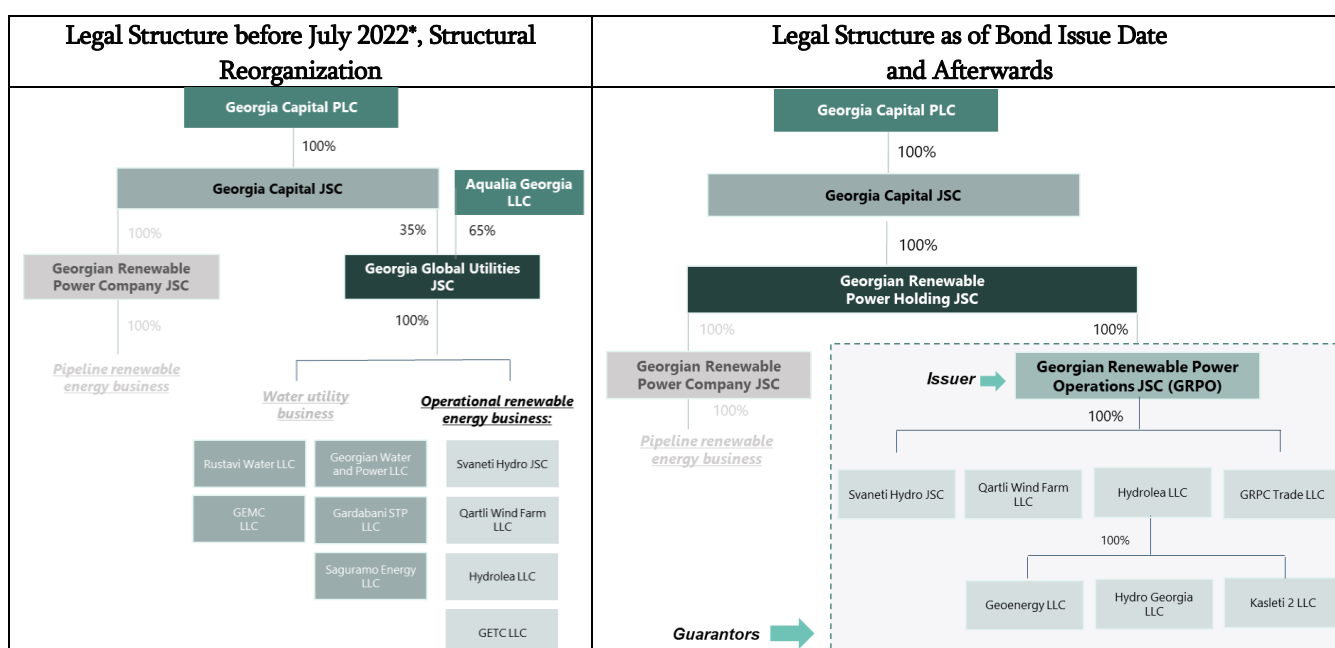
Overview & History

GRPO's business represents a platform for operating hydro power plants ("HPPs") and wind power plant ("WPP") across the country. The business operates commissioned renewable assets with 71MWs of installed capacity in aggregate and with average capacity factors of more than 40%. The company's field of activity is operating power assets (including electricity generation and trading) in Georgia and conducting investing, operating or other activities related to it. Company assets with respective capacity are the following: 30MW Mestiachala 2 HPP, 20MW Hydrolea HPPs and 21MW Qartli WPP. The latter two assets represent successful acquisitions made by the business at the end of 2019, while the Mestiachala 2 HPP was built and commissioned by GCAP's renewable energy business in 2019. All power plants (except for the Akhmeta HPP, whose PPA has expired) benefit from long-term power purchase agreements (the "PPAs") formed with the Electricity System Commercial Operator ("ESCO"), resulting in predictable dollar-linked cash flows, as PPAs are fixed in US dollars.

In December 2021, Georgian Capital JSC ("GCAP"), which at the time was the sole (100%) owner of Georgia Global Utilities JSC ("GGU"), a holding company of GCAP's water utility business and the operational renewable energy assets, has agreed to sell an initial 80% of its equity interest in the water utility business to FCC Aqualia ("Aqualia") for a cash consideration of US\$ 180 million, while GCAP has retained sole (100%) shareholding in the renewable energy business. This values the entire water utility business at US\$ 225 million. In addition, the seller and the buyer were granted put and call options, respectively, over GCAP's remaining 20% interest in the water utility business.

The first stage of the transaction, which considered the initial sale of a 65% equity interest in GGU (representing an 80% economic interest in the water utility business) was successfully completed on 3rd February 2022 with the receipt of full sale proceeds and transfer of respective shares of GGU to Aqualia.

The second stage of the transaction, the demerger of the renewable energy business occurred in September of 2022 and upon completion of this stage of the transaction, GCAP indirectly (through Georgian Renewable Power Holding JSC) owns 100% of GRPO's renewable energy assets. Legal structure before structural changes in July 2022 and at the time of/after bond issuance is given below:



* The issuer, JSC "Georgian Renewable Power Operations" (ID: 404642892) was founded in July 28th, 2022;

Further information regarding the disposal of Water Utility Business can be found in Circular to Shareholders by the Georgia Capital PLC dated January 6, 2022: https://georgiacapital.ge/sites/default/files/inline-files/Circular_0.pdf

Additional Information on the Companies in Issuer’s Legal Structure as of the Date of Bond Issuance*:

- Georgia Capital PLC - ID: 10852406
- Georgia Capital JSC – ID: 404549690
- Georgian Renewable Power Holding JSC - ID: 404647325
 - Georgian Renewable Power Company JSC – ID: 404500857
 - Issuer: Georgian Renewable Power Operations JSC – ID: 404642892

Issuer’s Subsidiaries:

- Svaneti Hydro JSC – ID: 405021275
- Qartli Wind Farm LLC – ID: 404957338
- Hydrolea LLC – ID: 406073029
- Geoenergy LLC – ID: 406062353
- Hydro Georgia LLC – ID: 404943941
- Kasleti 2 LLC – ID: 406107118
- GRPC Trade LLC – ID: 404637835

With the exception of Georgia Capital PLC (for details, please see section ‘Prospectus Summary, Key Information about the Issuer, Shareholders of the Issuer’ and ‘Registration Document, Government Body and Management, General Meeting of Shareholders’), all of the abovementioned companies are registered in Georgia and are 100% subsidiaries of Georgia Capital JSC. Georgian Renewable Power Holding JSC will become 100% shareholder of Georgian Renewable Power Company JSC and the Issuer. Georgian Renewable Power Company JSC (‘GRCP’) was founded in 2015 and it develops Group’s renewable power projects (pipeline project development), while the Issuer’s and its subsidiaries’s field of activity is operating finished power assets (including electricity generation and trading) in Georgia and conducting investing, operating or other activities related to it (for more details see section ‘Registration Document, Strategy and Objectives’)

**Aqualia Georgia LLC (ID 404630645) is not part of Issuer’s legal structure at the time of/after bond issuance.*

Operations

GRPO’s existing portfolio of renewable energy assets includes four HPPs and one on-shore wind farm (the only commissioned wind farm in Georgia so far). The details of these plants are set forth in the table below:

Power Plant	Location (Region)	Installed Capacity, MW	CoD	Load Factor, %	PPA price, Usc/Kwh	PPA Coverage	PPA Expiration Date
Mestiachala 2 HPP	Svaneti	30.0	2019	40%	5.50	8m/15Y	Apr 2034
Akhmeta HPP	Kakheti	9.1	2014	73%	5.54	Expired	Feb 2022
Dedeba HPP	Kvemo Kartli	3.2	2015	71%	5.54	8m/10Y	Dec 2023
Kasleti 2 HPP	Svaneti	8.1	2018	69%	5.66	8m/10Y	Sep 2028
Qartli WPP	Shida Kartli	20.7	2016	47%	6.50	12m/13Y	Jan 2030

Generation by individual assets are also provided below (based on the third-party reports):

Power Plant	2021 Generation (GWh)	Avg. Annual Generation, gross (GWh)		
		P50	P75	P90
Mestiachala 2 HPP	103.6	105.8	102.8	101.5
Qartli WPP	83.4	84.9	79.8	75.3
Akhmeta HPP	41.7	58.5	52.6	47.7
Kasleti 2 HPP	30.9	48.8	43.0	37.1
Debeda HPP	8.7	19.9	17.7	15.5

Taking into account the installed capacities of "Mestiachala 2" hydroelectric power station and "Kartli wind power station", JSC "Svaneti Hydro" and LLC "Kartli wind power station" have obtained an electricity production license from the National Energy and Water Supply Regulatory Commission of Georgia (March 27, 2019 and 2016 August 4, respectively).

Mestiachala 2 HPP. The Mestiachala 2 HPP is a run-of-the-river plant with an aggregate installed capacity of 30MW located in the Samegrelo-Upper Svaneti region. Construction commenced in May 2017 by GRPC JSC and was completed in April 2019. The actual cost of construction per MW was approximately \$1.2 million, with approximately 70% of the total project cost being financed through long-term debt facility. For the first 15 years after the commencement of power generation, the Mestiachala 2 HPP will sell electricity at market prices during the period from May through August and pursuant to the PPA with ESCO at fixed prices of \$ c 5.5 per KWh during the period from September through April.

Previously, Mestiachala HPPs comprised cascade of two power plants with 50MW installed capacity in total. In July 2019, the Mestiachala HPPs were affected by flooding resulting from a rock avalanche and both plants were taken offline. Following a rehabilitation process, the 30 MW generation unit was recommissioned in December 2019 and it remains operational at the originally planned capacity. In 2021, in line with the outcome of the comprehensive cost and feasibility assessment, the restoration process of the 20MW plant of Mestiachala HPP 1 has been suspended indefinitely. Hence, as at 31 December 2021, impairment of the remaining assets of Mestiachala 1 HPP was recognized resulting in GEL 36.6 million impairment charge in profit or loss for 2021. In June 2022, conditional alienation of assets and corresponding rights of Mestiachala 1 HPP was carried out.

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Akhmeta HPP. The Akhmeta HPP was acquired by GCAP in October 2019 as part of the Hydrolea Group acquisition and subsequently transferred to GGU in July 2020. The Akhmeta HPP is built on irrigation infrastructure located in the Kakheti region that was commissioned in 2014. The installed capacity of the Akhmeta HPP is 9.1 MW. Since March 2022 Akhmeta HPP sells electricity at market prices.

Debeda HPP. The Debeda HPP was acquired by GCAP in October 2019 as part of the Hydrolea Group acquisition and subsequently transferred to GGU in July 2020. It is a HPP built on irrigation infrastructure located in the Kvemo Kartli region that was commissioned in 2015. The installed capacity of the Debeda HPP is 3.2 MW. Until 2023, the Debeda HPP will sell electricity at market prices during the period from May to August and pursuant to a PPA with ESCO at fixed prices of U.S.\$ c 5.5 per KWh during the period from September to April (inclusive).

Kasleti 2 HPP. The Kasleti 2 HPP was acquired by GCAP in October 2019 as part of the Hydrolea Group acquisition and subsequently transferred to GGU in July 2020. The Kasleti 2 HPP is a run-of-the-river plant located in the Samegrelo-Upper Svaneti region that was commissioned in 2018. The installed capacity of the Kasleti 2 HPP is 8.1 MW. Until 2028,

the Kasleti 2 HPP will sell electricity at market prices during the period from May to August and pursuant to a PPA with ESCO at fixed prices of U.S.\$ c 5.6 per kWh during the period from September to April (inclusive).

Qartli Wind Farm. In November 2019, GCAP won a public auction held by the Georgian Energy Development Fund and Georgian Oil and Gas Corporation to acquire a 100% equity interest in the 20.7 MW six-turbine Qartli Wind Farm, an on-shore wind farm located in the Shida Kartli region, for U.S.\$14.4 million. The wind farm was subsequently transferred to GGU in July 2020. Qartli Wind Farm is the only operational wind farm in Georgia, with its remarkable capacity factor of 50%, and has been generating power since late 2016. The PPA between Qartli Wind Farm and ESCO sets the price at U.S.\$ c 6.5 per kWh, runs to 2030 and covers 100% of the plant's output throughout the entire year. Pursuant to its PPA with ESCO, while Qartli Wind Farm is obliged to sell electricity to ESCO during the eight months from September to April (inclusive), it is permitted to select an offtaker and market the electricity it generates for the remainder of the year, subject to the restriction that, during the first 13 years of operation, electricity generated by Qartli Wind Farm must be sold exclusively to satisfy the internal Georgian demand.

Within the framework and conditions of the PPA agreements, the issuer sold approximately 61% of the 2021 generation to the state. During the transitional period before the separation of the renewable energy business and the issuance of local bonds, the issuer was and will be conducting electricity trade through "Georgian Energy Trading Company" LLC, which was and is remaining a subsidiary of Georgia Global Utilities JSC, and after the issue, this role will be combined with "GRPC Trade" LLC, which was established by the Issuer in 2022. Due to the specifics of the transactions and the market, it is not possible to identify the sale of electricity generated directly by the issuer according to the main users at this stage, however, due to the limited number of users, a high concentration is expected.

Insurance

GRPO's subsidiaries maintain comprehensive insurance coverage in respect of their businesses, properties, liabilities and health/safety of employees. This coverage is maintained in such amounts and with deductibles that are commensurate with local best practice and industry standards. GRPO's insurance coverage includes, but is not limited to, Property All Risk and Business Interruption and Machinery Breakdown and Machinery Breakdown Loss of Profit, Political Violence (including terrorism), Comprehensive Third Party Liability and Employer's Liability. For further details, please refer to the sub-chapter "Principal Activities" of the "Registration Document".

Strengths

Exposure to favourable electricity market dynamics

GRPO has exposure to favourable electricity market dynamics, with a deficit in supply resulting from growing electricity demand and low pace of development of renewable power plants in Georgia. Increased demand for electricity has been satisfied by imports, which resulted in Georgia gradually becoming a net electricity importer.

Management expects demand for electricity to continue to increase, driven by GDP growth, which is strongly correlated with electricity demand, increasing penetration of domestic appliances, as well as a rapidly growing tourism industry. The penetration level of domestic appliances is relatively low in Georgia compared to its peer countries and is expected to grow as a result of GDP growth, declining prices for appliances and decreasing average household size, resulting in growth in demand for electricity.

Increasing share of import-dependant electricity in local supply creates additional pressure on electricity prices. Generally, import-dependant electricity (direct imports, generation of TPPs) is more expensive than local generation. Further,

deterioration in the supply/demand balance will require addition of increasingly expensive electricity, which will determine the market price in most of the months.

Balanced foreign exchange position

GRPO has a balanced foreign exchange position due to the fact that revenue under its PPAs is denominated in USD and is not subject to change during contractual period. In addition, market price of electricity in Georgia is formed in USD, as major price drivers such as price of imported electricity and marginal cost of TPPs are dollar-linked, hence merchant sales are also USD denominated. This effectively provides GRPO with a hedge against Lari depreciation, which is particularly valuable given recent fluctuations in the U.S. Dollar/Lari exchange rate. For the year ended 31 December 2021, almost 100% of revenues were denominated in U.S. Dollar.

Stable cash flows with strong revenue visibility due to significant PPA coverage and low maintenance capital expenditure requirements

GRPO has stable cash flows due to the high visibility of its revenue base as well as its relatively low maintenance capital expenditure requirements and technical losses. All of the HPPs, except for Akhmeta HPP, sell the electricity they generate pursuant to PPAs with ESCO as the offtaker. With the exception of Qartli Wind Farm (for which the PPA applies for the entire year if the company so chooses and/or prefers). These PPAs apply only for the period from September to April (inclusive). For the period from May to August, electricity generated by these plants is sold at market prices. The PPAs to which GRPO is party contain fixed pricing, providing it with significant revenue predictability, with approximately 50% PPA coverage as a % of projected generation. As a result, up to 85% of GRPO's generation benefit from PPA support mechanism or fall in the deficit months (including July and August).

Considering the average age of plants (6 years), the maintenance CAPEX requirements for GRPO's power plants is relatively low. This is due in part to the fact that most maintenance activities, including full operations and maintenance coverage from suppliers for Qartli Wind Farm, and all relevant maintenance activities for the HPPs, are already included in operating expenses. In addition, very low levels of maintenance are required in the first 30 years of operation of HPPs.

Favourable regulatory regime, with deregulation providing further opportunities

Georgia's electricity market is in the process of deregulation of both - consumption and generation. The first large wave of deregulation of consumption happened in May 2018, when large electricity consumers were moved from a regulated pricing scheme to market pricing. Since 2018, all consumers with monthly consumption of more than 0.4 GWh and a direct connection to a 35-110 kV transmission line were gradually deregulated. As a result of these reforms, the deregulated market has tripled. Further waves of deregulation are already planned, introducing stricter monthly consumption and interconnection voltage thresholds. It is planned to deregulate all consumers except for residential and small commercial customers in 2026.

As for the supply side, all HPPs commissioned after August 2008 are fully deregulated, and older power plants are gradually being deregulated as well. In June 2017, the Law of Georgia on Electricity and Natural Gas was amended, deregulating all HPPs with an installed capacity below 40 MW, the threshold was further increased to 65 MW, and the process will continue, eventually deregulating most of the power plants.

Overall, management believes that market deregulation positively affects electricity prices through increasing liquidity and directly affecting market prices as the number of profit-oriented players increases in the market.

UK-listed shareholder with strong track record and superior access to capital & investor base

The Issuer's 100% ultimate parent, Georgia Capital PLC is a leading investment management company in Georgia, listed on the premium segment of the London Stock Exchange (according to Bloomberg, as of 18 August 2022, 92.5% of GCAP's

shares are free floating), with strong corporate governance, unprecedented track record and superior access to capital as well as investor base. Georgia Capital PLC is presented in top tier companies and most attractive industries in Georgia.

Highly experienced Supervisory Board and Management team, with successful presence on international capital markets

GRPO’s governing body holds long-term expertise and strong track record to successfully navigate the business going forward. GRPO’s management team has a vast experience and comprehensive knowledge of the energy sector which is further elevated by the team’s unparalleled experience of tapping international capital markets by issuing debut US\$ 250 million international green bonds from Georgia on the Irish Stock Exchange.

Development of the local Capital Market

Capital Market Development has been one of the key stated priorities for the Government of Georgia and the National Bank of Georgia. The Ministry of Economy and Sustainable Development of Georgia published and adopted Capital Market development Strategy in 2016, with initial reforms and steps undertaken in the past few years. Going forward, active discussions are held among number of stakeholders on new strategic priorities. Additionally, one of the pre-requisites of integration of Georgia into the EU is development of the capital market and the appropriate regulatory and legislative framework. Securities legislation has already undergone material approximation to the relevant EU framework.

Various international financial institutions are contributing towards the progress in the capital market development through various means including the Capital Market Support Program, with the issuer being one of its participants. The program is Funded by the European Union and implemented by the Capital and Financial Market Development teams of EBRD:

- The project aims to support the development of the local capital market in Georgia, through educational activities and co-financing scheme for local issuers;
- One of the top priorities stated by the program is to promote ESG linked securities by the primary issuers on local market;

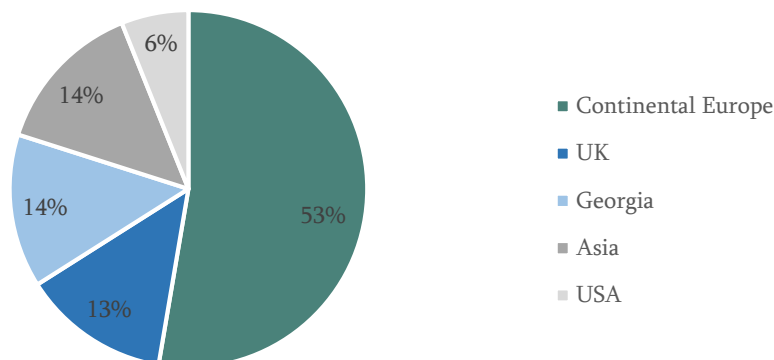
It is worth mentioning, that in July 2020, the former 100% owner of the issuer, GGU, the water utility business together with the operational/commissioned renewable energy assets, successfully priced and listed debut green bonds on the Irish Stock Exchange. The Eurobonds represented first ever green bonds from Georgia and were oversubscribed by 1.5x amid the COVID-19 outbreak. The issuance was met with significant interest both from institutional investors and IFIs. The issuer obtained Second Party Opinion from Sustainalytics, a leading provider of environmental, social and governance research and analysis, for its Green Bond Framework.

The issuance of the bonds significantly improved the financial flexibility of the GGU and boosted its liquidity profile by moving from amortizing to bullet repayment structure, contributing to healthy growth of the business and enhanced dividend capacity.

GGU’s Eurobond Issuance overview:

Notes:	USD 250 million, 5NC2, 7.75% Green Bonds
Uses of proceeds:	Water utility capex and refinancing of existing debt
Listing:	Irish Stock Exchange
Notes rating:	B+ (Stable) by Fitch / B (Positive) by S&P
Sole bookrunner, Green structuring agent, Development finance structuring agent:	J.P. Morgan
Co-manager:	TBC Capital
Demand:	Book was oversubscribed by 1.5x
Anchor investors:	FMO, DEG, ADB and TBC Bank

GGU's Eurobonds by Investor Geography:



Issuer's decision, to raise the new funding in amount \$80 million through local capital market transaction is partly due to its incentive to contribute to the development of the local capital market. As of the date *of preparing the Prospectus*, GRPO bonds are anticipated as the first ever green secured bond issuance on the Georgian capital market and the Largest corporate transaction on the Georgian capital market.

Issuer assumes that this transaction shall contribute significantly to the local capital market development.

Principal Markets

Brief Summary of the electricity market

Key figures for the YE2021:

- Electricity consumption: 14.7 TWh
- 10-year average growth of consumption: 5.3%
- Total installed capacity: 4.5 GW
- Total renewable capacity: 3.3 GW
- Total renewable generation: 10.7 GWh
- Total deficit filled with import and thermal generation: 4.0 TWh

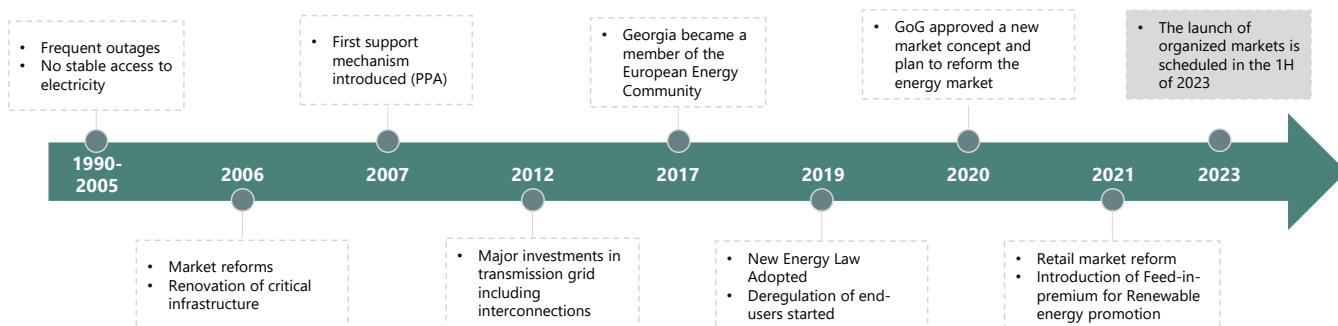
Key Trends:

- Need of electricity import doubled over last decade;
- Electricity consumption growth is 2.4x higher than production growth, increasing the need of electricity import and thermal generation (working on imported gas) (see Figure 8);
- Electricity consumption is expected to continue further growth in line with increased consumption. Deficit could reach 10 TWh by 2030 if no renewable generation is commissioned. It is worth noting, that throughout the past 10 years average consumption growth rate amounted 5.3% as opposed to 4.9% average economic growth rate (see Figure 12).

Electricity market development

- Reform of electricity market has started in 2019 by adoption of new Law on energy and major transformation will take place after launch of organized markets from 2023;
- Timeline of market development is presented below:

Diagram 1: Timeline of market development by years



Source: Galt & Taggart, Issuer Information

Market structure and price setting principles

According to the existing market structure, ESCO balancing price, the existing reference price of electricity in Georgia, is a weighted average price of imports and existing PPA contracts (“Total value of must-purchase (PPA+Import) USD’ divided by ‘Total volume of sold electricity (kWh)’). Price is calculated on a monthly basis. Price drivers are as follows:

- Baseload import price
- PPA tariffs and volume
- Blending of cheap electricity of regulated HPPs

Historical ESCO prices are presented below:

Historical prices	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
ESCO 2021	4.7	4.7	4.9	4.9	3.9	4.4	3.6	5.1	5.4	5.5	5.5	5.4
ESCO 2022	6.0	6.2	5.9	5.5	4.7	4.9	4.2	5.2				
22' vs 21'	+27%	+33%	+21%	+12%	+20%	+12%	+17%	+2%				

Under reformed market, prices during deficit and surplus months will be determined as follows (subject to reforms and relevant regulations as carried out under new market):

5.0-10.0 Usc/kWh during deficit months: During deficit months, market price of electricity will be determined by the marginal cost of TPPs and price of electricity imports (which exceeded 7.5 USc/kWh in Jan-Feb 2022);

Up to 5.0 Usc/kWh during surplus months: Electricity prices can reach up to 5.0 USc/kWh during the surplus months, especially considering attractive export tariffs.

The current structure of the electricity market and main participants

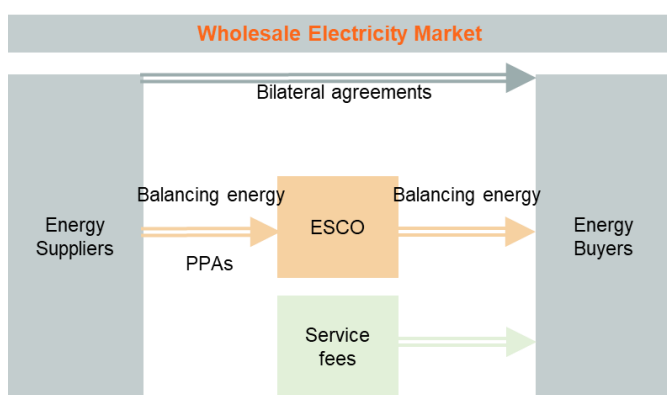
The electricity market comprises two segments: wholesale and retail.

Retail market. The residential sector, small and medium enterprises, and specific government organizations are the end-users in the retail market. Electricity is supplied to end-users in the retail market, this includes: the residential sector, small and medium enterprises, and specific government organizations. In the retail market, the end-user electricity tariff for retail consumers is regulated and established by GNERC while the power suppliers in the retail market are "Telmiko" LLC and "EP Georgia Supply" JSC. They purchase electricity in the wholesale market and supply it to retail customers. The price of electricity in the wholesale electricity market is not regulated by GNERC, other than a contract for differences designated for vulnerable consumers (residential sector and small business) in the area of Telmiko and EP Georgia. Settlement in the retail market takes place once a month.

Wholesale market. The wholesale market of electricity is more diversified in terms of market players. Sellers on this market are power plants (hydro, thermal, solar, or wind), importers or wholesale suppliers (same as traders or re-sellers

of electricity). Electricity is purchased by power suppliers (Telmico and EP Georgia supply), Abkhazia region, direct consumers (large industrial companies), exporters or traders. All wholesale market participants are free to choose their contractors. As of Feb-22, there are two power suppliers on the demand side, 46 direct consumers, 20 traders (although only 5 of them were active in 2021), and 40 registered exporters (although only 5 of them were actively exporting in 2021 and 3 of them in 2020). There are over 100 power producers on the supply side, 29 importers (although only 5 were active in 2020-21), and 20 traders (only 5 were actively involved in power trade in 2020 and 2021). Power plants in Georgia sell electricity to ESCO at PPA terms (if such agreement exists), or sell electricity in the free market through bilateral agreements. Bilateral agreements define terms of power supply, volume, tariff, and period. Their terms are commercial secret and are not publicly available. If a market participant cannot find a counterparty, sign a bilateral agreement and doesn't have PPA, the ESCO assists and serves as counterparty for any uncontracted but generated or consumed energy. The ratio between the energy sold via bilateral agreements and to ESCO was 76% to 24%, respectively, in 2021.

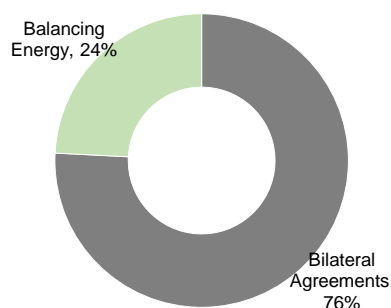
Diagram 1: Electricity Market Structure in Georgia



Source: ESCO, GNERC, Galt & Taggart Research

As of Jun-22

Figure 1: Electricity sales by type of contract, 2021



Source, ESCO, Galt & Taggart Research

The transactions in today's market have monthly settlement periods. This will change from March 2023 when Georgian wholesale market reform is enforced and the settlement period is narrowed to one hour of each day. Currently, it is a common practice to link the price of bilateral agreements to the ESCO's selling price (E.g., 5% less than ESCO's selling price). This is why ESCO's price is a reference price of electricity in Georgia. ESCO's selling price is a weighted average of import price, PPAs, and any uncontracted generated electricity. In the upcoming market model, effective from March 23, the current form of ESCO's balancing electricity market will stop functioning. Therefore it will no longer serve as the reference price for the wholesale market, and different drivers for wholesale electricity prices in Georgia will evolve.

The electricity generation market is partially deregulated, formally unbundled, and privatized. The only state-owned HPPs - Enguri and Vardnili – are expected to remain under state ownership as they are located partially on the occupied territory of Abkhazia. The Gardabani-1 and Gardabani-2 thermal power plants are also owned by state-owned Company Georgian Oil and Gas Corporation. All other power plants are under private ownership. HPPs constructed before August 2008, with an installed capacity of over 65MW and all TPPs, are regulated by GNERC, limiting their ability to sell electricity for more than the predetermined tariff.

Power Purchase Agreements and support schemes for renewable energy projects

In order to attract investments in renewable energy projects, the Government of Georgia had different support mechanisms over the last decade. However, the most common support scheme was the Power Purchase Agreement (PPA), a long-term power sales contract between the power plant owner and Electricity System Commercial Operator JSC (ID 205170036, ESCO). The PPA terms are predefined in the Memorandum of Understanding (MoU) - the initial document signed between the Government and power plant developer.

The Government changed PPA policy several times over the years. Thus different HPPs have different PPA terms. PPA policy has changed several times since its adoption in 2008, and different HPPs have different PPA terms. The PPAs mainly differ in terms of the duration of the contract, purchase period, and price. In general, all PPAs consider the purchase of electricity for predefined months for 10 or 15 years from the start of operation. The PPA months vary from 3 to 12 months of the year, but primarily they are selected from the period between September and April. In general the tariff range varies from USc 4/kWh to USc 8/kWh. The most common PPA duration is for 10 years purchasing all the generated electricity from September to April. Notably, the power plants with PPA act as any other power supplier in non-PPA months (most commonly the May-August period), meaning they sell electricity via bilateral agreements and/or on wholesale market.

The Government's stance on PPAs has changed since 2017. Despite generating an impressive pipeline of projects in the energy sector, PPAs were considered as disruptive to competitive markets. Moreover, IMF raised concerns about the PPA creating contingent liability and fiscal risks for the Government (source: "Review under the extended fund facility arrangement (IMF Country Report No. 21/79)"). These two factors resulted in a de-facto moratorium on PPAs since 2016. Finally, more stringent procedures for granting PPAs were introduced in the new PPP law in 2018. As a result, no new memorandum with PPA has been granted over the 2017-2022 period.

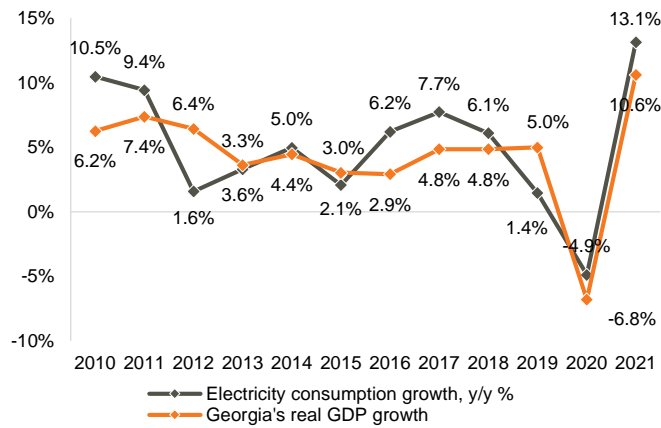
In 2020, the Government introduced a new support mechanism, called Feed-in Premium ("**FIP**"), as a support scheme for power plants which will trade on the DAM after the market reform is finalized. In particular, the incentive mechanism sets feed-in premium principles for renewable energy projects with more than 5 MW capacity. During the first 10 years of operation, ESCO will assist HPPs in market risk insurance for the September-April period. If the market price for any hour falls below USc 5.5/kWh, ESCO will cover the difference between the market price and USc 5.5/kWh. The maximum limit of this assistance/insurance will be USc 1.5/kWh. This mechanism limits the fiscal risk of the state to USc 1.5/kWh while effectively guaranteeing the investor income of USc 5.5/kWh, as market prices are not expected to fall below USc 4.0/kWh. The mechanism will work only for projects, which sign respective memorandum after June 2020. The interest from investors in this new mechanism was low as the support level is considerably lower than in case of existing PPAs.

The government is considering revising the PPA policy in 2022. Considering the high growth rate of consumption and considerably low rate of local generation growth, the need for escalation of capacity additions became critical. Therefore, the Government is considering revising the de-facto moratorium on PPAs and introducing such a support scheme for renewable energy projects.

Electricity supply-demand trends

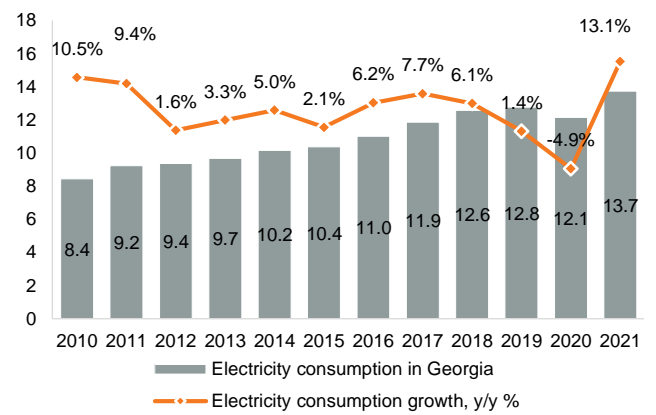
Electricity consumption is highly correlated with GDP growth, with average consumption growth rate of 5.1% throughout 2010-2021. Electricity consumption was down by 4.9% y/y in 2020, because of the reduced economic activity caused by the Covid-19 pandemic. In 2021, consumption increased by 13.1% and surpassed pre-pandemic levels by 7.6% (2021 vs 2019 consumption). Electricity consumption is expected to increase by 5% annually, as indicated in the base case scenario of the 10-years network development plan, a document approved by MoESD. To these estimates, electricity consumption will double over the next decade.

Figure 1: Electricity consumption growth and real GDP growth



Source: ESCO, Geostat, Galt & Taggart

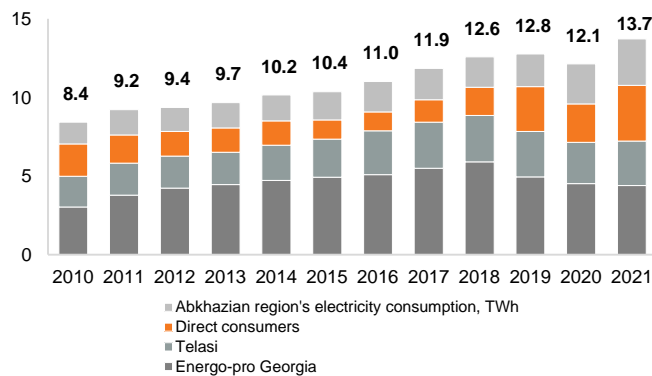
Figure 2: Electricity consumption dynamics, TWh



Source: ESCO, Galt & Taggart Research

Electricity consumers on wholesale level are Abkhazia, direct consumers and retailers. Direct consumers are legal entities that received this status voluntarily or by law. These entities can purchase electricity directly from HPPs. Increase in number of direct consumers in recent years, caused by legislative changes, increased the number of potential buyers for the Issuer. Telasi and Energo-Pro would purchase electricity on wholesale market and sell on retail customers such as population, small business, etc. Following legislative changes in 2021 that aimed to separate supply and distribution, Telasi's activity was divided in two licenses – distribution license (which remained with Telasi) and supply license (sale of electricity to retail costumers), the license of which was transfer to Telmico. Telmico is affiliated to Telasi – these companies have same shareholder structure. The same changes took place with Energo-Pro Georgia and EP Georgia.

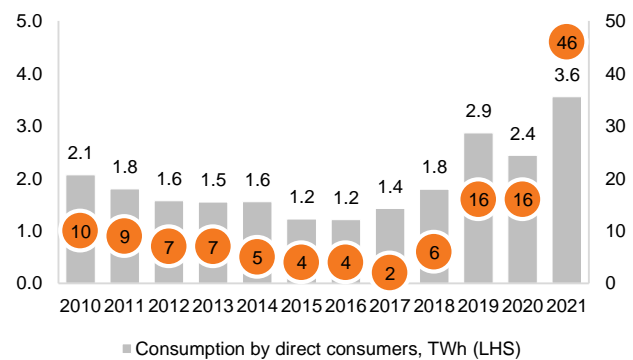
Figure 4: Electricity consumption dynamics per wholesale consumer groups, TWh



Source: ESCO, Galt&Taggart

Note: On the graph Energo-Pro's consumption includes EP Georgia's consumption, Telasi's consumption includes Telmico's consumption. These companies replaced Telasi and Energo-Pro with supply license, due to legislative changes

Figure 5: Number of direct consumers and their consumption



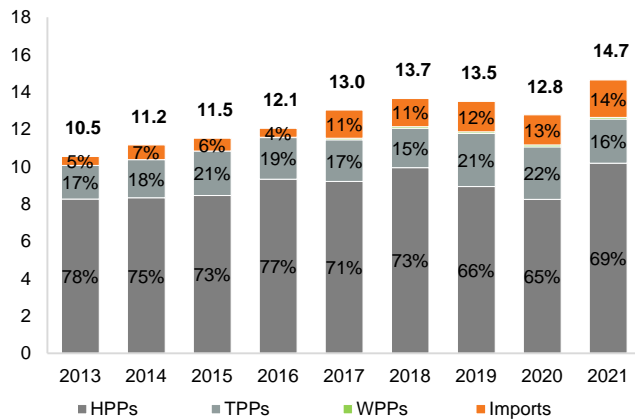
Source: ESCO, Galt&Taggart

Note:

Georgia's installed capacity totaled 4.5GW in 2021, up from 3.3GW in 2010. Since 2010, installed capacity increased by 1.2 GW, out of which only 0.7 GW were hydro and wind projects, while the remaining 0.5 GW were TPPs, that run on imported natural gas. By end of 2021, Georgia had 103 hydro (3.3 GW), 6 thermal (1.2GW), and 1 wind (20.7MW) power

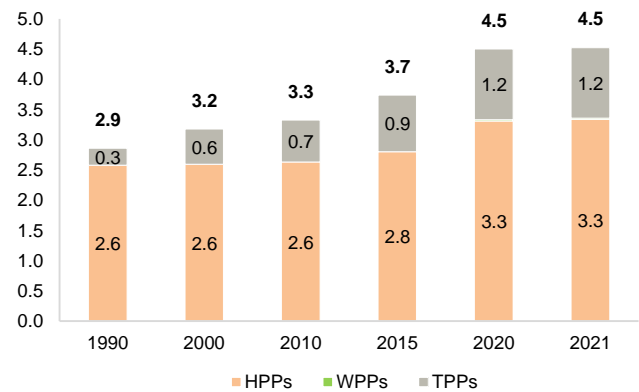
plants. Since 2010, the electricity supply increased from 10.1 TWh to 14.4 TWh (excluding electricity transit). An 80% of growth in supply (3.5 TWh) came from import-dependent sources - direct electricity imports and generation of gas-fired TPPs. Only 20% of supply-side growth was satisfied by increased generation of wind and hydropower plants. The low pace of development of local renewable energy sources resulted in the increased share of thermal generation and direct electricity imports in the supply mix. The opposite seasonality of electricity consumption and hydro generation creates an exportable surplus during May and June and a deficit during the remaining months. Due to the increased use of air-conditioning, electricity consumption is becoming less seasonal, limiting the exportable months to only May and June (as in 2019-21) and creating the need for import during the rest of the year. On average, 40-50% of hydro generation takes place in the summer months between May and August, especially generation from the run-of-river HPPs.

Figure 6: Electricity production and import, TWh



Source: ESCO, Galt&Tagart

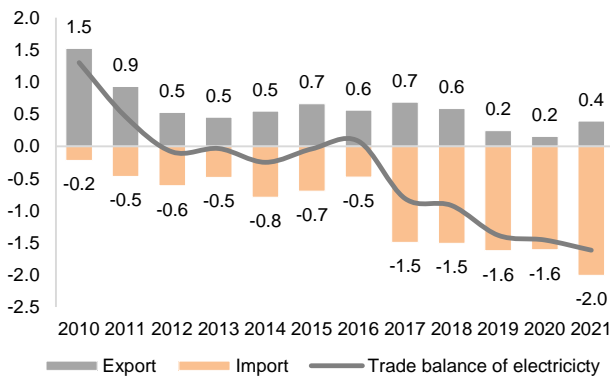
Figure 7: Dynamic of installed capacity, GWh



Source: ESCO, GSE

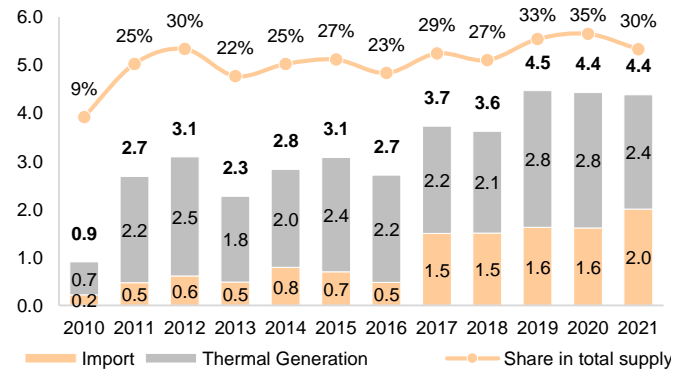
Electricity generation growth falls behind consumption growth, widening the country's trade deficit. In 2021, Georgia imported 2.0TWh of electricity and exported mere 0.4TWh, resulting in a net import of 1.6TWh (+10.9% y/y). On top of that, generation from thermal power plants working on imported natural gas, reached 2.4 GWh in 2021. In total, 30% of electricity demand was satisfied by imported sources in 2021. Over 2010-2021 the import dependence of electricity sector tripled. Even in 2020 when demand on electricity decreased due to pandemic, import did not decrease. This was caused by reduced generation of HPPs due to bad hydrological conditions.

Figure 8: Foreign trade of electricity, TWh



Source: ESCO, Geostat, Galt & Taggart

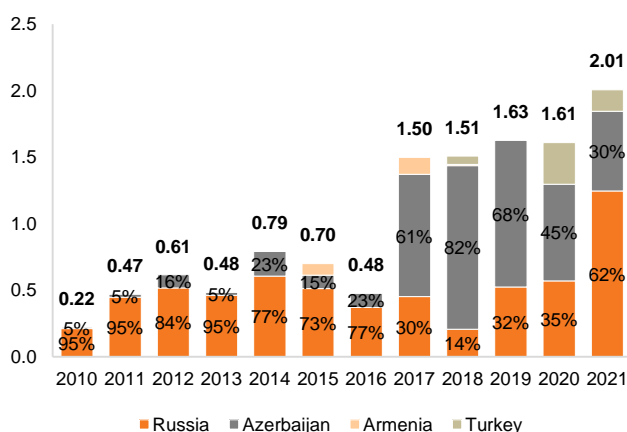
Figure 9: Import dependence of electricity sector, GWh



Source: ESCO, Galt & Taggart Research

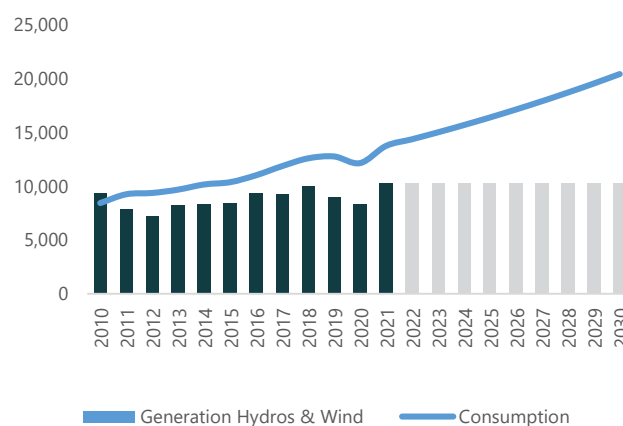
Enhanced interconnection capacity allows Georgia to choose import providers among all 4 neighboring countries based on commercial terms. Historically, electricity was mainly imported from Russia. Situation started to change in 2017 when during 2017-2020 share of import from Azerbaijan increased significantly. In 2021 situation changed back and more than 60% of electricity was imported from Russia.. Before 2020, Armenia and Turkey used to be the only emergency import providers. In 2020 and 2021, import from Turkey was made commercially at significantly lower prices (USc 4.3/kWh) than from competitor countries. Notably, after the commissioning of a new 500kV interconnection line with Azerbaijan, electricity imports from Russia were gradually replaced by imports from Azerbaijan, reducing Russia's share from 95% in 2013 to 13.7% in 2018. Russia became a vital provider again in 4Q19, competing with Azerbaijan in prices and supplying electricity for the Abkhazian region.

Figure 10: Electricity import by countries, TWh



Source: ESCO, Galt&Taggart

Figure 11: Electricity Consumption growth estimated at c. 4.5% , TWh



Source: ESCO, Galt&Taggart

Macroeconomic Snapshot: Key recent developments and measures

Information disclosed in this sub-section is related to the most recent trends and positive developments of the Georgian Macroeconomic environment. For additional information and risks related to the Macroeconomic environment, please refer to the Prospectus Summary sub-section "Ris Factors specific to the Industry and Economy".

Despite number of risks related to the macroeconomic environment of Georgia and similar developing countries, Georgia represents one of the fastest growing economies in the region with a favourable outlook, with double-digit economic growth in 4M22 & optimistic economic outlook, robust currency positions despite strong external shocks and strong external inflows.

Key measures:

- 2021 GDP per Capita: US\$ 5,015
- 10-year average real GDP growth: 3.9%
- 10-year average inflation: 3.6%
- 10-year average FDI (% of GDP): 8.2%

International Credit Ratings:

- Fitch Ratings – BB (Stable Outlook);

- Moody's – Ba2 (Negative Outlook);
- S&P Global Ratings – BB (Stable Outlook);

Regional Positions:

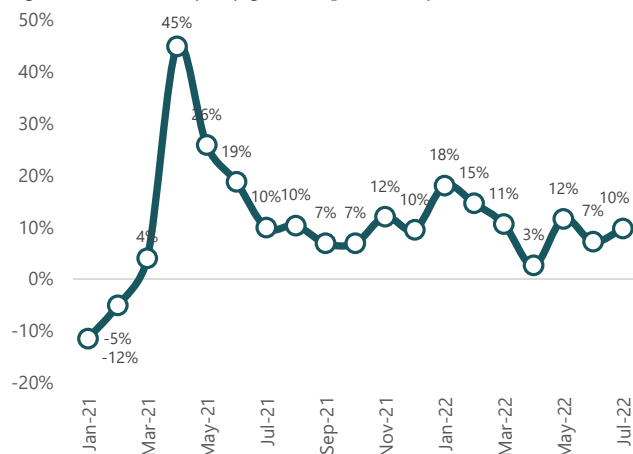
- Ease of Doing Business: 7th place, *World Bank, 2020*
- Starting a Business: 2nd place, *World Bank, 2020*
- Registering Property: 5th place, *World Bank, 2020*
- Business Bribery Risk: 29th place, *TRACE International, 2021*

Key drivers for Economic Growth:

- Strong external demand supplemented by the migration effect, as remittance inflows grew by 62% y-o-y in 7M22 on the back of a surge in inflows from Russia, while merchandise exports increased by 36% y-o-y in 7M22, aided by rising export prices and, subsequently, terms of trade, and tourism revenues reached 87% of 2019 levels in 7M22, including 120% in July;
- Fiscal stance remaining expansionary despite a negative fiscal impulse (i.e. less expansionary stance), as current expenditures grew by 9% y-o-y in 7M22, while capital expenditures increased by 8% y-o-y, facilitated by a 30% y-o-y increase in fiscal revenues;
- Continued credit expansion (up 16.3% y-o-y in July w/o the exchange rate effect) despite the tight monetary stance both in retail and business sectors aiding economic activity;

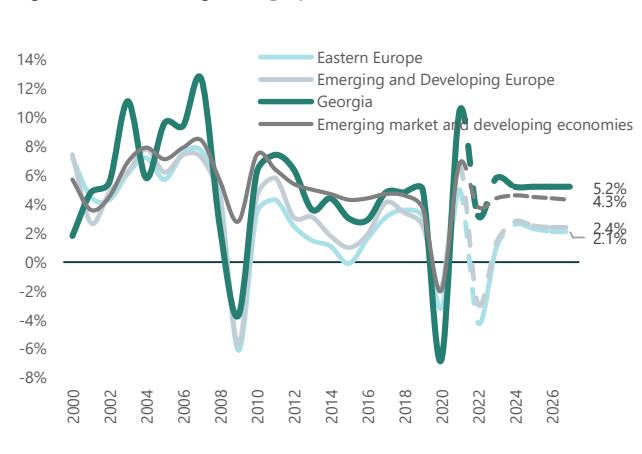
Georgia has outpaced peers with respect to economic growth and is projected to remain a leading performer in the medium run. Despite material deterioration in geopolitical conditions due to the Russia-Ukraine war, economic growth has remained resilient, even taking into account the base effect, and is expected to remain strong throughout the year. While uncertainty remains exceptionally high, flash data shows no sign of slowdown in the economy. Rise in the number of migrants and increased demand on transport services, as well as strong consumer and business sentiments, have been supporting spending and investment decisions.

Figure 12: Real GDP y-o-y growth*: preliminary estimates



Source: Geostat

Figure 13: Real GDP growth projections



Source: IMF - World Economic Outlook, აპრილი 2022

* Real GDP y-o-y growth

<u>Real GDP</u>	<u>2Q21</u>	<u>3Q21</u>	<u>4Q21</u>	<u>2021</u>	<u>1Q22</u>	<u>2Q22</u>
y-o-y growth	28.9%	9.1%	8.8%	10.4%	14.9%	7.2%

Macro Policy Snapshot:

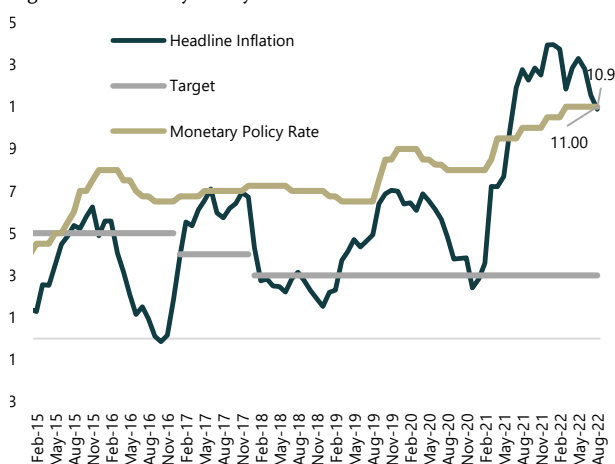
Annual inflation reached 10.9% in August 2022 (12.6% on average in 8M22) and is expected to continue slow deceleration in the remaining months of 2022, partially due to the base effect coming into play from July;

High inflation is mainly driven by surging global commodity and food prices, with imported inflation the most significant driver despite GEL strengthening, while supply side price pressures are no longer abated by weak domestic demand as economic recovery has been rapid;

In order to curb inflation expectations, NBG appropriately increased the refinancing rate further by 0.5 ppts to 11% in March 2022 and has vowed to retain a tight monetary stance until inflationary pressures subside.

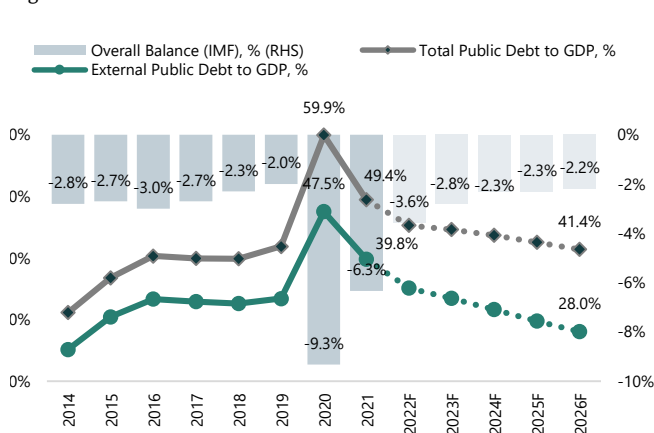
Fiscal discipline has been underscored by a quick adjustment following the crisis, with the public debt-to-GDP ratio falling by over 10 percentage points (pp) in 2021 to under 50%, while the deficit shrank by 3 pp to -6.3%. The fiscal deficit fell by over 76% y-o-y in 7M22 on the back of exceptional revenue performance and moderating expenditures. The fiscal deficit will return to under 3% in 2023, as mandated by the fiscal rule. Both the deficit and debt are projected to continue improving in the medium term.

Figure 14: Monetary Policy and Inflation



Source: NBG

Figure 15: Fiscal Stance



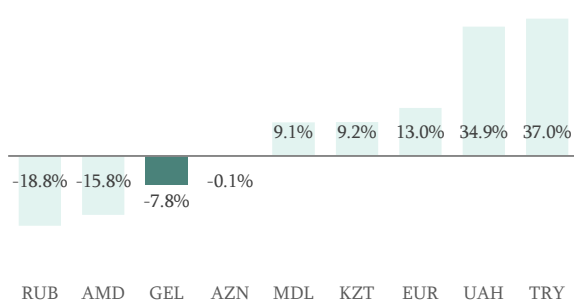
Source: MoF

FX flows and Monetary Policy

- USD/GEL has been aided by very strong FX inflows, driven by a multitude of factors including improving terms of trade, worldwide travel recovery, migrant impact and stronger demand from neighbour countries;
- Record high remittance inflows, increasing by 62% y-o-y in 7M22 (including a threefold increase up to USD \$850 mn from Russia in 7M22), with strong performance in the beginning of the year accelerating significantly due to the migration effect;
- Continued recovery in merchandise exports, growing by 36% y-o-y in 7M22;
- Tourism revenues rebounding to over 120% of 2019 level in July 2022 (and 87% of 2019 level in 7M22), reflecting the global resumption of travel as well as the migration effect;

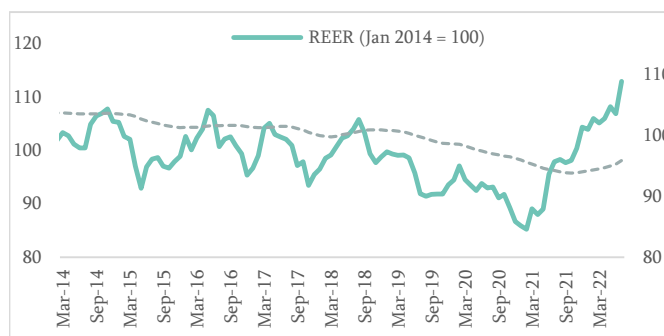
- Tight monetary policy (cumulative hike of 300 basis points in 2021-2022 to 11% as of September 2022), supporting stronger GEL and curbing negative expectations;
- Rebounding economic activity and significant interest rate differential aiding accelerated lending in foreign currency, as FX loans have been steadily increasing since April 2021, both in retail and business sectors.

Figure 16: Currency movements vs. US\$, Jan 2022 – September 2022



Source: Bloomberg, NBG
Note: +/- means appreciation/depreciation

Figure 17: GEL real effective exchange rate



Source: Bloomberg, NBG
Note: +/- means appreciation/depreciation

GEL vs. Dollar, change during the reporting period	2Q21	3Q21	4Q21	1Q22	2Q22	July-Aug 22
	8.0%	1.2%	0.8%	-0.1%	-3.6%	-6.2%

Descriptions of Important Events in the Development of the Issuer’s Business Activities

Important events of the last period of the development of the company’s business activity by year are listed below:

- 2022: planned issuance of up to USD 80 million green secured bonds on the local market by GRPO;
- 2022: separation of GGU, early redemption of Eurobonds and separation of renewable energy business;
- 2020: 250 million USD Green Eurobonds issued by GGU - the first green bond from Georgia (of which, the debt allocated to the renewable energy business amounted to 95.4 million USD)
- 2019: purchase of 20.7 MW "Kartli wind power plant" - the only wind power plant in Georgia;
- 2019: 20.4 MW 20 "Hydrolea" hydroelectric plants [Akhmeta, Debeda, Kasleti 2 hydroelectric plants)
- 2019: launch of 30 MW "Mestiachala 2".

Strategy and Objectives

GRPO manages renewable energy business assets that are active and fully operational. The development, management and operation of greenfield renewable energy business projects is planned to be executed by separate entity - Georgian Renewable Power Company JSC (sister company of the Issuer). At this point, the Issuer does not expect any material changes in its activity. Other than that, information regarding financing, capitalisation and indebtedness of the Issuer can be seen in section ‘Registration Document - Capitalisation and Indebtedness’.

The key elements of GRPO's business strategy are set forth below:

Capitalise on favorable electricity market conditions

The renewable energy business generates electricity using renewable sources, and there are a number of policy and Government incentives for solar wind and hydropower generation in Georgia as part of the Georgian 2030 Climate

Change Strategy and Action Plan (CCSAP). Renewable energy sources are considered to be the future of energy and are valued higher than traditional electricity generation sources.

The renewable energy business aims to capitalise on favourable electricity market conditions in Georgia, on the back of the ongoing gradual harmonisation of the current energy market structure with EU directives, leading to a more liquid, competitive and transparent market. Following the electricity market deregulation in 2019, the Government of Georgia adopted a new electricity market model concept in 2020, creating the path towards launching day-ahead and intraday trading markets in the coming years. Overall, the renewable energy business expects planned reforms in the Georgian electricity market to have a further positive impact on electricity sales prices.

Putting ESG at the core of our strategy

Georgia Capital's approach to ESG matters is reflected in the strategy and management principles of portfolio companies, all of which adhere to sound ESG standards, as well as local policies and regulations. The renewable energy business supports climate change mitigation, natural resources conservation and pollution prevention through its green projects, thereby contributing to the transition towards a more sustainable and lower-carbon economy in Georgia. In February 2022, Georgia Capital became a signatory of the UN Global Compact and officially expressed the commitment to its ten Principles. Renewable energy business contributes towards the following SDGs:

- SDG 7: Affordable and clean energy
- SDG 9: Industry, innovation and infrastructure
- SDG 12: Responsible consumption and production
- SDG 13: Climate action

Georgia announced its updated plan of nationally determined contribution (NDC) at the COP26 Glasgow conference held in November 2021. The plan aims to support the sustainable and balanced development of the country, taking into consideration climate change, environmental and socio-economic challenges in equal measure. Renewable energy business plays an important role in supporting Georgia's sustainability transition plan. In 2021, the business generated 268.3 GWh electricity substituted 120.8 CO₂ equivalent emissions in tonnes. Going forward, the renewable energy business will further enhance its contribution to green energy production development, which will reduce Georgia's environmental footprint.

Deliver on Ultimate Parent's Deleveraging Strategy

Throughout the recently updated capital management framework² of the GRPO's Ultimate Parent, Georgia Capital PLC, deleveraging GCAP Group's (including GCAP and its portfolio companies) balance sheet, at a time of significant potential economic and regional instabilities, has been named a key priority to safeguard our portfolio, and enable the GCAP Group to take advantage of attractive investment opportunities that may arise as a result of those instabilities.

The GCAP Group has recently significantly reduced its leverage and net capital commitment (NCC) profile. NCC represents the aggregated total of all confirmed, agreed and potential capital outflows at the Georgia Capital level. At 31 March 2022, the Group's NCC as a percentage of the Total Portfolio Value (NCC Ratio) stood at 28%, compared to a recent year peak of 57% at 30 June 2020. The Group has introduced an NCC Ratio Navigation Tool, which will drive the Group's

² Source: https://otp.investis.com/clients/uk/georgia_capital_plc/rns/regulatory-story.aspx?cid=2396&newsid=1581083

share buyback and investment policy; An NCC Ratio between 15-40% will lead to tactical share buybacks/investments, whilst an NCC ratio below 15% is expected to generate more meaningful share buybacks/investments.

In addition, all of the GCAP Group's private portfolio companies will have individual leverage targets, including the Renewable Energy Business. For the Renewable Energy Business, targeted leverage level defined as Net Debt to EBITDA stands at <6.0x. Nevertheless, Terms & Conditions of these bonds prescribe even lower targeted Net Debt to EBITDA covenants in terms of Restricted Payments and incurring additional Indebtedness, aiming to reach 5.5x level within 3 years from the Bond issuance (for details, please refer to the Terms and Conditions, Condition 5.Covenants).

GRPO expects that its EBITDA growth drivers could be strong demand growth coupled with upcoming market reforms leading to significant electricity price increase and normalization of hydrological conditions leading to inherent generation levels, with up to 10% indicative estimate for each. As a result, strong EBITDA growth potential, comfortable levels of Debt service compared to EBITDA and financial policies may comprise key drivers for the company's deleveraging strategy.

Investments

The renewable energy business is a platform for developing hydro and wind power plants across Georgia. 2019 was the year of significant growth for GGU in that:

- The first hydro power plants ("HPP"), Mestiachala HPPs launched in 1H19
- Acquisition of Hydrolea HPPs with an aggregate 20.4MW installed capacity
- Acquisition of 20.7MW Qartli wind farm, the only operational wind farm in Georgia

Until 2020 GCAP indirectly owned 65% in Svaneti Hydro JSC, with the remaining 35% owned by the Austrian company RP Global – an independent power producer with 30 years of experience of developing, building, owning and operating renewable power plants globally. Following the buyout of the minority shareholder on 25 February 2020, GCAP was 100% owner of Svaneti Hydro JSC. Currently it operates three wholly-owned commissioned renewable assets: 30MW Mestiachala HPP, 20MW Hydrolea HPPs and 21MW Qartli wind farm.

The GCAP's renewable energy business reached its first major milestone in the first half of 2019 and commissioned Mestiachala HPPs. The actual cost of construction per MW was approximately \$1.2 million, with approximately 70% of the total project cost being financed through long-term debt facility.

In 2019 GCAP continued to invest in the renewable energy business, successfully acquiring 100% equity stakes in high quality assets: Hydrolea HPPs (Enterprise value USD 38.0 million) on 29 October 2019 and Qartli Wind Farm (Enterprise value USD 31.0 million) on 30 December 2019.

For the future, the main objective of the company is to manage and maintain existing operating assets at high efficiency. Hence it's not planned to develop new assets and make investments for this purpose under the Issuer.

Competitive Market Positioning

GRPO's key financial information in relation to other market players are given in this section. There are three companies which are identified based on similarity in operations and scale:

- Energia LLC – Larsi and Shilda HPP (24MW)
- Adjar Energy-2007 – Kirnati and Khelvachauri HPP (75MW)
- Georgia Urban Energy – Paravani HPP (87MW)

Indicators are presented in accordance with International Financial Accounting Standards (IFRS).

	2021	2020	2020	2020	2020
Key Financials	GRPO	GRPO	Energia	Adjar Energy 2007	Georgia Urban Energy
PL (GEL thousands)					
Revenue	43,951	42,510	14,822	54,199	42,685
EBITDA	34,078	33,047	13,035	20,892	34,345
EBITDA margin	77.5%	77.7%	87.9%	38.5%	80.5%
EBIT	21,498	20,407	11,982	-10,734	24,016
EBIT margin	48.9%	48.0%	80.8%	-19.8%	56.3%
BS					
Current assets	51,805	70,085	8,611	21,189	10,226
Non-current assets	302,994	366,615	96,777	357,028	243,937
Current liabilities	12,576	13,058	13,307	57,810	53,655
Non-current liabilities	299,389	311,161	81,893	700,907	274,416
CF					
CFO	22,711	47,550	-612	659	34,433
CFI	-6,012	22,888	-247	-	1,617
CFF	-41,460	-30,565	7,873	-1,383	-35,260
Ratios					
Net Debt/EBITDA	7.97	7.77	6.70	33.49	9.49
Fixed assets turnover	4.12	5.37	0.65	0.37	0.19
Current ratio	1.43	1.63	2.25	1.28	1.44
ICR	7.97	7.77	6.70	33.49	9.49

General Note: The methodology and definitions for calculating the key ratios presented above are consistent with the approaches disclosed in the "Key Financial Ratios" subsection of the "General Overview" of the prospectus.

Source: SARAS "reportal" (<https://reportal.ge/>)

Operating and Financial Review

The information presented in the prospectus for the years 2021 and 2020 is based on the issuer's separately allocated (Carved Out) audited annual financial statements for the year 2021 and as of 6 months of 2022 and 2021 - the half-year financial statements of 2022. These financial statements are prepared in accordance with International Financial Accounting Standards (IFRS). Semi-annual statements of 2022 with comparable period of 2021 are also prepared on curve out basis.

The type of auditor's report for the issuer's carved out audited annual financial statements prepared for 2021 is unqualified. The basis for the preparation of the report and additional details are indicated accordingly in the attached report.

Financial Condition

Balance Sheet, thousand GEL	2022 HY Unaudited	2021 FY Audited	2020 FY Audited
Assets			
Non-current assets			
Property, plant and equipment	278,212	300,597	364,349
Right-of-use assets	1,211	1,254	1,279
Non-current loans issued	874	13	39
Other non-current assets	1087	1130	948
Total non-current assets	281,384	302,994	366,615
Current assets			
Inventories	480	406	365
Trade and other receivables	3,206	2,366	1,762
Loans Issued	7,160	14	164
Prepaid taxes other than income tax	2,726	1,262	1,440
Reimbursement assets	2,192	2,318	2,808
Financial assets held for trading	10938	8122	0
Prepayments	842	369	284
Cash at bank	18,923	36,948	63,262
Total current assets	46,467	51,805	70,085
Total assets	327,851	354,799	436,700
Equity			
Share capital	84,664	84,664	104,664
Retained earnings	-64,128	-60,135	-14,617
Other Reserves	17,418	18,305	22,434
Equity attributable to the owners of the parent	37,954	42,834	112,481
Non-controlling interests	-	-	-
Total equity	37,954	42,834	112,481
Liabilities			
Non-current liabilities			
Borrowings and bonds issued	275,372	297,648	308,549
Lease liabilities	1,225	1,191	1,140
Other non-current liabilities	520	550	1,472
Total non-current liabilities	277,117	299,389	311,161
Current liabilities			
Borrowings and bonds issued	9,067	9,680	10,098
Trade and other payables	1,129	972	1,814
Lease liabilities	112	118	97
Other current liabilities	0	1,185	0

Taxes payable other than income tax	2,472	621	1,049
Total current liabilities	12,780	12,576	13,058
Total liabilities	289,897	311,965	324,219
Total liabilities and equity	327,851	354,799	436,700

Total assets

HY2022 - Total assets decreased by GEL 27.0 million, or by 7.6% to GEL 327.9 million as at 30 June 2022, compared to GEL 354.8 million as at 31 December 2021. Decrease in total assets was driven by both – reduction in the non-current assets balance by 7.1% as well as lower current assets by 10.3%.

FY 2021 - Total assets decreased by GEL 81.9 million, or by 18.8% to GEL 354.8 million as at 31 December 2021, compared to GEL 436.7 million as at 31 December 2020. Decrease in total assets was driven by both – reduction in the non-current assets balance by 17.4% y-o-y as well as lower current assets by 26.1% y-o-y.

Non-current assets

HY2022 - Non-current assets decreased by GEL 21.6 million, or by 7.1% to GEL 281.4 million as at 30 June 2022, compared to GEL 302.9 million as at 31 December 2021. Decrease in non-current assets was mainly driven by reduction in property, plant and equipment (PPE) balance to GEL 278.2 million, down by 7.4% or GEL 22.4 mln. PPE decrease was mainly attributable to GEL 16.4 million currency translation difference, driven by the appreciation of GEL/USD by 5.4% compared to 31 December 2021.

Property, plant and equipment by asset types:

Thousand GEL	30.06.2022	31.12.2021	31.12.2020
	Unaudited	Audited	Audited
Land plots	1,187	1,225	1,327
Buildings	64,169	69,146	75,883
Energy infrastructure assets	205,251	223,752	283,934
Vehicles	792	755	782
Fixture and fittings	1,164	1,248	1,315
CIP	5,649	4,441	1,108
Total PPE	278,212	300,597	364,349

FY 2021 - Non-current assets decreased by 17.4% to GEL 302.9 million in 2021 from GEL 366.6 million in 2020.

Decrease in non-current assets was mainly driven by reduction in property, plant and equipment (PPE) balance to GEL 300.6 million, down by 17.5% y-o-y. PPE decrease was attributable to Mestiachala 1 HPP's PPE impairment and to the currency translation difference. GEL 36.6 million impairment of Mestiachala 1 HPP was driven by the management's decision not to recommission Mestiachala M1 unit. GEL 22.3 million currency translation difference was driven by the appreciation of GEL/USD year-end exchange rate by 5.5% y-o-y.

Current Assets

HY 2022 - Current assets amounted to GEL 46.5 million in 2022 HY, compared to GEL 51.8 million in 2021, down by 10.3%. Decrease in current assets was mainly attributable to the decrease in cash at bank, mainly driven by partial bond principal payment of GEL 7 mln and bond coupon payment of GEL 11.5 mln million in 2022, which was partially offset with cash inflows from electricity sales.

FY 2021 - Current assets amounted to GEL 51.8 million in 2021, compared to GEL 70.1 million in 2020, down by 26.1% y-o-y. Decrease in current assets was mainly attributable to the decrease in cash at bank by GEL 26.3 million. Reduction

in cash balance was mainly driven by GEL 20.0 million share capital reduction in 2021 as well as by the investment made in short-term marketable securities, namely in bonds (presented as “trading securities” on balance sheet). Trade and other receivables have increased by 34.3% up to GEL 2.4 million by the end of 2021 compared to the previous year, driven by the increased generation and electricity sales in December 2021.

Total Equity

HY 2022 - Total equity decreased by GEL 4.9 million, or 11.4%, to GEL 38.0 million as at 30 June 2022, compared to GEL 42.8 million as at 31 December 2021. The decrease was mainly attributable to GEL 4.9 million total comprehensive loss for 1H22, which includes GEL 4.0 million loss for 1H22 (*for the details please refer to P&L section*) and to GEL 0.9 million loss on other reserves. Loss for the other reserves was driven by appreciation of local currency (GEL) against the US dollar.

FY 2021 - Total equity decreased by GEL 69.6 million, or 61.9%, to GEL 42.8 million as at 31 December 2021, compared to GEL 112.5 million as at 31 December 2020. The decrease was mainly attributable to the total comprehensive loss for the year ended 31 December 2021 of GEL 49.6, which includes loss for the year GEL 45.5 million and loss on other reserves GEL 4.1 million. Loss for the year was mostly driven by Mestiachala 1 HPP impairment loss, amounting to GEL 36.6 million, coupled with GEL 6.8 million other non-operating expenses. Loss for the other reserves was driven by appreciation of local currency (GEL) against the US dollar. Additionally, in 2021 the company decreased its share capital by GEL 20.0 million.

Borrowings

HY 2022 - Total borrowings decreased by GEL 22.9 million, or 7.4%, to GEL 284.4 million as at 30 June 2022, compared to GEL 307.3 million as at 31 December 2021. The decrease in borrowings was related to the currency translation differences of GEL 16.7 million, as well as to the partial bond principal payment of GEL 7.0 million.

FY 2021 - Total borrowings decreased by GEL 11.3 million, or 3.6%, to GEL 307.3 million as at 31 December 2021, compared to GEL 318.6 million as at 31 December 2020. The decrease in borrowings was related to the currency translation differences of GEL 17.7 million, partially offset by GEL 2.6 million increase in loan from entity under common control fully attributable to Darchi LLC.

Apart from the Darchi LLC shareholder loan, existing borrowings include the funds attracted through the bond issuance in 2020. As of year end 2021, balance of outstanding bond amount is GEL 304.6 million.

Capitalisation and Indebtedness

Capital structure as of the HY 2022 (including, with adjustments) and FY 2021 are shown below in the table:

Capitalisation and Indebtedness, thousand GEL	30.06.2022 Unaudited, corr.⁽¹⁾	30.06.2022 Unaudited	31.12.2021	31.12.2020
Indebtedness				
Current borrowings	1,505	9,067	9,680	10,098
Current lease liabilities	109	112	118	97
Current indebtedness	1,614	9,179	9,798	10,195
Non-current borrowings	258,432	275,372	297,648	308,549
Non-current lease liabilities	1,201	1,225	1,191	1,140
Total non-current indebtedness	259,633	276,597	298,839	309,689
Equity				
Share capital	84,664	84,664	84,664	104,664
Retained earnings	-64,127	(64,127)	(60,135)	(14,617)
Other reserves	17,418	17,417	18,305	22,434
Equity attributable to the owners of the parent	37,954	37,954	42,834	112,481

Non-controlling interests	-	-	-	-
Total equity	37,954	37,954	42,834	112,481
Total capitalization⁽²⁾	297,587	314,551	341,673	422,170

Note:

- (1) Corrected data as of 30 June 2022 take into consideration the effect of following changes on Issuer's liabilities (equity items are left unchanged as updated data is not available/impossible to evaluate at the time of preparing the Prospectus) :
- Repayment of GGU's USD 250 mln Eurobonds issued on 28 July 2020 and it's portion of around USD 95 mln attributed to the Issuer and it's group;
 - Receiving subordinated shareholder funding of around USD 90 mln from Issuer's indirect 100% owner Georgia Capital JSC, the proceeds of which was used to finance the repayment of abovementioned around USD 95 mln, along with around USD 5 mln cash on Issuer's account;
 - The effect of USD 80 mln Bond issue provided for in the Prospectus, which will be used to refinance part of subordinated shareholder funding of around USD 90 mln (after refinancing, Issuer will have around USD 10 mln of subordinated shareholder funding remaining).

It should be considered, that such effects are not based on exact IFRS data, but reflects the best available information to the Issuer at the moment of preparing the Prospectus.

- (2) Total non-current indebtedness plus total equity

On 30 June 2022 and comparable periods, the company's debt included the renewable energy business's share of around USD 95 mln from GGU's 5-year \$250,000,000 7.750% Eurobond issued on July 28, 2020.

Allocation of the mentioned 95.4 mln USD from Eurobonds to the company does not imply legal transfer. Legal obligations arising from existing bonds are borne by the issuer – Georgian Global Utilities. The liability is allocated to the company based on context and is recognized in curve-out statements.

As described in chapter 'Reasons for the Offer and Use of Proceeds', the Issuer should use the Bond proceeds to repay largest part of temporary subordinated loan of around USD 90 mln received from it's indirect 100% owner Georgia Capital JSC (subordinated shareholder funding), after which the Issuer will have around USD 10 mln of subordinated shareholder funding remaining. Subordinated shareholder funding of around USD 90 mln was used for early repayment of the Issuer's former owner Georgia Global Utilities' U.S.\$250,000,000 7.750% green Eurobonds issued in July 28, 2020, which took place on 7 September 2022. In particular, the portion of the mentioned Eurobonds attributed to the Issuer and it's group (operating business of renewable energy) - around USD 95 mln was repaid by using subordinated shareholder funding of around USD 90 mln and around USD 5 mln of cash on Issuer's account (part of the cash was generated from full sale of trading securities held on Issuer's balance on 30 June 2022).

The financing terms for subordinated shareholder funding of around USD 90 mln at the date of preparing this Prospectus is the following:

- Interest rate - 7.5% p.a;
- Maturity date: June 2028;
- Repayment schedule: flexible;
- Additional nonstandard restrictions and financial covenants/security requirements: none

In total, by corrected data of 30 June 2022 company indebtedness is comprised of:

- Around USD 10 mln of subordinated shareholder funding (assuming the Bond proceeds will be used to refinance USD 80 mln from around USD 90 mln debt);
- USD 80 mln local bonds
- Other interest-bearing liabilities described below:

Besides bonds and subordinated shareholder funding, non-current borrowings include Gel 2.6 mln loan from Darchi LLC, which is not material for the company. GRPO plans the spin-off of Darchi LLC in the future.

Lease liabilities include right-to-build assets of subsidiaries. As for 31 June 2022 lease liability amounted to 1.225 thousand GEL and is not material for the company.

For the last and the financial periods presented in the prospectus, as well as during the period from the last financial period to the preparation of the prospectus, there was no non-payment of interest and/or principal stipulated in the loan agreement, and/or violation of covenants within the scope of the obligations assumed by the issuer or its subsidiaries.

Description of additional credit needs of the issuer:

Apart from the funds raised from the bond issue, according to the information available at this stage, the company does not have accurate information and/or assessment regarding the need for future financing.

Liquidity profile:

To assess the liquidity profile of the company, the table below shows financial liabilities as at 31 December 2021 and 2020 based on contractual undiscounted repayment obligations.

	<i>Less than 1 year</i>	<i>1-3 years</i>	<i>3-5 years</i>	<i>Over 5 years</i>	<i>Total</i>
As at 31 December 2021					
Long-term and short-terms borrowings and bonds issued	32,454	45,816	318,497	–	396,767
Trade and other payables	972	–	–	–	972
Lease liabilities	118	224	224	3,648	4,214
Total future payments	33,544	46,040	318,721	3,648	401,953
As at 31 December 2020					
Long-term and short-terms borrowings	10,098	73,472	360,330	–	443,900
Trade and other payables	1,814	–	–	–	1,814
Lease liabilities	97	193	193	3,960	4,443
Total future payments	12,009	73,665	360,523	3,960	450,157

In managing liquidity risk, the management of the Group considers the Group will be able to settle the liabilities falling due by applying cash proceeds from operations towards the upcoming coupon payments due on the allocated Eurobonds.

Operating Results

Profit and Loss Statement, thousand GEL	2022 HY Unaudited	2021 HY Unaudited	2021	2020
Revenue from electric power sales	19,244	20,432	43,309	38,258
Business interruption reimbursement	-	-	587	4,252
Other revenue	-	-	55	-
Total revenue and gains	19,244	20,432	43,951	42,510
Electricity and transmission costs	(338)	(275)	(524)	(221)
Salaries and other employee benefits	(576)	(444)	(929)	(1,063)
Taxes other than income tax	(1,159)	(1,360)	(2,480)	(2,536)
Other general and administrative expenses	(190)	(161)	(329)	(376)
Professional fees	(361)	(286)	(732)	(677)
Raw materials, fuel and other consumables	(96)	(25)	(285)	(55)
Maintenance expenditure	(1,218)	(1,367)	(2,631)	(2,801)
Other operating expenses	(843)	(1,042)	(1,963)	(1,734)
EBITDA	14,463	15,472	34,078	33,047
Finance income	646	581	1,293	355
Finance costs	(11,706)	(12,734)	(24,873)	(23,772)
Net foreign exchange losses	(27)	22	(25)	(1,301)
Depreciation and amortization	(5,585)	(6,564)	(12,580)	(12,640)
Loss on extinguishment of financial liabilities	-	-	-	(10,002)
Impairment of property plant and equipment	-	-	(36,595)	-
Reassessment of estimates related to Eurobonds refinancing	-	-	(2,766)	-
Non-recurring expenses	(1,783)	(1,328)	(4,050)	(575)
Loss before income tax expense	(3,992)	(4,551)	(45,518)	(14,888)
Income tax expense	-	-	-	-
Loss for the period	(3,992)	(4,551)	(45,518)	(14,888)
Attributable to:				
Owners of the parent	(3,992)	(4,551)	(45,518)	(14,152)
Non-controlling interests	-	-	-	(736)
Other comprehensive income				
Gain from currency translation differences	(888)	(2,676)	(4,129)	15,298
Total comprehensive income/(loss) for the year, net of tax	(4,880)	(7,227)	(49,647)	410
Attributable to:				
Owners of the parent	(4,880)	(7,227)	(49,647)	2,604
Non-controlling interests	-	-	-	(2,194)

Revenue

In US\$ terms, revenue in HY 2022 increased by 3.6%, on the back of a 9.1% y-o-y increase in the average electricity selling prices. In GEL terms, which reflects the impact of GEL's appreciation against US\$ by ~10% y-o-y, HY22 revenue was down by 5.8% y-o-y.

Average electricity selling price for the business reached 52.1 US\$/MWh in HY22, compared to 47.8 US\$/MWh in HY21. Average market selling price for non-government PPA sales reached 44.1 US\$/MWh in HY21, up by 38.1% y-o-y.

FY21 revenue from electricity sales increased by 3.4% y-o-y, excluding the one-off business interruption reimbursement. Strong top-line growth was driven mainly by improved hydrologic conditions at the power assets, as reflected in y-o-y growth of total generation levels of 16.0% in FY21. Moreover, the renewable energy business benefited from favourable average electricity selling prices, amounting to US\$ 50.7 per MWh in FY21. All the HPPs and WPP benefited from the long-term PPA contracts with government in 2021.

Revenue breakdown:

Revenue, thousand GEL	2022 HY	2021 HY	2021	2020
	Unaudited	Unaudited	Audited	Audited
Revenue from electric power sales to commercial customers	7,847	5,656	11,499	9,808
Revenue from electric power sales to government	11,397	14,776	31,810	28,450
Total revenue from electric power sales	19,244	20,432	43,309	38,258

Revenue and generation	2022 HY	2021 HY	2021	2020
	Unaud.	Unaud.	Aud.	Aud.
Revenue (mln GEL)	19.24	20.43	43.95	42.51
Revenue (mln USD)	6.30	6.20	13.60	13.70
Generation (GWh)	123	129	266	229

Revenue and Generation per PP	2021		2020	
	Generation (GWh)	Revenue (mln USD)	Generation(GWh)	Revenue (mln USD)
Hydrolea HPPs	88	3.82	48	2.28
Qartli WPP	83	5.42	91	5.95
Mestiachala 2 HPP	104	4.19	92	4.05

In 2021, 73% of revenue was generated from PPA. The revenue between HPPs is divided as follows: Hydrolea HPPs (28%), Qartli WPP (40%), Mestiachala 2 HPP (28%).

Around 62% of electricity sales during HY22 were covered by long-term fixed-price power purchase agreements (PPAs) formed with a Government-backed entity. In HY22, revenue from the PPA sales decreased by 19.8% due to the PPA expiration of Akhmeta HPP.

EBITDA

HY22 operating expenses remained broadly stable at GEL 4.8 mln, with slight decrease of 3.6% compared with HY21.

As a result, in US\$ terms, HY22 EBITDA increased by 5.3% y-o-y compared to HY21. In GEL terms, which reflects the impact of GEL's appreciation against US\$ by ~10% y-o-y, HY22 EBITDA decreased by 6.5% y-o-y to GEL 14.5 million.

FY21 operating expenses remained broadly stable at GEL 9.9 mln, with slight increase of 4.3% compared with FY20.

EBITDA increased by 3.1% y-o-y to GEL 34.1 million in FY21, mainly reflecting improved generation levels of the power assets.

Net finance expense and depreciation

The business recorded GEL 11.1 million and GEL 12.2 million net interest expense in HY22 and HY21, respectively. Borrowing balance amortization effect that increased finance cost by GEL 0.5 million was more than offset by the appreciation of GEL against USD. Finance expenses were mainly related to the interest accruals on existing bond.

Depreciation and amortization in HY22 and HY21 amounted GEL 5.6 million and GEL 6.6 million respectfully, difference mainly reflects the reduction of property, plant and equipment (PPE) balances due to impairment of Mestiachala 1 HPP at the end of 2021.

The business recorded GEL 23.6 million and GEL 23.4 million net interest expense in FY21 and FY20 respectfully. Finance expenses were mainly related to the interest accruals on existing bond.

Depreciation and amortization in FY20 and FY21 stood stable at GEL 12.6 million in both years.

Non-recurring expenses and other expenses

The Company recognizes non-recurring expense and income that relate to transactions and events that do not occur in the ordinary activities in the way that they cannot be reasonably expected to occur in the future and thus they should not be taken into account when making projections of the future results.

Other expenses include loss on extinguishment of financial liabilities, PPE impairment, expenses related to Eurobond refinancing.

Expenses incurred from non-recurring events increased by GEL 32.8 million to GEL 43.4 million in 2021. Increase was mainly related to the impairment loss of Mestiachala 1 HPP in the amount of GEL 36.6 million as well as to the insurance claim adjustment on Mestiachala HPP in the amount of GEL 2.3 million.

Expenses incurred from non-recurring events in 2020 amounted to GEL 10.6 million, out of which GEL 10.0 million was commission for early repayment of bank loan, which were refinanced through Eurobond.

Cash Flow Statement Review

Cash Flow Statement, '000 GEL	2022 HY Unaudited	2021 HY Unaudited	2021	2020
Cash flow from operating activities before investments in trading securities	12,076	9,529	31,018	47,550
Net investment in trading securities	-3,064	-8,308	-8,308	-
Cash flow from operating activities	9,012	1,221	22,710	47,550
Cash flow from investing activities	-7,476	-3,952	-6,012	22,888
Cash flow from financing activities	-18,584	-19,881	-41,460	-30,565
Effect of exchange rate changes on cash and cash equivalents	-977	-507	-1,552	3,171
Net increase (decrease) in cash and cash equivalents	-18,025	-23,119	-26,314	43,044
Cash and cash equivalents at the beginning of year	36,948	63,262	63,262	20,218
Cash and cash equivalents at the end of the period	18,923	40,145	36,948	63,262

Net cash from operating activities

In HY 2022, cash flow from operating activities before investment in securities amounted to GEL 12.1 million, compared to GEL 9.6 million in HY 2021. The difference is related to the increase in advances received from the electricity sales of Mestiachala and Hydrolea HPPs, as well as relatively high generation in the period of December 2021-February 2022. Cash collection rate stood at around 100% in HY 2022 as well as in HY 2021.

Net cash flow from operating activities before investment in securities amounted to GEL 31.0 mln in 2021. Excluding the one-off effect of BI reimbursement proceeds received from the insurance company (GEL 11.2 mln) and the release of restricted cash (GEL 6.6 mln, which was related to DSRA (debt service reserve account) of project-financing loan. The repayment of loan resulted in release of cash), FY21 operation cash flow was up by 4.4%. Cash collection rates stood at around 100% in both 2021 and 2020.

In HY 2022 and HY 2021 the company made investments in bonds of GEL 8.3 million and GEL 3.1 million, which were driven by optimized allocation of the cash in short-term financial securities.

Net cash used in investing activities

In HY22, cash outflow from investing activities amounted to GEL 7.5 million compared to GEL 4.0 million in HY21. In 2022 company issued loans to related parties in the amount of GEL 7.9. In HY21, cash outflow from investing activities amounted to GEL 4.0 million, part of which was used for the development of Darchi HPP.

In 2021, the cash outflow from investing activities amounted to GEL 6.0 million compared to GEL 22.9 million in 2020. In 2021, the company made a capital investment of 7.1 million GEL, out of which GEL 2.3 mln was related to development of Darchi HPP. The remaining GEL 4.8 mln of capital investment was related to one-off works conducted on HPPs.

In 2020, cash inflow from investing activities was mainly related to the reimbursement of property damage for Mestiachala 1 HPP in amount of GEL 40.9 million, which was partially offset by deferred consideration payment in relation to acquisition of Hydrolea HPPs (GEL 6.0 million).

Net cash from financing activities

In HY22 net cash outflow from financing activities amount decreased by GEL 5.1 million to GEL 18.6 million, In HY22 GEL 7 million was paid for repaying bond principal and GEL 11.5 million was used as bond coupon payment.

In HY21 net cash outflow from financing activities amounted to GEL 19.9 million, mainly reflecting capital reduction in the amount of GEL 9.5 mln together with interest paid of GEL 12.2 million.

In total, company cash balance was reduced by GEL 18.0 million but remained at a comfortable GEL 18.9 million in HY22. In addition, company has GEL 10.3 million in marketable securities.

In 2021 net cash outflow from financing activities amounted to GEL 41.5 million, up by 35.6% y-o-y, mainly reflecting share capital reduction on the back of the strong operational performance of the business and large cash balance accumulated during previous years. Share capital reduction amounted to GEL 20.0 million in 2021.

In total, company cash balance was reduced by GEL 26.3 million to GEL 37.0 million in 2021.

Regulatory Environment

Main Rules and Regulations of Power Sector

The electricity sector is regulated by laws adopted by the Parliament of Georgia, and secondary legislation is comprised of different statutory acts, such as Government resolutions, orders of the Ministry of Economy and Sustainable Development of Georgia (the “**MoESD**”), and the resolutions or decrees of GNERC. The primary law, which defines the basic principles of market operation, is the Law of Georgia on Energy and Water Supply, approved by the Parliament of Georgia in December 2019 (the “**Law on Energy**”). This Law defines the market's current and future structure, describes the planned reforms and defines the deadlines for the adoption of secondary legislation and the entities responsible for its adoption.

The main policy of the energy sector, the target indicators, and the means of achieving them are determined by the MoESD. The MoESD is the state body governing the energy sector. It is in charge of national energy policy development and implementation, creating a competitive environment through the facilitation of efficient market regulation, participation in the approval of strategic projects, etc. The MoESD also approves different strategic development plans such as the ten-year network development plan (TYNDP), annual electricity (capacity) balance, and other strategic documents.

The Governmental decrees define the energy market model (e.g. the Electricity Market Model Concept adopted on April 16, 2020), criteria for participation in different market segments, and grant special status to certain market participants. The Government also sets national goals for renewable energy and energy efficiency for Georgia and implements actions towards their achievement. Additionally, the Government adopts promotional mechanisms for renewable energy projects within the framework set by the Law of Georgia on Promotion of Generation and Consumption of Energy from Renewable Sources.

GNERC is the sector's regulatory body, which elaborates the market operation rules in detail, sets tariffs, and approves investment plans for regulated market participants. GNERC establishes rules for the technical operation of electricity, natural gas, and water supply sectors; sets out tariffs for the regulated sector; issues licenses; and monitors the fulfillment of licensed activities. GNERC also serves as a mediator between distribution companies, eligible consumers, and suppliers. The Commission comprises five members approved by the Parliament of Georgia for the term of six years. GNERC is an independent regulatory body, not subject to direct supervision from any other state authority but accountable to the Parliament of Georgia. GNERC's independence is guaranteed by a legally mandated, self-sufficient revenue stream. The Commission's budget is funded predominantly from regulatory fees paid by all energy market participants (0.2% of the revenues of a given Company), ensuring that the Commission need not rely on state budget subsidies, which contributes to its credibility as an independent regulator. Such independence is a primary requirement for synchronization with the EU energy market and is outlined in the best practices of energy market regulation. All GNERC procedures, including licensing and tariff settlement mechanism, are predetermined by GNERC decrees and are publicly available for the purpose of transparency, consistency, and reliability. GNERC grants transmission, dispatch, distribution, and generation licenses.

Table: Main legislative documents defining the current and upcoming structure of the energy market:

Name of the document	Adopted by	Date of adoption	Document N
Law of Georgia on Energy and Water Supply	Parliament of Georgia	December 20, 2019	5646-RS

Support Scheme for Generation and Use of Energy from Renewable Sources	Government of Georgia	July 02, 2020	Decree N403
Law of Georgia on Promotion of Generation and Consumption of Energy from Renewable Sources	Parliament of Georgia	December 20, 2019	5652-RS
Law of Georgia on Licenses and Permits	Parliament of Georgia	June 24, 2005	1775
Electricity Market Model Concept	Government of Georgia	April 16, 2020	Decree N246
Wholesale Market Rules of Electricity: 1) Rules for day-ahead and intraday market organization 2) Rules for balancing and ancillary services market	GNERC	August 11, 2020	Decree N46
Retail Market Rules of Electricity	GNERC	August 13, 2020	Decree N47
Electricity (Capacity) Market Rules	Minister of Energy of Georgia	August 30, 2006	Order N77
Licensing Rules	GNERC	May 27, 2020	Decree N22
Methodology for tariff and fee calculation in the electricity sector (including tariffs for transmission, balancing market operator, day-ahead market operator, etc.)	GNERC	December 15, 2020	Decree N68
Decree on Applicable Tariffs of Electricity	GNERC	December 4, 2008	Decree N33
Grid Code	GNERC	April 17, 2014	Decree N10
Energy Market Monitoring and Reporting Rules	GNERC	March 30, 2021	Decree N7
Transitional Measures to be Taken in the Electricity Sector	GNERC	November 12, 2020	Decree N58

Market Reform in Georgia

Active energy sector reform started when Georgia became a member of the Energy Community. Georgia has signed a protocol concerning the accession of Georgia to the treaty establishing the Energy Community of EU and its neighbors in October 2016, ratified by the Parliament of Georgia in spring 2017. With this agreement, Georgia undertook an obligation to synchronize Georgian legislation with EU standards in the energy sector and to do so in a short period of time. As Georgia is not directly connected to the Energy Community member countries via transmission line, it is exempt from several directives. However, significant changes apply to the market structure in the electricity and natural gas

sectors, energy efficiency, and environmental law. Energy Community regulations will bring to Georgia a more competitive and transparent market model.

The first step in the reform process was the adoption of new laws by the Parliament of Georgia, framing general principles of the market organization. Later some decrees of the Government and GNERC followed, specifying the details of the market organization and transition period. Although some uncertainties remain to be cleared by by-laws, the total framework is developing gradually. The reforms affect many sectors, including electricity and natural gas, renewable energy, energy efficiency, construction, environmental legislation, etc.

The Law on Energy was adopted by the Parliament of Georgia in December 2019. The Law on Energy defines general principles of market organization, main participants, and role sharing. According to the Law on Energy, market reform envisages the reform of both wholesale and retail markets. As a result, new players will emerge in both markets to intensify competition and weaken industry regulation.

The Electricity Market Model Concept adopted by the Georgian Government in April 2020 clarified the organizational details regarding the wholesale market of electricity. They set deadlines for the implementation of different markets. Based on the original document, both the DAM and balancing and ancillary services market should have started operation from July 2021, while the IDM should have started operation a year later. Based on the latest changes in regulations, the start of the day-ahead market and balancing markets will be postponed to end of March 2023 instead of July 2021, as originally planned.

The electricity market in Georgia foresees significant reforms. Starting from September 2022, the day-ahead trading and ancillary services market will be introduced, together with the imbalance settlement mechanism. Based on the existing timeline, the IDM will be launched no later than 1st December 2022. Both the DAM and IDM will be organized by the Georgian Energy Exchange JSC and managed by the NordPool platform. Trading via bilateral agreements will still be allowed, but the counterparties will have imbalance liabilities, unlike in today's market. The reform will bring more transparent and market-driven price-setting principles - prices on the day-ahead market will be defined by supply-demand curve intersections for each hour of a day, as it is done in the EU. DAM prices should become new reference prices for the wholesale market price in Georgia.

Day-ahead market (DAM) is an organized auction held a day before actual delivery. Market participants bid on the desired volume and price of electricity they want to sell or buy. The bids and offers form supply-demand curves based on the special algorithm, and a unified market price at the supply-demand intersection is formed for each hour of the delivery day. These price-setting algorithm maximizes the welfare of market participants and encourages market participants to make marginal cost bids. DAM auctions will close every day at a predetermined time and define the price for every 24 hours of the next day. The official date for DAM to start is 31 March 2023 (See Government decree N438 of 29 August 2022 on amendment of Government decree N246 of 16 April 2020 'Concept of Electricity Market Model').

An intraday market (IDM) is a market where bids and offers are continuously placed and matched on an organized platform. The market operator handles the settlement and payment between the parties to ensure the counterparty risk. IDM has no deadlines, and electricity can be traded 1 hour prior to the actual generation/ consumption.

Balancing and ancillary services will help the System Operator with optimal system management. These products will create the reserve capacity for emergency situations and imbalance settlement, helping the System Operator to do optimal (cheapest, effective, timely) balancing of the system in any situation. The purchaser on the market is the System Operator, and the sellers are power producers. To access this market, the power plant must meet the predetermined requirements and must be inspected by the System Operator. The requirements mainly relate to the technical characteristics of the plant, such as power increase time and amplitude, flexibility, etc. Ancillary services may be in the form of capacity or energy, respectively, contracted in advance or purchased when needed. The System Operator evaluates the need for reserve capacities and determines the list of balancing and ancillary services products, their

purchase sequence, and requirements for the market participants. Launching this market will increase expenses for the System Operator, which will eventually translate into increased tariffs for the System Operator. Launching the balancing and ancillary services market and its platform will occur in parallel with DAM by the end of March 2023.

Imbalance settlement mechanism. When a market participant fails to meet its contractual obligations at a particular hour, it bears responsibility for the resulting imbalance and has to pay the appropriate fee, or receive additional revenue, in case created imbalance is beneficial for the system. Market participants can be grouped together and be responsible for the imbalances of the total group instead of each individual company. The group also has the right to designate a non-member company responsible for its imbalances. Calculating imbalance cost is done by the System Operator based on the cost of activated energy. The rules of imbalance calculation and charging are written in the market rules, which nominates the System Operator as the responsible body for imbalance calculation and invoicing. Imbalance settlement is done on a monthly basis for cumulative imbalances for each hour of the previous month. The imbalance settlement mechanism will be activated as soon as DAM starts functioning by the end of March 2023.

The new market is intended to bring transparency to price setting. The state wants to have a transparent and reliable market for electricity trade so that investors can rely on market prices. Therefore, the state wants to have an environment in the sector that gives investors credibility and assurance of revenues without PPAs. In addition, for power plants developed in the future, the state might have some feed-in premium mechanisms in addition to market prices, which will bring additional comfort for investors.

ESCO will serve as a Wholesale Public Service Organization (the “**WPSO**”) in the upcoming market. The WPSO will deal with all relevant groups in Georgia and be their counterparty. In particular:

- WPSO will remain the off-taker of electricity generated by power plants with existing PPAs with the Government;
- WPSO will pay any feed-in premiums to power plant owners;
- WPSO will have contract-for-difference (“**CFD**”) agreements with regulated power plants, meaning that if market prices are higher than regulated prices of these power plants, these power plants are obliged to pay additional profit to WPSO (most likely scenario); if market prices are lower than regulated prices, WPSO will pay the difference to these power plants (least likely scenario)* (expected market prices are much higher than regulated prices of these power plants; therefore, ESCO will likely gain profit from these CFDs);
- WPSO will be responsible for buying electricity for the Abkhazian region (currently supplied by Enguri) and supply it to the region for free;
- ESCO will have CFD with universal service providers (providing electricity to vulnerable groups of retail users) at a fixed price.

* based on Issuer’s business activity, this does not apply to Issuer’s power plants

ESCO’s upcoming portfolio gives the possibility to balance all the expenses and revenues. Should the cash flow of ESCO be insufficient to cover all the expenses, in that case regulation envisages that either GNERC increases the fees of ESCO, adds certain renewable energy tariffs, or the Government gives ESCO direct funds to cover these expenses. ESCO will trade on wholesale electricity markets, including organized markets, to fulfill its purpose. Although the volume of electricity traded via ESCO will be significant for the Georgian energy market, ESCO will no longer serve as a price setter but become a price receiver.

The new market model will bring some additional costs for market participants, such as fees for trading on the DAM, IDM, balancing and ancillary services market, as well as the imbalance costs. On the other hand, the correct planning, scheduling, and trading tactics by the market participants might be rewarded in financial terms.

Governing Body and Management

Overview

Pursuant to the Law of Georgian on Entrepreneurs, dated 2 August 2021 (the "Law on Entrepreneurs"), and the Issuer's charter (the "Charter"), the control and management of the Issuer is divided among the shareholders, the Supervisory Board and the general director (the "CEO"), who is in charge of the day-to-day management and representation of the company.

General Meeting of Shareholders

All shareholders registered on the share register on the record date of the general meeting of shareholders (the "GMS") have the right to attend and vote (if applicable) at the meeting. As of the date of this Prospectus, the Issuer is wholly owned by GRPC Group JSC. The latter is owned by Georgia Capital JSC, which in turn is owned by Georgia Capital PLC, a UK incorporated holding company, listed on the premium segment of the London Stock Exchange. Law on Entrepreneurs provides that holders of preferred shares are not entitled to voting rights at the GMS, unless the charter or any relevant share issue prospectus allocates voting rights to preferred shareholders. According to the Charter, holders of preferred shares are not entitled to voting rights at the GMS. As of the date of this Prospectus, the Issuer has not issued any preferred shares. Shareholders may be represented at the GMS by a proxy.

Under the Law on Entrepreneurs and the Charter, shareholders are authorised to pass resolutions, inter alia, on the following issues at a GMS:

- changing the share capital of the Issuer;
- approval of amendments to the Charter;
- liquidation of the Issuer;
- any merger, division or transformation of the Issuer into another legal entity;
- full or partial cancellation of pre-emptive rights during an increase of share capital;
- approval of proposals by Supervisory Board and/or CEO regarding distributions of profits;
- election and dismissal of the members of the Supervisory Board and determination of its members' term of service;
- approval of the reports of the Supervisory Board and the CEO;
- acquisition, sale, transfer, exchange or encumbrance (whether through a single transaction or a series of related transactions) of the Issuer's assets, with a value exceeding GEL 20,000,000 (twenty million);
- approval of the annual accounts of the Issuer;
- election and/or dismissal of an external auditor; and
- other matters provided by the Law on Entrepreneurs and the Charter.

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

Supervisory Board

The Supervisory Board shall consist of at least three members, each of whom is elected by shareholders at the GMS. The Supervisory Board members are required to act in the best interests of the Issuer and its business when performing their duties.

The responsibilities of the Supervisory Board, inter alia, include:

- appointing and dismissing the CEO and controlling his/her activities;
- approving and amending the Issuer's policies and other regulatory documentation;
- inspecting the Issuer's accounts and property, personally or with the help of invited experts;

- requesting reports of the Issuer's activities from the CEO (including information concerning related companies and subsidiaries) and reviewing the information provided by internal audit or external inspections;
- convening extraordinary general meetings, if necessary;
- reviewing annual reports and the proposals on profit distribution;
- approving the annual budget;
- other matters provided by the Law on Entrepreneurs and the Charter.

The following activities can only be carried out with the prior approval of the Supervisory Board:

- acquisition and disposal of shareholdings in other companies if the amount of such shares exceeds 50.0% of the total equity of such company or the value of the transaction exceeds GEL 1,000,000 (one million);
- adopting general principles of business strategy and the business plan of the Issuer and approving the annual budget and long-term obligations;
- taking and securing obligations (whether through a single transaction or a series of related transactions) the value of which exceeds GEL 1,000,000 (one million) (securing liabilities of the Supervisory Board members and of the CEO shall be approved by the GMS);
- acquisition, sale, exchange, encumbrance or otherwise disposal of property and property rights, if the value of such transaction (whether through a single transaction or a series of related transactions) exceeds GEL 1,000,000 (one million);
- taking or granting loans and credits if the value of such transaction (whether through a single transaction or a series of related transactions) exceeds GEL 1,000,000 (one million);
- entering into any agreement or transaction if the value of such transaction (whether through a single transaction or a series of related transactions) exceeds GEL 1,000,000 (one million);
- commencing any new economic activities or terminating existing ones;
- appointment and dismissal of trade representatives;
- issuance/allocation of new shares within the limits of authorised share capital and approving listing of the Issuer's securities on a particular stock market or other security market;
- redemption of the Issuer's shares in cases envisaged by the applicable laws, including the redemption of treasury shares;
- determination of the remuneration and/or additional benefits for the Issuer's senior management (CEO, other members of the executive management team) and its submission for approval at the GMS; and
- other matters provided by the Law on Entrepreneurs and the Charter.

Each current member of the Supervisory Board was appointed by the sole shareholder. The business address of all members of the Supervisory Board is at the registered address of the Issuer. No potential conflict of interest exists between the duties of the members of the Supervisory Board and their private interests or other duties.

Issuer is in compliance with the requirements of Law of Georgia on Entrepreneurs article 214.1, according to which a member of the supervisory board of a joint-stock company may not be at the same time a member of the management body of the joint-stock company.

Set out below are details regarding the members of the Supervisory Board:

Name	Age	Title	Expiration of Term of Office / Reappointment
Avtandil Namicheishvili	48	Chairperson	3 years from appointment (28.06.2022)
Ia Gabunia	35	Deputy Chairperson	3 years from appointment (28.06.2022)
Levan Dadiani	45	Member	3 years from appointment (28.06.2022)
Gedevan Gelbakhiani	38	Member (Independent)	3 years from appointment (21.09.2022)

Avtandil Namicheishvili is the Chairperson of the Supervisory Board of the Issuer and from May 2018 he is also a Deputy CEO at GCAP. He joined GGU in 2016 and assumed the role of interim CEO of GGU between January 2019 and March 2020. Since the establishment of Georgia Capital JSC, Avtandil Namicheishvili assumes managerial roles in various companies of Georgia Capital Group, including: CEO of Georgian Renewable Power Holding JSC since August 2022; Chairperson of the Supervisory Board of Georgian Beverages Holding JSC since December 2019; Chairperson of the Supervisory Board of Insurance Company Aldagi JSC since July 2018; Member of the Supervisory Board of Georgia Real Estate JSC since December 2015 and Chairperson as of September 2022; Member of the Supervisory Board of Georgian Renewable Power Company JSC since September 2015 and Chairperson as of September 2022. Mr. Namicheishvili was BGEO Group's General Counsel between 2015 and 2018 and General Counsel at the Bank of Georgia between 2007 and 2015. Prior to that, he was a Partner at a leading Georgian law firm. Mr. Namicheishvili has extensive transactional experience, including over 25 mergers and acquisitions transactions and a number of equity and debt raises on the capital markets. He holds LL.M. degree in international business law from Central European University, Hungary.

Ia Gabunia is the Deputy Chairperson of the Supervisory Board. She joined BGEO as an Investment Director in 2017 and from February 2022 serves as Chief Strategy Officer. From August 2022, Ms. Gabunia also serves as Deputy Chairperson of the Supervisory Board of Georgian Renewable Power Holding JSC. Ia has over ten years of experience in banking and investment management. Prior to joining BGEO Ia served as Head of Corporate Banking at Bank Republic, Société Générale Group. Previously, she held numerous executive positions in leading Georgian companies. Ia holds a BSc degree from London School of Economics and Political Science, UK.

Levan Dadiani is a member of the Supervisory Board. He joined BGEO in 2012. He is General Counsel of Georgia Capital Group from May 2018. Mr. Dadiani serves as member of Supervisory Board in following companies: Georgia Healthcare Group JSC (from August 2022), Georgian Renewable Power Holding JSC (from August 2022). Levan has an extensive experience in commercial law, equity investments, corporate and project financing and energy projects. Previously, he was a partner at a leading Georgian law firm. Levan holds LL.M. degree in International Business Law from University of Texas at Austin, USA.

Gedevan Gelbakhiani is a member of the Supervisory Board of the Issuer (Chairperson of Audit Committee, independent member). Mr. Gelbakhiani is managing director of 'Gelbakhiani Legal Services' since 2017. During 2012-2017 he served as Chief Legal Officer and Corporate Secretary of Bank Republic JSC. Before that, he was a lawyer of Bank of Georgia JSC, where he's role was related to mergers and acquisitions and international financing transactions. Mr. Gelbakhiani also held managerial positions in companies such as United Telecom JSC (later, Silknet JSC), Galt and Taggart Capital JSC, Begiashvili and Company JSC, etc. Currently Mr. Gelbakhiani is also Deputy Chairperson of the Supervisory Board of Hyundai Auto Georgia JSC. He holds bachelor degree in International Law from Tbilisi State University.

Audit Committee

According to the Law of Georgia on Securities Market article 9¹, Issuer as a reporting company is obliged to create an audit committee within the supervisory board, which comprises of the members of the supervisory board and at least 1 independent member (which is also required by Article 57 of the Law of Georgia on Entrepreneurs).

Issuer is in compliance with this requirement as of the Prospectus approval date. In particular, the audit committee was established on 23 September 2022, the chairperson of which is independent member of the Supervisory Board of the Issuer – Gedevan Gelbakhiani and is comprised of Chairperson other members of the Supervisory Board.

The CEO

The CEO, as appointed by the Supervisory Board, is responsible for the day-to-day management and representation against third parties of the Issuer (subject to approvals of GMS and the Supervisory Board, as may be required by the Charter and the Law on Entrepreneurs).

The responsibilities of the CEO include:

- conducting the Issuer's day-to-day activities;
- reviewing agenda items for the GMS or Supervisory Board meetings, obtaining all the necessary information, preparing proposals and draft resolutions;
- preparing and presenting to the Supervisory Board for approval the business plan for the following year (such business plan to include the budget, profit and loss forecast and the Issuer's investments plan);
- ensuring performance of resolutions passed at the GMS and meetings of the Supervisory Board;
- developing policies, by-laws and other regulatory documents which are to be approved by the Supervisory Board and ensure compliance with such policies, by-laws and regulatory documents;
- deciding on the appointment, dismissal, training and remuneration of staff, considering also recommendations of the GMS and/or the Supervisory Board;
- convening extraordinary general meetings; and
- any other issues which may be assigned to the CEO by the Supervisory Board and/or the GMS.

The following activities may be carried out by the CEO:

- coordinating and managing operations of the Issuer;
- acting on behalf of the Issuer, without a power of attorney, and solely and independently representing the Issuer in relation to any issues, any third parties, and before any state authorities, as well as issue powers of attorney;
- entering into transactions on behalf of the Issuer, subject to any necessary consents or approvals of the GMS and/or Supervisory Board;
- applying incentives and/or sanctions to the Issuer's staff with the consent of the Supervisory Board, in accordance with internal regulations and provisions;
- appointing and dismissing staff;
- preparing necessary materials/reports and presenting these for approval at the GMS or meetings of the Supervisory Board;
- ensuring enforcement of resolutions passed by the GMS and/or the Supervisory Board;
- carrying out establishment, reorganisation and liquidation of branches and subsidiaries of the Issuer; and
- any other activities deemed necessary for the achievement of the aims of the Issuer, with the exception of those specifically reserved for the GMS and/or the Supervisory Board.

Executive management team

The executive management team is managed by the CEO.

The executive management team is accountable to the CEO, the Supervisory Board and the shareholders. The

Supervisory Board approves the remuneration and other material conditions of employment for each member of the executive management team. Certain resolutions of the executive management team are subject to the prior approval of the Supervisory Board.

Set out below are details regarding the members of the executive management team:

Name	Age	Title
Zurab Gordeziani	45	Chief Executive Officer
Nana Mshvidobadze	32	Chief Financial Officer
Luka Chachibaia	50	Chief Technical Officer

Zurab Gordeziani joined GGU in January 2015. Mr. Gordeziani joined BGEO in 2013 to develop hydro projects. Before that, he was involved in the energy sector of Georgia for 14 years and was part of the team that developed the current legislative framework for the energy sector in Georgia. He also served on executive positions in Energo-Pro Georgia JSC, Georgian State Electrosystem JSC and the Ministry of Energy of Georgia. Mr. Gordeziani holds degrees in Law and Economics from Tbilisi State University.

Nana Mshvidobadze Nana joined GCAP's renewable energy business in 2017. Before that, she worked in BGEO Group's Finance Team starting from 2016. Formerly she worked at PricewaterhouseCoopers (PWC) for more than 6 years. At PWC Nana worked for Tbilisi and Brussels offices, where used to manage audit teams for various clients in different sectors. She holds Bachelor's degree of Business Administration with major in Finance from Caucasus University and is an ACCA affiliate.

Luka Chachibaia has served as a member of the executive management team of GGU since 2019. Mr. Chachibaia joined GGU in 2017. Previously he served as a Vice President of Operations at Tethys Petroleum for 9 years. Prior to that, Mr. Chachibaia has carried out a number of crucial roles within Schlumberger, including Operations Manager for Northern Europe and Business Manager in North Africa. He holds a Bachelor of Science degree in Engineering from Tbilisi State University and a MBA degree from Hult International Business School.

The business address of each member of the executive management team is at the registered address of the Issuer.

Corporate Governance

The Issuer fully complies with all requirements regarding corporate governance stipulated under the Law on Entrepreneurs. Additionally, Corporate Governance Code for Issuers of Public Securities was published on December 7th 2021 by the order of National Bank of Georgia, which came into force starting from January 2022 but the first report stipulated by the Code should be published by the date of publishing Annual Report of 2023. Mentioned Code is based on the principle "apply or explain an alternative" and aims to promote the widespread application of best corporate governance practices.

GRPO and subsidiaries have 71 employees in total.

Conflicts of Interest

There are no potential conflicts of interest between any duties of the members of the Supervisory Board and/or the executive management team of Issuer towards their private interest and/or other duties. Also there are no family ties between the members of the Supervisory Board and/or the executive management team of the Issuer.

Litigation Statement

As of the date of this Prospectus, no member of the Supervisory Board or the executive management team of the Issuer for at least the previous five years:

- has any convictions in relation to fraudulent offences, economic offences or money laundering;
- has held an executive function in the form of a member of the management or supervisory bodies, of any company at the time of or preceding any bankruptcy or liquidation (other than voluntary liquidation);
or
- has been subject to any official public incrimination and/or sanction by any statutory or regulatory authority (including any designated professional body) nor has ever been disqualified by a court from acting as a member of the management or supervisory bodies of a company

Pensions

The Issuer is subject of the mandatory state pension scheme provided by the Law of Georgia on Funded Pension dated 21 July 2018, which encompasses an investment of up to 6% of a person's income into a personal pension account, with 2% contributed by each of the employee and the employer and the additional state contribution varying depending on the employee's income. At present, the Government contributes, in favour of the participant of the pension scheme, 2% of the amount of the taxable income of an employee whose total yearly income does not exceed GEL 24,000 and 1% of the amount of the taxable income of an employee whose annual taxable income falls within the range of GEL 24,000 to GEL 60,000. The Government does not make any contributions if the annual taxable income of an employee exceeds GEL 60,000.

Major Shareholders

In September 2022, GCAP has spun-off its renewable energy business from GGU and now it is indirectly (through GRPC Group JSC) fully-owned by GCAP. On the other hand, GRPO is 100% parent company of Qartli Wind Farm LLC, Hydrolea LLC, Svaneti Hydro JSC, and GRPC Trade LLC.

GCAP represents leading investment management company in Georgia, with its Ultimate Parent listed on the premium segment of the London Stock Exchange. Its strategy focuses on capital-light, larger-scale investment opportunities in Georgia, which can reach at least GEL 300 million equity value in 3-5 years after initial investment and monetize them through exits as investments mature. Core strategy enablers of the company include superior access to capital, access to good management and strong corporate governance amongst others.

Selected Key Metrics of GCAP as of 30 June:

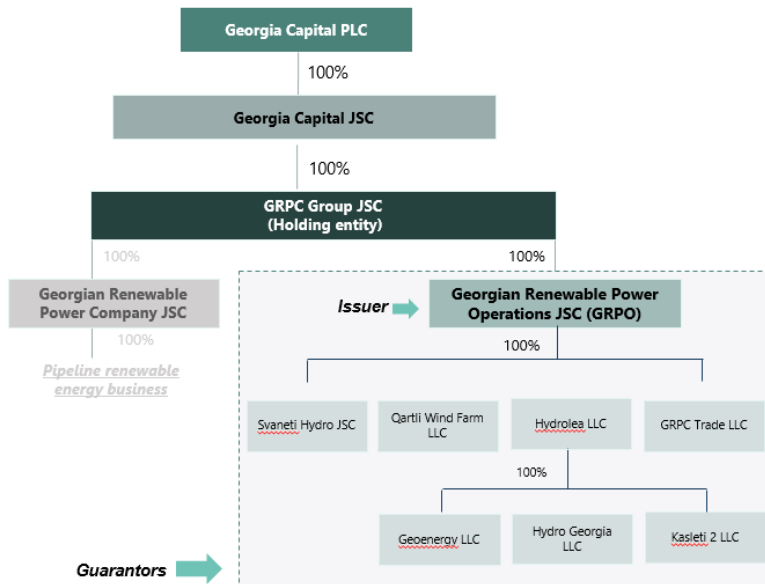
- Market capitalisation: GBP 271 mln (market price of 6.06 GBP)
- Total portfolio value: GEL 2.7 bn, out of which:

- 23% listed and observed portfolio
- 51% private large portfolio
- 16% private investment stage portfolio
- 10% private other portfolio
- Net Asset Value (NAV): GEL 2.3 bn
- NAV per share: GEL 52.71

Breakdown of Portfolio Businesses/Companies of GCAP as of 30 June:

- Listed and observed portfolio
 - Financial services: Bank of Georgia – Leading universal bank in Georgia
- Large portfolio companies
 - Water utility: GWP – The largest privately owned water utility company, which serves c. 1/3 of Georgia’s population
 - Healthcare: GHG - The largest healthcare and pharmacy groups in Georgia
 - Insurance: Aldagi - Leading P&C and medical insurance company
- Investment stage companies
 - Education: Portfolio of private schools - Largest player in K12 education sector in Georgia
 - Energy business: GRPC – One of the leading energy platforms in Georgia
- Other portfolio companies
 - Leading real estate developer in Georgia
 - Large player in hospitality and commercial RE in Georgia
 - One of the largest players in the wine, beer and distribution businesses in Georgia
 - PTI, car services and parts, secondary car trading
 - Leading digital marketing agency in Georgia

GRPO Holding - Legal Structure at the Bond issue date and afterwards:



Prior to July 2022 legal structure of the Issuer was different (please see section ‘Registration Document, Principal Activities, Overview & History’). The Issuer - Georgian Renewable Power Operations JSC (ID 404642892) was legally founded on 28 June 2022.

GCAP top shareholders as at 30 June 2022:

Rank	Shareholder name	Ownership
1	Gemsstock Ltd	10.18%
2	Allan Gray Ltd	6.54%
3	Coeli Frontier Markets AB	4.38%
4	Lazard Asset Management LLC	4.14%
5	M&G Investment Management Ltd	3.79%
6	BlackRock Investment Management (UK)	3.40%
7	RWC	3.11%
8	Firebird Management LLC	2.68%
9	GLG Partners LP	2.64%
10	Van Eck Associates Corporation	2.21%
	Total	43.07%

Related Party Transactions

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

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

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

	<i>30-Jun-22</i>		<i>31-Dec-21</i>		<i>31-Dec-20</i>	
	<i>The Parent</i>	<i>Entities under common control</i>	<i>The Parent</i>	<i>Entities under common control</i>	<i>The Parent</i>	<i>Entities under common control</i>
Assets						
Reimbursement asset	2,192	-	-	2,318	-	2,808
Financial assets held for trading(a)	7,902	-	8,122	-	-	-
Borrowings as at 1 January						
Proceeds from borrowings and interest accrued during the year	-	2,704	-	159	35,691	-
Repayment of borrowing including interest during the year	-	628	-	2,545	2,580	159
	-	-	-	-	-38,271	-
Borrowings as at 31 December						
	-	3,332	-	2,704	-	159

- (a) In March 2021, the Group purchased 2,493 notes worth USD 2,500 thousand issued by the Parent as a tap issue to the original notes issued in 2018 on Irish Stock Exchange. The notes accrue annual 6.125% and mature in 2024. The financial assets are at fair value through profit or loss as held for trading. During 6 months of 2022 and 2021 the Group respectively recognized GEL 390 thousand and GEL 231 thousand of finance income on the notes.

	<i>2022 HY</i>	<i>2021</i>	<i>2020</i>
Income and expenses			
Revenue from electric power sales ¹	27	7,339	7,223
Business interruption reimbursement gain from entities under common control ²	-	587	4,252
Finance cost due to the Parent		-	(1,897)
Finance income from the Parent	231	390	-
Other operating expenses due to entities under common control ³	641	(2,421)	-

¹ Revenue from electricity supply to GGU subsidiary companies.

² Business interruption reimbursement income in 2021 and 2020 represents the insurance claim for the business interruption caused by the insurance event.

³ Other operating expenses mostly comprises of insurance expense for the year.

Key management personnel remuneration amounted to:

	<i>2022 HY</i>	<i>2021</i>	<i>2020</i>
Salaries and other short-term employee benefits	55	110	72
Cash bonus	22	55	18
Termination benefits	-	1,185	-

The tables do not include information on remuneration of the members of the Supervisory Board considering that as of the date of the Prospectus no such remuneration has taken place.

Financial Information concerning the Issuer's Assets and Liabilities, Financial Position and Profit and Losses

The information presented in the prospectus for the years 2021 and 2020 is based on the issuer's separately allocated (Carved Out) audited annual financial statements for the year 2021 and as of 6 months of 2022 and 2021 - the half-year financial statements of 2022. These financial statements are prepared in accordance with International Financial Accounting Standards (IFRS). Semi-annual statements of 2022 with comparable period of 2021 are also prepared on curve out basis.

The type of auditor's report for the issuer's carved out audited annual financial statements prepared for 2021 is unqualified. The basis for the preparation of the report and additional details are indicated accordingly in the attached report.

Statement of financial position

Balance Sheet, thousand GEL	2022 HY Unaudited	2021 FY Audited	2020 FY Audited
Assets			
Non-current assets			
Property, plant and equipment	278,212	300,597	364,349
Right-of-use assets	1,211	1,254	1,279
Non-current loans issued	874	13	39
Other non-current assets	1087	1130	948
Total non-current assets	281,384	302,994	366,615
Current assets			
Inventories	480	406	365
Trade and other receivables	3,206	2,366	1,762
Loans Issued	7,160	14	164
Prepaid taxes other than income tax	2,726	1,262	1,440
Reimbursement assets	2,192	2,318	2,808
Financial assets held for trading	10938	8122	0
Prepayments	842	369	284
Cash at bank	18,923	36,948	63,262
Total current assets	46,467	51,805	70,085
Total assets	327,851	354,799	436,700
Equity			
Share capital	84,664	84,664	104,664
Retained earnings	-64,127	-60,135	-14,617
Other Reserves	17,417	18,305	22,434
Equity attributable to the owners of the parent	37,954	42,834	112,481
Non-controlling interests	-	-	-
Total equity	37,954	42,834	112,481
Liabilities			
Non-current liabilities			
Borrowings and bonds issued	275,372	297,648	308,549
Lease liabilities	1,225	1,191	1,140
Other non-current liabilities	520	550	1,472
Total non-current liabilities	277,117	299,389	311,161
Current liabilities			
Borrowings and bonds issued	9,067	9,680	10,098
Trade and other payables	1,129	972	1,814
Lease liabilities	112	118	97
Other current liabilities	0	1,185	0
Taxes payable other than income tax	2,472	621	1,049
Total current liabilities	12,780	12,576	13,058
Total liabilities	289,897	311,965	324,219

Total liabilities and equity 327,851 354,799 436,700

Statement of profit or loss and other comprehensive income

Profit and Loss Statement, thousand GEL	2022 HY Unaudited	2021 HY Unaudited	2021	2020
Revenue from electric power sales	19,244	20,432	43,309	38,258
Business interruption reimbursement	-	-	587	4,252
Other revenue	-	-	55	-
Total revenue and gains	19,244	20,432	43,951	42,510
Electricity and transmission costs	(338)	(275)	(524)	(221)
Salaries and other employee benefits	(576)	(444)	(929)	(1,063)
Taxes other than income tax	(1,159)	(1,360)	(2,480)	(2,536)
Other general and administrative expenses	(190)	(161)	(329)	(376)
Professional fees	(361)	(286)	(732)	(677)
Raw materials, fuel and other consumables	(96)	(25)	(285)	(55)
Maintenance expenditure	(1,218)	(1,367)	(2,631)	(2,801)
Other operating expenses	(843)	(1,042)	(1,963)	(1,734)
EBITDA	14,463	15,472	34,078	33,047
Finance income	646	581	1,293	355
Finance costs	(11,706)	(12,734)	(24,873)	(23,772)
Foreign exchange gains/(losses)	(27)	22	(25)	(1,301)
Depreciation and amortization	(5,585)	(6,564)	(12,580)	(12,640)
Loss on extinguishment of financial liabilities	-	-	-	(10,002)
Impairment of Property Plant and Equipment	-	-	(36,595)	-
Reassessment of estimates related to Eurobonds refinancing	-	-	(2,766)	-
Non-recurring expenses, net	(1,783)	(1,328)	(4,050)	(575)
Loss before income tax expense	(3,992)	(4,551)	(45,518)	(14,888)
Income tax expense	-	-	-	-
Loss for the year	(3,992)	(4,551)	(45,518)	(14,888)
Attributable to:				
Owners of the parent	(3,992)	(4,551)	(45,518)	(14,152)
Non-controlling interests	-	-	-	(736)
Other comprehensive income				
Gain from currency translation differences	(888)	(2,676)	(4,129)	15,298
Total comprehensive income/(loss) for the period, net of tax	(4,880)	(7,227)	(49,647)	410
Attributable to:				
Owners of the parent	(4,880)	(7,227)	(49,647)	2,604
Non-controlling interests	-	-	-	(2,194)

Statement of cash flows

Cash Flow Statement, Thousand GEL	2022 HY Unaudited	2021 HY Unaudited	2021	2021
Cash flows from operating activities				
Loss before income tax	(3,992)	(4,551)	(45,518)	(14,888)
Adjustments for:				
Depreciation and amortisation	5,585	6,564	12,580	12,640
Net foreign exchange losses	27	(22)	25	1,301
Finance income	(646)	(581)	(1,293)	(355)
Finance costs	11,706	12,734	24,873	23,772
Loss on extinguishment of financial liabilities	-	-	-	10,002
Business interruption reimbursement gain	-	-	(587)	(4,252)
Impairment of Property Plant and Equipment	-	-	36,595	-
Non-recurring expenses	1,783	976	3,381	575
Non-recurring assets write-off	-	-	(568)	-
Reassessment of estimates related to Eurobonds refinancing	-	-	2,766	-
Operating cash flows before working capital changes	14,463	15,120	32,254	28,795
Change in inventories	(74)	(97)	(41)	(236)
Change in trade and other receivables	(840)	(3,082)	(604)	305
Change in prepaid taxes other than income tax	(1,464)	(555)	178	724
Change in prepayments	(473)	22	(85)	(182)
Change in trade and other payables	157	(846)	(842)	941
Changes in insurance reimbursement asset	-	-	586	11,246
Change in other tax payables	307	(1,033)	(428)	(624)
Change in restricted cash	-	-	-	6,581
Operating cash flows after working capital changes	12,076	9,529	31,018	47,550
Income tax paid	-	-	-	-
Cash flow from operating activities before investments in trading securities	12,076	9,529	31,018	47,550
Net investment in trading securities	(3,064)	(8,308)	(8,308)	-
Net cash from operating activities	9,012	1,221	22,710	47,550
Cash flows from investing activities				
Purchase of property, plant and equipment and intangible assets	(1,285)	(4,533)	(7,055)	(12,279)
Reimbursement of property damage received	-	-	-	40,892
Proceeds from sale of property, plant and equipment	2,456	-	-	-
Bonus Termination	(1,306)	-	-	-
Payment of deferred consideration for acquisition of subsidiaries	-	-	-	(6,008)
Loans repaid (issued)	(7,883)	-	146	(72)
Interest received	542	581	897	355
Net cash (used in) from investing activities	(7,476)	(3,952)	(6,012)	22,888
Cash flows from financing activities				
Payment of principal portion of lease liabilities	(174)	(117)	(231)	(246)
Proceeds from borrowings and debt securities issued	-	1,899	2,525	294,709

Repayment of borrowings and debt securities issued, including commission fee for early repayment of loan	(6,889)	-	-	(298,537)
Interest paid	(11,521)	(12,192)	(23,754)	(20,238)
Bond issuance commissions and costs paid	-	-	-	(4,435)
Commission for Prepayment on loan	-	-	-	-
Contributions from the shareholders	-	-	-	3,108
Distributed to the parent	-	(9,471)	(20,000)	(4,926)
Net cash used in financing activities	(18,585)	(19,881)	(41,460)	(30,565)
Effect of exchange rate changes on cash and cash equivalents	(977)	(507)	(1,552)	3,171
Net change in cash and cash equivalents	(18,025)	(23,119)	(26,314)	43,044
Cash and cash equivalents at the beginning of year	36,948	63,262	63,262	20,218
Cash and cash equivalents at the end of period	18,923	40,145	36,948	63,262

Dividends Policy

The Company has no declared and written dividend policy. During the first half of 2022, 2021 and 2020, the company has not declared or distributed any dividends. With regard to the payment of dividends, the processes and certain restrictions are set out in the Company Charter and the Covenants in the Terms & Conditions as disclosed in the relevant sections of the Prospectus.

According to the existing prospectus and loan covenants, certain restrictions are imposed upon the Company regarding the dividend distribution. For detailed information please refer to “terms of the offering – covenants” and “Capitalization and Debt – review of financial covenants”.

Litigation and Other Proceedings

As of the date of this Prospectus, the Issuer is not a party (either claimant, respondent or a third person) to any legal proceedings, either administrative, judicial or arbitration. Further, for at least the past 12 months, there has not been any ongoing or possible governmental, legal or arbitration proceedings which could result or has resulted in a material liability or could have or had significant effects on financial position or profitability of the Issuer and/or any of the Guarantors (together or separately).

Description of significant changes in the Issuer’s financial or commercial condition

As mentioned throughout the Prospectus, in December 2021, Georgian Capital JSC (“GCAP”), which at the time was the owner of Georgia Global Utilities JSC (“GGU”), a holding company for GCAP’s water utility business and the operational renewable energy assets, has agreed to sell an initial 80% of its equity interest in the water utility business to FCC Aqualia (“Aqualia”) for a cash consideration of US\$ 180 million, while GCAP has retained sole (100%) shareholding in the renewable energy business. This values the entire water utility business at US\$ 225 million. In addition, the seller and the buyer were granted put and call options, respectively, over GCAP’s remaining 20% interest in the water utility business.

The first stage of the transaction, which considered the initial sale of a 65% equity interest in GGU (representing an 80% economic interest in the water utility business) was successfully completed on 3 February 2022 with the receipt

of full sales proceeds and transfer of respective shares of GGU to Aqualia. The second stage of the transaction, the demerger of the renewable energy business occurred in September of 2022 and upon completion of this stage of the transaction, GCAP indirectly (through Georgian Renewable Power Holding JSC) owns 100% of GRPO's renewable energy assets.

Further information regarding the disposal of Water Utility Business can be found in Circular to Shareholders by the Georgia Capital PLC dated January 6, 2022: https://georgiacapital.ge/sites/default/files/inline-files/Circular_0.pdf

Share Capital

As of June 30, 2022, the authorized capital of the issuer amounts to 84,663,563 GEL.

In the disclosed historical financial information of the Issuer the share capital corresponds to merger reserve, as represented in combined curve out financial statement.

The declared (authorized) authorized capital of the company is 200 million GEL, which is divided into 200 million ordinary shares. The nominal value of one share is 1 GEL. Each ordinary share entitles the holder to 1 vote at the general meeting of shareholders. Shareholders have a pre-emptive right to issue new shares in proportion to their holdings prior to the issuance of said shares. The society has the right to issue preferred shares, bonds and other securities in the form provided by law.

For detailed information on shareholder rights and general meetings, see Subchapter "Governing Body and Management", "General Meeting of Shareholders".

A list of documents mentioned/indicated in the registration document

The following documents are mentioned in the registration document:

- Charter of the Company (uploaded on the Public Registry portal napr.gov.ge: number of the application for search in NAPR system: [**B22079876**]);
- Agreement between the Placement Agents and the Issuer;
- Agreement between the Calculation and Paying agent and the Issuer;
- Agreement between the Bondholder Representative and the Issuer;
- Mortgage Agreement
- Joint Guarantee Agreement

The above documents, with the exception of Charter of the Company, are confidential and the Issuer does not plan on making them public. The documents can be viewed by existing and potential investors in the physical form at the address of the issuer as disclosed in the Prospectus of as well as in electronic form, in case requested from the issuer via email disclosed in the Prospectus. The last available version of mentioned documents should be provided to existing investors by email no later than 5 working days after receiving such request.

The above documents are signed in English but the Issuer ensures the availability of Georgian version before the issuance. In case of any conflict between the information presented in the Prospectus and the Agreements, the Prospectus shall prevail. It should be noted, that English is the main language of communication for the purposes of the Mortgage Agreement and the Guarantee Agreement.

Overview of securities

Important Information

Statement about Working Capital

The Company's working capital (current assets less current liabilities) as of 31 December 2021 was GEL 40.4 million, both, current and quick ratios of the Company are 4.55 for both ratios. As at 31 December 2020, the Company's working capital comprised GEL 57.0 million, both the current and quick ratios of the Company were 5.37. In the Company's assessment, the future funding (including proceeds from the bonds) and the Company's profitability will be sufficient to finance its activity over the next one year.

Description of Interest of the Parties Involved in the Offering

The Issuer and the Placement Agent 1, also acting as the Calculation and Paying Agent (Galt & Taggart) are indirectly related, with the Issuer representing 100% indirect subsidiary of Georgia Capital PLC (the "Ultimate Parent") who also indirectly holds 19.90% non-voting equity interest in the Bank of Georgia Group PLC, holding 100% of the JSC Galt & Taggart. Although, such connection could be potentially considered as certain risk factor from the potential investors's perspective, the Issuer considers this to be non-material considering the non-voting nature of Ultimate Parent's equity interest in the Placement Agent 1, the fact that members of governing bodies of these companies are fully and completely segregated and all the agreements associated with this transaction are made according to existing legislation, on a commercial basis.

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

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

It is not yet known to the Issuer whether the Issuer's management, members of the board of directors or supervisory board and/or significant shareholders (partners) will participate in the Bond Offering. Also, the Issuer has no information about any person referred to in the first sentence of this paragraph who wants to subscribe more than 5% (five percent) of the Bond Offering.

The information about the Registrar of the Issuer is provided in the "Term Sheet" document.

For the information about third parties and terms of the bonds please refer to the "Terms Sheet" document.

Information about the ranking of the securities in the capital structure in case of insolvency/bankruptcy

The Company's liabilities under the bonds constitute secured liabilities of the Company. Accordingly, any claims against the Company under the bonds would be secured claims. According to the Law of Georgia on "Rehabilitation and Collective Satisfaction of Creditors", secured creditors enjoy preference over unsecured creditors in regard to an encumbrance concluded in favor of secured creditors. Such secured claims are governed by the Article 105 of Law of Georgia on Rehabilitation and Collective Satisfaction of Creditors, according to which the secured creditor of the first rank may apply to a bankruptcy manager requesting the sale of secured

property in the manner provided for by a respective mortgage agreement. The bankruptcy manager ensures the sale of the said property in accordance with the claim of a mortgagee of the first rank. If the proceeds from its sale exceed the claim of a creditor of the first rank, the claims of creditors of each following rank are satisfied by the excess amount in accordance with the procedure established by the Civil Code of Georgia, whereas the remaining amount shall be included in the insolvency estate. If a claim of the secured creditor is not satisfied due to the insufficient amount of the proceeds from the sale of the collateral, the unsatisfied part of the claim is included in the rank of non-secured claimers. According to the abovementioned law, in case of the Issuer's bankruptcy, the insolvency estate shall be distributed in the following order: a) the expenses of the bankruptcy regime (which, for its part, include the expenses of the procedure stipulated in Chapter V of the Civil Procedure Code of Georgia; the remuneration of a bankruptcy manager; and expenses related to proceedings, including expenses deriving from labor relations during bankruptcy proceedings, the expenses of property management, as well as the expenses of various professional services purchased by a decision of a manager); b) debts arising with regard to the Issuer after the delivery by a court of a ruling declaring an application for insolvency admissible and opening a bankruptcy regime, including tax liabilities arising with regard to the Issuer after the commencement of bankruptcy proceedings; c) preferential claims - amounts to cover the expenses of 3 months' salaries and leave (except for the expenses of salaries and leave of the directors of a debtor and members of a supervisory board, as well as their family members), payable before a court declares an application for insolvency admissible, and amounts payable due to occupational injury (in the amount of not more than GEL 1 000 per each creditor); d) preferential tax claims - amounts of indirect taxes provided for by the Tax Code of Georgia, originating in the respective previous 3 tax periods before a court declares an application for insolvency admissible; e) non-secured claims, including the amounts of payables arising before the declaring of an application for insolvency admissible, which are not covered by other sub-paragraphs of Paragraph 1 of Article 104 of the Law on Rehabilitation and Collective Satisfaction of Creditors. – this is the where a portion of secured creditor's clmaes that was not satisfied due to the insufficient amount of the proceeds from the sale of the collateral would fall.

Persons with management functions and persons related to them shall not, neither to their nor to other person's benefit, enter into transactions on securities of this Issuer or/and other financial instruments related to the Issuer's securities at least 30 calendar days prior to the publication by the Issuer of mandatory semiannual or annual report.

TERMS AND CONDITIONS OF THE BONDS

The following are the terms and conditions in the form in which they will be endorsed on the Bonds:

Bonds (as defined in the Prospectus) with the total principal amount of US\$ 80,000,000 according to the Prospectus and Term Sheet. The Bonds are issued on the basis of the resolution of the Supervisory Board of the Issuer dated September 22, 2022.

Terms of the Bonds and the rights of the Bondholders are governed by this Prospectus, including without limitation these "Terms and Conditions of the Bonds" (hereinafter referred to as the "**Terms and Conditions of the Bonds**" or the "**Terms and Conditions**" or the "**Conditions**"), the Term Sheet document and the Agreement on Terms and Conditions of the Bonds between the Issuer and the Bondholders' Representative (the "**Agreement**"). The Agreement is signed in English but the Issuer ensures the availability of Georgian version before the issuance. In case of any conflict between the information presented in the Prospectus and the Agreement, also Mortgage Agreement and/or Guarantee Agreement, the Prospectus shall prevail. It should be noted, that English is the main language of communication for the purposes of the Mortgage Agreement and the Guarantee Agreement.

Copies of the Agreement are available for inspection during usual business hours at the offices of the Bondholders' Representative and the Issuer, as indicated in the Prospectus. The Issuer and Bondholders' Representative should ensure that Agreements available at their offices and shared with investors are the same. In addition to the Prospectus, including these Terms and Conditions, the Bondholders (as defined below), and in certain cases (envisaged by the Prospectus, including these Terms and Conditions), the Nominal Holder of the Bonds, are entitled to the benefit of, are bound by, and are deemed to be subject to the relevant terms of the provisions of the Agreement and such terms apply to them.

Payments of principal and interest in respect of the Bonds will be made in accordance with a Calculation and Paying Agency Agreement (same as agreement between the Calculation and Paying Agent and the Issuer) between the Company and Galt & Taggart as calculation and paying agent (the "**Calculation and Paying Agent**"). Each Bondholder is entitled to inspect a copy of the Fiscal Agency Agreement, which will be available at the specified office of the Calculation and Paying Agent (also in electronic form, in case requested from Calculation and Paying Agent and Issuer from indicated emails, as specified in the section "A list of documents mentioned/indicated in the registration document") and is deemed to have notice of, and be bound by, all the provisions of the Fiscal Agency Agreement applicable to them.

Offering Period: As determined by the Term Sheet Document (the "**Offering Period**").

Transferability/Free circulation of the securities: For the securities represented/being offered by this Prospectus, there are no restrictions on the transferability/free float.

1. FORM, NOMINAL AMOUNT, TITLE AND COLLATERAL

The Bonds are issued in dematerialized, book-entry form. Nominal value of a single bond is US\$ 10,000.

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

Holder of the Bonds. The Register and such other registries/records as referred to in the foregoing clause (ii) are hereinafter a "**Registry**".

The Bonds are secured with: the mortgage created over the immovable assets owned by the Issuer directly or indirectly through its Subsidiaries, as well as rights to build existing in favour of Owners (as defined below) over state or municipal lands, as outlined in the Terms and Conditions of the Bonds and detailed in the Mortgage Agreement; and; a joint suretyship issued by Guarantors, based on which the Guarantors are under an obligation to jointly satisfy all due and unfulfilled obligations of the Issuer, under the terms of this Prospectus and the relevant Guarantee Agreement.

As per the Mortgage Agreement, the Owners encumber with a first ranking security interest the below assets for the benefit of the Bondholders:

(i) the immovable properties with respect to the land plots (immovable property) described in detail in the Mortgage Agreement; and (ii) right to build in respect of the immovable properties, described in detail in the Mortgage Agreement; (iii) all improvements thereon, any and all buildings, constructions and other constituent parts (fixtures) of the immovable property whether now or in future existing; (iv) any movable thing intended for servicing the immovable property and the right to build and connected with it on the basis of common economic targets, due to which it has spatial connection with the property and/or the right to build and and/or part(s) connected to the property and/or right to build as essential component following unification of the immovable property/right to build and/or part of the immovable property/right to build generated as a result of division of such assets.

The first ranking mortgage entails the rights of Bondholders, in comparison with other creditors, to obtain satisfaction preferentially, should a Default Event under this Prospectus occur. Upon enforcement, the proceeds generated from the sale of the property shall be distributed among each Bondholder *pro rata* to their claim before the Issuer.

As for the Guarantee Agreement, pursuant to it the Guarantors shall be liable before the Bondholders for the obligations of the Issuer by all their property (and not only by the property used as object of the mortgage). Furthermore, the Guarantee grants the right to Bondholders to present a claim before each or all Guarantors without a need to attempt involuntary enforcement, in the event if the principal debtor (the Issuer) has been overdue with the payment and has been warned with no results and/or its insolvency is evident.

2. OFFERING AND PLACEMENT OF BONDS, EXECUTION AND REGISTRATION OF MORTGAGE, EXECUTION OF GUARANTEE AGREEMENT, CHANGES TO THE OFFERING AND DISPOSAL OF BONDS

(a) Bond Offering Process

The Placement Agents (as defined in the Prospectus) carry out the offering of the Bonds on behalf of the Issuer and on the basis of the agreement (mandate letter) concluded with the Issuer. Before commencement of the

public offering, in order to procure interest in the Bonds, the Placement Agents and/or their authorized intermediary/intermediaries are entitled to send the approved Prospectus and related materials to potential investors, while adhering to the relevant legislative requirements.

Following approval of the Prospectus by the National Bank of Georgia, the Issuer carries out the public offering of the Bonds in accordance with Georgian law. The category of potential investors to whom the Bonds can be offered is not limited. The Issuer, the Placement Agents and/or a financial intermediary(ies) involved in the placement process provide to potential investors, in accordance with their preference, electronic link to the Prospectus, its scanned or printed version. The Final Prospectus is provided to potential investors before or right after commencement of the sale of publicly offered Bonds or in the process of such sale. In addition, Final Prospectus shall reflect final coupon rate determined through the book-building process.

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

The Bonds are offered to a wide range of investors interested in investing in US dollar denominated securities.

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

If in the process of book-building the potential investors express interest in purchasing more Bonds than are being offered based on this Prospectus, such demand is being satisfied partially, in proportion to the numbers indicated in the relevant applications from the investors or otherwise, as determined by the Issuer at its discretion. Furthermore, if the application of a potential investor has been only partially satisfied, such potential investor is entitled to refuse or continue to participate in the process of purchasing the Bonds. The Placement Agents must be notified of such decision immediately no later than 2 pm (Tbilisi time) of the Business Day following the day when the investor was informed of correction of its application (with respect to the number of Bonds). Failure to notify the Placement Agents of such decision entitles the Placement Agent, at its discretion, to continue to consider the initial application of the investor (with respect up to full number of Bonds requested), or refuse the application.

Following completion of the book-building process, the Placement Agents make an announcement on completion of the offering and notify those investors (individually or as a group) whose applications (including those with corrected numbers) have been satisfied. Such notification must contain the final interest rate to be accrued on the Bonds and the number of Bonds in relation to which the purchase orders of potential investors have been satisfied. Potential investors may confirm the satisfied application or refuse to purchase the Bonds within two Business Days upon receiving such notification. In case potential investor does not refuse to purchase bonds within this time period, Bond application is considered to be confirmed by the investor. Prior to receiving such notice, the investor does not have the opportunity to start trading in securities. Upon announcement of the completion of the offering, the applications of potential investors that have been satisfied are irrevocable and

binding upon such investors (the "**Subscribing Investors**"). The Issuer and/or the Placement Agents are empowered to issue the Bonds at the Deferred Placement Price after the Issue Date till the end of the Offering Period (including the end of the aforementioned date). See details in Conditions, subsection 2(e).

For more information on the placement of Bonds, please refer to section of these Terms and Conditions titled "Placement" below.

It is not yet known to the Issuer whether the Issuer's management, members of the board of directors or supervisory board and/or significant shareholders (partners) will participate in the Bond offering. Also, the Issuer has no information about any person referred to in the first sentence of this paragraph who wants to subscribe more than 5% (five percent) of the Bond offering. Also, according to the Georgian legislation, persons with management functions and persons related to them shall not, neither to their nor to other person's benefit, enter into transactions on securities of this Issuer and/or other financial instruments related to the Issuer's securities at least 30 (thirty) calendar days prior to the publication by the Issuer of mandatory semiannual or annual report.

In case of excess amount paid by the applicants, the surplus paid is kept in the applicant's brokerage account. This amount is refunded according to the Placement Agents' standard procedures.

Final coupon rate determined throughout the book-building process shall be made publicly available through the publication of Final Term Sheet, which is approved by the National Bank of Georgia and represents integral part of the Final Prospectus.

(b) Purchase of Bonds by Strategic Investors

At the time of preparing the Prospectus, the Issuer is in discussions with certain development financial institutions and multi-lateral development banks (jointly, "IFI") with a view to entering into framework (investment) agreements pursuant to which each IFI may purchase Bonds, subject to certain conditions as described in each framework agreement. Among other things, the framework agreements will include the Issuer's undertaking to comply with each IFI's policy requirements relating to matters including, but not limited to, environmental and social matters, sanctions, anti-money laundering, anti-corruption and fraud. Even if such framework agreements are entered into, none of the aforementioned IFIs is under an obligation to acquire any Bonds.

At the time of preparing the Prospectus, mentioned strategic investor IFIs are:

- FMO (The Netherlands Development Finance Company);
- ADB (The Asian Development Bank, a regional development bank with its headquarters located in Manila, the Philippines);
- IFC (The International Finance Corporation)*.

FMO and ADB were also strategic investors in the previous Eurobonds issued by the Issuer's Affiliate (GGU/ former 100% owner of the Issuer).

**As of the official submission date of the Prospectus, IFC has initial credit approval on the subscription of the Bonds, which is subject to board approval prior to entering into a commitment to purchase the Bonds.*

(c) Changes during Public Offering

If the Issuer decides to change information about the Bonds during public offering (period between the commencement of offering until the Issue Date), the Issuer shall take necessary steps set out by the Securities Legislation.

The same rules will be applicable to the material changes made to the terms of the Mortgage Agreement and Guarantee Agreement which shall be made during the period between the commencement of offering until the date when each of the Bondholders have obtained unlimited and full right of security.

(d) Execution of the Mortgage Agreement and of the Guarantee Agreement, registration of Mortgage

Within the period of [30] Business Days after the Issue Date, the Issuer and/or the Placement Agents will contact all Bondholders and ensure execution of the Mortgage Agreement and the Guarantee Agreement envisaged under section 1 of the Conditions.

The Mortgage Agreement and the Guarantee Agreement will be signed simultaneously on the day to be determined by the Issuer, which is to be within 30 Business Days of the Issuance. Furthermore, the Mortgage Agreement and the Guarantee Agreement shall be notarised (where the notary is to verify not only the identity of the signatories, but also their capacities), as a result of which the notary writ security enforcement shall be available to the Bondholders, allowing for an effective foreclosure procedure on any security if an Event of Default should occur. The Mortgage Agreement shall be registered at the LEPL National Agency of Public Registry ("**Public Registry**").

In consideration of the above, each Bondholder is under an obligation to appear, whether in person or through an authorized representative, before the notary on the date determined by the Issuer and sign the Mortgage Agreement and the Guarantee Agreement.

In the event that the Bondholder is signing through an authorized representative, the relevant capacity should be based on the duly issued and certified authorizing document (excerpt, charter, etc.) and/or through a power of attorney certified by a notary (the "**Power of Attorney**"), the notary act of which certifies not only the identity of the person issuing it, but also his/her capacity to sign on behalf of the Bondholders. If the Power of Attorney is issued outside Georgian jurisdiction, it should either be certified with an apostille (in the event that the relevant country is a signatory to the Hague Convention of Abolishing the Requirement of Legalisation for Foreign Public Documents) or legalized by the consulate of Georgia of that country. The originals of the documents are to be delivered to the Issuer and Placement Agents and the obligations to deliver those in due form is a condition precedent of placement of Bonds to the Bondholders.

All formalities related to acquisition of security and registration of mortgage should be completed no later than the 30th Business Day from the date of Issuance.

In the event of additional questions related to the above procedures, the Bondholders can directly contact the Issuer and Placement Agents.

(e) Disposal of the Bonds

The Bonds may be disposed of in accordance with legislation of Georgia (including the Securities Law) within the jurisdiction of Georgia. Disposal of and transfer of title to the Bonds shall be valid only if the change of title to the Bond(s) due to such disposal is registered with the relevant Registry. After placement of the Bonds, the Issuer is authorized to submit an application to the GSE for the Bonds to be admitted to listing on the GSE's official list and to trading on GSE. In case of a positive decision on such admission, the Bonds may be traded on the GSE pursuant to the GSE rules and applicable securities laws for securities admitted for trading on the GSE. For avoidance of any doubt, decision on admission of the Bonds to the GSE's official list and trading does not require any approval or consent from the Bondholders or the Bondholders' Representative.

The full or partial transfer of Bonds held by individual Bondholders is allowed provided that (1) the relevant transfer notice is furnished to the Registrar or the Nominal Holder; and (2) the updated information on substitution of a mortgagee as a result of such transfer is to be reflected in the Public Registry. Such transfer is executed through a simple amendment to the Mortgage Agreement, which will be signed and registered by the seller and purchaser of the Bonds; and (3) In consequence to the assignment, Parties should also be substituted or added in the Guarantee Agreement, and such shall be executed essentially in the form annexed to the Guarantee Agreement itself. In any case, deed of assignment and accession for both the Mortgage Agreement and Guarantee Agreement shall be executed before the same notary that certified the security agreements.

Each Bondholder acknowledges that the transfer of Bonds and respective title thereon shall be effective only in the event that the purchaser becomes a party to the annex of the Mortgage Agreement and the Guarantee Agreement - the Deed of Accession, for purposes of the Mortgage Agreement, and such deed is registered in accordance with the Georgian law. Bondholders also acknowledge that in the event of partial transfer of the Bonds, the Public Registry may demand an amendment to the Mortgage Agreement. In such event, other Bondholders are obliged to appear before the Public Registry and sign the relevant amendment to the Mortgage Agreement and execute all required formalities, the costs of which are to be borne by the transferor of the Bonds. In order to perform the mentioned formality, each Bondholder that is not an institutional investor (retail Bondholder), shall issue a Power of Attorney with respect to signing of the Mortgage Agreement and Guarantee Agreement to the Bondholder Representative and shall ensure that such Power of Attorney (which authorizes the Bondholder Representative to sign such amendment to the Mortgage/Guarantee Agreement, which relates to change of parties thereto) is in force for the entire term of the Bonds.

Institutional investors issue similar Powers of Attorney to their representatives, that are based permanently in Georgia.

If a necessity arises for the Bondholders to appear before the Public Registry for the purposes of signing of the amendment to the Mortgage Agreement in the event of transfer of the Bonds, and any Bondholder fails to ensure its or its representative's appearance, due to revocation of the relevant Power of Attorney, its expiry or any other reasons, such Bondholder shall be penalised by a daily 0.05% of the accrued interest on bonds owned by the Bondholder, yet no less than USD 100 (one hundred) for each day of delay and the Issuer shall be authorized to withhold the amount of such penalty from the amounts to be paid under the Prospectus.

The Bonds may be transferred only within the territory of Georgia, in accordance with Georgian law (including the Law on Securities). Transfer of title over Bonds is valid only if such transfer is registered in the Public Registry.

(f) Price Setting

Final amount of offering for prospective investors in the process of offering of the Bonds are determined in light of the expressed demand for purchase of the Bonds (as a result of book-building) in accordance with the procedure set out in Condition 2(a).

(g) Placement

The Issuer and/or the Placement Agents are empowered to issue the Bonds at the Deferred Placement Price after the Issue Date till the date of the expiry of the offer (including the end of the aforementioned date). The deferred placement of the Bonds will take place at the Deferred Placement Price. The investors are allowed to express interest to acquire the deferred Bonds by providing application/notice to the Placement Agent. Notifying the agent about the willingness to purchase the Bonds is possible through electronic means of communication and/or by any other means allowed by the Placement Agent.

Subscribing Investors and those investors, who acquire the Bonds at the Deferred Placement Date (hereinafter, collectively the “**Investors**”) must place the funds required for purchasing relevant number of Bonds on broker account in full no later than 2 (two) Business Days before the Issue Date or before the Deferred Placement Date. The Investor shall open such brokerage accounts with the Placement Agent. The Issuer delivers the Bonds, purchased by the Investor, to the same brokerage account either on the Issue Date or the Deferred Placement Date. In exceptional cases, the Placement Agents may at their discretion allow the Investor to place funds required for purchasing Bonds on the nominal holding account of the Issuer held with the Placement Agents instead of the Investor’s brokerage account with the Placement Agent. In such cases, the Bonds are delivered to the account of the Investor held with the Registrar or with other authorized Nominal Holder.

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

The Issuer will not issue the Bonds defined in this Prospectus and/or annul all the issued Bonds (if any) by returning the money paid by Bondholders for the purchase of the Bonds, if a minimum amount is not subscribed and placed on the Issue Date.

If total number of the Bonds, defined by the Final Prospectus, will not be placed by the end of the offering date, unplaced Bonds shall be annulled (cancelled) and the Issuer of Bonds will provide National Bank of Georgia with information about placed Bonds and listing on the stock exchange – if securities are permitted to the stock exchange and will announce it in accordance with Georgian legislation.

(h) Admission of Securities to Trading on the Stock Exchange

Once the Bonds have been placed, the Issuer intends to apply to the GSE for the admittance of the Bonds to the trading system and listing on the GSE.

3. STATUS

The Bonds constitute secured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. At all times the claims against the Issuer under the Bonds shall rank at least *pari passu* in right of payment with the claims of all other secured -creditors of the Issuer (considering Terms and Conditions 5(a)) save for those claims that are preferred by mandatory provisions of the Governing Law.

4. APPOINTMENT OF BONDHOLDERS' REPRESENTATIVE

(I) By purchasing the Bonds (whether as an initial Bondholder, or as an acquirer (transferee) from an initial Bondholder), each Bondholder and/or Nominal Holder appoints the Bondholders' Representative to act as its agent in all matters relating to the Bonds and in particular those regulated by Condition 5 below and the Agreement (save for declaration of Event of Default and commencement of enforcement process), and authorises the Bondholders' Representative to act on its behalf (without first having to obtain its consent, unless such consent is specifically required by these Terms and Conditions, the Agreement and/or applicable laws) in any legal proceedings relating to the Bonds held by such Bondholder and/or such Nominal Holder.

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

(III) Bondholders (or a Nominal Holder on behalf of a Bondholder) may act directly against the Issuer for in accordance with the Conditions. This shall not affect or cancel the ability of the Bondholders' Representative to receive any information hereunder and issue consents/refusals in relation to rights hereunder in consideration of the fact that should the Event of Default occur, the Bondholders' Representative shall act only on the basis of a Extraordinary Resolution and within the authorization granted thereunder, if any.

5. COVENANTS

(a) Negative Pledge:

So long as any Bonds remain Outstanding, the Issuer shall not, and shall not permit any of its Material Subsidiaries to, directly or indirectly, create, incur or suffer to exist any Liens (or other legal limitation), other than Permitted Lien, on or over any of its or their assets, now owned or hereafter acquired, securing any Indebtedness, unless, in addition, the Issuer's obligations under the Bonds are secured at least equally and rateably with such other Indebtedness or have the benefit of such security or other arrangements, as the case may be, as are satisfactory to the Bondholders' Representative or are approved by an Extraordinary Resolution of the Bondholders.

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

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

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

(c) Mergers:

(I) The Issuer, without the prior written consent of the Bondholders, who own individually or collectively, (directly or through Nominal Holders) at least 67% (sixty-seven percent) of outstanding Bonds, shall not (c.1) enter into any reorganisation (whether by way of a merger, division, or transformation to another legal form) or undergo any other type of corporate reconstruction or (c.2) in a single transaction or a series of related transactions, directly or indirectly, consolidate or merge, sell, convey, transfer, lease or otherwise dispose of, all or an important part of the Issuer's properties or assets (determined on a consolidated basis), unless, in any case:

(i) immediately after the transaction referred to in (c.1) or (c.2) above:

- a. the resulting or surviving person or the transferee (the "**Successor Entity**") shall be the Issuer or, if not the Issuer, the Successor Entity shall expressly assume in form and substance satisfactory to the Bondholders' Representative, executed and delivered to the Bondholders' Representative, all the rights and obligations of the Issuer under the Bonds and the Mortgage Agreement in all material respect; and
- b. the Successor Entity (if not the Issuer) shall retain or succeed to all of the rights and obligations of the Issuer under all of its material governmental permits, licences, consents and authorisations and shall be in compliance with all material regulatory requirements in each of the jurisdictions in which it operates.

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

(iii) the relevant transaction referred to in (c.1) or (c.2) above does not result in a Material Adverse Effect.

(II) The Issuer, without the prior written consent of the Bondholders who own individually or collectively (directly or through Nominal Holders) at least no less than 67% (sixty-seven percent) of outstanding Bonds, shall not: (c.1) enter into any reorganisation (whether by way of a merger, accession, division, separation or transformation) or undergo any other type of corporate reconstruction or (c.2) in a single transaction or a series of related transactions, directly or indirectly, consolidate or merge, sell, convey, transfer, lease or otherwise dispose of, all or substantially all of the relevant Material Subsidiaries' properties or assets, unless, in any case:

(i) immediately after the transaction referred to in (c.1) or (c.2) above:

- a. such Material Subsidiary shall be the Successor Entity; or

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

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

(iii) the relevant transaction referred to in (c.1) or (c.2) above shall not result in a Material Adverse Effect.

(III) Notwithstanding the foregoing, any Material Subsidiary is authorized to consolidate with, merge with (in any form of reorganisation) the Issuer or a Subsidiary (which after the transaction described herein will be deemed to be a Material Subsidiary for the purposes of this Prospectus) or sell, alienate, transfer, lease or otherwise dispose of, in one transaction or a series of related transactions, directly or indirectly, all or substantially all of its assets.

(IV) Notwithstanding the foregoing, this Condition 5(c) shall not apply to (i) transactions between the Issuer and any of its wholly-owned Subsidiaries, (ii) the leasing, sale and disposal of assets in the ordinary course of conducting its business, or (iii) any present or future assets or revenues or any part thereof that are subject to any securitisation or any receivables, asset-backed financing or similar financing structure whereby all payment obligations are to be discharged solely from such assets or revenues, provided that the value of such assets or revenues when aggregated with the total value of revenues does not, at any time, exceed 10% (ten percent) of the Issuer's assets, determined by reference to the consolidated balance sheet of the Group prepared in accordance with IFRS as at the end of the most recent IFRS Fiscal Period.

(d) Disposals:

(I) Notwithstanding anything to the contrary under these Terms and Conditions, the Issuer shall not, and shall ensure that none of its Subsidiaries will sell, convey, transfer, lease or otherwise dispose of, to a Person other than the Issuer or a Subsidiary of the Issuer, as the case may be, by one or more transactions or series of transactions (whether related or not), the whole or any part of its revenues or assets, unless:

(d.1) each such transaction is on arm's-length terms for the Fair Market Value; and

(d.2) with respect to any such transaction providing for a disposal of assets constituting more than 10% (ten percent) of the Consolidated Total Assets of the Issuer determined by reference to the consolidated balance sheet of the Group prepared in accordance with IFRS as at the end of the most recent IFRS Fiscal Period, the Issuer shall, prior to the disposal, provide the Bondholders' Representative a written opinion from an Independent Appraiser to the effect that the transaction is at the Fair Market Value; and

(d.3) at least 75% (seventy-five percent) of the consideration received by the Issuer or its relevant Subsidiary is in the form of cash or Cash Equivalents; or

(d.4) in case only provisions (d.1) and (d.2) of the Condition 5 (d) (I) are met, the Issuer shall require the prior written consent of Bondholders who own individually or collectively, at least 51% (fifty-one percent) of the Outstanding Bonds.

(II) This Condition 5(d) (I) shall not apply to:

- (i) any transaction between the Issuer and any of its wholly-owned Subsidiaries;
- (ii) any lease, sale and disposal of assets in the ordinary course of conducting its business and operations;
- (iii) any present or future assets or revenues or any part thereof that are the subject of any securitisation or any receivables, asset-backed financing or similar financing structure and whereby all payment obligations are to be discharged solely from such assets or revenues, provided that the value of such assets or revenues, which are the subject of the relevant financing structure when aggregated with the value of all assets or revenues does not, at any time, exceed 10% (ten percent) of the Issuer's assets, determined by reference to the consolidated balance sheet of the Group prepared in accordance with IFRS as at the end of the most recent IFRS Fiscal Period;
- (iv) any transaction net proceeds from such disposal, which to not exceed higher of US\$ 8 million in total (or an equivalent amount in any other currency or currencies) or 10% (ten percent) of the Consolidated Total Assets of the Group determined by reference to the consolidated balance sheet of the Group prepared in accordance with IFRS as at the end of the most recent IFRS Fiscal Period, whichever higher.

(e) Transactions with Affiliates

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

(II) With respect to an Affiliate Transaction or a series of related Affiliate Transactions involving aggregate payments or value in any 12-month period in excess of US\$ 2 million, or 2% (two percent) of the Consolidated Total Assets of the Group determined by reference to the consolidated balance sheet of the Group prepared in accordance with IFRS as at the end of the most recent IFRS Fiscal Period, whichever higher, the Issuer shall, prior to the relevant Affiliate Transaction, deliver to the Bondholders' Representative a written opinion from an Independent Appraiser to the effect that such Affiliate Transaction (or series of Affiliate Transactions) is/are at Fair Market Value and is/are fair from a financial point of view to the Issuer or the relevant Material Subsidiary, as the case may be.

(III) The following items shall not be deemed to be Affiliate Transactions and therefore shall not be subject to the provisions of (I) and (II) above:

- (i) any employment agreement entered into by a member of the Group in the ordinary course of business and consistent with the past practice of such member of the Group;
- (ii) transactions between or among the Issuer and its wholly-owned Subsidiaries;
- (iii) payment of reasonable directors' fees to Persons who are not otherwise Affiliates of the Issuer;

(iv) any loans or other form of financing from any direct or indirect shareholder(s) of the Issuer made available for the purpose of financing operations;

(v) Hedging Obligations entered into from time to time for bona fide hedging purposes and not for speculative purposes of the Issuer and the Material Subsidiaries and the unwinding of any Hedging Obligations;

(vi) transactions with customers, clients, suppliers, joint venture partners or purchasers or sellers or other providers of goods or services, or lessors or lessees of property, in each case in the ordinary course of business and otherwise in compliance with the terms of these Conditions which are fair to the Issuer or its Material Subsidiaries or on terms at least as favourable to the Issuer or its Material Subsidiaries as might reasonably have been obtained at such time from an unaffiliated party (in each case, as determined in good faith by a responsible accounting or financial officer of the Issuer);

(vii) the Spin-Off, and any transactions ancillary or incidental thereto.

(f) Payment of Taxes and Other Claims:

The Issuer shall, and shall ensure that its Material Subsidiaries will, pay or cause to be paid, before the same shall become overdue all Tax levied or imposed upon, or upon the income, profits or property of, the Issuer and/or its Material Subsidiaries, provided that for the purposes of this Prospectus neither the Issuer nor any Material Subsidiary shall be required to pay or cause to be paid any such Tax or similar claims (a) the amount, applicability or validity of which is being contested in good faith by appropriate proceedings and for which adequate reserves in accordance with IFRS or other appropriate provision has been made; or (b) the amount of which, together with all such other unpaid Tax or similar claims, does not in the aggregate exceed US\$ 2 (two) million (or an equivalent amount in any other currency or currencies).

(g) Restricted Payments:

(I) The Issuer shall not, and shall procure and ensure that each of its Subsidiaries will not, (g.1) declare or pay any dividend in cash or otherwise or make any other distribution (whether by way of redemption, acquisition or otherwise) in respect of its share capital including such for Subordinated Shareholder Funding, other than dividends or distributions payable to the Issuer or any of its Subsidiaries (and, if a Subsidiary is not a wholly-owned Subsidiary of the Issuer, to the other holders of its share capital on a pro rata basis); or (g.2) directly or indirectly voluntarily purchase, redeem or otherwise retire for value any shares or share capital of the Issuer (any such action in (g.1) or (g.2) being, a "**Restricted Payment**"), unless, at the time of and after giving effect to such Restricted Payment at the time of such payment no Event of Default or Potential Event of Default has occurred and is continuing or would result therefrom; and such Restricted Payments would not result in the Consolidated Net Leverage Ratio for the Issuer's most recently ended 4 (four) full fiscal quarters for which consolidated financial statements prepared in accordance with IFRS are available immediately preceding the date on which such payment occurs (on a pro forma basis after giving effect to any such Restricted Payment) exceeding the thresholds outlined below:

- (a) 6.5 to 1.0 for any such incurrence or issuance on or before 12 October 2023;
- (b) 6.0 to 1.0 for any such incurrence or issuance after 12 October 2023 and on or before 12 October 2024;
- (c) 5.5 to 1.0 for any such incurrence or issuance after 12 October 2024 and on or before 12 October 2025;
- (d) 5.25 to 1.0 for any such incurrence or issuance after 12 October 2025 and on or before 12 October 2026;
- (e) 5.0 to 1.0 for any such incurrence or issuance after 12 October 2026;

and

such Restricted Payment, when aggregated with all other Restricted Payments previously made since the Issue Date, do not exceed the sum of:

- (a) 50% (fifty percent) of the Issuer's Consolidated Net Income for the period beginning on 1 June 2021 and ending on the last day of the preceding fiscal year or semi-annual financial period; and
- (b) 100% (one hundred percent) of the aggregate net proceeds received by the Issuer since the Issue Date from the issuance or sale of its shares and the conversion or exchange of any Indebtedness of the Issuer into or for shares of the Issuer.

(II) Condition 5(g)(I) above will not prohibit:

- (a) Usage or disposal of proceeds from the Bond issuance or making payments with them in accordance with the section 'Reasons for the Offer and Use of Proceeds' of this Prospectus;
- (b) Any payment related to the repurchasing or redemption of the Bonds, by, on behalf of, or for the benefit of the Issuer and/or Subsidiaries;
- (c) So long as no Potential Event of Default or Event of Default has occurred and is continuing, the Restricted Payments, which in an aggregate amount do not exceed US\$ 10 (ten) million (or an equivalent amount in any other currency or currencies) since the Issue Date, provided that
 - (A) no Restricted Payment hereunder can be paid in excess of the sum of:
 - (i) 100% of the Issuer's Consolidated Net Income for the period beginning on 1 June 2021 and ending on the last day of the preceding fiscal year or semi-annual financial period, and
 - (ii) 100% (one hundred percent) of the aggregate net proceeds received by the Issuer since the Issue Date from the issuance or sale of its shares and the conversion or exchange of any Indebtedness of the Issuer into or for shares of the Issuer; and
 - (B) no Restricted Payment hereunder can be financed from the Indebtedness.

(h) Indebtedness:

(I) The Issuer shall not, and shall not cause or permit any of its Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, "**incur**") any Indebtedness (including Acquired Debt) or issue any Disqualified Stock and will not permit any of its Subsidiaries to issue any shares of Preferred Stock, unless the Consolidated Net Leverage Ratio

for the Issuer's most recently ended 4 (four) full fiscal quarters for which consolidated financial statements prepared in accordance with IFRS are available immediately preceding the date on which such additional Indebtedness is incurred is less than:

- (a) 6.5 to 1.0 for any such incurrence or issuance on or before 12 October 2023;
- (b) 6.0 to 1.0 for any such incurrence or issuance after 12 October 2023 and on or before 12 October 2024;
- (c) 5.5 to 1.0 for any such incurrence or issuance after 12 October 2024 and on or before 12 October 2025;
- (d) 5.25 to 1.0 for any such incurrence or issuance after 12 October 2025 and on or before 12 October 2026;
- (e) 5.0 to 1.0 for any such incurrence or issuance after 12 October 2026;

(II) So long as no Potential Event of Default or Event of Default has occurred and is continuing, Condition 5(h)(I) above will not prohibit the incurrence of any of the following items of Indebtedness (collectively, "**Permitted Debt**"): at the time of incurrence of such Indebtedness has not occurred and continuing or the incurrence of such Indebtedness will not result in occurring Event of Default or Potential Event of Default and indebtedness of the Issuer or any Subsidiary (including that which is expressly contractually subordinated in right of payment to the Bonds, provided that the final maturity date of such Permitted Debt exceeds the Maturity Date of the Bonds) in an aggregate principal amount at any time outstanding not to exceed US\$ 8 million (or an equivalent amount in any other currency or currencies); For the avoidance of any doubt, such "Permitted Debt" does not limit the Subordinated Shareholder Funding.

(h.1) Permitted Acquisitions

The Issuer shall not develop greenfield projects, purchase or otherwise acquire property (other than purchases of inventory, materials and equipment in the ordinary course of business), except Permitted Acquisitions. Permitted Acquisition means: the acquisition by the Issuer or a Subsidiary of the Issuer of a business whose general nature of its business is similar to that of the Issuer, is not involved in the development of greenfield power projects, provided that after giving effect to, such Permitted Acquisition the Consolidated Net Leverage Ratio of the Issuer and the acquired business for the most recently ended 4 (four) full fiscal quarters for which consolidated financial statements prepared in accordance with IFRS are available immediately preceding the date on which such Permitted Acquisition is made is less than:

- (a) 6.5 to 1.0 for any such incurrence on or before 12 October 2023;
- (b) 6.0 to 1.0 for any such incurrence after 12 October 2023 and on or before 12 October 2024;
- (c) 5.5 to 1.0 for any such incurrence after 12 October 2024 and on or before 12 October 2025;
- (d) 5.25 to 1.0 for any such incurrence after 12 October 2025 and on or before 12 October 2026;
- (e) 5.0 to 1.0 for any such incurrence after 12 October 2026.

For the purposes of this clause 5(h.1), “greenfield project” means a project that has not been commissioned and operational for at least 12 months prior to acquisition by the Issuer.

(i) Information Disclosure:

(I) The Issuer hereby undertakes that:

(i) After the end of the financial year, but not later than 15th of May, it will disclose the Issuer's audited annual financial statements prepared in accordance with IFRS in accordance with the Securities Legislation;

(ii) After the end of the second quarter of each of the financial years, but not later than 15th of August, it will disclose the Issuer's unaudited interim financial statements for 6 (six) months, prepared in accordance with IFRS in accordance with the Securities Legislation;

(iii) Comply with other current or periodic reporting requirements as defined by Securities Legislation.

(II) For the purposes of Condition 5 (i)(I) of this Condition 5, the Issuer will be considered to have delivered aforementioned information to the Bondholders, if such information has been made publicly available in accordance with applicable legislation;

(III) If the Bondholders' Representative or Bondholders, who own (directly or through Nominal Holders) more than 25% (twenty-five percent) of the Outstanding Bonds, shall assume, that the Event of Default has occurred, they can demand written information regarding the Event of Default or Potential Event of Default from the Issuer and the Issuer is obligated to disclose this information to these Bondholders. The written demand can be presented as one document signed by Bondholders or Nominal Holders or as many documents with the same contents. This type of demand can also be received through the decision of the Bondholders' meeting.

(j) Maintenance of Insurance:

The Issuer and its Material Subsidiaries shall, keep those of their properties which are of an insurable nature insured with insurers, believed by the Issuer or such Material Subsidiary to be of good standing, against loss or damage to the extent that property of similar character is usually so insured by companies in Georgia similarly situated and owning comparable properties.

(k) Compliance with Governing Law:

The Issuer will at all times comply, and shall procure that each of its Material Subsidiaries complies at all times, in all material respects with all provisions of Governing Law, including directives of governmental authorities and regulations.

(l) Change of Business:

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

6. INTEREST

Unless redeemed/cancelled/purchased ahead of schedule in accordance with the conditions set forth in this Prospectus, each Bond will accrue interest, payable every 6 (six) months (at the end of the period), in accordance with the final Term Sheet. The date of payment of each interest provided for in these Terms and Conditions is hereinafter referred to as the "**Interest Payment Date**".

Each Bond will bear interest until the due date for redemption unless payment of principal is improperly withheld or refused. In such event it shall continue to bear interest at such rate until the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant Bondholder.

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

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

7. REDEMPTION AND PURCHASE OF THE BONDS

(a) Redemption:

The Issuer may redeem the Bond(s) prior to their Maturity Date for cancellation by offering to the Bondholder(s) payment of the outstanding principal amount together with accrued and unpaid interest to the date of redemption. In case of the consent of the Bondholder(s) to the said offer, the Bonds, in the relevant part, will be considered redeemed as a result of the principal amount unpaid by the Issuer on the date of withdrawal and the amount of accrued and unpaid interest. For avoidance of any doubt, the Bonds, in the relevant part, will be considered redeemed only with the consent of the relevant Bondholder(s) to the Issuer's offer, and to accept or reject the said offer is the absolute and unconditional discretion of the respective Bondholder(s). Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount (nominal) at its Maturity Date, according to the Term Sheet. The Bonds may not be withdrawn at the discretion of the Issuer, except as provided in the Prospectus (including in accordance with these Terms and Conditions).

(b) Redemption for Taxation:

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 (thirty) nor more than 60 (sixty) days' notice to the Bondholders and Nominal Holders who are registered at the Register (which notice shall be irrevocable), at their principal amount, (together with interest accrued to the date fixed for redemption), if (b.1) the Issuer satisfies the Bondholders' Representative immediately prior to the giving of such notice that it has or will become obliged to pay additional amounts of Tax related to the Bonds as a result of any change in, or amendment to, the laws or regulations of Georgia, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date, and (b.2) such obligation cannot be avoided by the Issuer taking reasonable measures available to it.

(c) Purchase:

The Issuer and its Subsidiaries may at any time purchase Bonds in the open market or otherwise at any price. The Bonds so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be Outstanding for the purposes of calculating quorums at meetings of the Bondholders or for the purposes of Condition 10 (a).

(d) Optional Redemption at Make Whole:

At any time prior to 12 October 2024, the Issuer may, at its option, on giving not less than 15 (fifteen) nor more than 60 (sixty) days' irrevocable notice (the "**Call Option Notice**") to the Bondholders, redeem the Bonds in whole but not in part, at the price which shall be the following:

- (i) the aggregate principal amount of the Outstanding Bonds; plus
- (ii) interest and any additional amounts or other amounts that may be due thereon (if any) accrued but unpaid to but excluding the date on which the call option is to be settled (the "**Call Settlement Date**"); plus
- (iii) the Make Whole Premium.

The Call Option Notice shall specify the Call Settlement Date.

(e) Redemption at the Option of the Bondholders upon a Change of Control:

Upon the occurrence of a Change of Control (as defined below), unless the Issuer has given notice to redeem all of the Bonds as described under this Condition 7, each Bondholder shall have the right to require that the Issuer repurchase all or any part of that Bondholder's Bonds at a purchase price in cash equal to 101% (one hundred and one percent) of the principal amount thereof on the date of purchase plus accrued and unpaid interest, if any, to, but excluding, the date of purchase (subject to the right of Bondholders of record on the relevant Record Date to receive interest due on the relevant Interest Payment Date).

For the purposes of this Condition 7(e), "**Change of Control**" means: the direct or indirect sale, lease, transfer, conveyance or other disposition (including by way of merger or consolidation), in one or a series of related transactions, of (1) all or substantially all of the properties or assets of the Issuer and its Material Subsidiaries (taken as a whole) to any Person other than GCAP or its Affiliates; or (2) 50.0% or more of (i) the issued Capital Stock of the Issuer or (ii) the voting rights of the Issuer (including by trust, contract or otherwise) in each case to any Person other than to GCAP or its Affiliates; or (3) any issued Capital Stock of the Issuer or the voting rights of the Issuer (including by trust, contract or otherwise) in each case to Prohibited Person; or (b) obtaining by any Person or group other than GCAP or its Affiliates the power (whether or not exercised) to elect a sole Director or majority of the Board of Directors of the Issuer.

(f) Optional Redemption after Non-Call Period:

On or after 12 October 2024, the Issuer may on any one or more occasions redeem all or a part of the Bonds upon not less than 15 (fifteen) nor more than 60 (sixty) days' prior written notice, at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest, if any, on the Bonds redeemed, to the applicable date of redemption, if redeemed on or after the dates indicated below, subject to the rights of Bondholders on the relevant Record Date to receive interest on the relevant interest payment date:

Dates	Redemption Price
12 October 2024	102.00%
12 October 2025	101.00%
12 October 2026	100.00%

Unless the Issuer defaults in the payment of the redemption price, interest will cease to accrue on the Bonds or portions thereof called for redemption on the applicable redemption date.

Any redemption and notice may, in the Issuer's discretion, be subject to the satisfaction of one or more conditions precedent (including, without limitation, the incurrence of Indebtedness, the proceeds of which will be used to redeem the Bonds). In addition, if such redemption or notice is subject to satisfaction of one or more conditions precedent, such notice may state that, at the Issuer's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied, or such redemption may not occur and such notice may be rescinded if any or all such conditions shall not have been satisfied by the redemption date, or by the redemption date so delayed.

(g) Partial Redemption:

If less than all of the Bonds are to be redeemed at any time, selection of such Bonds for redemption will be made in compliance with the rules, if any, of any stock exchange on which the Bonds are listed or, if such Bonds are not then listed or there are no such applicable rules, such Bonds shall be selected in such place and in such manner as is fair and reasonable in the circumstances taking account of prevailing market practices. Where some but not all of the Bonds in respect of which a notice of redemption is issued are to be redeemed, the notice of redemption that relates to such Bonds shall state the portion of the principal amount of the Bonds to be redeemed.

(e) Legal Consequences of the Redemption

Upon partial or full redemption of the Bonds by the Issuer, such Bonds shall be treated as treasury securities, meaning that a) the Issuer shall not have the status of the Bondholder and will not be able to exercise any power as determined by the Bond Prospectus; and b) the Issuer shall not have financial claim based on Bonds and thus, will not be Mortgagee as determined by the Mortgage Agreement or a Bondholder as determined by the Guarantee Agreement.

8. SETTLEMENT & PAYMENTS

(a) Method of Payment:

(I) Principal amount and interest on each Bond shall be calculated 3 (three) Business Days before the due date (the “**Record Date**”). Payments shall be made by transfer in USD to the brokerage accounts opened with the Placement Agents of Bondholders and Nominal Holders as recorded in the Register on the Record Date. The Bondholders and Nominal Holders recorded in the Register shall procure that the Registrar has an updated, complete and correct information regarding their respective bank account details where any payments pertaining to the Bonds shall be made. None of the Issuer, the Registrar nor the Calculation and Paying Agent shall be responsible for non-payment of any amount due if the Bondholder or Nominal Holder has failed to provide its bank account details to the Registrar, or to update its bank account details as of the Record Date, as requested by the Issuer or the Registrar.

(II) If the brokerage account of a Bondholder or Nominal Holder referred to in the previous subparagraph is not Placement Agents, then any transaction fees assessed on the payment (transfer) may be deducted from the payment. If the bank account of the Bondholder or Nominal Holder referred to in the previous subparagraph is in any currency other than US dollars, then the payment may be made to the Bondholder or Nominal Holder (as the case may be) net of currency conversion fees.

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

(IV) Processes and limitations with respect to Payments are additionally established by legislation, as well as rules of Registrar and other relevant capital market participants and based on agreement with Calculation and Paying Agent.

(b) Appointment of Agents:

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

Notice of any such change or any change of contact details shall promptly be given to the Bondholders in accordance with the process set out in Condition 14 (“Notices”).

(c) Calculation and Payment:

Any payment to be made in relation to the Bonds (including interest) shall be calculated and paid in accordance with the terms of this Prospectus and Georgian law by the Calculation and Paying Agent. Furthermore, the amount(s) due as calculated by the Calculation and Paying Agent, except for manifest error, shall be binding on the Issuer. The Calculation and Paying Agent shall calculate the amounts at least 3 (three) Business Days before the relevant payment date and notify the Issuer. At least 1 (one) Business Day before the relevant payment date,

the Issuer must place relevant funds in US dollars on its bank account maintained with the Calculation and Paying Agent and instruct the latter to transfer such funds. If there are sufficient funds on the Issuer's account, the Calculation and Paying Agent is entitled, but not obliged, to transfer payments due on Bonds without relevant instructions from the Issuer and in case the funds on the Issuer's account are not sufficient - notify the Issuer and Bondholders' Representative accordingly.

(d) Payments subject to Fiscal Laws:

All payments are subject in all cases to any applicable fiscal or other laws, and regulations of Georgia.

(e) Delay in Payment / Non-Business Days:

Bondholders will not be entitled to any interest, penalty or other payment for any delay in payment after the due date in receiving the amount due on a Bond if the due date is not a Business Day. The due payment will be made on the following Business Day.

9. TAXATION

All payments of principal and interest by or on behalf of the Issuer in respect of the Bonds shall be made after deduction of any applicable Georgian tax withheld at source.

10. EVENTS OF DEFAULT

(I) If any of the following events (the "**Events of Default**") occurs and is continuing based on the Extraordinary Resolution, the Bondholders directly or through issuance of a respective instruction to the Bondholders' Representative, by giving a written notice to the Issuer, can declare that the Bonds are, and they shall immediately become due and payable at 100% (one hundred percent) of their principal amount together (if applicable) with accrued interest:

(a) Non-Payment:

the Issuer fails to pay the principal of, any interest or any other sum due on any of the Bonds when due and such failure to pay is not remedied within 5 (five) Business Days of the due date for payment; or

(b) Breach of Other Obligations:

the Issuer does not/cannot perform any one or more of its such obligations (other than the obligation envisaged in article 10(a) of the Terms and Conditions) set forth in this Prospectus and/or the Mortgage Agreement in the substantiated opinion of the Bondholders's Representative (b.i) incapable of remedy and is material or repeated; or, (b.ii) is capable of remedy and it is not remedied within 30 (thirty) Business Days after notice of such default shall have been given to the Issuer by the Bondholders' Representative; or

(c) Cross-Default:

(I) any other present or future Indebtedness of the Issuer or any Material Subsidiary for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any event of default (howsoever described), or

(II) any such Indebtedness is not paid when due, or, as the case may be, within any originally applicable grace period,

provided that the aggregate amount of the relevant Indebtedness in respect of which one or more of the events mentioned above in this Condition 10(c) (I) and (II) have occurred equals or exceeds US\$ 2,000,000 (two million) or its equivalent in any other currency (as reasonably determined by the Bondholders' Representative); or

(d) Insolvency:

(I) The occurrence of any of the following events:

(i) the Issuer or any Material Subsidiary initiating liquidation or insolvency proceedings; or

(ii) the filing of a claim by any Person in respect of the Issuer or any Material Subsidiary to initiate insolvency proceedings, where such claim is not dismissed within 120 (one hundred and twenty) calendar days from the date of filing; or

(iii) entry into negotiations between the Issuer and its creditors for an out of court settlement of all or substantially all of the Issuer's debts; or

(iv) commencement of liquidation proceedings in respect of the Issuer or any Material Subsidiary based on a decision of a court in a criminal case;

(II) the Issuer or any Material Subsidiary fails or is unable to pay its debts generally as they become due; or

(III) the shareholder(s)/partner(s) of the Issuer approve any plan for the liquidation or dissolution of the Issuer; or

(e) Unsatisfied Judgments, Governmental or Court Actions:

The aggregate amount of unsatisfied judgments, decrees or orders of courts or other appropriate law enforcement bodies for the payment of money against the Issuer or any Material Subsidiary exceeds US\$ 2,000,000 (two million) or the equivalent thereof in any other currency or currencies, or any such unsatisfied judgment, decree or order results in (a) the management of the Issuer or any Material Subsidiary being wholly or partially displaced or the authority of the Issuer or any Material Subsidiary in the conduct of its business being wholly or partially curtailed, (b) all or a majority of the share capital of the Issuer or any Material Subsidiary or the whole or any part (the book value of which is 20% (twenty percent) or more of the total book value) of its revenues or assets being seized, nationalised, expropriated or compulsorily acquired; or

(f) Execution:

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

(g) Authorization and Consents:

any action, condition or thing (including the obtaining or effecting of any necessary consent, decree, approval, authorization, exemption, filing, license, order, recording, registration or other authority) required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its material rights and perform and comply with its payment obligations under the Bonds, its obligations under Condition 5 (Covenants) and its other material obligations under the Bonds, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Bonds and the Prospectus and the Mortgage Agreement and the Guarantee Agreement admissible as evidence in any dispute settlement body, is not discharged, obtained or adopted; or

(h) Validity and Illegality:

the validity of the Bonds or Prospectus, or Mortgage Agreement or Guarantee Agreement is contested by the Issuer or the Issuer denies any of its material obligations under the Bonds, Prospectus, Mortgage Agreement, or Guarantee Agreement or it is, or will become, unlawful for the Issuer to perform or comply with any one or more of its material obligations under any of the Bonds, Prospectus, Mortgage Agreement, or Guarantee Agreement or any of such obligations becomes unenforceable or ceases to be legal, valid and binding.

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

(III) The Issuer has also undertaken that it shall within 14 (fourteen) calendar days after the issuance of its annual audited financial statements, within 14 (fourteen) calendar days after each Interest Payment Date and also within 14 (fourteen) calendar days of any request by the Bondholders' Representative, send to the Bondholders' Representative a certificate of the Issuer signed by its director and its chief financial officer certifying that, having made all reasonable enquiries, to the best of the knowledge, information and belief of the Issuer as of the date of signing the certificate (the "**Certification Date**") no Event of Default or Potential Event of Default had occurred since the Certification Date of the last such certificate (or if none, since the Issue Date), or if Event of Default or Potential Event of Default had occurred, giving details of it; or

(IV) Bondholders' Representative is, on its own behalf, obliged to inform the Bondholders of any occurrence of Event of Default and explain to them their rights with respect to option to declare the Event of Default/to commence the enforcement process. As for the declaration of the Event of Default itself and the enforcement procedures, the Bondholders' Representative shall act only on the basis of the Extraordinary Decision and within its authorization granted thereunder, if any.

11. MEETINGS OF BONDHOLDERS, MODIFICATION AND WAIVER

(a) Meetings of Bondholders:

The Agreement and Terms and Conditions of the Bonds contain provisions for convening meetings of Bondholders to consider matters affecting their interests, including the sanctioning by the resolution passed at a meeting duly convened and held in accordance with this Prospectus and the Agreement by a majority of at least

75% (seventy-five percent) of the attendees (“**Extraordinary Resolution**”) of a modification of any of these Conditions or any provisions of the Agreement. Such a meeting may be convened by Bondholders (and/or Nominal Holders acting on their behalf) holding not less than 10% (ten) in principal amount of the Outstanding Bonds for the time being, to consider, inter alia, the following proposals: (i) to change any financial terms of the Bonds (ii) to change any date fixed for payment of principal or interest in respect of the Bonds; (iii) to alter the method of calculating the amount of any payment in respect of the Bonds; (iv) to change the amount of principal and interest payable in respect of the Bonds; (v) to sanction the exchange or substitution for the Bonds of, or the conversion of the Bonds into, shares, bonds or other obligations or securities of the Issuer or any other entity; (vi) to change the currency of payments under the Bonds (other than such change as may be required by Governing Law); (vii) to change the quorum requirements relating to Bondholders' meetings or the majority required to pass an Extraordinary Resolution; or, (viii) without prejudice to the rights under Condition 11(b) (Modification of the Agreement and Waiver) below to change the definition of Event of Default under these Terms and Conditions; or (ix) to declare the Event of Default, commence relevant enforcement procedures, designate relevant authorized person and other issues related to enforcement, including the cases under Conditions 11 (f); in which case the necessary quorum will be 2 (two) or more persons holding or representing not less than two-thirds, or at any Adjourned Meeting not less than one-third, in principal amount of the Outstanding Bonds for the time being. Any Extraordinary Resolution duly passed shall be binding on Bondholders (whether or not they were present at the meeting at which such resolution was passed).

A resolution in writing signed by or on behalf of the Bondholders who for the time being hold 75% (seventy-five percent) or more of the Outstanding Bonds will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders. Resolution adopted at the Bondholders' meeting will take effect upon its publication on the Issuer's webpage in accordance with Condition 14 of these Terms and Conditions (“Notices”).

All other resolutions to be made by the Bondholders, not qualifying for passing of an Extraordinary Resolution, shall be adopted by Bondholders by a majority of at least 51% (fifty-one percent) of the attendees (“**Ordinary Resolution**”). Such a meeting may be convened by the Issuer and/or by the Bondholders (and/or Nominal Holders acting on their behalf) holding not less than 10% (ten) in principal amount of the Outstanding Bonds for the time being. The quorum for any meeting convened to consider an Ordinary Resolution will be 2 (two) or more persons holding or representing more than 25% (twenty-five percent) of the aggregate principal amount of the Outstanding Bonds for the time being, or at any Adjourned Meeting 2 (two) or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented.

A resolution in writing signed by or on behalf of the Bondholders who for the time being hold 51% (fifty-one percent) or more of the Outstanding Bonds will take effect as if it were an Ordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders. Resolution adopted at the Bondholders' meeting will take effect upon its publication on the Issuer's webpage in accordance with Condition 14 of these Terms and Conditions (“Notices”).

(b) Modification of the Provisions and Waiver:

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

(c) Entitlement of the Bondholders' Representative:

In connection with the exercise of its functions, the Bondholders' Representative shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders resulting without limitation from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Bondholders' Representative shall not be entitled to require, nor shall any Bondholder or Nominal Holder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders.

(d) Convening of Bondholders' Meeting:

the Issuer or the Bondholders, who collectively own no less than 25% (twenty-five percent) of the Outstanding Bonds, (the "**Initiator of the Meeting**") can at any time convene a meeting. The Initiator of the Meeting needs to give notice to the Bondholders and the Issuer at least 14 (fourteen) calendar days before. The notice must be sent according to Condition 14 ("Notices"). This shall contain information about the date, time and place of the meeting. The Issuer and/or its representative has the right to attend the meeting.

The Bondholders and/or their representatives, who will attend the meeting, shall elect a chairperson among themselves; if unavailable, the Issuer shall choose the chairperson. The chairperson can, but does not have to be, a Bondholder or their agent. In case a third party is chosen as the chairperson, that third party must be independent. The chairperson of an adjourned meeting need not be the same person as the chairperson of the original meeting.

No issue shall be discussed (except electing the chairperson) unless there is a quorum. If there is no quorum for 15 (fifteen) minutes from the start of the meeting, the meeting must disband and it shall be adjourned until the chairperson decides such date no less than 14 (fourteen) nor more than 42 (forty-two) calendar days after the first meeting.

(e) Voting:

All the issues set forth at the meeting must be decided by a show of hands, unless a secret ballot is demanded (before the show of hands or disclosing results) by the chairperson, Issuer or by one or more people, who represent

2% (two percent) of the Outstanding Bonds. In case of a secret ballot, the results shall be announced by the chairperson.

If a secret ballot is demanded, it must be conducted in a manner (and according to the conditions described below) and either immediately or after such adjournment, as the chairperson decides. The results of a secret ballot shall be deemed to be a decision of the meeting, at which the secret ballot was demanded. The demand for the secret ballot shall not prevent the meeting continuing for the discussion about other topics.

A secret ballot that is demanded on a question of adjournment of the first meeting or on a the election of a chairperson shall be held at once.

At the meeting, each person has 1 (one) vote on each unit of Bond that he or she owns or represents (in each case). A person who has more than 1 (one) vote is not obliged to use or cast all the votes uniformly. In the event of an equal number of votes, both in the event of a show of hands and a secret ballot, the chairperson shall have a casting vote in addition to the other votes he or she may have.

Documents shall be made about the progress of all meetings and of the decisions taken at it, and if required to be signed by the chairperson of the meeting or of the next successful meeting, it shall be considered as conclusive evidence in relation to the matters under consideration. Until the contrary is approved, each meeting for which the documents of the meeting have been drawn up and signed, shall be deemed to have been duly convened and conducted, and all decisions made or proceedings to have been properly carried out. Any decision taken at the meeting of the Bondholders shall enter into force upon the relevant decision being duly adopted and signed by its chairperson.

The issuer is obliged to notify the Bondholders of any decision at the meeting of the Bondholders (except in case of any change in the terms of the Bonds and/or any rights related to the Bonds) within 14 (fourteen) calendar days, but failure to comply with such obligations shall not invalidate the decision. And in the event of any change in the terms of the Bonds and/or the rights relating to the Bonds, the Issuer shall promptly disclose such information to the public, but failure to comply with such obligations shall not invalidate the decision.

(f) Decision on declaration of the Event of Default

Any Extraordinary Resolution rendered by the Bondholders with the aim of declaring an Event of Default and commencement of relevant enforcement proceedings should be rendered in accordance with the above described procedure. Such Resolution should also cover: (a) decision on the method of enforcement to be utilized by the Bondholders and the sequence thereof (e.g. should they utilize the right to commence enforcement on the basis of obtaining a notary enforcement writ; will they attempt to enforce any security mechanism and if yes – which one, etc.); (b) designation of the relevant person authorized/responsible for enforcement of the relevant resolution; and (c) any other issue that the Bondholders deem necessary for administrative purposes in relation to declaration of the Event of Default.

12. ENFORCEMENT

Following the declaration of the Event of Default, the Bondholders' Representative is authorized to commence relevant enforcement procedures only in the event if (a) it has been so directed by an Extraordinary Resolution and was designated by Bondholders as the person authorised to carry out the enforcement procedures, and (b) it is indemnified and/or pre-funded to its satisfaction.

Each Bondholder acknowledges that the declaration of an Event of Default is an exclusive right of the Bondholders' meeting and they individually are not authorized to carry out any enforcement procedures under the Mortgage Agreement or Guarantee Agreement. Furthermore, the enforcement proceedings shall not commence within 30 Business Days from the declaration of an Event of Default by the Bondholders' meeting and entry into force of the relevant Extraordinary Resolution, during which period the Issuer can challenge the said Extraordinary Resolution in the dispute resolution body defined in these Conditions.

13. INDEMNIFICATION OF THE BONDHOLDERS' REPRESENTATIVE

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

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

14. NOTICES

The Issuer's notice to the Bondholders shall be made by either publication (including without limitation on the Issuer's web-site) or by sending it to the Nominal Holders of the Bonds at their respective electronic mail (e-mail) address or physical mailing address specified in this Prospectus through the Bondholders' Representative.

In case the Issuer's notice is made by publication or by sending it via e-mail, any such notice shall be deemed to have been given on the date of publication or at the date when the respective email was sent. If published or sent more than once, the notice shall be deemed to have been duly given on the first date on which publication is made (or e-mail is sent). In case the Issuer's notice is made by physical mailing, any such notice shall be deemed to have been given on the 4th Business Day after the date of mailing.

The Bondholders shall send notices to the Nominal Holder of Bond(s) at its respective e-mail or physical address as referenced in this Prospectus, unless duly notified otherwise in writing by the Nominal Holder of Bond(s) to the Bondholders.

For the avoidance of any doubt, in case of sending the notice provided for in this Condition in the material form to the appropriate address, the notice shall be deemed to have been duly sent and it shall not require additional mailing. The Issuer will provide the Nominal Holders with information on convening the Meeting of the Bondholders and/or will publish a notice through the Legislative Herald of Georgia.

For the purpose of disclosing regulated information, any public source defined by law (<https://reportal.ge/>; <https://gse.ge/>; Legislative Herald of Georgia, Issuer's website) will be used to publish regulated information, including the fulfillment of the obligations set forth in Article 9 of the National Bank of Georgia's Transparency Rule (181/04), as it may be amended from time-to-time:

- a) Any changes in the public securities holder's rights, including changes in the terms of the securities that may have an indirect impact on the public securities owner's rights or that result from changes in loan terms and interest rates;
- b) Information on interest rates on loan securities, periodic payments, conversion/exchange, purchase or cancellation rights, or repayment;
- c) Information required for the proper exercise of the rights of holders of public securities;
- d) Information on the place, time, agenda and right to participate in the Issuer's shareholders' meeting;
- e) The Issuer plans to use the following sources for different types of regulated information, in case of changes of which it will inform the Bondholders accordingly:
 - i. Periodic financial statements: <https://reportal.ge/>;
 - ii. Information on meetings / decisions and other similar issues to the extent possible: website of the National Agency of Public Registry.
 - iii. Other information listed above or current reports required by law within framework of transparency: website of the Issuer or GSE.

15. DEFINITIONS

The expressions used in these Terms and Conditions (unless the context shall require otherwise) shall have the following meanings:

"Acquired Debt" means, with respect to any specified Person:

- (a) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Subsidiary of, such specified Person; and
- (b) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"Adjourned Meeting" means a meeting of the Bondholders which continues a prior meeting at which a quorum was not present for the adoption of resolution.

"Affiliate" of any specified Person means (a) any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person (for the purposes of this definition, **"control"** when used with respect to any Person means the power to direct or cause the direction of the management or policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise) or (b) any other Person who is a director, supervisory board member or

officer of such specified Person, or of any Subsidiary of such specified Person or of any other Person described in (a).

"Bondholder" means the registered owner (the **"Registered Owner"**, as such term is defined in the Securities Law) of the Bonds.

"Business Day" means any day (other than a Saturday or Sunday) on which commercial banks settle payments and are open for general business (including in foreign exchange) in Tbilisi.

"Cash Equivalents" means:

(a) direct obligations (or certificates representing an interest in such obligations) issued by, or unconditionally guaranteed by, the government of a member state of the European Union on 31 December 2003, the United States of America, Switzerland or Canada (including, in each case, any agency or instrumentality thereof), as the case may be, the payment of which is backed by the full faith and credit of the relevant member state of the European Union, the United States of America, Switzerland or Canada, as the case may be, having maturities of not more than twelve months from the date of acquisition and which are not callable or redeemable at the Issuer's option;

(b) any investment in internationally issued and placed securities issued by or guaranteed by the government of Georgia or the National Bank of Georgia up to a limit of U.S.\$50 million (or an equivalent amount in any other currency or currencies) at any time;

(c) certificates of deposit, time deposits, eurodollar time deposits, money market deposits, overnight bank deposits or bankers' acceptances (and similar instruments) having maturities of not more than twelve months from the date of acquisition thereof issued by any commercial bank provided that either (i) the long term debt of such bank is rated at the time of acquisition thereof at least "A+" or the equivalent thereof by S&P, or "A1" or the equivalent thereof by Moody's or the equivalent rating category of another internationally recognised rating agency, and having combined capital and surplus in excess of U.S.\$250 million (or the foreign currency equivalent thereof as of the date of such investment) or (ii) such bank has its primary registration in a jurisdiction in which the Issuer or a Restricted Subsidiary conducts its business or is organized and which (x) would rank, in terms of combined capital and surplus and undivided profits or the ratings on its long term debt, among the top ten such banks registered in such jurisdiction and (y) the long term debt of such bank is rated at the time of acquisition at least "B1" by Moody's or "B+" by Fitch;

(d) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (a) and (b) above entered into with any financial institution meeting the qualifications specified in clause (b) above;

(e) commercial paper having one of the two highest ratings obtainable from S&P or Moody's, or carrying an equivalent rating by an internationally recognised rating agency, if both of the two named rating agencies cease publishing ratings of investments, and in any case maturing within one year after the date of acquisition thereof; and

(f) interests in any investment company or money market fund the assets of which consist of at least 95% or more of Cash Equivalents of the type referred to in clauses (a) through (d) above.

"Capital Lease Obligation" means, at the time any determination is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalised on a balance sheet prepared in accordance with IFRS, and the Stated Maturity Date thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid or terminated by the lessee without payment of a penalty.

"Capital Stock" means:

- (a) in the case of a corporation, corporate stock;
- (b) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;
- (c) in the case of a partnership or limited liability company, partnership interests (whether general or limited) or, membership interests; and
- (d) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person, but excluding from all of the foregoing any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.

"Consolidated EBITDA" means, without duplication, the Consolidated Net Income of the Issuer and its Subsidiaries for any period, *plus* the following to the extent deducted in calculating such Consolidated Net Income and without duplication with any other item excluded pursuant to the definition of Consolidated Net Income:

- (a) Consolidated Interest Expense;
- (b) Consolidated Income Taxes;
- (c) Consolidated depreciation expense;
- (d) Consolidated amortisation expense;
- (e) Consolidated foreign exchange gains or losses;
- (f) other non-cash charges, write-downs or items reducing Consolidated Net Income including, but not limited to, write-off of goodwill, loss on the sale of equipment or any other disposal of assets, provisions and recovery of provisions for asset impairment, and inventory write-down, and any items classified by the Issuer as special, extraordinary, exceptional, unusual or nonrecurring items *less* other non-cash items of income increasing Consolidated Net Income (excluding any such non-cash item of income to the extent it represents a receipt of cash in any future period),

in each case, for such period on a consolidated basis determined in accordance with IFRS.

"Consolidated Income Taxes" means Taxes or other payments, including deferred Taxes, based on income, profits or capital of any of the Issuer and its Subsidiaries whether or not paid, estimated, accrued or required to be remitted to any governmental authority.

"Consolidated Interest Expense" means, for any period (in each case, determined on the basis of IFRS), the consolidated net interest income/expense of the Issuer and its Subsidiaries, whether paid or accrued, including

any pension liability interest cost, *plus* or including (without duplication) any interest, costs and charges consisting of:

- (a) interest expense attributable to Capital Lease Obligations;
- (b) amortisation of debt discount, debt issuance cost and premium;
- (c) non-cash interest expense;
- (d) commissions, discounts and other fees and charges owed with respect to financings not included in clause (b) above; and
- (e) dividends or other distributions in respect of all Disqualified Stock of the Issuer and all Preferred Stock of any Material subsidiary, to the extent held by Persons other than the Issuer or a Subsidiary of the Issuer.

"Consolidated Net Income" means, with respect to any specified Person for any period, the aggregate of the net income/(loss) of such Person and its Subsidiaries for such period, on a consolidated basis, determined in accordance with IFRS and without any reduction in respect of Preferred Stock dividends; *provided*, however, that there will not be included in such Consolidated Net Income:

- (a) consolidated depreciation expense;
- (b) consolidated amortisation expense;
- (c) any net gain (or loss) realised upon the sale or other disposition of any asset or disposed operations of the Issuer or any Subsidiaries (including pursuant to any sale/leaseback transaction) which is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by an officer or the Board of Directors of the Issuer);
- d) any unrealised gains or losses in respect of Hedging Obligations or any ineffectiveness recognised in earnings related to qualifying hedge transactions or the fair value of changes therein recognised in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations;
- (e) the impact of capitalised, accrued or accreting or pay-in-kind interest or principal on Subordinated Shareholder Funding;
- (f) any foreign currency, gains and losses;
- (g) any income or profit taxes; and
- (h) any other non-recurring expenses not covered by (a) through (g) above.

"Consolidated Net Leverage" means, with respect to any specified Persons and as at any date of determination, an amount equal to (and without duplication) the aggregate of (a) Indebtedness of the specified Person and its Subsidiaries on a consolidated basis as calculated in accordance with the then most recently available consolidated financial statements of such Person prepared in accordance with IFRS, less (b) the aggregate cash and Cash Equivalents of such Person and its Subsidiaries on a consolidated basis in accordance with IFRS (other than cash

and/or Cash Equivalents which are the proceeds of Indebtedness incurred on the date of determination in respect of which the calculation of the Consolidated Net Leverage Ratio is to be made), less (c) internationally listed fixed income securities on the Issuer's balance sheet.

"Consolidated Net Leverage Ratio" means, with respect to any specified Person and as at any date of determination, the ratio of Consolidated Net Leverage of such Person on such date to Consolidated EBITDA of such Person for the most recent 4 (four) consecutive fiscal quarters for which consolidated financial statements for the specified Person (prepared in accordance with IFRS) are publicly available (or are made available) immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock or Preferred Stock is issued, as the case may be. In the event that the specified Person or any of its Subsidiaries incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness (other than ordinary course working capital borrowings) or issues, repurchases or redeems Preferred Stock subsequent to the commencement of the period for which the Consolidated EBITDA is being calculated and on or prior to the date on which the event for which the calculation of the Consolidated Net Leverage Ratio is made (the "**Calculation Date**"), then the Consolidated Net Leverage Ratio will be calculated giving pro forma effect to such incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, or such issuance, repurchase or redemption of Preferred Stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four-quarter reference period.

In addition, for purposes of calculating the Consolidated Net Leverage Ratio:

- (a) acquisitions of businesses or assets that have been made by the specified Person or any of its Subsidiaries, including through mergers, consolidations, amalgamations or other business combinations and including any related financing transactions during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date (or that are to be made on the Calculation Date), will be given pro forma effect as if they had occurred on the first day of the four-quarter reference period and Consolidated EBITDA and Consolidated Net Leverage for such reference period will be calculated on a pro forma basis in accordance with IFRS;
- (b) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded;
- (c) any Person that is a Subsidiary on the Calculation Date will be deemed to have been a Subsidiary at all times during such four-quarter period; and
- (d) any Person that is not a Subsidiary on the Calculation Date will be deemed not to have been a Subsidiary at any time during such four-quarter period.

For the purposes of this definition and the definitions of Consolidated EBITDA and Consolidated Net Income, pro forma calculations will be as determined in good faith by a responsible financial or accounting officer of the Issuer. Notwithstanding anything else in these Conditions, in determining the Consolidated Net Leverage Ratio, no cash or Cash Equivalents shall be included that are the proceeds of Indebtedness in respect of the incurrence of which the calculation of the Consolidated Net Leverage Ratio is to be made.

"Consolidated Total Assets" or "Consolidated Assets" means, with respect to any specified Person and as at any date of determination, the consolidated total assets of such Person and its consolidated Subsidiaries, shown in the most recently available consolidated accounts prepared by such Person in accordance with IFRS.

"Control" means the power to direct the management, the policies and the business of the Issuer, whether through the ownership of share capital, by contract or otherwise ("Controlled" being constructed accordingly).

"Deferred Placement Date" means any date after the Bond Issue Date until the end of the Offering Period when the Bond is issued at the Deferred Placement Price.

"Deferred Placement Price" means nominal value of the Bond plus interest accrued from the Bond Issue Date to the Deferred Placement Date.

"Disqualified Stock" means Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case, at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, on or prior to the date that is 6 (six) months after the date on which the Bonds mature. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the Issuer to repurchase such Capital Stock upon the occurrence of a change of control or an asset sale will not constitute Disqualified Stock if the terms of such Capital Stock provide that the Issuer may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with Condition 5(g) (Restricted Payments).

"Equity Interests" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"Event of Potential Default" means the occurrence of an event or circumstance that would, with the giving of notice, lapse of time and/or issue of a certificate, become an Event of Default.

"Fair Market Value" of a transaction means the value that would be obtained in an arm's length commercial transaction between an informed and willing seller (under no undue pressure or compulsion to sell) and an informed and willing buyer (under no undue pressure or compulsion to buy). A report of the Independent Appraiser of the Fair Market Value of a transaction may be relied upon by the Bondholders' Representative without further enquiry or evidence.

"Fiscal Period" means any fiscal period for which the Issuer has produced consolidated or individual financial statements in accordance with IFRS.

"Governing Law" means the laws of Georgia.

"Group" means the Issuer and its Material Subsidiaries and Subsidiaries taken as a whole.

"GSE" means the Georgian Stock Exchange JSC.

"Guarantee" means the payment of principal and interest in respect of the Bonds and all other moneys payable by the Issuer which has been unconditionally and irrevocably guaranteed by the Guarantors on a joint and several basis in accordance with the Guarantee Agreement (the **"Guarantees"** and each a **"Guarantee"**). The Guarantees will become effective on the Issue Date.

"Guarantor" means any of the following: Hydrolea LLC, Geoenergy LLC, Hydro Georgia LLC, Kasleti 2 LLC, GRPC Trade LLC, Svaneti Hydro JSC, Qartli Wind Farm LLC and any Material Subsidiary.

"Hedging Obligations" means, with respect to any specified Person, the obligations of such Person under:

(a) currency exchange, interest rate or commodity swap agreements, currency swap, interest rate or commodity cap agreements, currency exchange, interest rate or commodity collar agreements and foreign exchange contracts or futures contracts;

(b) other agreements or arrangements designed to manage interest rates or interest rate risk; and

(c) other agreements or arrangements designed to protect such Person against fluctuations in currency exchange rates or commodity prices.

"IFRS" means International Financial Reporting Standards (formerly International Accounting Standards), issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (as amended and supplemented from time to time).

"Indebtedness" means, with respect to any specified Person, any indebtedness of such Person (excluding accrued expenses and trade payables, and without duplication):

(a) in respect of borrowed money;

(b) evidenced by bonds, notes, debentures or similar instruments;

(c) representing reimbursement obligations in respect of letters of credit, bank guarantees, guarantees, banker's acceptances or similar instruments (except to the extent any such reimbursement obligations relate to trade payables), in each case, only to the extent that the underlying obligation in respect of which the instrument was issued would be treated as Indebtedness. For avoidance of any doubt, such instruments shall not include off-balance sheet liabilities;

(d) representing Capital Lease Obligations;

(e) representing any Hedging Obligations;

(f) any amount raised under any other transaction (including without limitation any forward sale or purchase agreement) having the economic or commercial effect of a borrowing, and the amount of indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations, as described above; or

(g) all Indebtedness of others secured by a Lien on any asset of the specified Person, whether or not such Indebtedness is assumed by the specified Person (provided, however, that the amount of such Indebtedness will be the lesser of (i) the Fair Market Value of such asset at such date of determination (as determined in good faith by the Issuer) and (ii) the amount of such Indebtedness of such other Persons), and, to the extent not otherwise included, the guarantee by the specified Person of any Indebtedness of any other Person,

provided that the foregoing indebtedness shall be included in this definition of Indebtedness only if, and to the extent that, the indebtedness would appear as a liability upon a balance sheet of such Person prepared in accordance with IFRS.

The aggregate amount of Indebtedness of any Person at any time in the case of a revolving credit or similar facility shall be equal to the total amount of funds borrowed and then outstanding.

The term "Indebtedness" shall not include:

(a) for the avoidance of doubt, any contingent obligations in respect of workers' compensation claims, early retirement or termination obligations, pension fund obligations or contributions, or similar claims, obligations or contributions or social security or wage taxes;

(b) in connection with the purchase by the Issuer or any Material Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; provided, however, that at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid within 30 (thirty) days thereafter;

(c) deposits or prepayments received by the Issuer or a Material Subsidiary for services or products to be provided or delivered; or

(d) Subordinated Shareholder Funding; or

(e) Purchasing or redemption of the Bonds by, on behalf of, or for the benefit of the Issuer and/or Subsidiaries.

"Independent Appraiser" means an audit firm or third-party expert in the matter to be determined and selected by the Issuer and (i) representing any of the Big 4 Accounting Firms (Deloitte & Touche, Ernst & Young, KPMG or PricewaterhouseCoopers and their member firms and affiliates), or (ii) subject to the approval of the Bondholders' Representative, any other audit firm or third-party expert, provided that it is not an Affiliate of the Issuer.

"Issue Date" means the date when the Bonds are issued, as indicated in the Term Sheet.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement or anything analogous to any of the foregoing under the laws of any jurisdiction.

"Make Whole Premium" means, with respect to any Bond redeemed pursuant to Condition 7(d) (Optional Redemption at Make Whole) on any redemption date, the excess of: (i) the present value at such redemption date of the redemption price of such Bond at 12 October 2024 (such redemption price being set forth in the table appearing in Condition 7(f) (Optional Redemption after Non-Call Period)), plus any required interest payments that would otherwise be due to be paid on such Bond from the Call Settlement Date through 12 October 2024 (excluding accrued but unpaid interest to the redemption date), calculated using a discount rate equal to the Treasury Rate at the Call Settlement Date plus 50 basis points, over (ii) the aggregate principal amount of the Outstanding Bond at the Call Settlement Date, as calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer may engage, provided that if the value of the Make Whole Premium at any time would otherwise be less than zero, then in such circumstances, the value of the Make Premium will be equal to zero. For the

avoidance of doubt, the calculation of the Make Whole Premium shall not be a duty or obligation of the Registrar or any Paying Agents.

"Material Adverse Effect" means a material adverse change in, or material adverse effect on, (a) the business, properties, condition (financial or otherwise), results of operations or prospects of the Issuer or the Group (b) the Issuer's and/or the Guarantors' ability to perform their obligations under the Bonds or Guarantees (c) the validity or enforceability of Bonds, or Guarantees.

"Material Subsidiary" means any Subsidiary of the Issuer which meets any of the following conditions:

(a) the Issuer's and/or its other Subsidiaries' proportionate share of the Consolidated Total Assets (after intercompany eliminations and determined in accordance with IFRS) of such Subsidiary exceeds 10% (ten percent) of the Consolidated Total Assets of the Issuer and its Material subsidiaries as of the end of the most recently completed financial year; or

(b) the Issuer's and/or its other Material subsidiaries' equity in the consolidated income from continuing operations before income taxes, extraordinary items and cumulative effect of a change in accounting principle of such Subsidiary exceeds 10% (ten percent) of such Consolidated EBITDA of the Issuer and its Subsidiaries for the most recently completed financial year; or

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

(d) is a Guarantor.

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

"Owner" means a Subsidiary of the Issuer that is a legal owner of any of the immovable properties with respect to the land plots and right to build in respect of the immovable properties to be mortgaged under the Mortgage Agreement in favor of the Bondholders;

"Parent" means any Person of which the Issuer at any time is or becomes a Subsidiary after the Issue Date, resulting in such Person possessing the direct or indirect power to direct or cause the direction of the management and policies of the Issuer, whether through ownership of voting securities, by contract or otherwise.

"Permitted Liens" means:

(a) Liens in existence on the Issue Date;

(b) Liens granted by any Subsidiary in favor of the Issuer or any wholly-owned Subsidiary of the Issuer;

(c) Liens securing Indebtedness of a Person existing at the time that such Person is merged into or consolidated with the Issuer or a Subsidiary of the Issuer or becomes a Subsidiary of the Issuer, provided that such Liens (i) were not created in contemplation of such merger or consolidation or event; and (ii) do not extend to any assets or property of the Issuer or any Subsidiary of the Issuer (other than those of the Person acquired and its Subsidiaries (if any));

(d) Liens already existing on assets or property acquired or to be acquired by the Issuer or a Subsidiary of the Issuer, provided that such Liens were not created in contemplation of such acquisition and do not extend to any other assets or property (other than the proceeds of such acquired assets or property);

(e) Liens granted upon or with regard to any property hereafter acquired by any member of the Group to secure the purchase price of such property or to secure Indebtedness incurred solely for the purpose of financing the acquisition of such property and transactional expenses related to such acquisition, provided that the maximum amount of Indebtedness thereafter secured by such Security Interest does not exceed the purchase price of such property, transactional expenses and/or the Indebtedness incurred solely for the purpose of financing the acquisition of such property;

(f) any netting or set-off arrangement entered into by any member of the Group in the ordinary course of its business for the purpose of netting debit and credit balances;

(g) any Liens upon, or with respect to, any present or future assets or revenues or any part thereof which is created pursuant to any securitisation of receivables, asset-backed financing or similar financing structure and whereby all payment obligations secured by such Liens or having the benefit of such Liens, are to be discharged solely from such assets or revenues, provided that the aggregate value of assets or revenues subject to such Liens when added to the aggregate value of assets or revenues does not, at any such time, exceed 10% (ten percent) of the Issuer's assets, determined by reference to the consolidated balance sheet of the Group prepared in accordance with IFRS as at the end of the most recent IFRS Fiscal Period;

(h) Liens upon, or with respect to, any present or future assets or revenues or any part thereof which is created pursuant to any Repo transaction;

(i) Liens arising pursuant to any agreement (or other applicable terms and conditions) which is standard or customary in the relevant market relating to interest rate and foreign currency hedging operations;

(j) any Liens arising by operation of law and in the ordinary course of business including tax and other non-consensual Security Interests; and

(k) any Liens not otherwise permitted by the preceding subparagraphs (a) to (j), inclusive, provided that the aggregate principal amount of the Indebtedness secured by such Liens does not at any time exceed lower of US\$8,000,000 (or an equivalent amount in any other currency or currencies) or 5% (five percent) of the Consolidated Total Assets of the Group, determined by reference to the consolidated balance sheet of the Group prepared in accordance with IFRS as at the end of the most recent IFRS Fiscal Period, whichever lower.

"Person" means any natural or legal person, corporation, firm, partnership, joint venture, association, trust, institution, organization or state entity, whether or not having separate legal personality.

"Preferred Stock" as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated), which is preferred as to the payment of dividends or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

"Prohibited Persons" means any person, organisation or vessel (i) designated on the OFAC list of Specially Designated Nationals and Blocked Persons, the Consolidated List of Persons, Groups and Entities Subject to EU

Financial Sanctions, or the Consolidated List of Financial Sanctions Targets maintained by Her Majesty's Treasury, or on any list of targeted persons issued by an Agency administering Sanctions; (ii) that is, or is part of, a government of a Sanctioned Country; (iii) owned or controlled by, or acting on behalf of, any of the foregoing; or (iv) located within or operating from a Sanctioned Country.

“Prospectus“, **„Preliminary Prospectus“**, **“Final Prospectus“**, **“Term Sheet“**, **“Final Term Sheet“**, **“Preliminary Term Sheet“**, **“offering“** (same as public offering) and any other terms not specifically defined herein shall have the definitions attributed to them under the Securities Legislation.

"Repo" means a securities repurchase or resale agreement or reverse repurchase or resale agreement, a securities lending or rental agreement or any agreement relating to securities which is similar in nature to any of the foregoing.

"Restricted Payment" has the meaning given to it in Condition 5(g) of the Terms and Conditions.

"Sanctioned Country" means a country, region or territory that is the subject or the target of Sanctions, including, without limitation, Crimea, Cuba, Iran, Myanmar, North Korea, South Sudan, Sudan, Syria and Sevastopol.

"Sanctions" means any sanctions or other similar restrictive measures administered and/or enforced by the United States government, the United Nations, the European Union (or any of its member states), the United Kingdom or any other equivalent governmental or regulatory authority, institution or agency that administers economic, financial or trade sanctions, or the respective governmental institutions and agencies of any of the foregoing, including, without limitation, OFAC, the United States Department of State and including, without limitation, the designation as a "specially designated national" or "blocked person", the United States Department of Commerce, the United Nations Security Council and Her Majesty's Treasury.

"Securities Law" means the law of Georgia on Securities Market, adopted on 24 December 1998 as amended from time to time.

“Securities Legislation” means defined term “Legislation on Securities” under the **Securities Law**.

"Security Interest/Encumbrance" means any mortgage, pledge, encumbrance, lien, charge or other security interest/encumbrance (including, anything analogous to any of the foregoing under the laws of any jurisdiction).

"Spin-Off" means the spin-off of Darchi LLC from its sole (100%) partner Hydrolea LLC, to be effected by a disposition of 100% (one hundred percent) of the assets and equity interests in Darchi LLC to Georgian Renewable Power Company JSC or any Affiliate thereof.

"Stated Maturity Date" or “Maturity Date” means, with respect to any instalment of interest or principal on any series of Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the documentation governing such Indebtedness as of the first date it was incurred in compliance with the terms of these Terms and Conditions, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof. In terms of Bonds, the agreed Maturity Date of payment of principal amount and accrued and unpaid interest (if any) is determined by the Term Sheet.

"Subordinated Shareholder Funding" means any funds provided to the Issuer by any Parent, any Affiliate of any Parent or any Affiliate thereof, in exchange for or pursuant to any security, instrument or agreement other than Equity Interests, in each case issued to and held by any of the foregoing Persons, together with any such security,

instrument or agreement and any other security or instrument other than Equity Interests issued in payment of any obligation under any Subordinated Shareholder Funding; provided, however, that such Subordinated Shareholder Funding:

(a) does not mature or require any amortisation, redemption or other repayment of principal or any sinking fund payment prior to the first anniversary of the Stated Maturity Date of the Bonds (other than through conversion or exchange of such funding into Equity Interests (other than Disqualified Stock) of the Issuer or any funding meeting the requirements of this definition);

(b) does not require, prior to the first anniversary of the Stated Maturity Date of the Bonds, payment of cash interest, cash withholding amounts or other cash gross-ups, or any similar cash amounts;

(c) contains no change of Control or similar provisions and does not accelerate and has no right to declare a Default or Event of Default or take any enforcement action or otherwise require any cash payment, in each case, prior to the first anniversary of the Stated Maturity Date of the Bonds;

(d) does not provide for or require any Security Interest or encumbrance over any asset of the Issuer or any of its Subsidiaries;

(e) does not contain any covenants (financial or otherwise) other than a covenant to pay such Subordinated Shareholder Funding at maturity; and

(f) pursuant to its terms or other agreement, is fully subordinated and junior in right of payment to the Bonds and the Guarantees pursuant to subordination, payment blockage and enforcement limitation terms which are customary in all material respects for similar funding.

"Subsidiary" means, in relation to any Person (the "First Person"), any other Person (the "Second Person") (a) whose affairs and policies the First Person directly or indirectly Controls or (b) as to whom the First Person owns directly or indirectly more than 50% (fifty percent) of the capital, voting share or the share. For the purposes of these Terms and Conditions, Subsidiary shall not include the Issuer's indirect subsidiary Darchi LLC under any circumstances.

"Tax" means any tax, duty, impost or other similar charge, no matter which jurisdiction arising in (including fines and penalties thereon) and no matter how levied.

"Treasury Rate" means the yield to maturity at the time of computation of United States Treasury securities with a constant maturity most nearly equal to the period from the Call Settlement Date to the Maturity Date. The Issuer will obtain such yield to maturity from information compiled and published in the most recent Federal Reserve Statistical Release H.15 (519), which has become publicly available at least 2 (two) Business Days (but not more than five Business Days) prior to the Call Settlement Date (or, if such Statistical Release is not so published or available, any publicly available source of similar market data selected by the Issuer in good faith)); provided, however, that if the period from the Call Settlement Date to the Maturity Date is not equal to the constant maturity of a United States Treasury security for which a weekly average yield is given, the Treasury Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of United States Treasury securities for which such yields are given, except that if the period from the Call Settlement Date to the Maturity Date is less than 1 (one) year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of 1 (one) year shall be used.

“Outstanding” refers to the Bonds that have been placed but have not been repaid, redeemed, repurchased or withdrawn to the date originally scheduled for the payment, or matured according to these "Terms & Conditions".

“Georgia Capital PLC” („GCAP“) means Issuer’s 100% ultimate parent and indirect owner, listed on the premium segment of the London Stock Exchange .

16. GOVERNING LAW AND JURISDICTION

(a) Governing Law: The Prospectus and the Bonds and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, Georgian law.

(b) Jurisdiction: Any dispute, controversy or claim arising out of or relating to this Prospectus and/or the Bonds (including any claim, dispute or difference regarding their issuance, existence, termination or validity or any non-contractual obligations arising out of or in connection with the Prospectus or the Bonds) shall be referred to and finally settled by arbitration in accordance with the effective UNCITRAL Arbitration Rules, by one arbitrator appointed by LCIA (London Court of International Arbitration). The seat and place of arbitration shall be London, England and the English language shall be used throughout the arbitral proceedings.

TAXATION OF BONDS IN GEORGIA

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

Withholding Tax on Interest

Pursuant to the Tax Code of Georgia, interest paid to Bondholders (resident and nonresident individuals and nonresident legal person) will be subject to withholding tax at the source of payment at the rate of 5% (five percent). Further, the abovementioned interest taxed at source shall not be included by a recipient resident individual in his gross income.

Payments of interest on the Bonds will be exempt from withholding tax at the source and such payments will not be included in gross income of a Bondholder, if the Bonds are issued by a resident legal entity by public offering before 1 January 2023 and allowed on the organized market recognized by the NBG (listing A and B category of the GSE).

The interest accrued on the Bonds is exempt from withholding the income tax at the source and it shall not be considered a gross income of a Bondholder, if the Bonds are issued by a resident of Georgia and allowed to trade in a foreign country recognized stock exchange.

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

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

Taxation of Bond Alienation

Revenue received by a resident legal entity issued by the public offering in Georgia and from the Bonds issued, which are allowed to be traded on an organized market recognized by the National Bank of Georgia is exempt from taxation to a resident of Georgia and non-resident individuals and non-resident legal entities.

If the exemption mentioned above does not apply, the following tax liabilities may arise:

Taxation of profit from sale of Bonds by Non-Resident Legal Entity Bondholders:

Profit of non-resident legal entities (taxable object - difference between initial and sale prices) will be taxed at a 15% (fifteen percent) tax rate. If such sale triggers a tax exposure, the selling non-resident entity will be under an obligation to properly report and pay such profit tax to the Georgian tax authorities, or if the sale is done through a Georgian brokerage company, such brokerage company will be responsible for withholding the applicable tax. The applicability of Georgian profit tax may be affected by a double tax treaty between Georgia and the country of residency of the selling entity.

Taxation of profit from sale of Bonds by Non-Resident Individual Bondholders:

Profit of non-resident individuals (taxable object - difference between initial and sale prices) is taxed at a 20% (twenty percent) rate. If such sale triggers a tax exposure, a relevant non-resident individual will be under an obligation to properly report and pay such income tax to the Georgian tax authorities, or if the sale is done through a Georgian brokerage company, such brokerage

company will be responsible for withholding the applicable tax. The applicability of Georgian income tax may be affected by a double tax treaty between Georgia and the country of residency of the seller individual.

Exemptions may be available to certain individual Bondholders if such individuals maintain ownership of Bonds for more than 2 (two) calendar years and not use them in economic activity.

Taxation of profit from sale of Bonds by Resident Legal Entity Bondholders:

The surplus income received by the resident legal entity of Georgia (the difference between the initial and sale prices) shall be taxed in accordance with the rules established by the legislation of Georgia, when distributing the profit (15% (fifteen percent) rate).

Taxation of profit from sale of Bonds by Resident Individual Bondholders:

Income from resident individuals (taxable object - difference between initial and sale prices) will be taxed at a 20% (twenty percent) rate. If the sale is done through a Georgian brokerage company, such brokerage company will be responsible for withholding the applicable tax.

Exemptions may be available to certain individual Bondholders if such individuals maintain ownership of Bonds for more than 2 (two) calendar years and not use them in economic activity.

Tax on Payment of Principal

The principal amount received by the Bondholders on redemption of the Bonds shall not be treated as their taxable income and, therefore, shall not be subject to taxation in Georgia provided that the redemption price at maturity does not exceed the original issue price.

Value Added Tax

Sales (supply) of the Bonds are exempt from Value Added Tax in Georgia.