Limited Liability Company

“Nikora Trade“

(Identification Code: 206255808)

Final Prospectus

IMPORTANT INFORMATION FOR THE INVESTORS:

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

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

Limitation of the liability:

Approval of this Prospectus by the National Bank of Georgia relates to its form only and may not be viewed as a conclusion on the accuracy of the content of the Prospectus or value of the investment described herein. Further, to the fullest extent permitted by applicable law, no person (including without limitation the Placement Agent, the Bondholders' Representative, the Calculation and Paying Agent, the Registrar, other advisers to the Company, nor any of their affiliates, directors, advisers or agents), other than the Issuer, accepts any responsibility whatsoever for the contents of this Prospectus, the accuracy or completeness of the information contained in this Prospectus or for any other statement, made or purported to be made by any of them or on its/their behalf in connection with the Company or the issue and offering of the securities described herein. The Placement Agent and the advisers to the Company accordingly disclaim all and any liability they might otherwise have in respect of this Prospectus or any such statement.

The Placement Agent is acting exclusively for the Issuer and no one else in connection with the offer. It will not regard any other person (whether or not a recipient of this Prospectus) as its client in relation to the offer. Therefore, the Placement Agent will not be responsible to anyone other than the Company for providing services or for giving advice in relation to the offer or any transaction or arrangement referred to herein.

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

The investor’s representation: The attached Prospectus is delivered to the prospective investor at his request and on the basis that the investor has confirmed to JSC Galt & Taggart (the "**Placement Agent**") and Nikora Trade LLC (the "**Company**" or the "**Issuer**") that the investor (i) is located outside United States and is not a US person (as defined in Regulation S under the United States Securities Act of 1933, as amended, and (ii) is located outside of the United Kingdom and the 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 you are located.

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

A hard copy of the Prospectus will be made available to the investor upon request made to the Placement Agent.
Restriction: If a person has gained access to this document contrary to the foregoing restrictions, he will not be authorized to purchase any of the securities described therein.

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

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

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Limited Liability Company

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Final Prospectus

US$ 5,000,000 (five million) Bonds with fixed interest (coupon) rate 11% per annum. The Bonds are guaranteed by JSC Nikora (the "**Guarantor**"). **In particular, the Guarantor hereby undertakes liability on a joint and several basis to fulfill obligations of the Issuer arising from the issuance and placement of the Bonds.The Bonds mature in 2 years from the date of their issue and placement. The nominal value of each Bond is US$ 1,000 (one thousand). Issue price: 100% of the nominal value.**

This Prospectus (the "**Prospectus**") is prepared by **Nikora Trade LLC**, incorporated in Georgia under the laws of Georgia on 14 August 2006, Identification Code **206255808**, legal address: 11 M. Kavtaradze Street. Tbilisi, Georgia ("**Company**" or the "**Issuer**").

This Prospectus is prepared in relation to issuance of 5,000 (five thousand) guaranteed coupon Bonds (debt securities with fixed interest rate) of the Company. Bonds are guaranteed by JSC Nikora (the "**Guarantor**"). In particular, the Guarantor hereby undertakes liability on a joint and several basis to fulfill obligations of the Issuer arising from the issuance and placement of the Bonds. The nominal value of each Bond is US$ 1,000 (one thousand US Dollars); annual interest (coupon) rate of 11% per annum of the nominal value. The interest will accrue on the Bonds from the Bond Issuance and Placement Date until the Maturity Date. The interest on the Bonds will be paid semi-annually on the dates specified in the "*Overview of the Offering*" (*see, pg 10*). First payment of the interest will be made on September 18, 2016. The Bonds will be redeemed at the principal amount together with the accrued and unpaid interest (if any) on March 18, 2018.

The Company may redeem the Bonds in whole, but not in part, at their outstanding principal amount together with accrued and unpaid interest to the date of redemption in the event of certain changes affecting taxation in Georgia (see "*Terms and Conditions of the Bonds*", Condition 7 (b) – "*Redemption for Taxation*").

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

The Bonds will constitute unsecured obligations of the Company, as the Company obligations regarding Bonds are not secured by the registered pledge over the assets of the Company or of any of the third party. The Bonds are secured (guaranteed) by the joint and several guarantee of the Guarantor. Guarantor's obligations are unsecured and unsubordinated obligations of the Guarantor.

As soon as possible after placement of Bonds but no later than May 18, 2016, the Issuer may submit an application to the Georgian Stock Exchange ("**GSE**") for the Bonds to be admitted to listing on the GSE's official list and to trading on GSE. In case of such admission, the Bonds may be traded on the GSE.

An investment in Bonds involves high risk. Any prospective investor, who will purchase the Bonds, should be prepared to face the economic risk of his investment and take into account the fact that the repayment of the principal amount of the Bonds and accrued interest will depend on the Issuer's solvency. See "*Risk Factors" of* the Prospectus regarding the types of the risk factors related to investment in the Bonds. Neither this Prospectus nor any other information supplied by the Company or the Placement Agent in connection with the Bonds is intended to provide an evaluation of the risks involved in investing in Bonds. Each investor is advised to make his own evaluation of the potential risks involved.

This Prospectus and information provided therein may be subject to alteration and addition in case of change of circumstances. The Issuer will notify the investors about such alterations and additions in accordance with the legislation. Sale or public offering of the Bonds described herein is prohibited until the Prospectus is approved by the National Bank of Georgia. Offering of the Bonds described in this Prospectus is made within the jurisdiction of Georgia as allowed by the applicable laws of Georgia. This Prospectus does not constitute an offer of securities for sale in any jurisdiction in which such offer is unlawful. The Bonds have not been and will not be registered in any other country (other than Georgia). The Bonds have not been, and will not be registered under the United States Securities Act of 1933, as amended ("**US Securities Act**") or any US state securities laws, and except pursuant to the concrete exemptions envisaged by the US Securities Act, it is prohibited to sell, offer to sell or supply the Bonds in the United States.

In addition, none of the Issuer, Guarantor or the Placement Agent has authorized an offer of the Bonds to any person in the United Kingdom. This Prospectus may not be distributed and the Bonds may not be offered and sold to persons in the United Kingdom. The distribution of this Prospectus and the offering of the Bonds in certain jurisdictions, and to residents of such jurisdictions may be prohibited or restricted by the laws of such jurisdictions, therefore the use of the Prospectus to offer the Bonds to persons in such jurisdictions is not allowed. Persons into whose possession this Prospectus comes are required by the Company and the Placement Agent to inform themselves about and to observe any such restrictions.

The final Prospectus will be prepared and will be available to public in accordance with the Law of Georgia on Securities Market. The final Prospectus will be published and will be available on the website of the Company and/or on the Guarantor's website.

The company and the Guarantor accept responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Company (which has taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to significantly affect the accuracy and completeness of such information.

None of the Company, the Guarantor or the Placement Agent make any representation to any potential or actual purchaser of the Bonds regarding the legality of an investment in the Bonds by such purchaser under appropriate investment or similar laws applicable to such purchaser.

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

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

In making any investment decision, investors must rely on their own examination of the Company, the Guarantor the Bonds and the terms of this offering, including the merits and risks involved. See "*Risk Factors*". Each potential investor must determine the suitability of an investment in the Bonds in light of such investor's own circumstances. In particular, each potential investor should:

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

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where the currency for principal and interest payments (the US dollar) is different from the potential investor's currency;

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

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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FORWARD-LOOKING STATEMENTS

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

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

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. These risks, uncertainties and other factors include, among other things, those listed under "Risk Factors", as well as those included elsewhere in this Prospectus.

Investors should be aware that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements.

Accordingly, investors should not place undue reliance on forward-looking statements and, when looking at forward-looking statements, should carefully consider the foregoing factors and other uncertainties and events, especially in light of the political, economic, social and legal environment in which the Company operates. The forward-looking statements in this Prospectus speak only as of the date of this Prospectus. The Company does not undertake any obligation to update or revise any of them (whether as a result of new information, future events or otherwise), other than as required by applicable laws.

Company does not make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario. These cautionary statements qualify all forward-looking statements attributable to the Company or persons acting on the Company's behalf and any projections made by third parties included in this Prospectus.

PRESENTATION OF FINANCIAL AND CERTAIN OTHER INFORMATION

Financial Information

The audited combined financial statements of and for the years ended 2014 (which also includes comparative financial statements of and for year ended 2013) for Nikora Trade LLC (referred as "the Company") which is included in this Prospectus, have been prepared in accordance with International Financial Reporting Standards("**IFRS**") issued by the International Accounting Standards Board (the "**IASB**"), including all International Accounting Standards and Interpretations issued by the IASB and the International Financial Reporting Interpretations Committee of the IASB that are relevant to the Company's operations.

Combined financial statements of the Company of and for year 2014 (which also includes comparative financial statements of and for year 2013) have been audited by independent auditor PKF Georgia LLC in accordance with ISAs (International Standards of Auditing).

Nikora Trade LLC was incorporated on August 14, 2006, starting its operations in 2010. Before year 2010 company supermarkets were operating under "Masivi" brand name.

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

Market, Industry and Economic Information

The Company obtained the market data used in this Prospectus from internal surveys, industry sources and public information currently available. The main sources for market information and foreign exchange data used in this Prospectus are the National Bank of Georgia ("**NBG**"), European Investment Bank ("**EIB**") and World Bank.

The Company obtained Georgian macroeconomic data principally from the Legal Entity of Public Law National Statistics Office of Georgia ("**Geostat**") and the Government of Georgia ("**Government**"). The Company accepts responsibility for having correctly reproduced information obtained from third parties, and, so far as the Company is aware and has been able to ascertain from information published by those third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

General Information

Unless otherwise stated all information contained in this Prospectus, including all historical financial information, is information of the Company.
Capitalized terms have the meanings ascribed to them in the "Definitions" section of this Prospectus.

Currency and Exchange Rates

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

Solely for the convenience of the reader, this Prospectus contains translations of certain Lari amounts into US dollars at exchange rates established by the NBG and effective as of the dates, of for the periods, specified herein. These exchange rates may differ from the actual rates used in the preparation of the Financial Statements and other financial information appearing in this Prospectus. The inclusion of these exchange rates is not meant to suggest that the Lari amounts actually represent such US dollar amounts or that such amounts could have been converted into US dollars at any particular rate, or at all. The following table sets forth, for the years indicated, the high, low, average and period-end official exchange rates as reported by the NBG, in each case for the purchase of Lari, all expressed in Lari per US dollar.

	High	Low	Average	Period End
	Lari per US dollar			
2014	1.952	1.724	1.764	1.879
2013	1.738	1.635	1.663	1.736
2012	1.675	1.619	1.651	1.657
2011	1.811	1.639	1.686	1.670
2010	1.888	1.693	1.783	1.773

The following table sets forth, for the 2015 months indicated, the high, low, average and period-end official exchange rates as reported by the NBG, in each case for the purchase of Lari, all expressed in Lari per US dollar.

	High	Low	Average	Period End
	Lari per US dollar			
January 2015	2.058	1.954	1.759	2.056
February 2015	2.264	1.993	2.093	2.165
March 2015	2.229	2.108	2.193	2.228
April 2015	2.309	2.235	2.259	2.309
May 2015	2.364	2.255	2.323	2.311
June 2015	2.310	2.238	2.262	2.248
July 2015	2.279	2.246	2.257	2.279
August 2015	2.416	2.271	2.321	2.347
September 2015	2.450	2.349	2.396	2.382
October 2015	2.407	2.378	2.392	2.398

Source: NBG

OVERVIEW OF THE OFFERING

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

The Offer	US$ 5,000,000 debt securities (Bonds) due on March 18, 2018.
Issuer	Nikora Trade LLC (Identification Code: 206255808; established on 14 August 2006)
Guarantor	JSC Nikora (Identification Code: 200050675; established on 18 December 1998)
Security	Coupon bond (fixed interest bearing security)
Nominal Value	US$ 1,000 (one thousand US Dollars)
Number of Bonds	5,000 (five thousand)
Total Issue Price	US$ 5,000,000 (five million US Dollars)
Minimum placement lot	10 bonds (10,000 US$)
Incremental amount	1 bond (1,000 US$)
Interest (coupon)	The Bonds will bear interest at the rate in range of 11% per annum including applicable taxes.
Issue Price	100% of the principal amount (nominal value) of the Bonds
Bond Issuance and Placement Date	The Bonds will be issued and placed by March 18, 2016
Maturity Date	The Bonds will be redeemed on March 18, 2018 at their principal/nominal value together with accrued and unpaid interest (if any)
Guarantee	The Guarantor has agreed to guarantee, unconditionally and irrevocably, to the maximum extent permitted by law, the due and punctual payment of all sums from time to time payable by the Company in respect of the Bonds (the "**Guarantee**"). The total maximum limit of the Guarantor's liability under the Guarantee shall be the principal amount of total issued Bonds plus the accrued interest before the maturity date capped at maximum amount of USD 6 100 000.
Status of the Guarantee	The Guarantee is a joint and several guarantee and ensures the fulfilment of the Company's obligations to the bondholders arising from or relating to the Bonds within the maximum limits allowed under the law.
Placement Agent	JSC Galt & Taggart (Identification Code: 211359206)
Bondholders' Representative	JSC Galt & Taggart (Identification Code: 211359206)
Calculation and Principal Paying Agent	JSC Galt & Taggart (Identification Code: 211359206)
Registrar	JSC United Securities Registrar of Georgia (Identification Code: 205156374)
Interest Accrual and Payment	The interest is accrued on the Bonds at the abovementioned rate from the date of issuance and placement of Bonds until the maturity date. The interest will be accrued based on a 365-day year. The accrued interest will be payable semi-annually on September 18, and March 18 each year. The first payment of interest will be made on September 18, 2016

Status and Ranking of the Bonds................................	The Bonds constitute unsecured and unsubordinated obligations of the Company and shall at all times rank *pari passu* and without preference amongst themselves. The Bonds shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least *pari passu* in right of payment equally with all other unsubordinated creditors of the Company
Form of the Bonds	The Bonds will be issued in dematerialized registered form. The Ownership interest in Bonds will be shown in the Register maintained by the Registrar and in registries maintained by Nominal Holders of the Bonds (as defined in the "*Terms and Conditions of the Bonds*"), and transfers of the Bonds shall be effected only through corresponding entries in the respective registries
Redemption...	The Company may buy back the Bonds on secondary market prior to their maturity and hold such Bonds in treasury for further trading. The Company may redeem the Bond(s) prior to their maturity for cancellation by offering to the Bondholder(s) payment of the outstanding principal amount together with accrued and unpaid interest to the date of redemption. In addition, in certain cases, the Bonds may be redeemed at the option of the Company or of the Guarantor, in whole, but not in part, at any time upon giving notice to the Bondholders, at their outstanding principal amount together with accrued and unpaid interest to the date of redemption in the event of certain changes affecting taxation in Georgia *(see "Terms and Conditions of the Bonds", Condition 7 (b) – "Redemption for Taxation")*
Negative Pledge and Other Covenants	Pursuant to the Terms and Conditions of the Bonds, the Issuer is subject to restrictions on the pledge of its assets except for certain Permitted Security Interests, and to other restrictions on the conduct of its business, disposal of assets and finances (See, "*Terms and Conditions of the Bonds*", Condition 5 (*Covenants*))
Event of Default..	If an Event of Default has occurred, the Bondholders' Representative (and in certain circumstances, Bondholders and/or Nominal Holders) may give notice that the Bonds are, and the Bonds shall immediately become, due and payable at 100% of the principal amount together with (if applicable) accrued interest. See "*Terms and Conditions of the Bonds* - Condition 10 (*Events of Default*)".
Withholding Tax	All payments of principal and interest by or on behalf of the Issuer in respect of the Bonds shall be made net of any applicable Georgian withholding tax.
Use of Proceeds	The net proceeds received by the Company from the issuance of the Bonds will be used for financing of expansion and development projects See "*Use of Proceeds*".
Listing and Admission to Trading...............................	The Issuer intends to make applications to the Georgian Stock Exchange for the Bonds to be admitted to listing on the official list and to the trading system of the Georgian Stock Exchange,

	as soon as practicable after the placement of the Bonds, but not later than May 18, 2016.
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 and the Guarantee shall be resolved by submission to the courts in Georgia, pursuant to the rules set out in the Prospectus
Risk Factors	Prospective investors shall consider carefully all the information set forth in this Prospectus and, in particular, the information set forth under "*Risk Factors*" before making a decision on investment in the Bonds
Contact Information of the Issuer	Nikora Trade LLC (Identification Code: 206255808) 11 M. Kavtaradze street, Tbilisi, Georgia; Tel: (995 32) 730-003; E-mail: [durushadze@nikoratrade.ge]
Contact Information of the Guarantor	JSC Nikora (Identification Code: 200050675) 11 M. Kavtaradze street, Tbilisi, Georgia; Tel: (995 32) 695-550; E-mail: [irakli.bokolishvili@nikora.ge]
Contact Information of the Placement Agent.............	JSC Galt & Taggart (Identification Code: 211359206); Address: 79 Agmashenebeli Ave. 0102 Tbilisi, Georgia; Tel: (995 32) 240-1111; E-mail: ikirtava@gt.ge
Contact Information of the Bondholders' Representative	JSC Galt & Taggart (Identification Code: 211359206); Address: 79 Agmashenebeli Ave. 0102 Tbilisi, Georgia; Tel: (995 32) 240-1111; E-mail: ikirtava@gt.ge
Contact Information of the Registrar	JSC United Securities Registrar of Georgia (Identification Code: 205156374); Address: 11 Mosashvili Str. 0162 Tbilisi, Georgia; Tel: (995 32) 225-1560; E-mail: info@usr.ge
Security Codes (ISIN)	Security code will be assigned by the National Bank of Georgia after submission of the final Prospectus

RISK FACTORS

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

Macroeconomic Risks and Political Risks Related to Georgia

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

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

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

Global growth declined in the first half of 2015, reflecting a further slowdown in emerging markets and a weaker recovery in advanced economies. It is now projected at 3.1 percent for 2015 as a whole, slightly lower than in 2014. Prospects across the main countries and regions remain uneven. Relative to last year, growth in advanced economies is expected to pick up slightly, while it is projected to decline in emerging market and developing economies. With declining commodity prices, depreciating emerging market currencies, and increasing financial market volatility, downside risks to the outlook have risen, particularly for emerging market and developing economies.The main regional risk stems from protracted Russia-Ukraine crisis and prolonged EU-USA sanctions on Russia, which would adversely affect exports and remittances among Georgia's major trading partners. As these risks to growth continue to dominate, the global economy and Georgia may face market turmoil and external vulnerabilities. These developments have created an unfavorable environment globally and in Georgia and could have a material adverse effect on the Company.

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

Georgia, which is bordered by Russia, Azerbaijan, Armenia and Turkey, could be affected by further political unrest within its borders and in surrounding countries. In particular, Georgia has had ongoing disputes with Abkhazia, the Tskhinvali region, and Russia since the restoration of its independence. These disputes have led to sporadic violence and breaches of peace-keeping operations. Most recently, in August 2008, the conflict in Tskhinvali escalated as Georgian troops engaged with local militias and Russian forces that crossed the international border, and Georgia declared a state of war (the "**2008 Conflict**"). Although Georgia and Russia signed a French-brokered ceasefire that called for the withdrawal of Russian forces later that month, Russian troops continue to occupy Abkhazia and the Tskhinvali region and tensions continue. Russia has indicated that it views as hostile the eastward expansion of the North Atlantic Treaty Organization (NATO) (potentially including ex-Soviet republics such as Georgia). Furthermore, Russia-Georgia relations may further deteriorate in the context of the Association Agreement between Georgia and the European Union (the "**EU Association Agreement**"), signed in June 2014, including the Deep and Comprehensive Free Trade Agreement ("**DCFTA**"), which envisages a free trade regime with Europe.

The EU Association Agreement offers the potential of closer Georgian economic integration with the EU provided that Georgia adjusts certain elements of its legal, judicial and economic systems to meet EU standards. But there can be no assurance that Georgia will be able to meet these standards and realize the potential economic benefits of closer integration with the EU.

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

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

Macroeconomic factors relating to Georgia, such as gross domestic product (GDP), inflation, interest rates and currency exchange rates, as well as unemployment, personal income and the financial situation of companies, have a material impact on profit/loss, margins and customer demand for the Company's products and services, which materially affects the Company's business, financial condition and operating results.

Although the Georgian economy has shown signs of improvement in recent years, with real GDP growth of 6.4% in 2012, 3.4% in 2013 and 4.6% in 2014, similar growth might not continue. According to Geostat, the country's real GDP growth slowed to 2.7% in 9M15 as deterioration in external environment significantly weighed on exports and remittances. Driven by adverse external factors Lari depreciated by 27.2% against USD in 2015.

Georgia faces significant downside risks to growth outlook, including risks to exchange rate, financial stability, inflation, budget execution and capital flight. Market turmoil and economic deterioration in Georgia could also have a material adverse effect on the liquidity, financial condition of the Company's clients, which could, in turn, result in decreased demand for the Company's products. In such an environment, consumer spending may decline. Any of these conditions could have a material adverse effect on the Company.

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

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

In addition, a lack of stability in the currency market may adversely affect Georgia's economy. There was significant instability in the Lari-US dollar exchange rate following the Russian financial crisis of August 1998, following the 2008 Conflict, at the end of 2013, triggered by increased Government spending and the tapering of quantitative easing in the US and at the end of 2014 driven by weaker external environment and increased government spending.

While the Lari generally appreciated against the US dollar and other major international currencies from 2001 to 2008, it then generally depreciated against the US dollar and other major international currencies until February 2011, when it began to appreciate again. In November 2008, the NBG devalued the Lari by 16.1%, a measure aimed at alleviating the negative impact of the global financial crisis on the Georgian economy. The Lari was generally stable in 2012 and in the first 10 months of 2013. With Federal Reserve tapering and increased Government spending, the Lari depreciated against the US dollar by 6.6% between November 2013 and January 2014. From mid-February 2014 till mid-November 2014 lari remained broadly stable against the dollar, however external factors and increased uncertainty prompted lari depreciation by the end of 2014. Lari lost 7.3% of its value in 2014 and depreciated sharply by 27.2% in 2015.

The ability of the Government and the NBG to limit any volatility of the Lari will depend on a number of political and economic factors, including the NBG's and the Government's ability to control inflation, the availability of foreign currency reserves and FDI and other hard currency inflows. Any failure to control these factors, or a major depreciation or further devaluation of the Lari, could adversely affect Georgia's economy.

According to Geostat estimates, annual inflation in Georgia, as measured by the end-of-period consumer price index ("**CPI**"), was 2.0% in 2014, 2.4% in 2013, -1.4% in 2012 and 2.0% in 2011. Inflation started to rise from April 2015, reaching 4.9% in December 2015, with core inflation increasing by 7.0%. According to the NBG, inflation will pick up in the beginning of 2016 and move to the target value of 5.0% from the second half of 2016. High and sustained inflation could lead to market instability, a financial crisis, a reduction in consumer purchasing power and erosion of consumer confidence.

Any of these eventualities could lead to a deterioration in the performance of Georgia's economy and negatively affect the businesses of the Company's customers, which could, in turn, have a material adverse effect on the Company.

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

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

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

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

Risks Related to the Company's Business and Industry

Company's business strategy

The Company's business strategy is based on the key areas of fresh food, high quality, value and service, backed by the Company's unique vertical integration capability. Company's business operations are based on customers' needs and on the changes that are taking place in the retail market. If the Company adopts the wrong business strategy, fails to implement its strategies effectively or does not properly communicate them effectively, this could have a material adverse effect on the operational and financial performance of the Company.

The Company is exposed to certain risks in respect of the expansion and development of new or existing retail stores

The Company has grown rapidly since it started operations. Store network grew rapidly from 52 stores in 2010 to the current portfolio of 203 stores. There can be no certainty that the Company will be able to open new stores in the future at the rate or at the same level of cost, the Company has achieved in prior periods over the near- to medium-term.

Recent growth along with the projected growth could impose a significant pressure on management and may divert management's attention from day-to-day operations of business.

As the result of the Company's rapid growth recently, it may face more intense competition, as a result of which Company may be unable to achieve new store profitability within the timeframe it has achieved in the past, which may have an adverse effect on past results of operations. In addition, there can be no assurance that same-store sales of the old stores will grow at a rate sufficient to compensate for any decline in the growth rate of the recent store openings. As part of the strategy, Company aims to further enhance profitability by continuing to focus on the productivity of the existing stores, by using its purchasing power to achieve more favorable pricing terms from the suppliers and by closely monitoring its operating expenses, as well as seeking to optimize the product mix. Company's failure to maintain or improve pricing terms from the suppliers or to maintain the profitability of the existing stores as the business grows would have an adverse effect on the profit margins in the future.

The Georgian retail FMCG market is highly competitive and there can be no certainty that Company will be able to successfully compete against its existing and future competitors

Retail industry is highly competitive. Company competes with a variety of retailers of varying sizes and faces increased competition from Georgian retailers as well as from international operators.

Performance of the Company's competitors and changes in their operational and other business strategies, pricing, service introductions and the entry of local or national competitors into new markets or the introduction of competing new brands could cause the Company to experience lower sales revenues, higher operating expenses and/or lower profit margins. If Company fails to provide products at competitive prices, if customers are not satisfied with Nikora Trade product selection, or if Company's private label products do not provide an off-setting advantage, Company's customers may reduce or discontinue their purchases in favor of the competitors. These and other factors could cause the Company to experience lower sales revenues, lose market share or compel to respond to aggressive pricing policies undertaken by its competitors, with a resulting decline in current profit margins.

Company aims to have a broad appeal in price, range and store format in a way that allows competing in different markets. Company regularly reviews market, trading opportunities and the activities of the competitors; tracks performance against a range of measures that customers point out are critical to their shopping trip experience and constantly monitors customer perceptions of the Company and its competitors to ensure that the Company can respond quickly if it needs to.

Company is sensitive to changes in general macroeconomic conditions and consumer demand in Georgia

The profitability of the Company's business could be adversely affected by the worsening of general economic conditions. The Company has no control over changes in inflation and interest rates, foreign currency exchange rates and controls, the price of commodities or other economic factors affecting its business such as household and consumer spending. These factors make it more difficult for the Company to anticipate changes in its supplier costs, its customers' propensity to spend within the Company and may have a materially adverse effect on the performance of the Company in terms of its operations and financial results.

Fluctuations in the Georgian retail FMCG market have historically been correlated with changes in the general economic conditions, with consumption generally growing in times of economic expansion and contracting during recessions. The recent economic slowdown in Georgia has an impact on general macroeconomic conditions as well as on levels of household consumption. Even though Company believes the economic slowdown has not had a material impact on Company's growth rate during recent months, if the Georgian economy continues to slow down, this could result in depressed household consumption and economic uncertainty, which could have a material adverse effect on Company's ability to successfully execute its growth strategy, or on its business, financial condition and results of operations. Reduction in consumer demand in Georgia could also result in a failure to meet certain performance-related discounts under Company's current supply agreements, resulting in an adverse effect on Company's results of operations. For further information on macroeconomic conditions and industry trends, see ''Macroeconomic Risks and Political Risks Related to Georgia.''

As a result of selling food products, Company may face the risk of product liability claims, product recalls and adverse publicity

The packaging, marketing, distribution and sale of food products purchased from others, as well as production of foods under Company's private label brand names, entail a risk of contamination or deterioration, which could potentially lead to product liability, product recall and resultant adverse publicity as well as unanticipated costs and operational disruption. The flaws in the products may be introduced during the growing, manufacturing, storage, handling and transportation phases. Company's suppliers are legally responsible for any contamination or damage to goods during the production phase. However, Company may also become partially or fully liable to consumers as a result of being part of the product distribution chain. There can be no assurance that the Company will not face direct product liability claims from customers. In addition, Company may be subject to inspections by government authorities monitoring the conformity of its products to Georgian food safety regulations, and, therefore, Company may face administrative fines if it is found not to be in compliance with these regulations.

Nikora Trade LLC does not have product liability insurance, but the Company believes it has all the necessary instruments to protect itself against product liability claims to some degree through pursuing claims against other parties in the distribution chain. However, claims relating to defective products could have a material adverse effect on Company's ability to market its products successfully and on its business, financial condition and operating results. Further, although the Company has not made any product recalls from customers due to its own fault in the past, if it faces such situation in the future, any such product recall could adversely affect both Company reputation with existing and potential customers and its corporate and brand image, and any lost confidence on the part of Company's current customers would be difficult and costly to reestablish.

Company's future success is dependent on its senior management's experience and expertise

Network of business contacts and close supervision of the business by senior management team and other key personnel, along with their efforts, diligence and skills are key factors the business relies on. The loss of any of those key individuals or other employees, who have specific knowledge relating to the business and the industry, could have an adverse effect on current business, financial condition and results of operations. Loss of insight into local market conditions could have an adverse impact on business operations, in particular if the Company were to lose such an employee to a competitor. Company's success also depends, to a great extent, on its ability to attract, motivate and retain quality employees throughout its organization as scale of business grows. If one or more members of the senior management team or key personnel were to resign, the loss of such personnel could result in a failure or delay to achieve some or all of its commercial and strategic targets. This may result in additional duties for the remaining members of management which could have a material adverse effect on current business, financial condition and results of operations.

Operational risks factors

Operational risk is the risk of direct or indirect losses resulting from human factors, external events and inadequate or failed internal processes and systems. Operational risks are inherent within the Company's operations and are typical of any large enterprise. In particular, the Company is reliant on its information technology systems and operational infrastructure in order to trade efficiently. Failure to implement such needed replacement programs, when existing systems approach the end of their useful lives without disruption may have a detrimental impact on continuing business operations and any such failure would have a significant impact on the Company's ability to trade and may have a materially adverse effect on its operations and financial results.

Physical damage to Company facilities could result in material losses

Company properties could suffer physical damage from fire, floods, earthquakes, burglary or other causes, resulting in losses which may not be compensated as none of the Company assets are insured. In addition, certain types of risks (such as war and terrorist acts) may be uninsurable or the cost of insurance may be prohibitive when compared to the risk. Occurrence of a severe fire, flood, earthquake or other similar hazardous event in or around any of the cities in which Company stores and distribution centers are located could cause damage, which can have a material adverse effect on current business, results of operations and financial condition.

Company is exposed to risks in currency fluctuations, in particular those affecting U.S. dollar and euro

Company’s main operational currency is the Georgian Lari. However, Company has an exposure to currency exchange fluctuations as rents for certain of the stores are denominated in U.S. dollars. In 2014, rent expense, which is predominantly rent paid for the stores (excluding the rent expense in general administrative expenses), represented 20% of Company’s total marketing and sales expenses. In 2014, approximately 75 to 77% of the rent expenses have been in currencies other than the Georgian Lari. As Company’s financial statements are prepared in Georgian Lari, appreciation of the value of these currencies against Georgian Lari has a negative impact on Company’s operating profit.

Company’s expenses may remain constant or increase, even if income decreases, causing Company’s financial condition and results of operations to be adversely affected.

Costs associated with retail business, such as mortgage payments, real estate and personal property taxes, insurance, utilities and corporate expenses, are relatively inflexible and generally do not decrease, and may increase, when per square meter sales decrease. If Company is unable to decrease its operating costs when revenue declines, Company’s financial condition and ability to make distributions to its stockholders may be adversely affected. In addition, inflationary price increases could result in increased operating costs, to the extent that Company is unable to pass along those price increases or to recover operating revenues, which could adversely affect Company’s financial condition, results of operations and ability to make distributions to the stockholders. Conversely, deflation can result in a decline in general price levels caused by a decreased in the supply of money or credit. The predominant effects of deflation are high unemployment, credit contraction and weakened consumer demand.

Company may face risks relating to cyber security attacks that could cause loss of confidential information and other business disruptions.

Company relies extensively on computer systems to process transactions and manage its business including stock management, and may be impacted by cyber security attacks. These could include attempts to gain unauthorized access to the Company data and computer systems. Attacks can be both individual and/or highly organized attempts organized by very sophisticated hacking organizations. Company employs a number of measures to prevent, detect and mitigate these threats, which include password protection, frequent password change events, firewall detection systems, frequent backups, a redundant data system for core applications and annual penetration testing; however, there is no guarantee such efforts will be successful in preventing a cyber attack. A successful attack could disrupt and affect the business operations.

Other Risks Relating to Emerging Markets

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

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

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

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

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

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

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

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

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

Risks Relating to the Bonds

The market price of the Bonds may be volatile

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

The Bonds constitute unsecured bonds

The Bonds are unsecured bonds. Accordingly, any claims against the Company under the Bonds would not be secured by any of the assets of the Company and would be satisfied after any secured creditors, who hold security on the assets of the Company. The ability of the Company to pay such claims will depend upon, among other factors, its liquidity, overall financial strength and ability to generate asset flows.

The Company's obligations under the Bonds are secured (guaranteed by) the joint and several guarantee of the Guarantor. At the same time, Guarantee is an unsecured obligation of the Guarantor. Therefore, any claims against the Guarantor will not be secured and would be satisfied after any secured creditors. The Guarantor’s ability to satisfy such claims will depend upon its liquidity, general financial strength, access to capital and other factors.

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

The terms and conditions of the Bonds are based on the laws of Georgia in effect as of the date of this Prospectus. There can be no assurance in terms of the impact of judicial decisions or changes in law or administrative practice in Georgia after the date of this Prospectus.
The Company intends to make an application to the GSE for the Bonds to be admitted to listing on the GSE's official list and to trading on the GSE. The Parliament of Georgia was considering certain changes to securities legislation in 2013 that could negatively affect listing of the Bonds and their admission to trading on the GSE as well as maintaining such listing and admission in the future. Although these draft amendments were widely criticized and were not adopted, any future changes to the securities legislation could have a negative effect on the listing and admission to trading of the Bonds and the trading market for the Bonds.

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

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

Governmental and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal, on the Bonds.

An investment in the Bonds involves certain legal investment considerations

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

Transfer of the Bonds will be subject to certain restrictions

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

Investors in the Bonds must rely on procedures of the Registrar, the Bondholders' Representative and in corresponding cases - Nominal Holders of the Bonds

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

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

The terms and conditions of the Bonds may be modified or waivers for breaches of the terms and conditions may be issued in the future

The terms and conditions of the Bonds contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders, including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

There may not be an active trading market for the Bonds

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

Other Regulatory Risks

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

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

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

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

USE OF PROCEEDS

Net proceeds received by the Company from the issuance of Bonds are intended to support Company's long term strategic plans and further development of the business.

CAPITALISATION AND INDEBTEDNESS

The table below sets out the Company's capitalization and indebtedness as of 31 December 2014. This table should be read in conjunction with the sections entitled "Selected Historical Financial Information" and "Operating and financial review of the Company by Management", as well as the financial statements of and for year 2014, together with the related notes, all of which are reproduced elsewhere in this Prospectus or annexes to Prospectus.

	As at 31.12. 2014 ***Audited*** ***(thousands of Lari)***
Total Debt	***6,684***
Total current debt	**3,374**
Guaranteed	-
Secured	3,374
Unguaranteed/unsecured	-
Total non-current debt (excluding current portion of long-term debt)	**3,310**
Guaranteed	-
Secured	3,310
Unguaranteed/unsecured	-
Shareholders' equity	**2,399**
Charter capital	2,000
Accumulated profit / (loss)	383
Non-Controlling Interest	15
Total Capitalization	**9,083**

SELECTED HISTORICAL FINANCIAL INFORMATION

Prospective investors should read the selected financial and other information in conjunction with the information contained in the following sections of this Prospectus: "Risk factors", "Capitalization and Indebtedness", "Operating and Financial Review of the Company by Management", "Description of Business" and the consolidated financial statements, including the related notes and other financial data appearing elsewhere in this Prospectus or annexes to Prospectus.

Statement of Comprehensive Income (thousands of Lari)

	Audited	*Audited*
	2014	**2013**
Sales revenue	95,911	77,688
Retro bonuses	3,296	3,044
Revenue	**99,207**	**80,733**
Cost of goods sold	(77,233)	(62,369)
Gross Profit	**21,974**	**18,364**
Other operating income	**560**	**506**
Personnel expenses	(7,844)	(6,240)
General and administrative expenses	(10,892)	(7,732)
Gain/(loss) from disposal of PPE	755	(1)
Currency translation gain / (loss), net	(251)	(158)
Other expenses	(509)	(454)
Operating Expenses	**(18,741)**	**(14,585)**
Profit from operations before depreciation	**3,793**	**4,285**
Depreciation and amortization	(2,024)	(937)
Interest expenses	(288)	(382)
Profit before income tax expense	**1,481**	**2,966**
Income tax expense	(311)	(602)
Profit for the year	**1,170**	**2,364**
Attributable to:		
– Owners of the Parent	1,319	2,364
– Non-Controlling Interests	(148)	0

Statement of Financial Position ***(thousands of Lari)***

	Audited	*Audited*
	2014	**2013**
Cash and cash equivalents	614	658
Accounts receivable	202	519
Advances and other current assets	148	152
Current tax	328	-
Prepaid operating taxes	664	423
Merchandise inventory	5,598	3,975
Property, plant and equipment	8,402	7,072
Intangibles	712	199
Goodwill	1,599	-
Deferred tax	-	-
Total assets	**18,265**	**12,998**
Bank overdraft	1,323	-
Trade accounts payable	8,228	5,444
Liabilities to employees	125	408
Current loans and current part of non-current loans	2,050	-
Current tax	-	85
Operating taxes payable	100	146
Other current liabilities	9	-
Non-current borrowings	3,310	3,103
Deferred tax	722	487
Total liabilities	**15,866**	**9,673**
Charter capital	2,000	2,000
Accumulated profit / (loss)	383	1,325
Non-Controlling Interest	15	-
Total equity	**2,399**	**3,325**
Total equity and liabilities	**18,265**	**12,998**

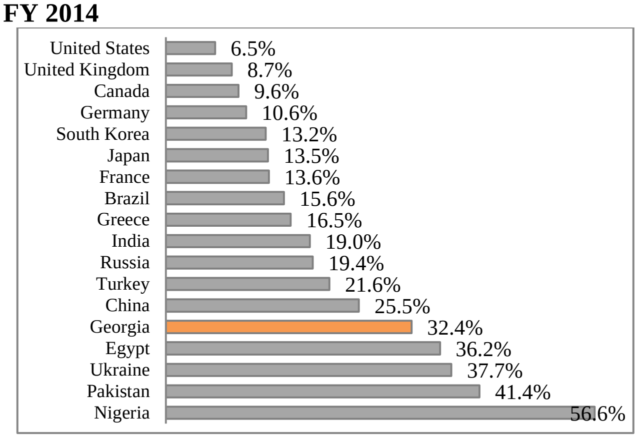
INDUSTRY REVIEW

Consumer and business confidence is one of the drivers of demand for goods and services in the medium term. These factors, in case they are positive, should stimulate personal consumption, fueling strong GDP growth and leading to increased retail sales and restaurant visits.

Spending patterns snapshot

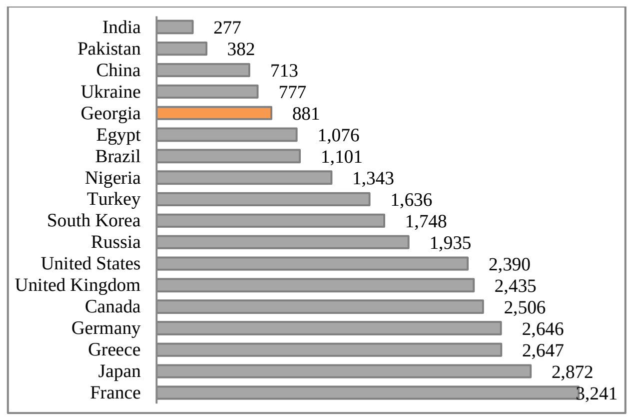
According to the Colliers International retail market report of Georgia, at 11.8% of Georgia's gross national output, retail trade was Georgia's largest economic sector in 2014. Retail trade has increased steadily since 2009, with an average annual growth of 10.8%. Including wholesale trade, fuel, and repairs the entire trade sector accounts for 14% of national GDP, illustrating its importance to the country's economy. Employment in the sector is 23% of Georgia's total employment rate. With an 86% share, Tbilisi dominates the Georgian trade economy. The sector has grown a total of 42% over the course of the last three years, and accounts for approximately 28.6% of Tbilisi's GDP. Along with the development of the retail trade sector, annual per capita retail expenditure has been growing during last decade. Per capita retail spending has doubled from GEL 591 in 2005 to GEL 1,218 in 2011. In international comparison, this looks still very low, which is also reflected in its structure. The share of spending on food is high 32.4%% in 2014, but there is clear evidence that this is decreasing (38% in 2012)

Spending on food as a % of household expenditures; FY 2014



Source: Euromonitor

Spending on food per person USD, FY2014



Source: Euromonitor

National Economic and Demographic Trends

Population

As at January 1st, 2015, Georgia had a population of 3.7 million, down from 4.4 million people in 2006. Approximately 30% of the Georgian population, or 1.1 million people, live in Georgia's capital Tbilisi, while approximately 57% live in cities, translating into total of 2.1 million people (as outlined below).

Population by regions	Jan-15	% of total population
Tbilisi	1,118,035	30%
Adjara	336,077	9%
Guria	113,221	3%
Imereti	536,052	14%
Kakheti	319,144	9%
Mtskheta-Mtianeti	94,370	3%
Racha, Kvemo Svaneti	31,927	1%
Samegrelo, Zemo Svaneti	331,145	9%
Samtkhe-javakheti	160,262	4%
Kvemo Kartli	424,769	11%
Shida Kartli	264,633	7%
TOTAL	**3,729,635**	**100%**

Source: Geostat

Consumer Spending

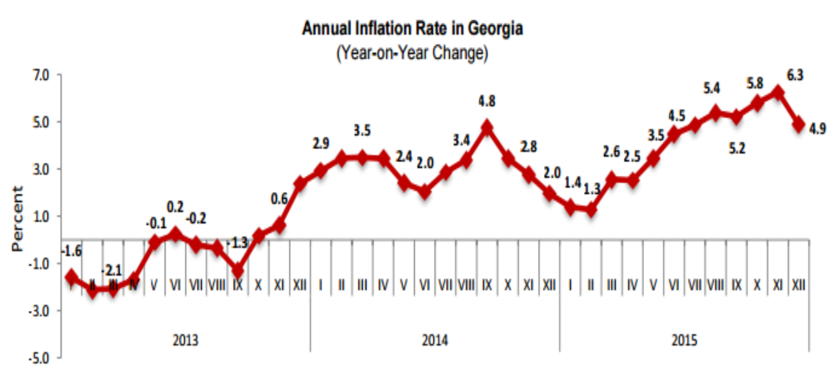
Private consumption is the largest component of Gross Domestic Product and accounts for 70% of GDP. Despite the Lari devaluation against USD, private consumption continued its growth trend, reaching 9.7% y/y in first 3 quarters of 2015 amounting Gel 15,000 million.

Key consumer spending indicators	2012	2013	2014	9m, 2015
Consumer spending (GEL in millions)	18,220	18,622	20,117	15,908
Consumer spending per capita (GEL	4,051	4,153	4,480	4,266

Source: Euromonitor International

The Georgian inflation rate (measured as the change in the Consumer Price Index) reached 3.2% y/y in August 2015. Price increases in food, healthcare, alcoholic beverages and tobacco were drivers of inflation in 2015. However, currency depreciation increased expectations of inflation, and the inflation target of 5.0% in 2015 prompted the NBG to respond with monetary tightening, increasing the policy rate seven times during the year. The policy rate is at 8% (d since December, 2014)

Annual inflation- CPI year-on-year change



Source: Geostat

Georgian Retail Market Overview

On a nationwide basis, food sales accounted for almost 32% of overall consumer spending in 2014, representing a high proportion when compared to Western European or even Central European levels. This is due to the fact that the overall standard of living in Georgia continues to be much lower than in Western Europe or North America, which means that local consumers after addressing their more essential needs have a relatively small proportion of their incomes left over to spend on non-retail items, such as property, cars, holidays, health and education.

Grocery retail market in Georgia has seen a lot of developments during the last decade, becoming more organized and developed market place. Up until 2001 the market was dominated by the many small unbranded convenience stores and very few unaffiliated “supermarkets”. The first organized retail chain Populi appeared in 2001 and launched on rapid expansion becoming the largest chain in Georgia. As for today there still is a wide variety of traditional and modern food retail formats.

Traditional Food Retail Formats

Large stores: Large stores are stores with three or more check-out points. These stores typically have self-service, with customers able to touch the products.

Small stores: Small stores are stores with two or fewer check-out points. These stores typically have over-the-counter service rather than self-service, with customers unable to touch the products.

Kiosks: Kiosks are small, freestanding outlets often located on sidewalks and with no customer entrance. Kiosks typically sell basic food products such as drinks, snacks and non-frozen food products.

Street vendors: Street vendors are individuals selling a very limited range of food products from tables or stalls set up on sidewalks.

Open-air markets: Open-air markets are collections of freestanding stalls and booths that sell to retail.

Modern Food Retail Formats

Hypermarkets and cash-and-carry stores: Due to the high degree of similarity between hypermarkets and cash-and-carry stores, these are often considered to be in the same retail format category. Smaller versions of hypermarkets are becoming increasingly popular in Georgia.

Hypermarkets are typically located on main intersections. Hypermarkets have in-store bakeries, deli counters and other added services, which results in higher capital expenditures generally in the hypermarket sector.

Supermarkets: Supermarkets are typically located in city centers and in residential areas of large cities. Because of their locations, expensive interiors, wide product range (frequently supermarkets have in-store bakeries and deli counters) and additional services offered, supermarkets generally have higher capital expenditures per store and a more labor-intensive retail format than discounters or convenience stores. Therefore, compared to discounters or convenience stores, supermarkets tend to have higher product prices and target higher income customers.

Discounters and convenience stores: Discounters and convenience stores offer a narrower range of products than found in a standard supermarket, and compete and market themselves mainly on price.

Food retail market tendencies in Georgia

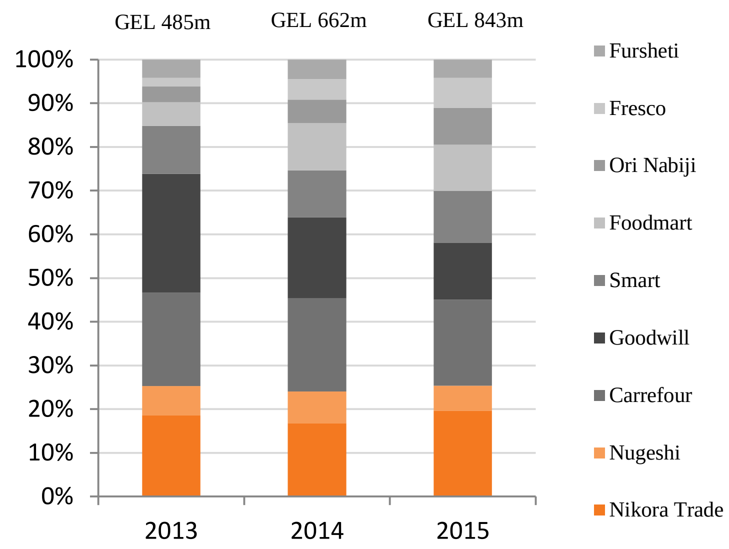
According to Euromonitor International, the trend in grocery retailing in Georgia is towards modern grocery retailers, which is evident from the increase in value sales and dominant position of such retailers despite constituting a minor share of the total for store-based grocery outlets. The ongoing changes in the retail market, such as the introduction of new chains and expansion in the regions, are set to continue over the longer term due to the amount of investment and low rate of market penetration both in the regions and the capital city. Grocery retailers are expected to register a

CAGR of 1% (constant 2014 prices) over mid-term period. Modern grocery retailers is expected to register a CAGR of 5% (constant 2014 prices) over the mid-term period while traditional grocery retailers is expected to stagnate.

Store-based grocery retail outlets saw a decrease in the total number of outlets from 18,992 units in 2013 to 18,830 units in 2014. However, the decrease in number of outlets was mainly due to a reduction in the number of store-based traditional grocery retail outlets. A similar trend is expected in 2015, with a decrease in the overall number of store-based grocery retailers. The reduction will come from traditional store-based grocery stores, while modern grocery retailers such as supermarkets, hypermarkets and chain stores will increase in number and acquire a larger portion of the market. Just 3% of store-based grocery retailers accounted for 20% of the total sales value in the channel in 2014. (*Source: Euromonitor International*)

In 2012 Populi acquired Ioli network and new entrants Carrefour, Fresco and Smart appeared on the market. New players have been successful in taking market share from former market leaders - Goodwill and Populi/Ioli as they failed at maintaining product quality and competitive pricing.

Market Distribution 2014, 2015



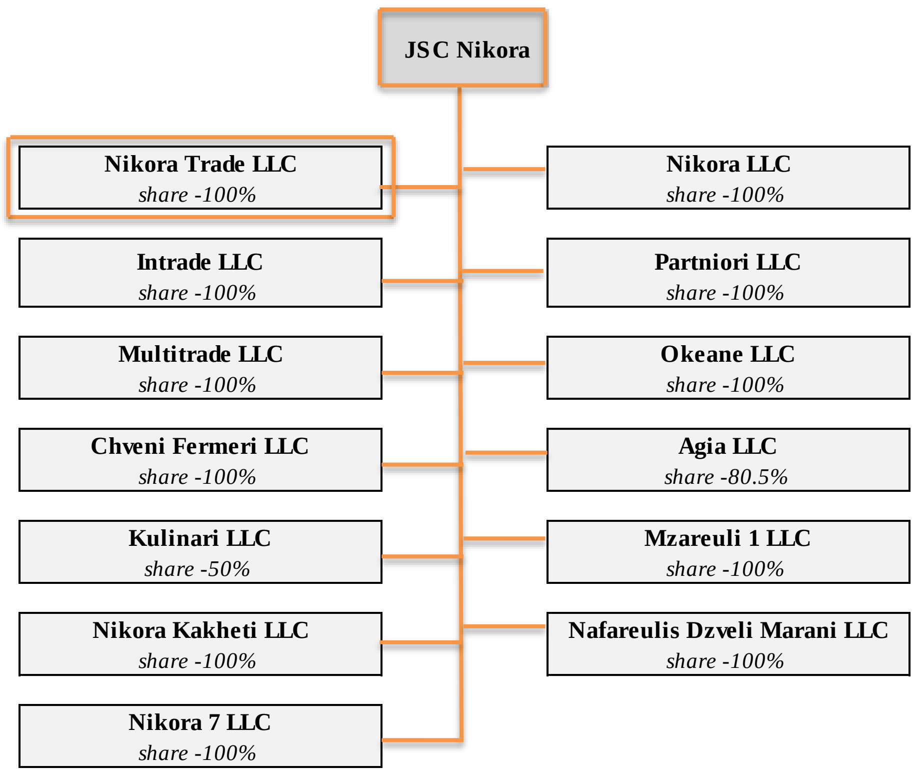
Source: Nikora Trade LLC

OPERATING AND FINANCIAL REVIEW OF THE COMPANY BY MANAGEMENT

Overview

Nikora Trade LLC is the largest food retail chain operator country-wide, currently represented with 203 stores, while the second largest supermarket chain, Ori Nabiji is represented by 54 stores only, followed by Ioli-Foodmart LLC by 49 supermarkets.

Nikora Trade LLC is a member of Nikora Holding Group. Ultimate parent of Nikora Trade LLC is JSC Nikora. The structure of the Group is presented below:



Nikora LLC – Company produces 20 varieties of frankfurters and small sausages, 25 varieties of boiled sausages and ham, a number of varieties of delicatessen products, smoked chicken and ribs. Nikora also produces semi-finished products. At present, company produces 50 varieties of frozen and chilled products. Brand’s assortment includes both traditional Georgian and all well-known Russian and European dishes. *(Nikora Trade LLC accounts for the 58% of the company sales.)*

Nikora 7 LLC - Company produces 20 varieties of frankfurters and small sausages, 25 varieties of boiled sausages and ham, a number of varieties of delicatessen products, smoked chicken and ribs. Nikora 7 LDT distributes its own products in west Georgia. *(Nikora Trade LLC accounts for the 15% of the company sales.)*

Intrade LLC – company engages in importing high quality food products and beverages from European countries. It cooperates with various internationally recognized brands and, according to consumer demand, supplies the Georgian market with premium quality juices and energy drinks such as "Pfaner", "Juicy", "Palma", and “Energy". Intrade LLC is an exclusive distributor of German beers Löwenbräu, Spaten, Franziskaner,Warsteiner; Czech beer "Holba" and vodkas "Gradus", "Istina", "5 Kapel" in Georgia. *(Nikora Trade LLC accounts for the 15% of the company sales.)*

Multitrade LLC – company imports raw materials for meat products, mainly frozen meat for external sales as well as for Nikora TLD and Nikora 7 LLC. (76.6% of the sales accounts for intergroup company purchases)

Mzareuli 1 LLC - In 2008 the company purchased a pastry plant and starting producing bakery products and frozen cakes under the brand name of Mzareuli-1. The plant is equipped with state-of-the-art machinery making frozen products in compliance with Western European standards. *(Nikora Trade LLC accounts for the 98% of the company sales.)*

Chveni Fermeri LLC - Company produces several types of dairy products. In particular, sour cream - sold loose and 200gr packaging, high-fat cottage cheese, butter and ice cream "Paloma". The products come out under the name of brand "Chveni Fermeri" and are sold in the Nikora stores and other supermarkets of the city. . *(Nikora Trade LLC accounts for the 78% of the company sales.)*

Kulinari LLC – produces salads and number of ready food sold in Nikora Trade supermarket chain. . *(Nikora Trade LLC accounts for the 100% of the company sales.)*

Agia LLC – operates a trout farm and produces trout caviar under "Okeane" brand name.

Okeane LLC – company manufactures fish products. Okeane uses raw material from its trout farm, as well as imports the best quality of different kind of fish from Norway. In addition to locally made products, Ocean imports seafood and delicatessen products as well. Company sells live, cooled, frozen, salt seasoned semi-smoked fish, salt fish products as well as fish salads, preserves, canned fish, caviar, and seafood products. . *(Nikora Trade LLC accounts for the 54% of the company sales.)*

Nafereulis Dzveli Marani LLC - produces three varieties of dry Tevani wines (Kakhetian, European, and Kahetian Green - made of Rkatsiteli and Kahetian green vines) and 2 varieties of red wines (Saperavi and Cabernet).

Partniori LLC- operates as a distributor for holding group companies within Tbilisi.

Nikora Kakheti LLC - operates as a distributor for holding group companies in Kakheti region.

Significant Factors Affecting Company's Operating and Financial Results

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

Macroeconomic Conditions

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

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

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

Expansion of Nikora Trade Chain of Supermarkets

Company's goal is to capture and retain leading positions on the Georgian grocery retail market through a combination of organic growth and targeted acquisitions and by increasing its market share. Company had significant acquisitions during past 2 years which influenced its operating results positively. These transactions resulted in strengthening its leading market positions.

Number of stores	**2010**	**2011**	**2012**	**2013**	**2014**	**2015- Sep**
Beginning of the year	51	52	54	57	62	80
Transfers from insider companies					7	21
New store openings	1	5	7	7	7	17
Acquisition of other store chains					7	93
Stores closed		3	4	2	3	8
End of the year	**52**	**54**	**57**	**62**	**80**	**203**

Company's store chain expanded through:

1. Transfers from insider companies - before 2015, some of the Nikora brand supermarkets were accounted on the balance of masivi LLC, Nikora Kakheti LLC and Nikora 7 LLC. In 2014, 2015 all of the supermarkets of the Nikora Holding Group companies were transferred to Nikora Trade LLC balance.
2. New store openings.
3. Acquisition of other company's store chains.

Recent Expansion summary

Transfer of Nikora Holding supermarkets in Kakheti Region: In the second quarter of 2014 Nikora Kakheti LLC stores in Kakheti region were transferred to Nikora Trade LLC .

Acquisition of Sunday: In the fourth quarter of 2014 Nikora Trade LLC acquired Sunday supermarket chain with 7 stores in Zugdidi.

Acquisition of Velesi: In the first quarter of 2015 Company acquired Velesi 5 supermarkets in Tbilisi.

Transfer of Nikora Holding supermarkets in west Georgia: In the second quarter of 2015 Nikora -7 LLC stores in west Georgia were transferred to Nikora Trade LLC, through which Company becomes most widely represented supermarket chain in west Georgia (32 stores).

Acquisition of Nugeshi: In the third quarter of 2015 Nikora Trade LLC acquired 100% of the shares of Nugeshi LLC, becoming the largest supermarket chain in Georgia by number of the stores as well as volume of the sales.

Increase in the size of Nikora Trade chain of stores was the principal reason for the increase in revenue during the periods under discussion. Increased scale of the Company's operations also improved the Company's purchasing power and helped improve its gross margins, in large part by increasing the amount of rebates and bonuses Nikora Trade was able to obtain from suppliers. The Company believes that greater purchasing power resulting from increased shop density in particular localities will allow Nikora Trade to obtain better purchasing terms from suppliers, which the Company expects will enable it to continue offering its customers a competitively-priced product assortment, which will result in increased traffic in its stores.

Company's store expansion strategy has also affected its results of operations in each period under review: increased selling, general and administrative expenses. Expenses related to the period prior of the opening new stores had particularly strong affect. Company's store roll-out strategy also affected capital expenditure as compared to the relevant prior period.

Generally new supermarkets become profitable in around 5 months from opening. Supermarkets usually demonstrate the strongest growth in traffic up to one year after opening. Even though, opening new stores in the regions negatively affected Nikora Trade's average ticket, because of lower disposable income in regions, this negative effect should be offset by higher customer traffic in these regions, where competition is less intense than in Tbilisi.

DISCUSSION OF KEY INCOME STATEMENT ITEMS

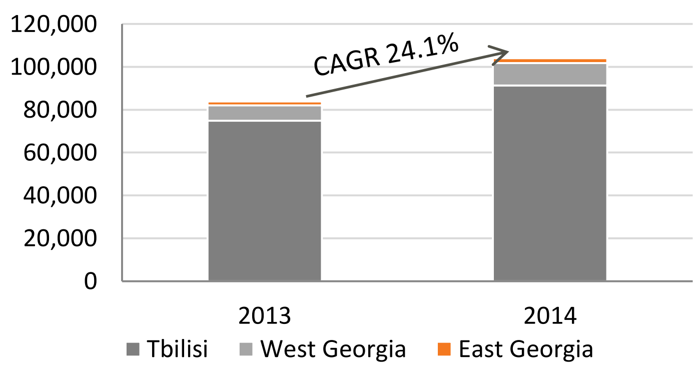
Revenue

Total revenues of Nikora Trade LLC constitutes of retail sales from the supermarkets and retro bonuses. Retail bonuses amounted 3.8% and 3.3% of the total sales in 2013-2014 years respectively.

Up until 2013 Compny's supermarkets were represented in Tbilisi (total of 62 stores). In the second half of 2014, Nikora Trade took over Nikora Group Holding's supermarkets in Kakheti and Samegrelo regions increasing its number of stores to 80 in total. Consequently, Company's sales grew by 23% from GEL 80,733 thousand in 2013 to GEL 99,207 thousand in 2014. During the first two quarters of 2015, 21 stores were transferred from Group Companies to Nikora Trade LLC balance, 17 new stores were opened and 100% of Nugeshi store chain was acquired. As of September 1st 2015, Company was operating 203 stores.

Same store sales from supermarkets located in Tbilisi grew 22% from GEL 74,810 thousand in 2013 to GEL 91,391 thousand in 2014. The sales increased by 21% in east Georgian (Kakhetli) markets from GEL 1,927 thousand in 2013 to GEL 2,332 thousand in 2014 on same store basis. Sales from stores located in western Georgia, which were transferred to Nikora Trade LLC from Nikora 7 (one of the Nikora Group Holding Companies) in 2014 and 2015, grew by 45% from GEL 7,172 thousand in 2013 to GEL 10,369 thousand in 2014.

Nikora Group supermarket sales by Regions in FY13, FY14. GEL ,000



As for December 2014 Nikora Trade was operating total of 80 supermarkets, 66 located in Tbilisi, 7 in Kakheti and 7 in Samegrelo regions. Market distribution by their formats and locations by regions are summarized in the table below:

Nikora Trade Supermarkets, Dec 2014

Store formats (Sq. m.)	Tbilisi	Kakheti	Samegrelo
<50	10	-	-
50> <100	26	5	2
100> <150	15	1	4
150> <200	8	1	1
>200	7	-	-
TOTAL	**66**	**7**	**7**

Per square meter sales have decreasing tendency as the area of the floor increases. For Nikora Trade most efficient scale is for the stores with the floor area below 100 square meters. Sales vary depending on locations of the stores as well; revenues in regions are dramatically lower than in the capital.

Average Sales by market formats in 2014, per sq. m., per month, GEL

Store formats (sq. m)	Tbilisi	Kakheti	Samegrelo
<50	1,430	--	--
50> <100	1,424	547	517
100> <150	1,331	269	531
150> <200	934	663	282
>200	750	--	--

Sales of related party products

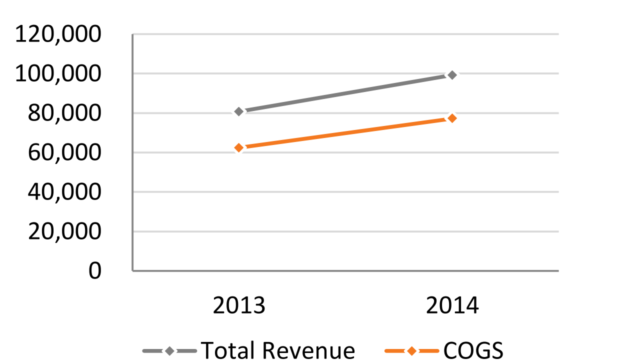
Sales of products produced by Nikora Holding companies constitute a considerable portion of Nikora Trade LLC sales. At present, the holding incorporates meat products, semi-finished products, fish products, dairy products, ice-cream, bakery products, frozen confectionary and wine companies. One of the affiliates is an exclusive distributor of imported food products and beverages in Georgia.

	2013	2014
Holding product sales as a % of Nikora Trade Revenues	49.55%	39.51%

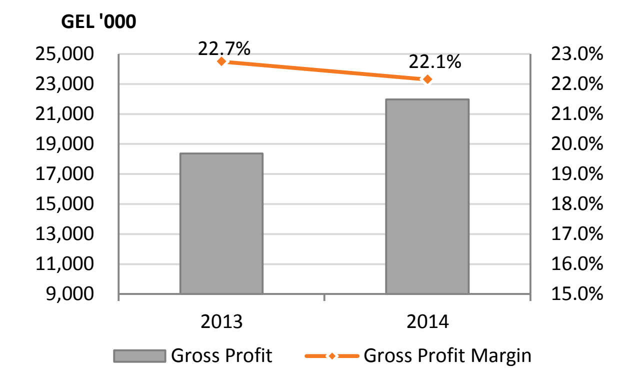
Cost of goods sold

Cost of goods sold increased by 23.8% in 2014 and totaled GEL 77,233 thousand. Increase of cost of sales is in line with revenue growth. Gross profit margin stayed stable over past two years. Gross margin was 22.7% and 22.1% for years 2013 and 2014 respectively.

Total revenue and COGS in FY13, FY14



Gross profit and gross profit margins in FY13, FY14

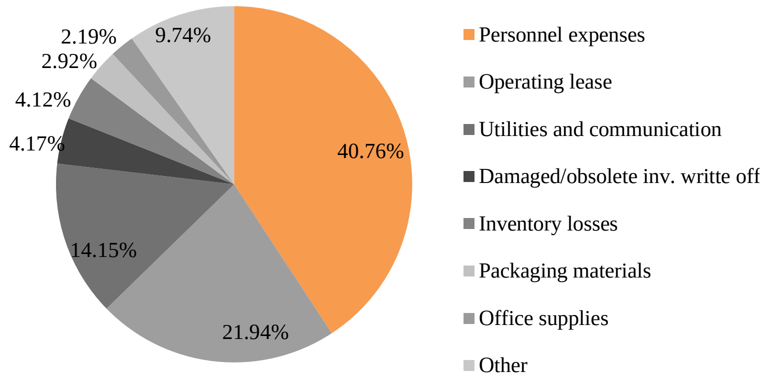


General and administrative expenses

General and administrative expenses grew by 33% in 2014 to GEL 19,245 thousand. This sharp increase was mainly due to company expansion.. Opening of new markets, training of staff, increased rent, utility and communications expenses were main drivers for increase of General and administrative expenses.

Personnel expenses, operating lease and utilities and communications expenses comprise the largest proportion of total operating expenses representing 77.9% and 76.9% of total general and administrative expenses in FY13 and FY14 respectively.

General and administrative expenses breakdown, FY14



The three major components of the general and administrative expenses: personnel expenses, operating lease and utilities and communications expenses represented 13.9% of sales in FY13, while in FY14 this ratio increased up to 14.9%.

Personnel expanses represented 7.73% and 7.91 of total sales in 2013 and 2014 respectively.

Staff Costs

Salaries and other staff costs of personnel comprise the largest proportion of total operating expenses representing 40.76% of the total general and operating expenses for 2014. Supermarket personnel salary represented 74% of total salary expense in 2014. Proportion of staff cost has not changed significantly over the years. Increase of staff cost from year to year is attributable to expansion of business.

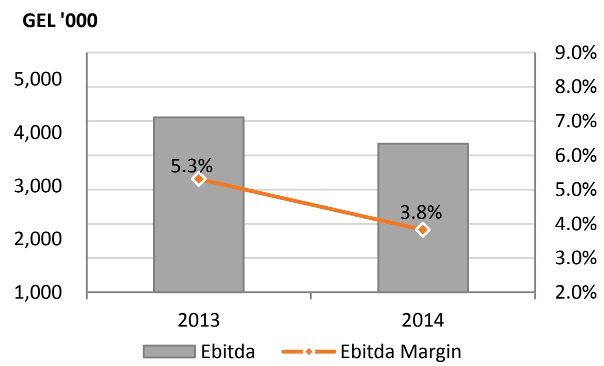
Period	**Management**	**Administration**	**Supermarket personnel**	**Total**
2014	326,183	1,609,247	5,494,945	7,430,376
% of total salary expense	*4%*	*22%*	*74%*	*100%*

EBITDA

EBITDA of the company decreased over the past two years. Decrease was mainly attributable to significant increase of operating expenses (rent, utilities and salaries), which was driven by openings of new supermarkets. Revenue of newly opened markets experience gradual rise over 3-5 months period while all the fixed operating costs were incurred instantly, which explains the sharp decrease of EBITDA while company experienced 24% growth in total revenues.

EBITDA decreased from GEL 4,285 thousand in 2013 to GEL 3,793 thousand in 2014. Consequently, EBITDA margin has decreased from 5.3% for FY13 to 3.8% for FY14.

EBITDA and EBITDA margin in FY13, FY14



Interest Expense

Interest expense decreased in 2014 which was in line with the decreased amount of borrowings. As for FY13, and FY14 Company has strong financial standing and solid debt service ratio.

Company has strong debt service ratio which is presented in table below:

	2013	2014
EBITDA/Interest expense	11.21	13.16

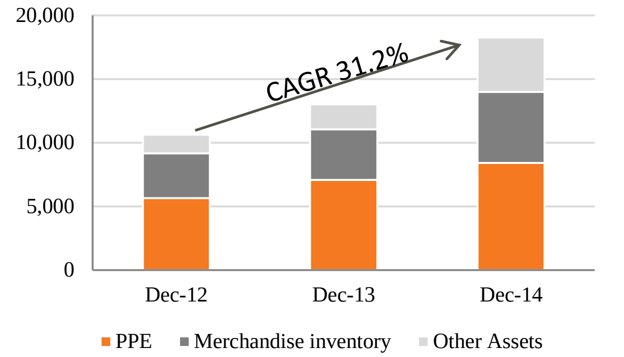
DISCUSSION OF KEY BALANCE SHEET ITEMS

Assets

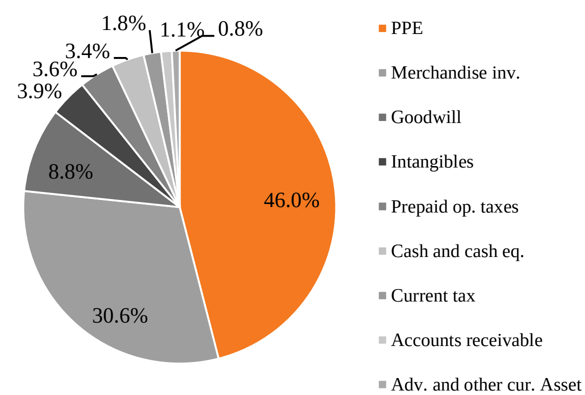
Total Assets

Total assets showed significant growth over past two years. Total assets grew from GEL 10,615 thousand in 2012 to GEL 12,997 thousand in 2013 which constituted an increase of 22.4%. There was a substantial growth in 2014 when total assets grew by 40.5% reaching GEL 18,265.

Total Assets, 000' GEL



Composition of Total Assets

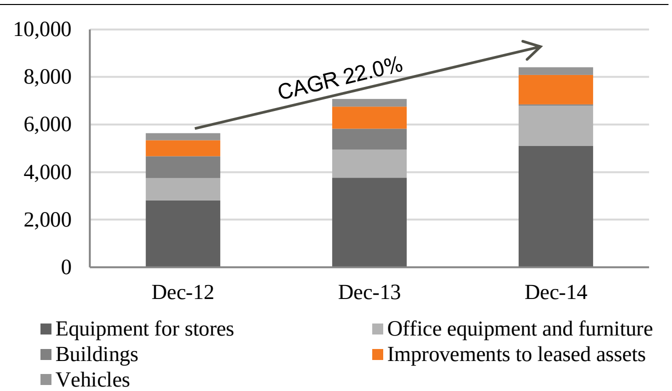


Property Plant and Equipment

Company's principal capital expenditures relate to fixtures, equipment and furniture required for the opening of new stores, repair and renewal costs for the tangible assets, relocation costs, maintenance costs not borne by landlords, and IT hardware and software costs. Company capitalizes maintenance costs relating to leasehold improvements made to the stores.

Company operates extensive network of supermarkets therefore PP&E is one of the most material items representing 46% of total assets. Net PP&E grew from GEL 5,642 thousand in 2012 to GEL 7,072 thousand in 2013 (by 17.4%) and reached Gel 8,402 thousand in 2014.

PPE, 000' GEL

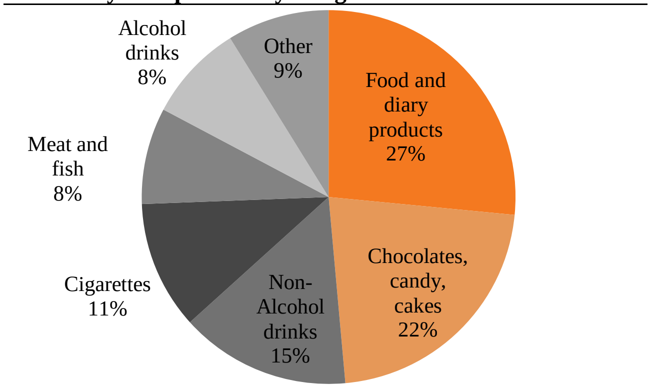


Nikora Trade LLC does not own any of the supermarket buildings. 26 of the store buildings are the property of JSC Nikora, leased to Nikora Trade LLC conforming to the market prices.

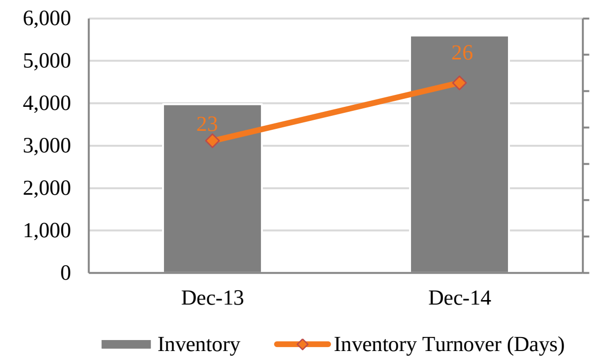
Merchandise Inventory

Merchandise inventory constituted 30.6 % of the total assets in 2014. Its balance has been increasing over past three years, which is attributable to the company's aggressive expansion in consequent periods. Merchandise inventory grew by 40% as of 31 December 2014 compared to 31 December 2013 (increase from GEL 3,975 thousand to GEL 5,598 thousand)

Inventory Composition by categories as of Dec 2015



Inventory and Inventory turnover days, 000' GEL



Goodwill

Goodwill value of GEL 1,599 thousand is recorded on Nikora Trade balance sheet as of Dec 31, 2014. On December 4, 2014 Nikora Trade LLC acquired 67% share in Lazi Holding LLC (Retail store chain with 7 supermarkets in Zugdidi. for GEL 1,931,475. While net assets of the acquired company (Lazi LLC) were valued at GEL 497 thousand at acquisition date, recognized goodwill amounted GEL 1,599 thousand.

Cash & Cash Equivalents

Company holds min balance of Cash and Cash equivalents as of yearend and is quite stable considering last three year's figures. Breakdown of C&CE is given in table below.

Cash and Cash equivalents (GEL)	Dec-12	Dec-13	Dec-14
Cash on hand	281,334	393,460	508,748
Cash in Bank	220,250	198,219	6,762
Due from banks	28,752	66,144	98,064
TOTAL	**530,336**	**657,823**	**613,574**

Liabilities

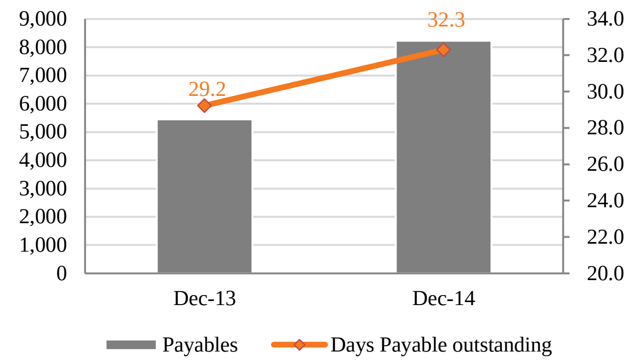
Trade payables

Trade payable is one of the main sources for working capital financing in retail business. Consequently, balance of trade payables increases along with the market chain expansion. Current assets are fully financed by trade payables as shown in the table below:

Trade Payables/CA, 000' GEL	Dec-12	Dec-13	Dec-14
Current assets	4,751,823	5,726,966	7,553,085
Payables	4,545,303	5,443,656	8,227,624
Trade payables as % of Current assets	96%	95%	109%

Days of payable outstanding increased up to 32 days in 2014.

Trade payables and its turnover days, 000' GEL



Borrowed funds

Company operates in capital intensive business. Its financial and operating success largely depends on the number of stores of different formats. Company has been growing significantly over the past years and growth was funded through borrowings together with capital.

Company's borrowings have increased by 13.6% in 2013 from GEL 2,731 thousand to GEL 3,103 thousand, and by 115.4% in 2014 to GEL 6,684 thousand.

The bank loans have an average interest rate of 9.4 % per annum maturing on average in 1,052 days (from September 30, 2015). Borrowings from JSC Bank of Georgia are received upon certain conditions. According to these requirements Nikora Holding Group needs prior written approval from JSC Bank of Georgia to sell any tangible or intangible asset with carrying value more than 30,000 USD; Financial covenants include the following requirements: in December of each year, Nikora Group, in cooperation with Bank of Georgia has to define financial coefficients for next year's monthly and cumulative performance which will further be reflected in general credit line agreement between Nikora Group and Bank of Georgia. At the same time, debt service coverage ratios should not be less than 1. Herewith: a) if in any of the consecutive months of the financial year, debt service coverage ratio falls below 1, Group is unable to declare or disburse any dividends for the corresponding month even if the cumulative coefficient exceeds 1; b) if the cumulative debts service coverage coefficient falls below 1 in two consecutive months, Group is not allowed to declare or disburse any dividends and the Bank of Georgia may default the Group. In case of any of the above mentioned circumstances, shareholders will only be allowed to receive any dividends from the Group after the cumulative debt service coverage ratio covenants will be met. These covenants do not refer to the dividends on preferred stocks. Ratios should be calculated according to the special rules and regulations of bank of Georgia.

FINANCIAL PERFORMANCE IN 2015

The recent economic slowdown in Georgia has an impact on general macroeconomic conditions as well as on levels of household consumption. Even though recession had the least effect on FMCG market compared to other business sectors there still was a negative effect on this sector's financial performance.

One of the main negative drivers was GEL devaluation against USD that led to the changes in its supplier costs and its customers' propensity to spend. Despite the unfavorable economic situation in the country, Nikora Trade management decided to expand its business which would lead to the increased bargaining power against its suppliers and improving the gross profit margin as a result. In 2015 Nikora Trade acquired Nugeshi and Velesi supermarket chains and opened 17 new stores.

As for November 1st 2015, market distribution by their formats and locations by regions was as follows (Table does not include Kiosks):

Nikora Trade Supermarkets, Nov 2015

Store formats (Sqm)	Tbilisi	Kakheti	Samegrelo	Adjara	Guria	Imereti
<50	7	-	2	1	-	1
50> <100	28	5	5	5	1	3
100> <150	20	1	4	1	-	-
150> <200	17	1	2	-	-	-
>200	27	-	-	3	-	1
TOTAL	99	7	13	10	1	5

Dramatically increased number of stores in the first half of year 2015 gave Company stronger bargaining power against its suppliers and led the gross profit margin growth up to 22.5% as planned.

There was 54% increase on sales in the first 10 months of 2015 compared to the previous year's corresponding period, which translates into GEL 43,785 thousand.

Per Sqm Sales

In the first 10 months of 2015, per square meter sales in Tbilisi supermarkets declined compared to the previous year. The reason for the decline for larger scale stores is the addition of new supermarkets in the beginning of 2015, which have not reached their maximum capacity of sales yet and underestimate the total average. Decline in smaller scale stores (floor area bellow 100 sq. m.) may be the result of the fierce competitive situation on the market. Sales in Kakheti and Samegrelo regions have increased because of the high season in summer. (In FY14 Kakheti and Samegrelo stores are presented only in the last two and five months respectively)

Average Sales by market formats in 2015 -10m, per sq. m., per month, GEL

	Tbilisi (GEL)		2015 10m (GEL)				
Store formats (Sqm)	2014- 10m	2015- 10m	Kakheti	Samegrelo	Adjara	Guria	Imereti
<50	1,429	1,278	--	1,883	1,571	--	734
50> <100	1,419	1,322	704	694	849	613	451
100> <150	1,307	1,335	316	736	--	--	--
150> <200	893	920	707	420	133	--	--
>200	753	545	--	--	979	--	--

Significant Increases in Wages, Rent and Utilities Expense

In 2015, the major increase was in operating lease expenses. Such increase was caused primarily by (i) the increase of leased space and (ii) the devaluation of the Georgian Lari against the U.S. Dollar, which resulted in increases in rental payments since the majority of the Company's lease contracts are fixed in USD. Consequently, GEL devaluation against USD by 35% starting from Nov 2014 up until today, had a strong negative impact on rent expense to sales ratio, as 100% of the Company sales are fixed in GEL and did not experience much of the adjustments due to the exchange rate change Operating lease expense ratio to total sales increased to 6.1% in 2015 10m from 4.26% in 2014, which is the result of company's recent aggressive expansion not yet fully supported with adequate sales growth.

Nikora Trade's wage costs are another significant component of its general, selling and administrative expenses due to its expansion strategy. When opening new stores, Company hires new personnel before the store opening and incurs full salary costs before the store reaches its planned sales targets.

Period	**Management**	**Administration**	**Supermarket personnel**	**Total**
2014 8m	217,363	965,258	3,453,446	4,636,067
% of total salary expense	*5%*	*21%*	*74%*	*100%*
2015 8m	186,490	1,898,307	5,655,649	7,740,446
% of total salary expense	2%	25%	73%	*100%*
Growth	***-14%***	***97%***	***64%***	***67%***

EBITDA

For the first 10 months of year 2015, EBITDA was GEL 262 thousand; the reason is the above mentioned aggressive expansion in the first half of 2015. Management believes that in the first two quarters of 2016, once synergies are fully realized EBITDA margin would grow subsequently.

BALANCE SHEET ANALYSIS

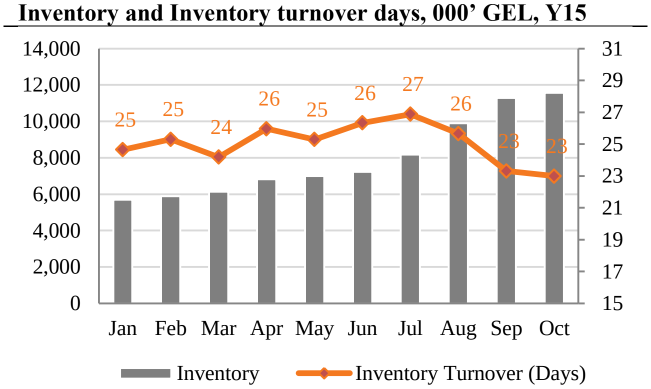
Assets

There was a substantial growth in 2015 when total assets grew by 307% compared to Dec 2014 figures reaching GEL 74,361 thousand in Aug 2015. Goodwill of GEL 36,030 thousand was recorded on balance sheet in July 2015. (Without goodwill consideration there was 96.5% growth)

Net PPE as of the end of October, 2015 was GEL 18,719 thousand, which translates into 123% growth from Dec 2014.

As of the 31 October balance of 2015, inventory balance reached GEL 11,562 thousand which translates into 106.5% growth from Dec 2014.

Inventory and Inventory turnover days, 000' GEL, Y15



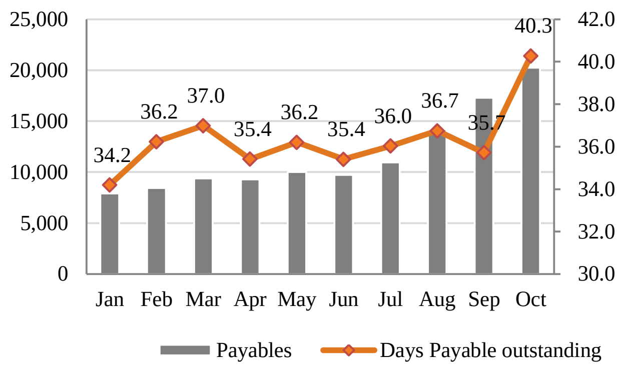
There is increase in the Inventory level as of Oct 2015, which is attributable to the rapid expansion of the supermarkets, during the first half of the year, requiring all the new stores to be adequately provided with all the product mix. Company succeeded to maintain inventory balance on its optimal level, at around 23-25 days of inventory outstanding throughout the 10 months of year 2015.

As of Aug 2015 total cash and cash equivalents, amounted GEL 576 thousand.

Liabilities

Days of payable outstanding further increased to 35-37 days during the first 10 months of 2015 and reached 40 days in October.

Trade payables and its turnover days, 000' GEL, Y15



As the business scale grows company experiences more favorable terms from suppliers, by getting longer payback periods and increased margins which should show results in numbers in the first quarter of 2016.

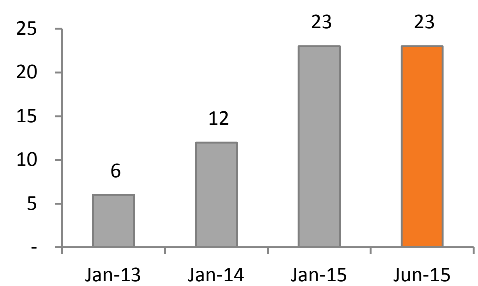
As for September 30, 2015 Company's total borrowings from JSC Bank of Georgia increased up to GEL 33,678 thousand, with average interest rate of 10.1 % per annum maturing on average in 2,207 days (from September 30, 2015). Purpose of the loans was mainly the acquisition of Nugeshi LLC supermarket chain and financing capital expenditures for current chain expansion.

Overview, Nugeshi

In Aug-Sep 2015 Nikora Trade LLC acquired 100% of Nugeshi LLC shares further strengthening its leading positions on Georgian grocery retail market.

Nugeshi LLC is a food retail chain operator in Georgia, currently represented with 20 stores in Tbilisi, 3 supermarkets in Batumi and 62 kiosks in different districts of Tbilisi. Nugeshi itself had significant expansions over past 2 years which resulted in strengthening its financial and market positions.

Number of Nugeshi LLC stores



Total revenues of Nugeshi LLC constitutes of retail sales from the supermarkets, and retro bonuses. Bonuses amounted 1.8% and 2.0% of the total sales in 2014 year and first 4 months of 2015 respectively.

Nugeshi LTD financial data analyzed bellow is unaudited.

Revenue

In 2013, Nugeshi started supermarket expansions doubling its number of stores by the year end; the number further increased up to 23 supermarkets in year 2014. Consequently, Company's sales grew by 50.4% from GEL 32,663 thousand in 2013 to GEL 49,137 thousand in 2014. In FY14 31% of the total sales accounted for Supermarkets (69%-Kiosks), this ratio changed to 20%/80% in year 2015. Sales in the first 6 months of 2015 equaled GEL 33,183 thousand, hitting 48% higher revenue than the previous year's performance for the same period.

For supermarkets same store sales increased by total of 4%, while Kiosk sales reduced by 19% in the first 4 months of 2015 compared to the corresponding period of the previous year (Kiosk Revenues decreased by 19% from GEL 18,936 thousand in 2013 to GEL 15,319 thousand in 2014.) Decline is attributable to the fierce competition on the market. Thus the main factor for the total revenue growth was the chain expansion.

Per square meter sales vary depending on store formats. For Nugeshi, most efficient scale is for the stores with the floor area between 100-150 square meters. Sales vary depending locations of the stores as well; revenues in Batumi are dramatically lower than in the capital.

	Tbilisi		Batumi	
Store formats	2014	2015 4m	2014	2015 4m
>100	912	841	-	-
100><150	1,101	934	872	714
150><200	933	1,166	-	-
>200	791	850	476	514

Kiosk sales are characterized to be having declining tendency over past years. Kiosk Revenues decreased by 19% from GEL 18,936 thousand in 2013 to GEL 15,319 thousand in 2014. This tendency was sustained in year 2015.

Cost of goods sold

Cost of goods sold totaled GEL 27,594 thousand in 2013 growing up to GEL 40,388 thousand in 2014. In first 6 months of 2015 total cost of sale showed increase of 46% compared to the same period COGS in 2014 and made GEL 27,228 thousand. Increase of cost of sales is in line with revenue growth – keeping total gross profit margin on 17.9% level. For supermarkets, Gross margin was 18.1%, 19.7% for years 2014 and 2015 (4m) respectively. Kiosks operate on lower end segment, consequently showing less gross margin- 17.1%, 19.4% for years 2014 and 2015 (4m) respectively.

EBITDA

EBITDA of the company showed increase in 2015. Increase is mainly attributable to openings of new supermarkets and increased sales. EBITDA totaled GEL 1,119 thousand in 2014. For the first 6 months of year 2015, EBITDA increased by 60% from GEL 514 thousand compared to GEL 821 thousand in the corresponding period of 2014.

EBITDA margin increased from 2.3% in 2014 to 2.5% in 2015.

Nikora Trade LLC management believes that Nugeshi market chain is important value add for the Nikora Trade business. Eliminating considerable portion of fixed operating expenses (mainly administrative costs), gaining extra discounts from suppliers due to the larger chain and increased bargaining power are the factors that can lead the acquisition to a material synergy effect.
"Nugeshi" stores are going to operate under Nugeshi brand name and there are no further costs expected related to rebranding.

NIKORA HOLDING FINANCIAL REVIEW

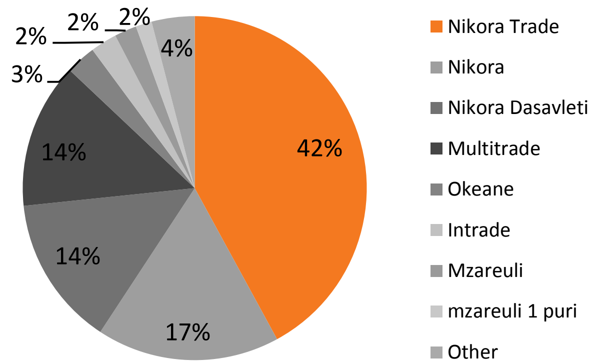
(Unaudited financial information)

Income statement analysis

Revenue

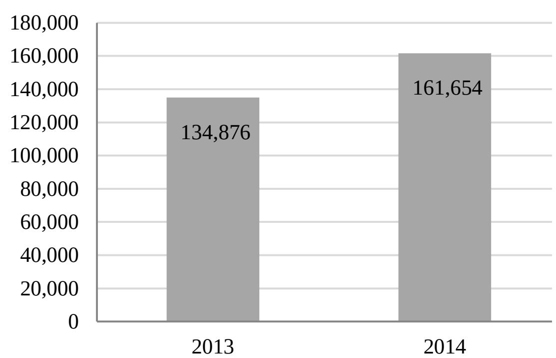
Nikora holding revenues consist of sales from 16 group companies. Greatest portion of the revenue streams are accounted for meat processing (31% of total sales) and Nikora Trade supermarket chain (42% of total sales). 14% of the total revenues account for Multitrade (frozen meat importer). Graph bellow summarizes total sale distribution among group companies as for FY2014:

Total revenue distribution, FY14



Group sales grew by 20% from GEL 134,876 thousand in 2013 to GEL 161,654 thousand in 2014. There was 30% increase of total sales in first 10 months of 2015 compared to the corresponding period of 2014.

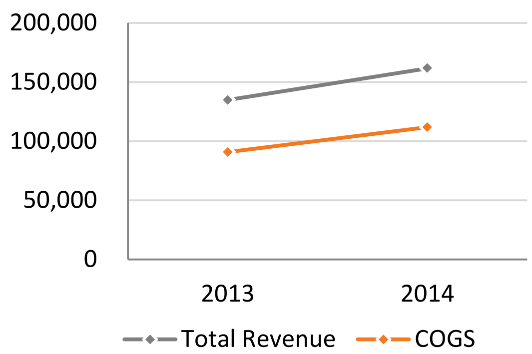
Nikora Group sales in FY13, FY14. GEL,000



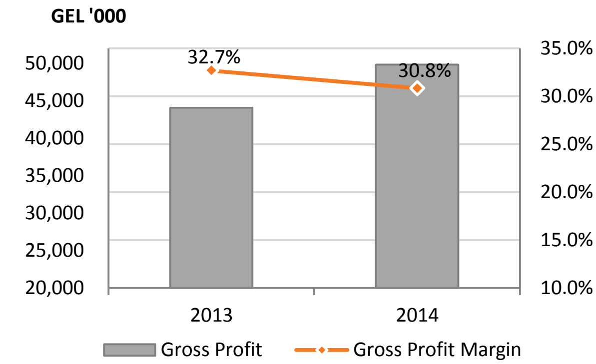
Cost of goods sold

Cost of goods sold increased by 23% in 2014 and totaled GEL 11,828 thousand. In first 10 months of 2015 total cost of sale showed increase of 30% compared to the same period COGS in 2014 and made GEL 92,208 thousand. Increase of cost of sales is in line with revenue growth. Gross profit margin slightly decreased in 2014, but rose back up in 2015. Gross margin was 32.7%, 30.8% and 31.2% for years 2013, 2014 and 2015 (10m) respectively.

Total revenue and COGS in FY13, FY14



Gross profit and gross profit margins in FY13, FY14

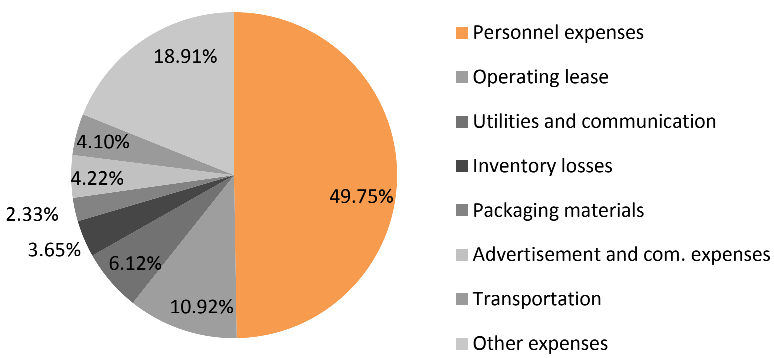


General and administrative expenses

General and administrative expenses grew by 23.5% in 2014 to GEL 33,542 thousand. Sharp increase was a result of expansion and was in line with Company's strategy. Increased production, opening of new markets, training of staff, increased rent, utility and communications expenses were main drivers for increase of General and administrative expenses.

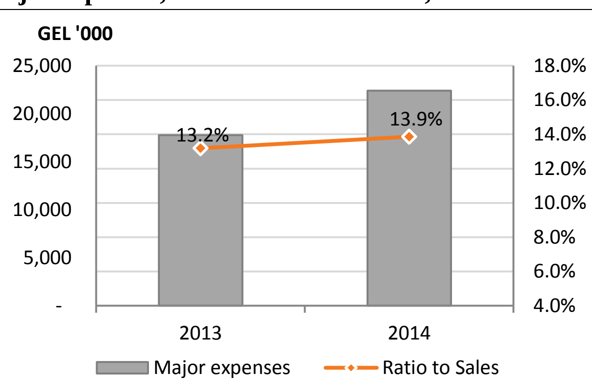
Personnel expenses, operating lease and utilities and communications expenses comprise the largest proportion of total operating expenses representing 65% and 67% of total general and administrative expenses in FY13 and FY14 respectively. This proportion was 66% in the first 10 months of 2015.

General and administrative expenses breakdown, FY14



The three major components of the general and administrative expenses: personnel expenses, operating lease and utilities and communications expenses represented 13.2% of sales in FY13, and 13.9 in FY14, while in the first 10 months of 2015 this ratio increased up to 15.4%.

Major expanses, ratios to sales in FY13, FY14



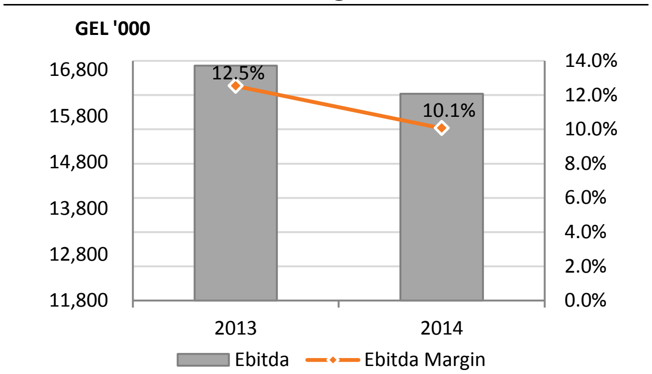
In 2015, the major increase was in operating lease expenses. Great majority of the Company's lease contracts are fixed in USD, consequently GEL devaluation against USD by 35% starting from Nov 2014 up until today, had a strong negative impact on rent expense to sales ratio, as 100% of the Company sales are fixed in GEL and did not experience much of the adjustments due to the exchange rate change. Moreover, company's recent aggressive expansion in supermarket business that is not yet fully supported with the adequate sales growth led the operating lease expense ratio to total sales, increase from 2.3% in 2014 to 3.7% in 2015 10m.

EBITDA

EBITDA of the company showed slight decrease over past two years. Decrease in 2014 is mainly attributable to the gross profit reduction. In 2015 EBITDA decreased due to the significant increase of operating expenses (rent, utilities and salaries), which was driven by openings of new Nikora Trade supermarkets and GEL devaluation against USD. Revenue of newly opened markets experience gradual rise over 3-5 months period while all the fixed operating costs appear instantly, which explains the sharp decrease of EBITDA while the group experienced 30% growth in total revenues.

EBITDA decreased from GEL 16,898 thousand in 2013 to GEL 16,284 thousand in 2014. Consequently, EBITDA margin has decreased from 12.5% for FY13 to 10.1% for FY14. For the first 8 months of year 2015, EBITDA was GEL 10,030 thousand, which is 1.3% less than 2014 EBITDA of the corresponding period (bringing EBITDA margin down to 7.9%) The reason is the above mentioned aggressive expansion of supermarkets in the first half of 2015. Management believes that once synergies are fully realized EBITDA margin would grow subsequently.

EBITDA and EBITDA margin in FY13, FY14



Interest Expense

Interest expense has been increasing over the year which was in line with the increased amount of borrowings. Company is fulfilling its growth and acquisition strategy partially by loans received from financial institutions, therefore increased interest expense is in line with increased borrowings and company's strategy. As for FY13, and FY14 Company has strong financial standing and solid debt service ratio, declining in the first 10 months of 2015.

Company has strong debt service ratio which is presented in table below:

	2013	2014	2015 10m
EBITDA/Interest expense	5.63	6.79	3.38

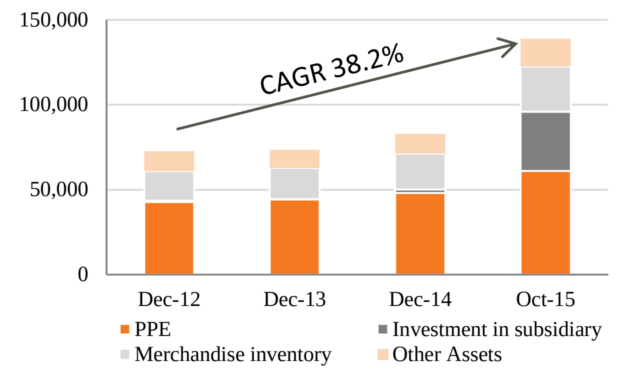
Discussion on Key Balance Sheet Items

Assets

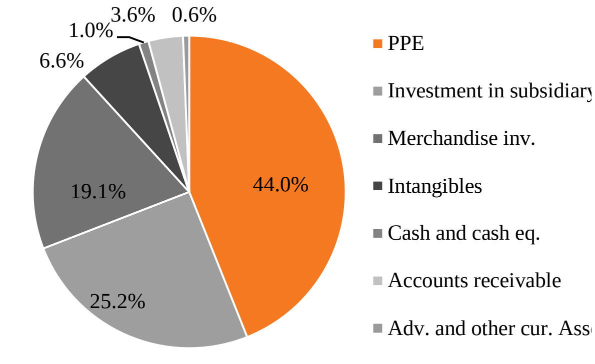
Total Assets

Total assets showed significant growth over past three years. Total assets grew from GEL 73,543 thousand in 2013 to GEL 82,896 thousand in 2014 which constituted an increase of 12.7%. There was a substantial growth in 2015 when total assets grew by 67.5% reaching GEL 138,866.

Total Assets, 000' GEL



Composition of Total Assets



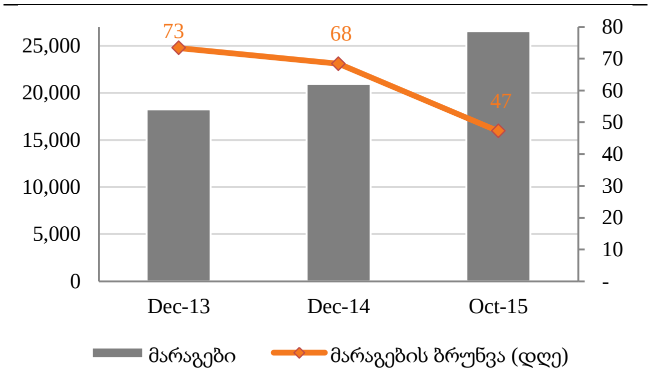
Property Plant and Equipment

Company's principal capital expenditures relate to fixtures, equipment and furniture required for the opening of new stores, repair and renewal costs for the tangible assets, relocation costs, maintenance costs not borne by landlords, and IT hardware and software costs. Company capitalizes maintenance costs relating to leasehold improvements made to the stores we lease if such improvements are expected to provide future economic benefits.

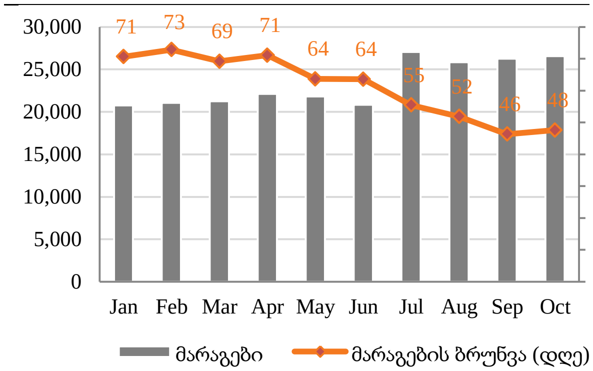
Merchandise Inventory

Merchandise inventory constituted 25 % of the total assets in 2014. Its balance has been increasing over past three years, which in attributable to the company's aggressive expansion in consequent periods. Merchandise inventory grew by 26.7% as of 31 August 2015 compared to 31 December 2014. (Increase from GEL 20,956 thousand to GEL 26,556 thousand)

Inventory and Inventory turnover days, 000' GEL



Inventory and Inventory turnover days, 000' GEL, Y15



There is a dramatic increase in the Inventory level as of Oct 2015, which is attributable to the rapid expansion of the supermarkets, during the first half of the year, requiring all the new stores to be adequately provided with all the product mix. Company succeeded to improve inventory balance on its optimal level, down to 47 days of inventory outstanding throughout the 10 months of year 2015.

Cash & Cash Equivalents

Company holds min balance of Cash and Cash equivalents as of yearend and is quite stable considering last three year's figures. Breakdown of C&CE is given in table below. As of Oct 2015 total cash and cash equivalents, amounted GEL 1, 389 thousand (unaudited).

Cash and Cash equivalents	**Dec-12**	**Dec-13**	**Dec-14**	**Oct-15**
Cash on hand	353,864	489,795	546,392	906,793
Cash in Bank	479,368	653,628		482,694
Overdrafts			(1,050,091)	
TOTAL	**833,232**	**1,143,423**	**(503,699)**	**1,389,488**

Liabilities

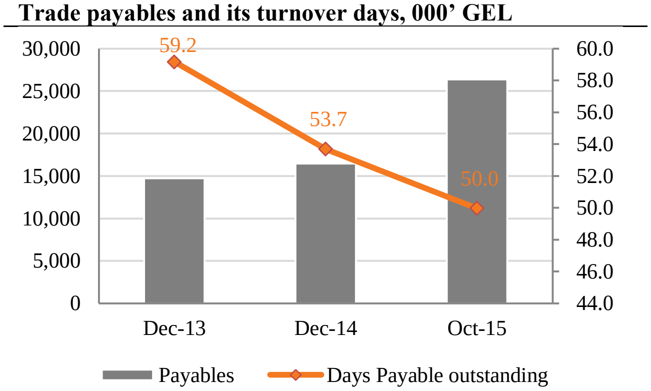
Trade payables

Trade payable is one of the main sources for working capital financing in retail business. Consequently, balance of trade payables increases along with the market chain expansion. More than 95% of the current assets are financed by trade payables as shown in the table below:

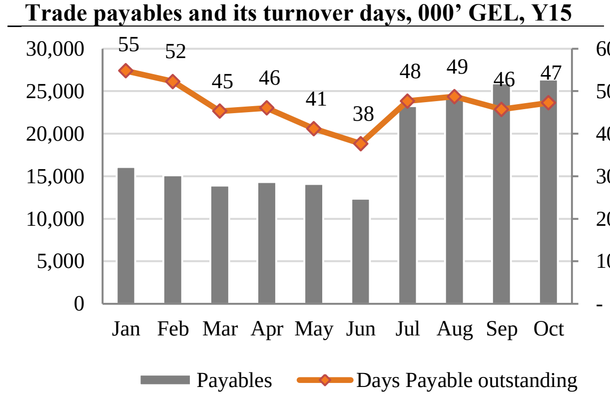
Trade Payables/CA, 000' GEL	**Dec-12**	**Dec-13**	**Dec-14**	**Oct-15**
Current assets	23,596,424	23,482,906	26,481,809	33,773,865
Payables	12,741,928	14,720,854	16,449,516	26,362,143
Trade payables as % of Current assets	54%	63%	62%	78%

Days of payable outstanding has been declining for the past two years. As of October 2015, days of payables are down to 50 days, from 59 days on December 2013.

Trade payables and its turnover days, 000' GEL



Trade payables and its turnover days, 000' GEL, Y15



Borrowed funds

Group's largest companies operate in capital intensive business. Businesses have been growing significantly over the past years and growth was funded through borrowings together with capital.

Company’s borrowings have increased by 5% in 2014 from GEL 23,690 thousand to GEL 24,877 thousand, and by 120% in the first 10 months of 2015 to GEL 62,566 thousand.

Borrowings from JSC Bank of Georgia are received upon certain conditions. According to these requirements Nikora Holding Group needs prior written approval from JSC Bank of Georgia to sell any tangible or intangible asset with carrying value more than 30,000 USD; Financial covenants include the following requirements: in December of each year, Nikora Group, in cooperation with Bank of Georgia has to define financial coefficients for next year’s monthly and cumulative performance which will further be reflected in general credit line agreement between Nikora Group and Bank of Georgia. At the same time, debt service coverage ratios should not be less than 1. Herewith: a) if in any of the consecutive months of the financial year, debt service coverage ratio falls below 1, Group is unable to declare or disburse any dividends for the corresponding month even if the cumulative coefficient exceeds 1; b) if the cumulative debts service coverage coefficient falls below 1 in two consecutive months, Group is not allowed to declare or disburse any dividends and the Bank of Georgia may default the Group. In case of any of the above mentioned circumstances, shareholders will only be allowed to receive any dividends from the Group after the cumulative debt service coverage ratio covenants will be met. These covenants do not refer to the dividends on preferred stocks. Ratios should be calculated according to the special rules and regulations of bank of Georgia.
As for December 31, 2015 Group’s total borrowings from JSC Bank of Georgia increased up to USD 30,290 thousand. Purpose of the loans was mainly the acquisition of Nugeshi LTD supermarket chain and financing capital expenditures for existing facilities.

Preferred stocks

As for December 31, 2015 JSC Nikora has issued preferred stocks of USD 14,000 thousand, out of which USD 13,450 thousand has been placed. Preferred stocks have yearly10% fixed dividend paid monthly.

According to the agreement signed with Bank of Georgia, any additional issuance, redemption, placement or change in terms of the preferred stock, as well as the use of proceeds from preferred stock issuance should be approved by Bank of Georgia.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet cash commitments associated with financial instruments. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values; or counterparty failing on repayment of a contractual obligation; or inability to generate cash inflows as anticipated.

The Company is exposed to daily calls on its available cash resources. Liquidity risk is managed by the management of the Company. Management monitors monthly rolling forecasts of the Company's cash flows.

The table below summarises the maturity profile of the Company's borrowings at 31 December 2014 based on contractual undiscounted repayment obligations. Repayments which are subject to notice are treated as if notice were to be given immediately.

The table below summarizes assets and liabilities of the Company into their relevant maturity based on the remaining period at the reporting date to their contractual maturities or expected repayment dates.

December 31, 2014	**Up to one year**	**1 to 3 years**	**3 to 5 years**	**More than 5 years**
Financial Assets				
Cash and cash equivalents	613,574	-	-	-
Accounts receivable	201,601	-	-	-
Total Financial Assets	815,175	-	-	-
Financial Liabilities				
Trade Payables (current)	8,227,624	-	-	-
Borrowings	3,373,615	319,109	2,991,078	-
Total Financial Liabilities	11,601,239	319,109	2,991,078	-
Liquidity gap	(10,786,064)	(319,109)	(2,991,078)	-
Cumulative liquidity gap	(10,786,064)	(11,105,173)	(14,096,251)	(14,096,251)

As of December 31, 2014 company inventory accounted for GEL 5,598 thousand.

Interest rate risk

Interest rate risk is the risk that market interest rate fluctuations will adversely affect Company's financial position or its financial results.
The Company has interest-bearing liabilities, such as bank borrowings where the interest rate is linked to market interest rates (LIBOR-linked borrowings).

Currency risk

Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency. Included in the next table are the Company's financial assets and financial liabilities at carrying amounts, categorized by currency:

December 31, 2014	Denominated in GEL	Denominated in USD expressed in GEL	Total expressed in GEL
. ..			
Financial Assets			
Cash and cash equivalents	613,548	26	613,574
Accounts receivable	201,601	-	201,601
Total Financial Assets	**613,548**	**26**	**613,574**
..			
Financial Liabilities			
Bank overdraft	1,323,254	-	1,323,254
Trade accounts payable	8,227,624	-	8,227,624
Current loans and current part of non-current loans	-	2,050,361	2,050,361
Non-current borrowings	-	3,310,187	3,310,187
Total Financial Liabilities	**9,550,878**	**5,360,548**	**14,911,426**
Currency position	**(8,937,330)**	**(5,360,522)**	**(14,297,852)**
Exchange rates 31/12/2014	1.00	1.86	

As the table shows the Company is highly exposed to USD/GEL exchange rate changes due to the borrowings denominated in USD. The table below shows the effect which the realistically possible changes in USD/GEL exchange rate may have on the Company's financial position.

		Effect on	
Exchange rate changes:		**Profit before tax**	**Equity**
GEL weakens against USD by	20%	(1,072,104)	(911,289)
GEL weakens against USD by	10%	(536,052)	(455,644)
GEL strengthens against USD by	20%	1,072,104	911,289
GEL strengthens against USD by	10%	536,052	455,644

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge its obligation. Credit risk arises from cash and cash equivalents (except for cash on hand) as well as outstanding receivables and thus the maximum exposure to credit risk is the carrying amount of these items which, as at December 31, 2014 equals GEL 423,773 (2013: GEL 788,692)

The Group's cash is placed with highly reliable financial institutions and the management is convinced there is no credit risk related to its cash and cash equivalent balances.

The Group's receivables are the main item which causes the credit risk exposure. 15 largest debtors with whom the Group has well established long-term relationships and the management has no reasons to believe that those receivables will not be collected according to normal trade terms constitute about 70% of gross receivables as at 31-Dec-2014 (31-Dec-2013: 80% and at 31-Dec-2012: 80%). For the remaining receivables balance a collective provision is created in accordance with provision policies described earlier in these notes and the management believes that such provision materially covers possible credit risk associated with receivables.

Critical Accounting Policies

Critical accounting policies are given in Audited Financial Statements which are enclosed with this Prospectus.

DESCRIPTION OF BUSINESS

Nikora Trade LLC is the largest food retail chain operator country-wide, currently represented with 203 stores, while the second largest supermarket chain, Ori Nabiji LLC is represented by 54 stores only, followed by Ioli-Foodmart by 49 supermarkets. Company's stores are located in six regions, having widest geographic coverage among peers.

Location map - Adjara

Location:	Adjara (336.5 thousand people)
Number of stores:	13 supermarkets
Description:	-First stores opened in Jan. 2015. 3 Nugeshi markets were added in Sep. 2015. -Total floor area 1,169 sq.m. -Stores are represented in Batumi and Kobuleti
Average sq.m sales:	Gel 887 per month.

Location map - Kakheti

Location:	Kakheti (318.9 thousand people)
Number of stores:	7 supermarkets
Description:	-Before Aug. 2014, markets were operating under Nikora Kakheti LLC -Total floor area 613 sq.m. - Stores are represented in Telavi, Gurjaani, Lagodekhi, Kvareli and Sagarejo
Average sq.m sales:	Gel 640 per month.

Location map - Guria

Location:	Guria (113.1 thousand people)
Number of stores:	3 supermarkets
Description:	-Before Jan. 2015, markets were operating under Nikora 7 LLC -Total floor area 119 sq.m. - Stores are represented Ozurgeti and Ureki
Average sq.m sales:	Gel 980 per month.

Location map - Imereti

Location:	Imereti (535.7 thousand people)
Number of stores:	5 supermarkets
Description:	- Before Jan. 2015, markets were operating under Nikora 7 LLC -Total floor area 534 sq.m. -Stores are represented in Kutaisi, Zestaponi, Samtredia, Chiatura and Sachkhere
Average sq.m sales:	Gel 466 per month.

Location map - Samegrelo

Location:	Samegrelo (330.9 thousand people)
Number of stores:	13 supermarkets
Description:	- Before Jan. 2015, 5 markets were operating under Nikora 7 LLC, in Dec 2014 chain of 7 stores was acquired. -Total floor area 1,247 sq.m. -Stores are represented in Zugdidi, Foti, Senaki and Tsalenjikha.
Average sq.m sales:	Gel 719 per month.

Location map – Tbilisi.

Location:	Tbilisi (1118.3 thousand people)
Number of stores:	99 supermarkets, 1 discounter, 67 Kiosks
Description:	-Nugeshi's 20 supermarkets, discounter and 62 Kiosks were added in Sep. 2015. -Total floor area 14,253 sq.m. (exc. Discounter and Kiosks) -Stores are represented in every district of the capital.
Average sq.m sales:	Gel 938 per month.

OPERATIONS SUMMARY

Nikora trade has both centralized and individual stock management systems. Currently around 28% of the total stocks are purchased and managed through the centralized warehouse; the rest is purchased by supermarkets individually.

Stocks are managed through the centralized warehouse in case:

1. The supplier does not have sufficient distribution resources,
2. Company is purchasing large amount of certain product in order to receive discounts from the supplier,
3. Company prefers to distribute products on its own over supplier's distribution terms,
4. Company is the importer of the product.

Products managed from the centralized warehouse are distributed in the supermarket chain through Company's distribution resources, which account for 38 distribution cars.

In case of individual stock management, supermarket managers are responsible for individual stock management. They observe stock balances and sales on every day basis and make corresponding purchase orders.

Company plans to develop central warehouse infrastructure to the extent that it will be able to manage 80% of the total stock.

Currently, stock balances are monitored by sales department by regularly checking visual conditions of the product, expiration date, shelf arrangement, etc. Damaged and/or expired products are returned to the supplier or are sent to the warehouse for abolishment.

Company operates in following market formats:

Large format Supermarkets: Large format stores are supermarkets with three or more check-out points, with more than 200 square meter floor area. These stores typically have self-service, with customers able to touch the products. As of Jul 31, 2015 Company was operating 23 such stores. 8 more stores were added in September 2015 through Nugeshi LLC acquisition.

Small format Supermarkets: Small format stores are supermarkets with two or fewer check-out points with less than 200 square meter floor area. As of Jul 31, 2015 Company was operating 96 such stores. 14 more stores were added in September 2015 through Nugeshi LLC acquisition.

Kiosks: Kiosks are small, freestanding outlets located on sidewalks and with no customer entrance. Kiosks sell basic food products such as drinks, snacks and non-frozen food products. Company currently has 62 kiosks acquired through Nugeshi LLC acquisition.

Nikora Trade's retail model reflects the Company's belief that customer satisfaction and loyalty are the foundations of the Company's success. Company believes that it offers its consumers a compelling value proposition that includes:

- A wide range of competitively priced, high quality products, with an emphasis on fresh food, its own bakery and delicatessen products and also a wide selection of non-food products;
- A modern shopping environment with an appealing ambiance without a ‘‘warehouse’’ feel;
- Supermarkets located near key traffic intersections and with easy access to public transportation, and smaller markets located within highly populated residential districts;
- A large number of cash registers to reduce queues in large format stores.

The Company believes that its business model of operating modern supermarkets enables it to reach a broader customer base by providing broader retail formats and offerings that fit customer demands.

STRATEGY

Company's growth strategy is focused on steady development plan by increasing its revenue, profitability and market share. Company's goal is to maintain and strengthen leading positions of the Georgian retail grocery market through implementing operational efficiencies in existing stores and opening new ones in selected areas of high customer traffic. In order to achieve these objectives, Company will seek to implement the following strategic initiatives:

Continue to grow by expanding existing store chain and developing existing supermarkets.

Company intends to continue to expand its existing store chain. Company plans to open supermarkets of different formats in Tbilisi as well as in other cities of Georgia. Geographic diversification gives the Company considerable competitive advantage. As of today, Company is a market leader as per number of stores and revenue generation. In the future, Nikora Trade is planning to open larger floor size markets; company expects that this will take the business development to the next level.

Intensive development of the business is expected to be achieved through per square meter revenue growth in existing stores by optimising existing internal resources. Refreshment of product mix with higher concentration on medium and low end consumers is expected to increase the number of Nikora Trade customers.

Company believes that widening the current store chain, increasing the floor area in existing supermarkets and improving product mix will have a positive impact on average per square meter sales.

Company will continue to focus on improving quality and efficiency of services.

In terms of the recent rapid expansions of retail market chain, monitoring and improving customer service quality and efficiency is highly important for the Company.

As of today, high quality of customer services is Nikora Trade's one of the competitive advantages and it is essential to be maintained. Considering recent new store openings and retail chain acquisitions, requiring higher amount of administrative resources may put the Company in an unfavourable position in terms of high service quality maintenance. In order to prevent this, company will increase the intensity of employee trainings and encouragement programs. Meanwhile, Company will advance customer service monitoring program, and increase monitoring department stuff; Company believes that these actions will reduce flaws in day to day activities of salespersons.

Maintaining business effectiveness is also one of the main challenges company is facing in the process of rapid expansion. Company believes that economies of expenses, effective working capital management and effectiveness of administrative units are the main drivers of maintaining business effectiveness.

Economies of expenses –Company aims to maintain stable structure of total expenses relative to its revenues, which is expected to be achieved by expense budgeting on monthly basis, considering previous month sales.

Effective working capital management- is expected to be achieved through right targeting of days payables outstanding and inventory days and their management. As for the Inventory days outstanding, the ratio should not be more than 20 days, which Company intends to achieve by improving inventory management procedures and practices. Days of payable outstanding should not go down below 45 days as a result of adjusting supplier contract terms and payment schedules.

Effectiveness of administrative units – Company plans to adjust its organizational structure with the recent developments of business by decentralising management and creating new functional units in administrative departments. New functional units will be in charge of the issues that arose after recent expansions. Management decentralisation will help the Company to be more flexible in decision making processes.

Company will focus on maintaining the image of reliable partner.

Company has leading positions on the grocery retail market in terms of its revenues. One of the main factors on the road of taking the lead on the market was that the Company always fulfilled obligations to its suppliers, gaining the image of reliable and credible partner. In the process of intensive development, strengthening this image will be one of the major strategies of the Company, as active involvement of suppliers in the process is essential for reaching Company's mid and long term goals.

Human resource policy improvement

Company aims to improve current practices of employee motivation, development and encouragement. As the quality of the service is one of the key factors of the business success in retail sector, company should be focused on minimising employee turnover through creating effective environment for employee development. In order to strengthen employee loyalty and corporate culture, Company is actively working on employee motivation through various training programs, encouragements and promotions.

MANAGEMENT AND EMPLOYEES

The following table sets out the name and position of each of the Company's Senior Managers.

Management

Name	**Position**
Irakli Bokolishvili	Chief Executive Officer of JSC Nikora (100% shareholder of Nikora Trade LLC)
Davit Urushadze	Chief Executive Officer
Lia Sukhiashvili	Commercial Director
Salome Khabalashvili	Head of Procurement Department

Irakli Boqolishvili, Chairman of SB

Mr. Boqolishvili was appointed as Director-general at JSC Nikora in June 2010. Prior to this appointment, Mr. Boqolishvili served as the CFO at JSC Nikora from April 2010 until June 2010. Prior to this, Mr. Boqolishvili has served as a member of the Supervisory Board of "BasisBank" since 2008. From 1993 to 2008, Mr. Boqolishvili had served on three various positions at "BasisBank"; he had started from the position of accountant, moved to the position of Chief Accountant and finally had been assigned to the position of CFO. Prior to "BasisBank" he had served as the Chief Inspector at the State Tax inspection Bank Supervisory Service in 1997. Having previously held various positions at Georgian State Technical University, faculty of Mathematics, Mr. Boqolishvili received a degree from Tbilisi State Institute of Humanitarian and Economic studies, specializing in Banking and Finance Management; previous to this, he received a degree from USSR Academy of Science, Institute of Applied Mathematics, specializing in Mathematical Modeling. The first academic degree he had been awarded was from Lomonosow Moscow State University in Mechanics and Mathematics, specializing in Mechanics.

Davit Urushadze, CEO

Mr. Urushadze has been appointed as a CEO at Nikora Trade LLC from April 2015. Prior to this position he has held a position of CFO at at Nikora Trade LLC starting from October 2012 until April 2015. Prior to this position David served as a Head of Treasury Department at "BasisBank" from 2008 until 2012. Prior to this position he has held a position of Credit Expert at "BasisBank" from 2005 until 2008. Mr.David Urushadze has graduated from Georgian – American University, faculty of Business Administration in 2010 and has been awarded with a MBA degree in Finances. Prior to Georgian – American University he has graduated from Ivane Javakhishvili Tbilisi State University, faculty of Economics, specializing in Banking and Finances.

Lia Sukhiashvili, Commercial Director

Ms. Lika Sukhiashvili was appointed as a Commercial Director at Nikora Trade LLC in 2003. Prior to this position she has served as a Cardiologist at the "Center of Endosurgery (minimally invasive internal surgery). Prior to starting work as a cardiologist, she has graduated from Tbilisi State Medical University, General Medical faculty, specializing in Cardiology.

Salome Khabalashvili, Head of Procurement Department

Ms. Khabalashvili was appointed as a Head of Procurement Department at Nikora Trade LLC in June 2015. Prior to this appointment she served as Head of Commercial Department of "Ideal House" LLC in 2014 - 12015. Prior to this position, Ms. Khabalashvili held a position of Category Manager at "Maxhome" LLC in 2013 – 2014. In the years 2010

– 2013, Salome served as a Chief Procurement Manager at “Cash and Cary” LLC. Prior to this, she worked as a Corporate Dealer at Bank of Georgia from 2008 until 2009. Having held various positions at “BasisBank” from 2004 until 2008, Ms. Khabalashvili had been awarded with the Certificate in Financial Management from the School of Business and Economics in Tbilisi (2004). Prior to this, she had been awarded with the Certificate in Business Administration from the School of Business and Economics in Tbilisi (2014). Ms. Khabalashvili received an undergraduate degree from Ilia Chavchavadze Tbilisi State University, faculty of German Language and Literature, specializing in German Language and Literature in 2003. Also, from 2013 - up to now, she is doing Masters in Science of Management.

Employees

As of 31 December 2014, the Company had a total of 1,247 full-time employees. As 30 September 2015 the Company had a total of 2,672 employees.

The Company places significant emphasis on the professional development of its employees. The Company's employees are offered the opportunity to train at specialist training centers and various educational institutions.
The Company is required to withhold income tax at the flat rate of 20.0% on the gross compensation of its employees.

Litigation Statement

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

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

TERMS AND CONDITIONS OF THE BONDS

The issue of US$ 5,000,000 bonds with fixed interest rate of maximum 11% of the nominal value due on March 18, 2018 was authorised by a resolution of the only Partner of the Company (JSC Nikora – ID 200050675) passed on 9 February 2016. The Bonds and the Bondholders' rights are governed by the Prospectus, including without limitation these Terms and Conditions and by the Agreement on Terms and Conditions of the Bonds between the Issuer and JSC Galt & Taggart, as the Bondholders' Representative dated March 15, 2016 (the "**Agreement**"); the joint and several guarantee statement of JSC Nikora (the **"Guarantor"**); and the guarantee agreement between the Guarantor and the Bondholders' Representative dated March 15, 2016. In addition to the specific terms and conditions outlined in other sections of the Prospectus (including without limitation "*Overview of the Offering*") these Terms and Conditions include certain additional representations, covenants and other conditions which are also outlined in the Agreement.

Copies of the Agreement, the joint and several guarantee statement and the guarantee agreement are available for inspection during usual business hours at the principal office of the Bondholders' Representative: at JSC Galt & Taggart, 79 Agmashenebli Ave, Tbilisi 0102, Georgia and at the offices of the Issuer: 11 M. Kavtaradze street, Tbilisi, Georgia. In addition to the Prospectus, including these Terms and Conditions, the Bondholders (as defined below), and in certain cases (envisaged by the Prospectus, including these Terms and Conditions), the Nominal Holder of the Bonds, are entitled to the benefit of, are bound by, and are deemed to be subject to the relevant terms of the provisions of the Agreement, joint and several guarantee statement and the guarantee agreement and such terms apply to them. In Particular, by acquiring the Bond(s) a Bondholder consents and agrees that it is entitled to the benefit of the covenants set forth in Condition 5 of these Terms and Conditions and in Clause 6 of the Agreement (the "**Covenants**"), joint and several guarantee statement and the guarantee agreement, and it will enjoy the rights and obligations deriving from performance, partial performance and/or non-performance of such Covenants only on the condition that it authorizes the Bondholders' Representative to act on its behalf in respect of such Covenants pursuant to Condition 4(a) of these Terms and Conditions. Accordingly neither a Bondholder nor a Nominal Holder has the right to act directly against the Issuer for breach of any of these Covenants and only the Bondholders' Representative may take action against the Issuer in respect of breach of such Covenants, except as provided in Condition 12 of these Terms and Conditions.

1. FORM, SPECIFIED DENOMINATION AND TITLE

The Bonds are issued as dematerialized book-entry bonds, in registered form, in denomination of US$ 1,000.

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

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

(a) Bond Offering Process

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

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

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

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

If in the process of book-building the potential investors express interest for purchase of more Bonds than are being offered based on this Prospectus, such demand 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 Bonds. The Placement Agent must be notified of such decision immediately (no later than 2 pm Tbilisi time of the Business Day following the day when the investor was informed of correction of its application (with respect to the number of Bonds). Failure to notify the Placement Agent of such decision entitles the Placement Agent, at its discretion, to continue to consider the initial application of the investor (with respect to full number of Bonds requested), or refuse the application.

Following completion of the book-building process, the Placement Agent will make an announcement on completion of the offering and will 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. Upon announcement of the completion of the offering, the applications of the potential investors that have been satisfied will be irrevocable and binding upon such investors ("**Subscribing Investors**").

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

By way of exception, the Issuer and/or the Placement Agent are entitled to set certain exemptions, on time limits or terms for potential investors (including without limitation the Subscribing Investors).

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

(b) Changes during Public Offering

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

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

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

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

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

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

(c) Disposal of the Bonds

The Bonds may be disposed of in accordance with Georgian legislation (including Securities Law) within the jurisdiction of Georgia. Disposal of and transfer of title to Bonds shall be valid only if the title change is registered in the relevant Registry. As soon as possible after placement of Bonds but no later than May 182016, the Issuer may submit an application to the Georgian Stock Exchange ("**GSE**") for the Bonds to be admitted to listing on the GSE's official list and to trading on GSE. In case of such admission, the Bonds may be traded on the GSE pursuant to the GSE rules and applicable securities laws for securities admitted for trading on the GSE.

3. STATUS

The Guarantor has agreed to guarantee, unconditionally and irrevocably, to the maximum extent permitted by law, the due and punctual payment of all sums from time to time payable by the Company in respect of the Bonds (the "**Guarantee**"). The total maximum limit of the Guarantor's responsibility under the Guarantee shall be the principal of total issued bonds plus the accrued interest before the maturity date capped at the maximum USD 6 100 000. The Guarantee is a joint and several guarantee and ensures the fulfillment of the Company's obligations related to or derived from the Bonds to the bondholders within the maximum limits allowed under the law. The Bonds constitute unsecured obligations of the Issuer and shall at all times rank pari passu and without any preference among themselves. At all times the claims against the Issuer under the Bonds and the Agreement shall rank at least pari passu in right of payment with the claims of all other unsubordinated creditors of the

Issuer (subject to Condition 5(a)), save for those claims that are preferred by mandatory provisions of applicable law.

4. APPOINTMENT OF BONDHOLDERS' REPRESENTATIVE

(a) By purchasing the Bonds (whether as an initial Bondholder, or as an acquirer (transferee) from an initial Bondholder), each Bondholder and/or Nominal Holder appoints the Bondholders' Representative to act as its agent in all matters relating to the Bonds and in particular those regulated by Condition 5 below and Article 6 of the Agreement, and authorises the Bondholders' Representative to act on its behalf (without first having to obtain its consent, unless such consent is specifically required by these Terms and Conditions, the Agreement and/or applicable laws) in any legal proceedings relating to the Bonds held by such Bondholder and/or such Nominal Holder.

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 joint and several guarantee statement and the guarantee agreement, including and not limited, to act against the Guarantor based on the joint and several guarantee statement and the guarantee agreement on behalf of the Bondholders. Bondholders' Representative has the right to act (without first having to obtain its consent, unless such consent is specifically required by these Terms and Conditions, the Agreement and/or applicable laws) on behalf of each Bondholder and/or Nominal Holder in any legal proceedings relating to the Bonds held by such Bondholder and/or such Nominal Holder.

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

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

5. COVENANTS

(a) **Negative Pledge**: So long as any Bond remains outstanding, the Issuer shall not, and shall not permit any of its Material Subsidiaries to, directly or indirectly, create, incur or suffer to exist any Security Interests (or other legal limitation), other than Permitted Security Interests, on or over any of its or their assets, now owned or hereafter acquired, securing any Indebtedness, unless, at the same time or prior thereto, the Issuer's obligations under the Bonds and the Agreement are secured equally and rateably with such other Indebtedness or have the benefit of such security or other arrangements, as the case may be, as are satisfactory to the Bondholders' Representative, or are approved by an Extraordinary Resolution of the Bondholders.

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

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

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

(iii) JSC Nikora 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, the Agreement, the joint and several guarantee statement and the guarantee agreement, and ensure the legality, validity, enforceability or admissibility in evidence in Georgia of the Bonds, the Agreement, the joint and several guarantee statement and the guarantee agreement.

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

(c) **Mergers**: Neither Issuer nor JSC Nikora shall, without the prior written consent of the Bondholders' Representative, (x) enter into any reorganisation (whether by way of a merger, division, or transformation to another legal form) or (y) in a single transaction or a series of related transactions, directly or indirectly, consolidate or merge, or sell, convey, transfer, lease or otherwise dispose of, all or substantially all of the Issuer's properties or assets (determined on a consolidated basis), unless, in any case:

(i) immediately after the transaction referred to in (x) or (y) above:

A. the resulting or surviving person or the transferee (the "**Successor Entity**") shall be JSC Nikora or the Issuer or, if neither JSC Nikora, nor 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 the Agreement, the joint and several guarantee statement and the guarantee agreement; and

B. the Successor Entity (if neither JSC Nikora, nor the Issuer) shall retain or succeed to all of the rights and obligations of the Issuer or JSC Nikora under all of its material governmental permits, licences, consents and authorisations and shall be in compliance with all material regulatory requirements in each of the jurisdictions in which it operates;

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

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

(d) **Disposals**: Except as otherwise permitted by these Conditions and without prejudice to the provisions of Condition 5(c) (*Mergers*) and Condition 5(e) (*Transactions with Affiliates*), the Issuer shall not, and shall ensure that none of its Material Subsidiaries will, sell, convey, transfer, lease or otherwise dispose of, to a Person other than the Issuer or a Subsidiary of the Issuer, as the case may be, by one or more transactions or series of transactions (whether related or not), the whole or any part of its revenues or assets, unless (i) each such transaction is on arm's-length terms for Fair Market Value; and (ii) with respect to any such transaction providing for a disposal of revenues or assets constituting more than 10 per cent. of the total consolidated assets of the Issuer determined by reference to the consolidated balance sheet of the Group prepared in accordance with IFRS as at the end of the most recent IFRS Fiscal Period, the Issuer shall, prior to the disposal, provide the Bondholders' Representative with a written opinion from an Independent Appraiser to the effect that the transaction is at Fair Market Value.

This Condition 5(d) shall not apply to (i) any transaction between the JSC Nikora and any of its 100% subsidiary(ii) any sale, lease, transfer or other disposal of any assets or property (including cash and securities) constituting a Permitted Security Interest; (iii) the leasing, sale and disposal of assets from its inventory in the ordinary course of conducting its business and operations, or (iv) any present or future assets or revenues or any part thereof that are the subject of any securitisation or any receivables, asset-backed financing or similar financing structure and whereby all payment obligations are to be discharged solely from such assets or revenues, provided that the value of such assets or revenues, which are the subject of the relevant financing structure when aggregated with the value of all assets or revenues subject to a Security Interest permitted under paragraph (g) of the definition of "Permitted Security Interests", does not, at any time, exceed the greater of USD 25,000,000 or 45 per cent of the Group's assets, determined by reference to the consolidated balance sheet of the Group prepared in accordance with IFRS as at the end of the most recent IFRS Fiscal Period.

(e) **Transactions with Affiliates**:

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

(ii) With respect to an Affiliate Transaction or a series of related Affiliate Transactions involving aggregate payments or value in excess of 5 per cent of the total consolidated assets of the Group determined by reference to the consolidated balance sheet of the Group prepared in accordance with IFRS as at the end of the most recent IFRS Fiscal Period, the Issuer shall, prior to the relevant Affiliate Transaction, deliver to the Bondholders' Representative a written opinion from an Independent Appraiser to the effect that such Affiliate Transaction (or series of Affiliate Transactions) is at Fair Market Value and is fair from a financial point of view to the Issuer or the relevant Material Subsidiary, as the case may be.

(iii) The following items shall not be deemed to be Affiliate Transactions and therefore shall not be subject to the provisions of (i) and (ii) above:

A. any employment agreement entered into by a member of the Group in the ordinary course of business and consistent with the past practice of such member of the Group;

B. transactions between or among JSC Nikoraand its 100% subsidiary;

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

D. Any loans or other form of financing from any direct or indirect shareholder(s) of JSC Nikoramade available on the arm's length basis for the purpose of financing operations; and

E. Any insurance contracts with Affiliates made available on the arm's length basis for the purpose of insuring the operations/employees/assets of the Group

(f) **Payment of Taxes and Other Claims**: JSC Nikora 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 USD 1,500,000 (or its equivalent)

(g) **Restricted Payments**: The Issuer shall not, and shall procure and ensure that each of its Subsidiaries will not, (a) declare or pay any dividend in cash or otherwise or make any other distribution (whether by way of redemption, except preferred shares or otherwise) in respect of its share capital, other than dividends or distributions payable to JSC Nikoraor any of its Subsidiaries (and, if a Subsidiary is not a wholly-owned Subsidiary of JSC Nikora, to the other holders of its share capital on a pro rata basis); or (b) directly or indirectly voluntarily purchase, redeem or otherwise retire for value any shares or share capital of the Issuer or, prior to scheduled maturity or scheduled repayment, subordinated debt (except for the repayment of inter-company debt owed by any Subsidiary of JSC Nikorato the JSC Nikora or to any other Subsidiary of JSC Nikora from time to time) (any such action in (a) or (b) being, a "**Restricted Payment**"), if:

(i) at the time of such payment an Event of Default or Potential Event of Default has occurred and is continuing or would result therefrom;

(ii) such Restricted Payment, when aggregated with all other Restricted Payments previously made since 31 December 2015, exceeds 50 per cent. of the Issuer's consolidated net profit (calculated in accordance with IFRS) aggregated on a cumulative basis during the period beginning on 31 December 2015 and ending on the last day of the immediately preceding fiscal year or semi-annual financial period, which does not refer to dividends on preferred shares.

(h) **Indebtedness**:

(i) JSC Nikora shall not permit any of its Material Subsidiaries to create, incur, assume or otherwise become liable in respect of any Indebtedness, other than:

A. any Indebtedness owing to the JSC Nikora or a wholly-owned Subsidiary of JSC Nikora; and

B. any Indebtedness incurred to finance the business of any Subsidiary, provided that the aggregate principal amount of all such Indebtedness permitted under this paragraph (ii) does not at any time exceed the greater of US$35,000,000 or 45 per cent of the total consolidated assets of the Group determined by reference to the consolidated balance sheet of the Group prepared in accordance with IFRS as at the end of the most recent IFRS Fiscal Period.

(i) **Financial Information**:

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

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

(iii) The Issuer hereby undertakes that it will deliver to the Bondholders' Representative, within 270 days copies of the Group's audited consolidated financial statements for the financial year 2015 and within 150 days after the end of each of its financial years after 2015, copies of the Group's audited consolidated financial statements for such financial year, prepared in accordance with IFRS consistently applied for the reporting period and together with the report of the Auditors thereon.

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

(v) If the Bondholders' Representative, acting reasonably, has cause to believe that an Event of Default or Potential Event of Default has occurred, then the Bondholders' Representative may request, and the Issuer shall provide to the Bondholders' Representative without delay, information that is directly relevant to the purported Event of Default or Potential Event of

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

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

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

6. INTEREST

Each Bond bears interest from and including the Issue Date at the annual rate within the range indicated in – "*Overview of the Offering*" (*see, pg.3)*. The final interest rate will be determined pursuant to Condition 2(a) ("*Bond Offering Process*") and will be reflected in the final Prospectus. The interest is payable semi-annually in arrears on September 18, and March 18, each year (each an "Interest Payment Date"), commencing on September 18, 2016. Each Bond will bear interest until the due date for redemption unless payment of principal is improperly withheld or refused. In such event it shall continue to bear interest at such rate until the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant Bondholder.

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

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

7. REDEMPTION AND PURCHASE

(a) **Redemption**: The Issuer may redeem the Bond(s) prior to their maturity for cancellation by offering to the Bondholder(s) payment of the outstanding principal amount together with accrued and unpaid interest to the date of redemption. Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount March 18, 2018. The Bonds may not be redeemed at the option of the Issuer other than as described in the Prospectus (including this Condition).

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

(c) **Purchase**: The Issuer and its Subsidiaries may at any time purchase Bonds in the open market or otherwise at any price. The Bonds so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Bondholders or for the purposes of Condition 11(a).

8. PAYMENTS

(a) **Method of Payment**:

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

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

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

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

(b) **Appointment of Agents**: The Calculation and Principal Paying Agent, Placement Agent and the Registrar and their respective specified offices are listed in "*Overview of the Offering*" as well as at the end of the Prospectus. The Calculation and Principal 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 Principal Paying Agent, Placement Agent or the Registrar and to appoint additional or other Calculation and Principal Paying Agent, Placement Agent or the Registrar, provided that the Issuer shall at all times maintain (i) a Calculation and Principal Paying Agent, and (ii) a Registrar, in each case, as approved by the Bondholders' Representative.

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

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

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

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

9. TAXATION

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

10. EVENTS OF DEFAULT

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

(a) **Non-Payment**: the Issuer fails to pay the principal of, any interest or any other sum due on any of the Bonds or due pursuant to the Agreement when due and such failure to pay is not remedied within five days of the due date for payment; or

(b) **Breach of Other Conditions**: performance or compliance with any one or more of its other conditions (other than those in Condition 10(a)) in the Prospectus or the Agreement which default is, based on the Bondholders' Representative’s affirmation (i) incapable of remedy and is material or repeated; or, (ii) is capable of remedy and it is not remedied within 30 days after notice of such default shall have been given to the Issuer by the Bondholders' Representative; or

(c) **Cross-Default**: (i) any other present or future Indebtedness of JSC Nikora or any Material Subsidiary for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any event of default (howsoever described), or (ii) any such Indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (iii) JSC Nikora or any Material Subsidiary fails to pay when due any amount payable by it under any other present or future Indebtedness provided that the aggregate amount of the relevant Indebtedness in respect of which one or more of the events mentioned above in this Condition 10(c) have occurred equals or exceeds USD 1,500,000or 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) JSC Nikora or any Material Subsidiary initiating liquidation or insolvency proceedings except when material subsidiary is liquidated due to merger with the issuer or another material subsidiary; or (ii) the filing of a claim by any Person in respect of the Issuer or any Material Subsidiary to initiate insolvency proceedings, where such claim is not dismissed within 60 days from the date of filing; or (iii) entry into negotiations between the Issuer and its creditors for an out of court settlement of all or substantially all of the Issuer's debts; or (iv) commencement of liquidation proceedings in respect of the Issuer or any Material Subsidiary based on a decision of a court in a criminal case;

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

(iii) the shareholders of the Issuer approve any plan for the liquidation or dissolution of the Issuer; or

(e) **Unsatisfied Judgments, Governmental or Court Actions**: the aggregate amount of unsatisfied judgments, decrees or orders of courts or other appropriate law enforcement bodies for the payment of money against JSC Nikoraor any Material Subsidiary exceeds USD 500,000 or the equivalent thereof in any other currency or currencies, or any such unsatisfied judgment, decree or order results in (a) the management of JSC Nikoraor any Material Subsidiary being wholly displaced or the authority of JSC Nikora or any Material Subsidiary in the conduct of its business being wholly or partially curtailed, (b) all or a majority of the share capital of the Issuer or any Material Subsidiary or the whole or any part (the book value of which is 20 per cent. or more of the book value of the whole) of its revenues or assets being seized, nationalised, expropriated or compulsorily acquired; or

(f) **Execution**: any execution is levied against, or an encumbrancer takes possession of or sells, the whole or any material part (25% of the assets and more) of, the property, revenues or assets of JSC Nikoraor any Material Subsidiary; or

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

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

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

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

11. MEETINGS OF BONDHOLDERS, MODIFICATION AND WAIVER

(a) **Meetings of Bondholders**: The Agreement contains provisions for convening meetings of Bondholders to consider matters affecting their interests, including the sanctioning by the resolution passed at a meeting duly convened and held in accordance with this Prospectus and the Agreement by a majority of at least 75 per cent. of the votes cast (**"Extraordinary Resolution"**) of a modification of any of these Conditions or any provisions of the Agreement. Such a meeting may be convened by Bondholders (and/or Nominal Holders acting on their behalf) holding not less than 10 per cent. in principal amount of the Bonds for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing more than half of the aggregate principal amount of the Bonds for the time being outstanding, or at any Adjourned Meeting two or more persons being or representing more than 25% of the aggregate principal amount of the Bonds for the time being outstanding, or at any subsequent Adjourned Meeting, two or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented, unless the business of such meeting includes, inter alia, consideration of the following proposals: (i) to change any date fixed for payment of principal or interest in respect of the Bonds; (ii) to alter the method of calculating the amount of any payment in respect of the Bonds; (iii) to change the amount of principal and interest payable in respect of the Bonds; (iv) to sanction the exchange or substitution for the Bonds of, or the conversion of the Bonds into, shares, bonds or other obligations or securities of the Issuer or any other entity; (v) to change the currency of payments under the Bonds (other than such change as may be required by applicable law); (vi) to change the quorum requirements relating to Bondholders' meetings or the majority required to pass an Extraordinary Resolution; (vii) to alter the governing law of the Agreement; or, (viii) without prejudice to the rights under Condition 12(b) (Modification and Waiver) below, change the definition of "Events of Default" under these Conditions, in which case the necessary quorum will be two or more persons holding or representing not less than two-thirds, or at any Adjourned Meeting not less than one-third, in principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Bondholders (whether or not they were present at the meeting at which such resolution was passed).

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

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

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

12. ENFORCEMENT

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

13. INDEMNIFICATION OF THE BONDHOLDERS' REPRESENTATIVE

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

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

14. NOTICES

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

15. DEFINITIONS

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

"**Adjourned Meeting**" means a meeting of the Bondholders which continues a prior meeting at which a quorum was not present for the conduct of business.

"**Affiliate**" of any specified Person means (a) any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person or (b) any other Person who is a director or officer of such specified Person, of any Subsidiary of such specified Person or of any other Person described in (a);

"**Bondholder**" means the registered owner ("რეგისტრირებული მესაკუთრე") (as such term is defined in the Securities Law) of a Bond.

"**Business Day**" means any day (other than a Saturday or Sunday) on which commercial banks settle payments and are open for general business (including in foreign exchange) in Tbilisi;

"**Fair Market Value**" of a transaction means the value that would be obtained in an arm's-length commercial transaction between an informed and willing seller (under no undue pressure or compulsion to sell) and an informed and willing buyer (under no undue pressure or compulsion to buy). A report of the Independent Appraiser of the Fair Market Value of a transaction may be relied upon by the Bondholders' Representative without further enquiry or evidence;

"**Group**" means JSC Nikora (ID- 200050675) and its Subsidiaries, from time to time, taken as a whole;

"**Control**", as used in this definition, means the power to direct the management and the policies of the Issuer, whether through the ownership of share capital, by contract or otherwise;

"**IFRS**" means International Financial Reporting Standards (formerly International Accounting Standards), issued by the International Accounting Standards Board ("**IASB**") and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (as amended, supplemented or re-issued from time to time);

"**IFRS Fiscal Period**" means any fiscal period for which the Issuer has produced consolidated financial statements in accordance with IFRS, which have either been audited or reviewed by the Auditors;

"**Indebtedness**" means, with respect to any Person at any date of determination (without duplication):

a. all indebtedness of such Person for borrowed money;
b. all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;
c. all obligations of such Person in respect of letters of credit or other similar instruments (including reimbursement obligations with respect thereto), excluding any letters of credit, guarantees, or other similar instruments issued in the ordinary course of its business;
d. all obligations of such Person to pay the deferred and unpaid purchase price of property, assets or services;
e. all indebtedness of other Persons secured by Security Interests granted by such Person on any asset (the value of which, for these purposes, shall be determined by reference to the balance sheet value of such asset in respect of the latest annual financial statements (calculated in accordance with IFRS) of the Person granting the Security Interest) of such Person, whether or not such indebtedness is assumed by such Person;
f. all indebtedness of other Persons guaranteed or indemnified by such Person, to the extent such indebtedness is guaranteed or indemnified by such Person;
g. any amount raised pursuant to any issue of securities which is expressed to be redeemable;
h. net obligations under any currency or interest rate hedging agreements; and
i. any amount raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the economic or commercial effect of a borrowing,

and the amount of indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations, as described above, and with respect to contingent obligations, as described above, the maximum liability which would arise upon the occurrence of the contingency giving rise to the obligation;

"**Independent Appraiser**" means an audit firm or third party expert in the matter to be determined selected by the Issuer and approved by the Bondholders' Representative, provided that such firm or third party appraiser is not an Affiliate of the Issuer;

"**Issue Date"** means the date when the Bonds are issued and placed, as indicated in "*Overview of the Offering*";

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

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

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

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

"**Permitted Security Interests**" means:

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

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

(d) Security Interests securing Indebtedness of a Person existing at the time that such Person is merged into or consolidated with the Issuer or a Subsidiary of the Issuer or becomes a Subsidiary of the Issuer, provided that such Security Interests (i) were not created in contemplation of such merger or consolidation or event; and (ii) do not extend to any assets or property of the Issuer or any Subsidiary of the Issuer (other than those of the Person acquired and its Subsidiaries (if any));

(e) Security Interests already existing on assets or property acquired or to be acquired by the Issuer or a Subsidiary of the Issuer, provided that such Security Interests were not created in contemplation of such acquisition and do not extend to any other assets or property (other than the proceeds of such acquired assets or property);

(f) Security Interests granted upon or with regard to any property hereafter acquired by any member of the Group to secure the purchase price of such property or to secure Indebtedness incurred solely for the purpose of financing the acquisition of such property and transactional expenses related to such acquisition, provided that the maximum amount of Indebtedness thereafter secured by such Security Interest does not exceed the purchase price of such property, transactional expenses and/or the Indebtedness incurred solely for the purpose of financing the acquisition of such property;

(g) 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;

(h) any Security Interest upon, or with respect to, any present or future assets or revenues or any part thereof which is created pursuant to any securitisation of receivables, asset-backed financing or similar financing structure and whereby all payment obligations secured by such Security Interest or having the benefit of such Security Interest, are to be discharged solely from such assets or revenues, provided that the aggregate value of assets or revenues subject to such Security Interest when added to the aggregate value of assets or revenues which are the subject of any securitisation of receivables, asset-backed financing or similar financing structure permitted pursuant to Condition 5(d) (*Disposals*), does not, at any such time, exceed 25 per cent. of the Issuer's assets, determined by reference to the consolidated balance sheet of the Group prepared in accordance with IFRS as at the end of the most recent IFRS Fiscal Period;

(i) Security Interests upon, or with respect to, any present or future assets or revenues or any part thereof which is created pursuant to any Repo transaction;

(j) Security Interests arising pursuant to any agreement (or other applicable terms and conditions) which is standard or customary in the relevant market relating to interest rate and foreign currency hedging operations;

(k) any Security Interests arising by operation of law and in the ordinary course of business including tax and other non-consensual Security Interests; and

(l) any Security Interests not otherwise permitted by the preceding paragraphs (a) to (j), inclusive, provided that the aggregate principal amount of the Indebtedness secured by such Security Interests does not at any time exceed the greater of USD35,000,000 or 45 per cent. of the total consolidated assets of the Group, determined by reference to the consolidated balance sheet of the Group prepared in accordance with IFRS as at the end of the most recent IFRS Fiscal Period;

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

"**Repo**" means a securities repurchase or resale agreement or reverse repurchase or resale agreement, a securities lending or rental agreement or any agreement relating to securities which is similar in effect to any of the foregoing and for the purposes;

"**Restricted Payment**" has the meaning given to it in Condition 5(g);

"**Securities Law**" means the law of Georgia on Securities Market, adopted on 24 December 1998 as amended from time to time;

"**Security Interest**" means any mortgage, pledge, encumbrance, lien, charge or other security interest (including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction);

"**Subsidiary**" means, in relation to any Person (the "**first Person**") at a given time, any other Person (the "**second Person**") (a) whose affairs and policies the first Person directly or indirectly controls or (b) as to whom the first Person owns directly or indirectly more than 50 per cent. of the capital, voting share or other right of ownership;

"**Tax**" means any tax, levy, duty, impost or other charge or withholding of a similar nature, no matter where arising (including interest and penalties thereon and additions thereto) and no matter how levied or determined.

17. GOVERNING LAW AND JURISDICTION

(b) **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.

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

TAXATION OF THE BONDS IN GEORGIA

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

Withholding Tax on Interest

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

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

Interest paid to Bondholders that are companies registered in countries having beneficial taxation systems and recognized as offshore jurisdictions by the Government of Georgia, will be subject to taxation at the rate of 15%.
The applicability of Georgian withholding tax on interest may be affected by a double tax treaty between Georgia and the country of residency of the non-resident Bondholder.

Taxation of sale of Bonds – General

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

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

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

Taxation of sale of Bonds by Non-Resident Individual Bondholders

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

Taxation of sale of Bonds by Resident Legal Entity Bondholders

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

Taxation of sale of Bonds by Resident Individual Bondholders

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

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

Tax on Payment of Principal

The principal amount received by the Bondholders on redemption of the Bonds shall not be treated as their taxable income and, therefore, shall not be subject to taxation in Georgia to the extent that the redemption price at maturity does not exceed the original issue price.

Value Added Tax
Sales (supply) of the Bonds are exempt from Value Added Tax in Georgia.

GENERAL INFORMATION

1. The Issuer may submit an application to the Georgian Stock Exchange ("**GSE**") for the Bonds to be admitted to listing on the GSE's official list and to trading on GSE by May 18, 2015.
2. In the previous 12 months, there have not been any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which may have, or have had in the recent past, a significant effect on the Company's financial position or profitability.
3. Copies of the following documents will be available for inspection during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for a period of 24 months from the date of publication of this Prospectus at the office of the Company:

a) a copy of this Prospectus together with any Supplement to this Prospectus or any further Prospectus;
b) the Agreement between the Issuer and Bondholders' Representative;
c) the audit report on the historical financial information of the Company set out in the annex to this Prospectus.
d) the joint and several guarantee statement and the guarantee agreement

4. PKF Georgia LLC has consented to the inclusion in the Prospectus of their report in the annex.

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

Issuer
Nikora Trade LLC
11 M. Kavtaradze street
Tbilisi, 0180
Georgia

Placement Agent
JSC Galt & Taggart
79 Agmashenebeli Avenue
Tbilisi, 0102
Georgia

Bondholders' Representative
JSC Galt & Taggart
79 Agmashenebeli Avenue
Tbilisi, 0102
Georgia

Calculation and Principal Paying Agent
JSC Galt & Taggart

79 Agmashenebeli Avenue
Tbilisi, 0102
Georgia

Registrar
JSC United Securities Registrar of Georgia
11 Mosashvili Str.
Tbilisi, 0179
Georgia

Auditor of 2013-2014 consolidated financial statements

PKF Georgia LLC
85 Paliashvili street
Tbilisi, 0162
Georgia

Signed on behalf of Nikora Trade LLC:

Signatory

Name:	*Davit Urushadze*
Position:	*General Director*
Signature:	
Date:	

Signed on behalf of JSC Galt and Taggart:

Signatory

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