

London, 12 June 2014

Bank of Georgia's real estate subsidiary issues bonds and completes its largest project

Bank of Georgia Holdings PLC ("BGH"), the holding company of JSC Bank of Georgia ("the Bank"), Georgia's leading bank, announces that its real estate subsidiary JSC m2 Real Estate ("m2RE") has completed construction of its largest project to date. The project, which comprises 522 residential apartments with a total buildable area of 63,247 square metres has been completed four months ahead of schedule. 97% of apartments has been sold with more than a third financed through the Bank's mortgages (worth c. GEL 22 million) stimulating our mortgage lending business.

m2RE also announces successful closing of the US\$10 million 1-year bond placement by JSC m2 (Bank's another real estate subsidiary, managed by m2RE). The bond was issued at par and carries a coupon rate of 8.42%* payable upon maturity. This is the second bond offering by m2 this month. A 1-year US\$5 million bond with a 9.5%* coupon rate was issued in the beginning of June. BG Capital, wholly-owned brokerage subsidiary of the Bank acted as the placement agent for the deal.

"We are delighted to have completed our largest project to date and to have issued our second bond in a month, which like the previous bond issuance was met with considerable interest driving down the yield from 9.5% to 8.42%. We now have two completed projects in our portfolio, two more projects currently under construction and we are actively working towards launching more projects in the nearest future," commented **Irakli Burdiladze**, Chairman of m2RE.

"I would like to congratulate the Investment Management team for successfully placing the issuance. The team demonstrated its significant placement power by building the book in less than three hours. The demand was primarily driven by international and local wealth management clients. I am also pleased that we have offered high yielding product to our wealth management clients on the back of deposit rate cuts. The yield on m2 bonds is significantly higher than the deposit rates currently offered on the market", commented **Irakli Gilauri**, CEO of Bank of Georgia

* 5% withholding tax applies to individuals

About m2 and m2 Real Estate www.m2.ge

The Bank's wholly-owned subsidiary m2 develops residential property on real estate assets previously repossessed by the Bank, outsources the construction and architectural works while focusing on project management and sales. The real estate business is in place to meet the unsatisfied demand for housing while stimulating the Bank's mortgage lending business. m2 has completed its second housing project of a 522 apartment building with a total buildable area of 63,247 square meters and has recently commenced construction of another two residential projects.

About Bank of Georgia Holdings PLC

Bank of Georgia Holdings PLC is a UK-incorporated holding company of Bank of Georgia. Bank of Georgia is the leading Georgian bank, based on total assets (with a 34.1% market share), total loans (with a 31.7% market share) and client deposits (with a 30.2% market share) as of 31 March 2014, all data based on standalone financial information filed by banks in Georgia with the National Bank of Georgia. The Bank offers a broad range of corporate banking, retail banking, wealth management, brokerage and insurance and healthcare services to its clients. As of 31 March 2014, the Bank served approximately 1.3 million client accounts through one of the largest distribution networks in Georgia, with 203 branches, the country's largest ATM network, comprising 497 ATMs, 1,423 Express pay (self-service) terminals and a full-service remote banking platform and a modern call center.

Bank of Georgia has, as of the date hereof, the following credit ratings:

Standard & Poor's	'BB-/B'
FitchRatings	'BB-/B'
Moody's	'B1/NP' (FC) & 'Ba3/NP' (LC)

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