

London, 26 March 2018

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BGEO Group announces the publication of Demerger related documents and calls Court Meeting and Annual General Meeting ("AGM")

BGEO Group PLC (the "**Group**" or "**BGEO**"), announces that the Group has today published its shareholder circular that contains recommended proposals for the separation of its investment business (the "**Investment Business**") by demerger to Georgia Capital PLC (the "**Demerger**").

Shareholder documentation

The proposals outlined in the shareholder circular will give effect to the Demerger and will, if fully implemented, result in BGEO shareholders ceasing to hold shares in BGEO and instead receiving shares in two new companies, Bank of Georgia Group PLC ("**Bank of Georgia**") and Georgia Capital PLC ("**Georgia Capital**"), which will hold BGEO's current banking business (the "**Banking Business**") and the Investment Business respectively. Full details of the proposals, which will require shareholder approval at a Court Meeting and AGM on 30 April 2018, are available in the shareholder circular which is available at <http://bgeo.com/page/id/83/shareholder-meetings>. The Demerger is expected to be implemented by 29 May 2018.

It is expected that, following the Demerger, the ordinary shares of Bank of Georgia and Georgia Capital will be admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities. The admission of Bank of Georgia and Georgia Capital is expected to take place on 21 May 2018, and 29 May 2018, respectively. To this effect, each of Bank of Georgia and Georgia Capital have today published a Prospectus. Both Prospectuses are available at <http://bgeo.com/prospectuses> and will shortly be submitted to the National Storage Mechanism. In addition, the Prospectuses will also be available at BGEO's offices at 84 Brook Street, London, W1K 5EH, United Kingdom and 29a Gagarini Street, Tbilisi 0160, Georgia later today.

Background to, and reasons for, the Demerger

On 3 July 2017, the Board announced its intention to demerge the Group into a London-listed banking business and a London-listed investment business, which is intended to deliver additional long-term value to Shareholders by creating two distinct entities, each of which will have enhanced growth opportunities in the strongly growing Georgian economy. Both businesses are already leaders in their respective fields, with separate strategic, capital and economic characteristics and strong and knowledgeable management teams. In particular, the Board believes the Demerger will benefit the two businesses in the following areas:

- **Business flexibility:** Provide greater flexibility for each business to manage its own capital and human resources and pursue strategic options appropriate to its respective sector, whilst avoiding the potential for conflicts of interest between the respective businesses.
- **Growth opportunities:** Allow each business independently to actively pursue further consolidation opportunities and value-accretive partnerships and joint ventures in their respective markets.
- **Regulatory clarity and flexibility:** As a separate entity, Georgia Capital PLC would not be subject to the banking regulatory regime thereby improving its ability and flexibility to allocate capital, take advantage of various investment opportunities and better execute its growth strategy.
- **Efficient capital structure:** Enable each business to adopt a capital structure, balance sheet and financing strategy which will more efficiently meet its individual requirements.

- Improved management focus: Separate management teams with sharpened focus will help the two demerged businesses to maximize their performance and make full use of their available resources.
- Alignment of incentives: Align management and employee rewards more directly with business and stock market performance, helping to attract, retain and motivate the best people.
- Investor clarity and understanding: Create two separately listed more focused companies offering clear and distinct investment propositions, each with separate market valuations.

In addition to its portfolio companies, Georgia Capital will have significant investments in two businesses of the former BGEO Group: a 57% stake in GHG, the London Stock Exchange premium-listed parent company of the largest and diversified healthcare provider in Georgia, and a 19.9% stake in Bank of Georgia. For as long as Georgia Capital's percentage holding in Bank of Georgia is greater than 9.9%, Georgia Capital will exercise its voting rights in Bank of Georgia general meetings in accordance with the votes cast by all other Bank of Georgia shareholders on Bank of Georgia votes at general meetings. This arrangement has been put in place so that Georgia Capital will not be able to influence the voting outcomes of Bank of Georgia shareholder resolutions, and are intended to meet the US tax requirements for the Demerger to qualify for non-recognition treatment.

AGM and dividend

Following the publication on 8 March 2018 of the BGEO Group PLC (BGEO) (LSE: BGEO) Annual Report and Accounts for the financial year ended 31 December 2017, the 2018 Notice of AGM is included in the shareholder circular sent to shareholders today and the related Form of Proxy for the AGM and the Court Meeting accompany that circular. The shareholder circular and related Forms of Proxy have been submitted to the National Storage Mechanism and will shortly be available for inspection at www.morningstar.co.uk/uk/NSM. The shareholder circular and the Forms of Proxy are also available on BGEO's website at www.bgeo.com. The Annual Report and Accounts for the financial year ended 31 December 2017 continues to be available to view on BGEO's website.

The Annual General Meeting will be held at 11:15 (London time) on 30 April 2018 at the offices of Baker & McKenzie LLP, 100 New Bridge Street, London EC4V 6JA, following the Court meeting at the same address at 11:00 (London time) on the same date.

As announced on 8 March 2018 the Board has recommended a regular annual dividend for 2017 totalling c.GEL120 million (which would represent a payment of GEL 3.1 per share), which is subject to shareholder approval and conditional on the Scheme not being implemented. As further announced on 8 March 2018, subject to the completion of the Scheme, it is intended that the Bank of Georgia Group Board will recommend the payment of a dividend, in a similar aggregate amount to the proposed BGEO Group PLC dividend, subject to availability of sufficient distributable reserves, general market conditions and trading performance.

Irakli Gilauri, BGEO CEO commented: "The Banking Business (held through Bank of Georgia) will continue to represent one of the largest, best managed and most strongly capitalised banking businesses in Georgia with superior returns. The Investment Business (held through Georgia Capital) will continue to invest in and develop Georgian businesses, raising funds through its own financing relationships and resources. Georgia Capital will be the only professionally managed publicly-listed investment company in Georgia, with a track record of over ten years of successfully investing in and growing companies in the Georgian economy. The Demerger of the businesses will allow investors to make their own decisions on capital allocations between the banking and investment businesses."

Neil Janin, BGEO Chairman commented: "I am pleased with the overall progress BGEO has made during my time as Chairman and I am delighted to have been able to lead the Group to this stage in its development, and that I will become Chairman of Bank of Georgia after the Demerger. The Boards of both Bank of Georgia and Georgia Capital will comprise a combination of existing directors and new directors. There will be no crossover in the members of the two boards. I wish both boards every success as they pursue their strategies for the Banking Business and the Investment Business following the Demerger, which I am confident will be to the benefit of all stakeholders."

Forward-looking statements

Certain statements in this announcement are forward-looking statements. By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions that could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. These risks, uncertainties and assumptions could adversely affect the outcome and financial consequences of the plans and events described herein. No one undertakes any obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. Readers should not place any undue reliance on forward-looking statements which speak only as of the date of this announcement. Statements contained in this announcement regarding past trends or events should not be taken as representation that such trends or events will continue in the future.

The statements contained herein are accurate as at the date of this announcement. Nothing contained in this announcement shall be deemed to be a forecast, projection or estimate of future performance. Except as required by the rules of the UK Listing Authority and the London Stock Exchange (and applicable law), BGEO Group PLC undertakes no obligation to update publicly or revise the content of this announcement, whether as a result of new information, future events or otherwise.

Name of authorised official of issuer responsible for making notification: Natia Kalandarishvili, Head of Investor Relations and Funding

About BGEO Group PLC

The Group: BGEO Group PLC (“BGEO” – LSE: BGEO LN) is a UK incorporated holding company of a Georgia-focused investment platform. BGEO invests, via its subsidiaries, in the banking and non-banking sectors in Georgia (BGEO and its subsidiaries, together the “Group”). BGEO aims to deliver on its strategy of: (1) at least 20% ROAE from its Banking Business; (2) 15%-20% growth of its Banking Business loan book; (3) at least 25% IRR; and (4) up to 20% of the Group’s profit from its Investment Business. On 3 July 2017 BGEO announced its intention to demerge BGEO Group PLC into a London-listed banking business (the “Banking Business”) and a London-listed investment business (the “Investment Business”) by the end of the first half of 2018.

Banking Business: Currently comprises: a) retail banking and payment services, b) corporate investment banking and wealth management operations and c) banking operations in Belarus (“BNB”). JSC Bank of Georgia (“BOG” or the “Bank”) is the core entity of the Group’s Banking Business. The Banking Business will continue to target to benefit from the underpenetrated banking sector in Georgia primarily through its retail banking services.

Investment Business: Currently comprises the Group’s stakes in Georgia Healthcare Group PLC (“Healthcare Business” or “GHG”) – an LSE (a London Stock Exchange) premium-listed company, Georgia Global Utilities (“Utility and Energy Business” or “GGU”), m² Real Estate (“Real Estate Business” or “m²”), Teliani Valley (“Beverage Business” or “Teliani”) and Aldagi (“Property and Casualty Insurance Business” or “Aldagi”). Georgia’s fast-growing economy provides opportunities in a number of underdeveloped local markets and the Investment Business will target to capture growth opportunities in the Georgian corporate sector.

JSC BGEO Group has, as of the date hereof, the following credit ratings:

Fitch Ratings
Moody’s

‘BB-/B’
B1/NP (FC) & B1/NP (LC)

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

Fitch Ratings
Moody’s

‘BB-/B’
‘Ba3/NP’ (FC) & ‘Ba2/NP’ (LC)

For further information, please visit www.bgeo.com or contact:

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Citigroup Global Markets Limited is acting as Sponsor and Joint Financial Adviser and Numis Securities Limited as Joint Financial Adviser in relation to the proposed Demerger.

Citi, which is authorised and regulated in the United Kingdom by the FCA, is acting as sponsor and joint financial adviser to BGEO Group PLC and as sponsor and financial adviser to Bank of Georgia Group PLC and Georgia Capital PLC and for no one else in connection with the Proposals and will not be responsible to anyone other than BGEO Group PLC, Georgia Capital PLC and Bank of Georgia Group PLC for providing the protections afforded to clients of Citi, nor for providing advice in relation to the Proposals or any other matter or arrangement referred to in this Circular. This statement does not seek to limit or exclude responsibilities or liabilities which may arise under the FSMA or the regulatory regime established thereunder.

Numis which is authorised and regulated in the United Kingdom by the FCA, is acting as joint financial adviser to BGEO Group PLC, Bank of Georgia Group PLC and Georgia Capital PLC and for no one else in connection with the Proposals and will not be responsible to anyone other than BGEO Group PLC, Bank of Georgia Group PLC and Georgia Capital PLC and for providing the protections afforded to clients of Numis, nor for providing advice in relation to the Proposals or any other matter or arrangement referred to in this Circular. This statement does not seek to limit or exclude responsibilities or liabilities which may arise under the FSMA or the regulatory regime established thereunder.

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