

London, 12 February 2018

NOT FOR PUBLICATION, DISTRIBUTION OR RELEASE, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES, AUSTRALIA, CANADA OR JAPAN OR INTO ANY JURISDICTION WHERE SUCH PUBLICATION, DISTRIBUTION OR RELEASE WOULD BE UNLAWFUL. THIS ANNOUNCEMENT DOES NOT CONSTITUTE OR FORM AN OFFER OF SECURITIES IN THE UNITED STATES OR ANY OTHER JURISDICTION.

This announcement contains inside information

BGEO Group PLC – Update on Proposed Demerger

On 3 July 2017, BGEO Group PLC (the “**Group**” or “**BGEO**”), announced its intention to demerge BGEO Group PLC into two separately London-listed businesses: a banking business, Bank of Georgia Group PLC (the “**Bank of Georgia**”), and an investment business, Georgia Capital PLC (the “**Georgia Capital**”). The Board has now approved the implementation of the demerger, subject to shareholder approval.

The Board of Directors of BGEO (the “**Board**”) believe a demerger of the businesses will 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 value-creation characteristics led by strong and knowledgeable management teams. We expect the demerger to benefit both businesses in several ways: providing greater flexibility for each business to pursue value creation opportunities appropriate to its focused strategies, harnessing different capital structures, and allowing tailored and effective management and human resource approaches. The Board believes that the demerger is the best way to enable the individual businesses to grow faster and develop independently over the next few years.

The demerger will be subject to shareholder approval at a General Meeting which is expected to be held in April 2018. There are certain other conditions precedent to the demerger including approval of the related Scheme of Arrangement by the court. Further information on the demerger, together with the notice convening the General Meeting, will be sent to shareholders in due course. The demerger is expected to complete before the end of June 2018. Following the demerger, Bank of Georgia and Georgia Capital will be two independent entities, with no overlapping management or directors.

As well as approving the implementation of the demerger, the Board decided to increase the stake that Georgia Capital will have in Bank of Georgia to 19.9%, from the previously announced 9.9%. In seeking to achieve the best outcome in terms of combined valuation for current BGEO shareholders, it is important that the demerger creates two entities that are well-capitalised, have enough liquidity to be attractive to a broad investor base, and are sizeable enough for both Bank of Georgia and Georgia Capital to achieve FTSE 250 index inclusion following the demerger.

From a Georgia Capital perspective, the Georgian banking sector is the most developed sector of the Georgian economy, and the increased Bank of Georgia investment is in line with its strategy to pursue high potential returns from investments in Georgia. In addition, the ownership of a 19.9% stake in Bank of Georgia will provide Georgia Capital with improved access to capital and increased capacity to capture investment opportunities in Georgia by monetising its Bank of Georgia stake.

As it redeploys its capital resources, Georgia Capital expects that it will gradually reduce its holding in Bank of Georgia and that over the medium term its stake will decline to under 10%. Georgia Capital has agreed that, for as long as its stake in Bank of Georgia is greater than 9.9%, it will exercise its voting rights in Bank of Georgia in accordance with the votes cast by all other Bank of Georgia shareholders on all shareholder votes.

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: Giorgi Alpaidze, Group CFO

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:

Irakli Gilauri
Group CEO
+995 322 444 109
igilauri@bgeo.com

Michael Oliver
Adviser to the CEO
+44 203 178 4034
moliver@bgeo.com

Giorgi Alpaidze
Group CFO
+995 322 444 190
g.alpaidze@bgeo.com