



**Part II Organizational Action** (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ See attached statement.

Blank lined area for providing Internal Revenue Code section(s) and subsection(s).

18 Can any resulting loss be recognized? ▶ See attached statement.

Blank lined area for providing information regarding resulting loss recognition.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ See attached statement.

Blank lined area for providing other information necessary to implement the adjustment.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here Signature ▶  Date ▶ 15 June 2018

Print your name ▶ Kakhaber Kiknavelidze Title ▶ Chief Executive Officer

<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶				Firm's EIN ▶
	Firm's address ▶				Phone no.

**ATTACHMENT - FORM 8937**  
**“REPORT OF ORGANIZATIONAL ACTIONS AFFECTING BASIS OF SECURITIES”**

<b>Line</b>	<b>Description</b>	<b>Response</b>
<b>Part II, Item 14</b>	Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action.	<p>BGEO Group PLC ("BGEO") was a public limited company incorporated in the United Kingdom whose stock was publicly traded on the Main Market of the London Stock Exchange, and served as the ultimate parent holding company of the BGEO group.</p> <p><u>The BGEO Reorganization</u></p> <p>On May 18, 2018, pursuant to an English court-approved scheme of arrangement, Bank of Georgia Group PLC ("BOG"), a newly formed limited liability company organized under the laws of England and Wales, was inserted as a new holding company of the BGEO group. Under the terms of such arrangement, (1) all existing ordinary shares of BGEO were cancelled, which reduced the share capital of BGEO, (2) BGEO applied the reserve arising as a result of cancelling its ordinary shares to issue an equivalent number of new shares to BOG so that BOG became its holding company, and (3) in consideration for the cancellation of BGEO's ordinary shares, BGEO shareholders received shares of BOG stock on a pro rata basis (1.0 shares of BOG for 1.0 shares of BGEO) (all steps hereunder referred to as the "Scheme of Arrangement"). No fractional shares of BOG were distributed in the Scheme of Arrangement. In connection with the Scheme of Arrangement, on May 21, 2018, BGEO was re-registered as a private limited company under the laws of England and Wales (the "Conversion") and an election has been filed with the Internal Revenue Service of the United States to treat such entity as a disregarded entity effective on the date after the Conversion for U.S. federal income tax purposes (collectively, the Scheme of Arrangement and the Conversion, the "BGEO Reorganization").</p> <p><u>The Demerger</u></p> <p>On May 29, 2018, as part of a demerger pursuant to the Scheme, BOG transferred the shares of JSC Georgia Capital to Georgia Capital PLC ("Georgia Capital"), a newly formed limited liability company organized under the laws of England and Wales, in consideration for Georgia Capital allotting and issuing new shares to BOG's shareholders on a one for one basis (the "Demerger"). For U.S. federal income tax purposes, this transaction will be characterized in part as if BOG transferred JSC Georgia Capital to Georgia Capital in exchange for its shares (the "External Contribution"). BOG is then deemed to distribute the shares of Georgia Capital to its shareholders that it is deemed to have received in the External Contribution (the "External Distribution"). (The BGEO Reorganization, the External Contribution, and the</p>

		External Distribution together, the "Transaction.") No fractional shares of Georgia Capital stock were distributed in the External Distribution.
<b>Part II. Item 15</b>	Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis.	<p><u>The BGEO Reorganization</u></p> <p>The steps of the BGEO Reorganization, should be integrated for U.S. federal income tax purposes and, when taken together, should qualify as a reorganization within the meaning of Section 368(a)(1)(F) of the Internal Revenue Code of 1986 (the "Code"). For U.S. federal income tax purposes, a shareholder of BGEO should not realize gain or loss on the receipt of BOG shares for its shares of BGEO in the BGEO Reorganization and such shareholder's aggregate tax basis in the stock of BOG should be the same as the aggregate basis such shareholder had in the shares of BGEO.</p> <p><u>The Demerger</u></p> <p>The steps of the Demerger, while not free from doubt, should qualify as a reorganization within the meaning of Section 368(a)(1)(D) of the Code and as a transaction described in Section 355 of the Code. For U.S. federal income tax purposes, a shareholder of BOG should not realize gain or loss on the receipt of shares of Georgia Capital in the Demerger and such shareholder's aggregate tax basis in the stock of BOG should be allocated to the shares of Georgia Capital based on the relative fair market values of the stock of BOG and Georgia Capital.</p> <p>BGEO believes that it would be reasonable for purposes of allocating tax basis to determine the fair market value of the BOG shares and Georgia Capital shares by using the (i) the midpoint of the highest and lowest quoted selling prices on the London Stock Exchange ("LSE") per BOG share and share of Georgia Capital (GBX 2104.8 and GBX 1137.5, respectively) on May 29, 2018, which was the first day Georgia Capital and BOG shares traded regularly on the LSE. Based on this approach, a BOG shareholder's aggregate tax basis in his or her BOG shares would be allocated between the BOG shares and the shares of Georgia Capital pursuant to the following allocation percentages:</p> <ul style="list-style-type: none"> <li>• 64.9% to BOG</li> <li>• 35.1% to Georgia Capital</li> </ul> <p>However, fair market value is generally a facts and circumstances determination, and it is possible that a different fair market value for BOG and Georgia Capital shares could be utilized which would yield different results. Shareholders should consult their own tax advisors as to the fair market value of the BOG and Georgia Capital shares and the particular tax consequences to them from the Transaction.</p>

<b>Part II, Item 16</b>	Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates.	<p><u>The BGEO Reorganization</u></p> <p>Pursuant to Section 358 of the Code, each shareholder's tax basis in the stock of BOG should be the same as the aggregate basis such shareholder has in the shares of BGEO.</p> <p><u>The Demerger</u></p> <p>Pursuant to Section 358 of the Code, if a shareholder of a distributing corporation (BOG) receives stock of a controlled corporation (Georgia Capital) in a transaction qualifying for non-recognition treatment under Section 355 of the Code, a portion of the shareholder's aggregate tax basis in the distributing corporation stock is allocated to the controlled corporation stock. The allocation is based on the respective fair market values of the distributing corporation stock and the controlled corporation stock, in each case, immediately after the receipt of the controlled corporation stock. Under this approach, BOG shareholders' aggregate tax basis in their BOG shares held immediately prior to the External Distribution would be allocated between the shares of Georgia Capital stock received in the External Distribution and their BOG shares held immediately after the External Distribution based on their respective fair market values on May 29, 2018 (the date shares of Georgia Capital were distributed to BOG shareholders). BOG shareholders that acquired Georgia Capital shares at different times or different prices will need to calculate their tax basis in each block of BOG shares and then allocate a portion of that tax basis to the shares of Georgia Capital stock received with respect to such block of BOG shares.</p> <p>The rules for allocating tax basis are complex, and there is no direct guidance under U.S. federal income tax law as to the proper approach or method for determining the fair market value of shares of stock for purposes of such tax basis allocation. Shareholders should consult their own tax advisors as to the fair market value of the BOG and Georgia Capital shares and the particular tax consequences to them from the Transaction.</p> <p>See Item 15 for a discussion regarding the determination of the fair market value of BOG and Georgia Capital shares.</p>
<b>Part II, Item 17</b>	List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based.	Sections 368(a)(1)(F), 368(a)(1)(D), 355, 358.
<b>Part II, Item 18</b>	Can any resulting loss be recognized?	No.

<p><b>Part II, Item 19</b></p>	<p>Provide any other information necessary to implement the adjustment, such as the reportable tax year.</p>	<p><u>The BGEO Reorganization</u> The BGEO Reorganization generally is reportable in the shareholder's tax year which includes May 18, 2018.</p> <p><u>The Demerger</u> The Demerger generally is reportable in the shareholder's tax year which includes May 29, 2018.</p> <p>Please see the Circular of BGEO dated March 26, 2018 regarding the Scheme of Arrangement and Demerger for a further discussion of the U.S. federal income tax consequences of the Transaction.</p> <p>Shareholders should consult their own tax advisors as to the particular tax consequences to them from the Transaction.</p>
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