

BGEO Group PLC

(incorporated in England and Wales with registered number 07811410)

**Recommended proposals for the separation of the Investment Business
by demerger to Georgia Capital PLC including a scheme of arrangement
under Part 26 of the Companies Act 2006
Circular to BGEO Group PLC Shareholders and Explanatory Statement
under section 897 of the Companies Act 2006
and
Notice of Court Meeting and Notice of Annual General Meeting**

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PART II OF THIS CIRCULAR COMPRISES AN EXPLANATORY STATEMENT IN COMPLIANCE WITH SECTION 897 OF THE COMPANIES ACT 2006. IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS CIRCULAR OR WHAT ACTION YOU SHOULD TAKE, YOU ARE RECOMMENDED TO SEEK YOUR OWN INDEPENDENT FINANCIAL ADVICE IMMEDIATELY FROM YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER INDEPENDENT FINANCIAL ADVISER DULY AUTHORISED UNDER THE FINANCIAL SERVICES AND MARKETS ACT 2000 (AS AMENDED) IF YOU ARE RESIDENT IN THE UNITED KINGDOM OR, IF NOT, FROM ANOTHER APPROPRIATELY AUTHORISED FINANCIAL ADVISER.

If you have sold or otherwise transferred all of your Shares, please forward this Circular, together with the accompanying documents, as soon as possible to the buyer or transferee or to the stockbroker, bank manager or other agent through whom the sale or transfer was made for onward delivery to the buyer or transferee. However, such documents should not be mailed, transmitted or distributed, in whole or in part, in, into or from any jurisdiction in which such act would constitute a violation of the relevant laws of such jurisdiction. If you have sold or otherwise transferred only part of your holding of Shares, you should retain these documents and consult the stockbroker, bank manager or other agent through whom the sale or transfer was effected.

This Circular does not constitute a prospectus or prospectus equivalent document. This Circular does not constitute an offer or an invitation to any person to subscribe for or to purchase any securities in BGEO Group PLC (the “**Company**”), Bank of Georgia Group PLC or Georgia Capital PLC. No Bank of Georgia Group Shares or Georgia Capital Shares have been marketed to, nor are such shares available for purchase by, the public in the United Kingdom or elsewhere in connection with the Proposals or the introduction of the Bank of Georgia Group Shares or the Georgia Capital Shares to the Official List.

Neither the Bank of Georgia Group Shares nor the Georgia Capital Shares have been, and will not be, registered under the US Securities Act of 1933 (the “**Securities Act**”), nor under the securities laws of any state or other jurisdiction of the United States. Accordingly, neither the Bank of Georgia Group Shares nor the Georgia Capital Shares may be offered, sold, resold, delivered, distributed or otherwise transferred, directly or indirectly, in or into the United States absent registration under the Securities Act or an exemption therefrom. The Bank of Georgia Group Shares and the Georgia Capital Shares are expected to be issued in reliance on the exemption from the registration requirements of the Securities Act provided by Section 3(a)(10) thereof. Shareholders who are affiliates of BGEO Group PLC, Georgia Capital PLC or Bank of Georgia Group PLC as at the Scheme Effective Time will be subject to certain US transfer restrictions relating to the Bank of Georgia Group Shares or the Georgia Capital Shares received in connection with the Scheme and the Demerger. Reference should also be made to paragraph 13 of Part II of this Circular.

Neither the Bank of Georgia Group Shares nor the Georgia Capital Shares have been approved or disapproved by the US Securities and Exchange Commission, any state securities commission or any other US regulatory authority, nor have any of the foregoing authorities passed upon or determined the adequacy or accuracy of the information contained in this Circular. Any representation to the contrary is a criminal offence in the United States.

This Circular has been prepared without regard to the disclosure standards for prospectuses under art. 652a or art. 1156 of the Swiss Federal Code of Obligations (“**CO**”) or the disclosure rules of any stock exchange or regulated trading facility in Switzerland, and does neither constitute a prospectus under such laws nor a similar communication within the meaning of art 752 CO.

The availability of the Bank of Georgia Group Shares or the Georgia Capital Shares to persons who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdiction in which they are located. Persons who are not resident in the United Kingdom should inform themselves of, and observe, any applicable requirements. Any persons (including, without limitation, custodians, nominees and trustees) who have a contractual or other legal obligation to forward this Circular or any accompanying documents to any jurisdiction in which such act would constitute a violation of the relevant laws in such jurisdiction should seek appropriate advice before taking any action. The Bank of Georgia Group Shares or the Georgia Capital Shares have not been, and will not be, registered under the applicable securities laws of any jurisdiction in which such act would constitute a violation of the relevant laws in such jurisdiction. Accordingly, neither the Bank of Georgia Group Shares nor the Georgia Capital Shares may not be offered, sold, delivered or transferred, directly or indirectly, in, into or from any jurisdiction in which such act would constitute a violation of the relevant laws in such jurisdiction or to or for the account or benefit of any national, resident or citizen of any jurisdiction in which such act would constitute a violation of the relevant laws in such jurisdiction.

Shareholders should read the whole of this Circular and the information incorporated by reference. In addition, this Circular should be read in conjunction with the blue and white Forms of Proxy which are enclosed with this Circular. Definitions in this Circular are set out in Part XII of this Circular. Your attention is drawn to the Letter from the Chairman of the Company set out in Part I of this Circular, which contains the unanimous recommendation of the Directors that you vote in favour of the Scheme at the Court Meeting and in favour of the Resolutions to be proposed at the Annual General Meeting. An Explanatory Statement from Citigroup Global Markets Limited (“Citi”) and Numis Securities Limited (“Numis”) explaining the Scheme and the Demerger is set out in Part II of this Circular.

Your attention is also drawn to Part III of this Circular, which sets out and describes certain risks that Shareholders should consider carefully when deciding whether or not to vote in favour of the Scheme at the Court Meeting and in favour of the Resolutions to be proposed at the Annual General Meeting.

Notices of the Court Meeting and the Annual General Meeting which will be held at the offices of Baker & McKenzie LLP, 100 New Bridge Street, London, EC4V 6JA on 30 April 2018, are set out in Part XIII and XIV of this Circular. The Court Meeting will start at 11.00 a.m. and the Annual General Meeting at 11.15 a.m. (or as soon thereafter as the Court Meeting shall have been concluded or adjourned).

The action to be taken in respect of the Meetings is set out on page 8 and also in paragraph 18 of Part II of this Circular. A blue Form of Proxy for use in connection with the Court Meeting is enclosed with this Circular and a white Form of Proxy for use in connection with the Annual General Meeting are enclosed with this Circular. Whether or not you intend to attend the Meetings in person, please complete and sign each of the Forms of Proxy in accordance with the instructions printed thereon and return them to the Company’s Registrars, Computershare as soon as possible and, in any event, so as to be received no later than two business days before the time appointed for the relevant Meeting. If the blue Form of Proxy for the Court Meeting is not returned by later the above time, it may be handed to Computershare at the Court Meeting before the taking of the poll. However, in the case of the Annual General Meeting, unless the white Form of Proxy is returned by no later than the time mentioned in the instructions printed thereon, it will be invalid. The completion and return of a Form of Proxy will not prevent you from attending and voting in person at the Court Meeting or the Annual General Meeting or any adjournments thereof, if you so wish and are so entitled.

As an alternative to completing and returning the Forms of Proxy, you may submit your Forms of Proxy electronically at www.investorcentre.co.uk/eproxy. For security purposes, you will need the Control Number, PIN and shareholder reference number which are given on your Forms of Proxy. Electronic proxies must be received no later than two business days before the time appointed for the relevant Meeting.

Application will be made for up to 49,169,428 Bank of Georgia Group Shares to 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. It is expected that dealings in Shares will continue until 4.30 p.m. on 18 May 2018 and that Bank of Georgia Group Admission will become effective and that dealings in the Bank of Georgia Group Shares will commence at 8.00 a.m. on 21 May 2018. A prospectus relating to Bank of Georgia Group PLC, prepared in accordance with the Prospectus Rules, has been published and is available on the Company’s website at www.bgeo.com/prospectuses. Alternatively, Shareholders may, subject to applicable securities laws, request a copy of the Bank of Georgia Group

Prospectus by telephoning Computershare (from within the UK) or +44370 873 5866 (from outside the UK) between 8.30 a.m. and 5.30 p.m., Monday to Friday (excluding public holidays). Calls to Computershare will be charged at network rates from a UK landline. Other service providers' costs may vary. Calls to +44370 873 5866 from outside the UK will be charged at applicable international rates. Different charges may apply to calls made from mobile telephones. Application will also be made for up to 39,384,712 Georgia Capital Shares to 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. It is expected that Georgia Capital Admission will become effective and that dealings in the Georgia Capital Shares will commence at 8.00 a.m. on 29 May 2018. A prospectus relating to Georgia Capital PLC, prepared in accordance with the Prospectus Rules, has been published and is available on the Company's website at www.bgeo.com/prospectuses. Alternatively, Shareholders may, subject to applicable securities laws, request a copy of the Georgia Capital Prospectus by telephoning Computershare (from within the UK) or +44370 873 5866 (from outside the UK) between 8.30 a.m. and 5.30 p.m., Monday to Friday (excluding public holidays). Calls to +44370 873 5866 will be charged network rates from a UK landline. Other service providers' costs may vary. Calls to +44370 873 5866 from outside the UK will be charged at applicable international rates. Different charges may apply to calls made from mobile telephones. Calls may be recorded for training purposes.

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.

Important notice

The release, publication or distribution of this Circular, the Bank of Georgia Group Prospectus and the Georgia Capital Prospectus in jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession any of this Circular, the Bank of Georgia Group Prospectus and the Georgia Capital Prospectus come should inform themselves about, and observe any applicable restrictions or requirements. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies involved in the Proposals disclaim any responsibility or liability for the violation of such requirements by any person. This Circular has been prepared for the purposes of complying with English law and the rules of the London Stock Exchange and the UKLA Rules and the information disclosed may not be the same as that which would have been disclosed if this Circular had been prepared in accordance with the laws and regulations of any jurisdiction outside England and Wales.

The Bank of Georgia Group Shares proposed to be issued pursuant to the Scheme will not be registered with the U.S. Securities and Exchange Commission (“SEC”) under the U.S. Securities Act of 1933, as amended (the “U.S. Securities Act”) or the securities law of any state or other jurisdiction of the United States, and are being offered and sold in reliance on certain exemptions from registration under the U.S. Securities Act. Consequently, neither these securities, nor any interest or participation therein, may be offered, sold, assigned, transferred, pledged, encumbered or otherwise disposed of in the U.S. or to U.S. Persons (as defined in the U.S. Securities Act) unless an exemption from the registration requirement of the U.S. Securities Act is available. The Bank of Georgia Group Shares will be issued in reliance upon the exemption from registration provided by Section 3(A)(10) of the U.S. Securities Act, the approval of the High Court of England and Wales as the court of competent jurisdiction provides the basis for the transaction securities to be issued without registration under the U.S. Securities Act, in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(A)(10) thereunder.

This Circular and the accompanying documents do not constitute an offer or form part of any offer or invitation to purchase, subscribe for, sell or issue, or a solicitation of any offer to purchase, subscribe for, sell or issue, any securities pursuant to this Circular or otherwise in any jurisdiction in which such offer or solicitation is unlawful. This Circular does not comprise a prospectus or a prospectus equivalent document.

The statements contained herein are made as at the date of this Circular, unless some other time is specified in relation to them, and service of this Circular shall not give rise to any implication that there has been no change in the facts set forth herein since such date. Nothing contained in this Circular shall be deemed to be a forecast, projection or estimate of the future financial performance of the Company, Georgia Capital PLC, Bank of Georgia Group PLC or their respective groups except where otherwise stated.

Apart from the responsibilities and liabilities, if any, which may be imposed on Citi or Numis by the FSMA or the regulatory regime established thereunder, neither Citi, Numis nor any person affiliated with them accepts any responsibility whatsoever nor makes any representation or warranty, express or implied, in respect of the contents of this Circular and/or any information incorporated by reference, including its accuracy, completeness or verification or for any other statement made or purported to be made by any of them, or on behalf of them, in connection with the BGEO Group PLC, Georgia Capital PLC, Bank of Georgia Group PLC and/or the Proposals and nothing in this Circular is or shall be relied upon as a promise or representation in this respect, whether as to the past or future. Citi and Numis accordingly disclaim, to the fullest extent permitted by applicable law, all and any responsibility and liability whatsoever, whether arising in tort, contract or otherwise (save as referred to above) which it might otherwise have in respect of this Circular.

This Circular, and the information contained herein, is not a public offer or advertisement of any securities in Georgia and is not an offer, or an invitation to make offers, to purchase, sell, exchange or transfer any securities in Georgia or to or for the benefit of any Georgian person or entity, unless and to the extent otherwise permitted under Georgian law, and must not be made publicly available in Georgia. The Bank of Georgia Group Shares and the Georgia Capital Shares have not been and will not be registered in Georgia and are not intended for “placement”, “public circulation”, “offering” or “advertising” (each as defined in Georgian law) in Georgia except as permitted by Georgian law.

Cautionary note regarding forward-looking statements

This Circular includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “anticipates”, “believes”, “estimates”, “expects”, “intends”, “may”, “plans”, “projects”, “should” or “will”, or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Circular and include, but are not limited to, statements regarding the Company and/or Bank of Georgia Group PLC and/or Georgia Capital PLC and their respective groups’ intentions, beliefs or current expectations concerning, amongst other things, results of operations, prospects, growth, strategies and expectations of their respective businesses.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements are not guarantees of future performance and the actual results of the Company and/or Bank of Georgia Group PLC and/or Georgia Capital PLC and their respective groups’ operations and the development of the markets and the industry in which they operate or are likely to operate and their respective operations may differ materially from those described in, or suggested by, the forward-looking statements contained in this Circular. In addition, even if the results of operations and the development of the markets and the industry in which the Company and/or Bank of Georgia Group PLC and/or Georgia Capital PLC and their respective groups operate, are consistent with the forward-looking statements contained in this Circular, those results or developments may not be indicative of results or developments in subsequent periods. A number of factors could cause results and developments to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, to general economic and business conditions, industry trends, competition, changes in regulation, currency fluctuations or advancements in research and development and the other factors discussed in Part III of this Circular and elsewhere in this Circular.

Forward-looking statements may, and often do, differ materially from actual results. Any forward-looking statements in this Circular reflect the Company’s and/or Bank of Georgia Group PLC and/or Georgia Capital PLC and their respective groups’ current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Company and/or Bank of Georgia Group PLC and/or Georgia Capital PLC and their respective groups’ operations, results of operations and growth strategy. Shareholders should specifically consider the factors identified in this Circular which could cause actual results to differ before making a decision on the Proposals.

None of the Company, Georgia Capital PLC nor Bank of Georgia Group PLC nor any member of their respective groups undertakes any obligation to update the forward-looking statements to reflect actual results or any change in events, conditions or assumptions or other factors unless otherwise required by the Prospectus Rules, the Disclosure Guidance and Transparency Rules and/or the Listing Rules.

Shareholders should note that the contents of these paragraphs relating to forward-looking statements are not intended to qualify the statements made as to sufficiency of working capital in this Circular.

Presentation of information

Unless otherwise indicated, financial information in this Circular has been prepared in accordance with International Financial Reporting Standards and interpretations issued by the International Financial Reporting Interpretations Committee published by the International Accounting Standards Board (“IFRS”) as adopted by the European Union, and in Georgia Lari. Unless otherwise indicated, all unaudited financial information in this Circular has been extracted without material adjustment from the Group’s accounting records. Prospective investors should ensure that they read the whole of this Circular and not just rely on key information or information summarised within it.

Currencies

All references to pounds, pounds sterling, sterling, £, pence, penny and p are to the lawful currency of the United Kingdom and all references to US dollars, \$, US\$ cents or c are to the lawful currency of the United States. All references to euro are to the single currency of the member states of the European Union. All references to GEL or Lari are to the lawful currency of Georgia.

General note

The contents of this Circular are not to be construed as legal, business or tax advice. This Circular is for your information only and nothing in this Circular is intended to endorse or recommend a particular course of action. You should consult your own legal adviser, financial adviser or tax adviser for advice.

Investors should only rely on the information contained in this Circular and any document incorporated into this Circular by reference. Without limitation to the foregoing, reliance should not be placed on any information in announcements released by the Company prior to the date hereof, except to the extent that such information is repeated or incorporated by reference into this Circular. No person has been authorised to give any information or make any representations other than those contained in this Circular and, if given or made, such information or representations must not be relied upon as having been so authorised. Subject to the Prospectus Rules, the Listing Rules and the Disclosure Guidance and Transparency Rules, the publication of this Circular shall not, in any circumstances, create any implication that there has been no change in the affairs of the Group, Georgia Capital PLC or Bank of Georgia Group PLC since the date of this Circular or that the information in it and incorporated by reference herein is correct as of any subsequent date. Georgia Capital PLC and Bank of Georgia Group PLC will each comply with its obligation to publish a supplementary prospectus containing further updated information required by law or by any regulatory authority but each assumes no further obligation to publish additional information.

TO VOTE ON THE PROPOSALS

Whether or not you plan to attend the Meetings:

1. complete, sign and return the blue Form of Proxy for use at the Court Meeting, so as to be received by no later than 11.00 a.m. on 26 April 2018; and
2. complete, sign and return the white Form of Proxy for use at the Annual General Meeting, so as to be received by no later than 11.15 a.m. on 26 April 2018.

As an alternative to completing and returning the Forms of Proxy, you may submit your Forms of Proxy electronically at www.investorcentre.co.uk/eproxy. For security purposes, you will need the Control Number, PIN and shareholder reference number which are given on your Forms of Proxy. Electronic proxies must be received no later than two business days before the time appointed for the relevant Meeting.

If you require assistance, please telephone Computershare on 0370 873 5866 (from within the UK) or +44370 873 5866 (from outside the UK) between 8.30 a.m. and 5.30 p.m., Monday to Friday (excluding public holidays).

PLEASE NOTE THAT, FOR LEGAL REASONS, THE HELPLINE CANNOT PROVIDE ADVICE ON THE MERITS OF THE PROPOSALS OR GIVE TAX OR FINANCIAL ADVICE.

Calls to the helpline may be recorded for training purposes.

The completion and return of Forms of Proxy will not prevent you from attending and voting at the Court Meeting and/or the Annual General Meeting, or any adjournments thereof, in person should you wish to do so.

If the blue Form of Proxy for use at the Court Meeting is not returned by 11.00 a.m. on 26 April 2018, it may be handed to the Registrars, Computershare, on behalf of the chairman of the Court Meeting, at the Court Meeting before the taking of the poll. However, in the case of the Annual General Meeting, unless the white Form of Proxy is returned so as to be received by no later than 11.15 a.m. on 26 April 2018 (or, if the Annual General Meeting is adjourned, not less than two business days prior to the time and date set for the adjourned meeting), it will be invalid.

IT IS IMPORTANT THAT, FOR THE COURT MEETING, AS MANY VOTES AS POSSIBLE ARE CAST SO THAT THE COURT MAY BE SATISFIED THAT THERE IS A FAIR REPRESENTATION OF SHAREHOLDER OPINION. YOU ARE THEREFORE STRONGLY URGED TO COMPLETE, SIGN AND RETURN YOUR FORMS OF PROXY AS SOON AS POSSIBLE.

This page should be read in conjunction with the ACTION TO BE TAKEN, set out on page 8 of this Circular, and the rest of this Circular.

ACTION TO BE TAKEN

Detailed instructions on the action to be taken are set out in paragraph 18 of Part II of this Circular and are summarised below.

The Court Meeting and the Annual General Meeting will be held on 30 April 2018 at 11.00 a.m. and 11.15 a.m., respectively (or, in the case of the Annual General Meeting, if later, as soon as the Court Meeting has concluded or been adjourned).

Please check that you have received the following with this Circular:

- a blue Form of Proxy for use in respect of the Court Meeting; and
- a white Form of Proxy for use in respect of the Annual General Meeting.

If you have not received all of these documents, please contact Computershare on the helpline telephone number indicated below.

To vote on the Scheme:

Whether or not you intend to attend the Meetings, please complete and sign both the blue and white Forms of Proxy and return them to Computershare at The Pavilions, Bridgwater Road, Bristol, BS99 6ZY as soon as possible, but, in any event, to be received by no later than 11.00 a.m. on 26 April 2018 in the case of the Court Meeting (blue form) and by no later than 11.15 a.m. on 26 April 2018 in the case of the Annual General Meeting (white form) (or, in the case of an adjourned meeting, not less than two business days prior to the time and date set for the adjourned meeting). This will enable your votes to be counted at the Meetings in the event of your absence. If the blue Form of Proxy for use at the Court Meeting is not returned by 11.00 a.m. on 26 April 2018, it may be handed to Computershare, on behalf of the chairman of the Court Meeting, at the Court Meeting before the taking of the poll. However, in the case of the Annual General Meeting, unless the white Form of Proxy is returned so as to be received by no later than 11.15 a.m. on 26 April 2018 (or, if the Annual General Meeting is adjourned, not less than two business days prior to the time and date set for the adjourned meeting), it will be invalid.

As an alternative to completing and returning the Forms of Proxy, you may submit your Forms of Proxy electronically at www.investorcentre.co.uk/eproxy. For security purposes, you will need the Control Number, PIN and shareholder reference number which are given on your Forms of Proxy. Electronic proxies must be received no later than two business days before the time appointed for the relevant Meeting.

If you hold your Shares in uncertificated form (that is, in CREST), you may vote using the CREST voting service in accordance with the procedures set out in the CREST Manual (please also refer to the notes for the notice convening the Court Meeting set out in Part X of this Circular and the notes to the Forms of Proxy).

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a “**CREST Proxy Instruction**”) must be properly authenticated in accordance with the specifications of Euroclear UK & Ireland Limited (“Euroclear”) and must contain the information required for such instructions, as described in the CREST Manual.

The message, regardless of whether it relates to the appointment of a proxy, the revocation of a proxy appointment or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by Computershare (CREST participant ID 3RA50) by no later than 11.00 a.m. on 26 April 2018 in the case of the Court Meeting and by no later than 11.15 a.m. on 26 April 2018 in the case of the Annual General Meeting (or, in the case of an adjourned meeting, not less than two business days prior to the time and date set for the adjourned meeting).

For this purpose, the time of receipt will be taken as the time (as determined by the stamp applied to the message by the CREST Applications Host) from which Computershare is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsor or voting service provider, should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST

member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that his or her CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by a particular time. In this connection, CREST members and, where applicable, their CREST sponsor or voting service provider are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 (as amended).

The completion and return of the relevant Form of Proxy will not prevent you from attending and voting in person at the Court Meeting and/or the Annual General Meeting, or any adjournments thereof, should you wish to do so.

If you are a participant in any of the Employee Share Plans, you will be sent a separate letter explaining the implications of the Proposals for your options and awards and what action, if any, you need to take.

IT IS IMPORTANT THAT, FOR THE COURT MEETING, AS MANY VOTES AS POSSIBLE ARE CAST SO THAT THE COURT MAY BE SATISFIED THAT THERE IS A FAIR REPRESENTATION OF SHAREHOLDER OPINION. YOU ARE THEREFORE STRONGLY URGED TO COMPLETE, SIGN AND RETURN YOUR FORMS OF PROXY AS SOON AS POSSIBLE.

Appointment of multiple proxies and multiple proxy voting instructions

You are entitled to appoint a proxy in respect of some or all of your Shares. You are also entitled to appoint more than one proxy. A space has been included in the Forms of Proxy to allow you to specify the number of Shares in respect of which that proxy is appointed.

If you wish to appoint more than one proxy in respect of your shareholding, you should contact Computershare to obtain further Forms of Proxy or photocopy the Forms of Proxy, as required. You may appoint more than one proxy in relation to each Meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by you.

Helpline

If you have any questions relating to this Circular or the completion and return of the Forms of Proxy, please write to Computershare, The Pavilions, Bridgwater Road, Bristol, BS99 6ZZ or call on +44370 873 5866 or, if telephoning from outside the United Kingdom, on +44370 873 5866 between 8.30 a.m. and 5.30 p.m. Monday to Friday, excluding public holidays. Please note that, for legal reasons, the helpline cannot provide advice on the merits of the Proposals or give any legal, tax or financial advice. Calls may be recorded for training purposes.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Event	Time and/or date
Latest time and date for receipt of blue Forms of Proxy/ Proxy Instructions for the Court Meeting CREST	11.00 a.m. on 26 April 2018⁽¹⁾
Latest time and date for lodging an electronic proxy for the Court Meeting by way of CREST Proxy Instruction or online at www.investorcentre.co.uk/eproxy	11.00 a.m. on 26 April 2018
Latest time and date for receipt of white Forms of Proxy/ CREST Proxy Instructions for the Annual General Meeting	11.15 a.m. on 26 April 2018⁽¹⁾
Latest time and date for lodging an electronic proxy for the Annual General Meeting by way of CREST Proxy Instruction or online at www.investorcentre.co.uk/eproxy	11.15 a.m. on 26 April 2018
Voting Record Time in respect of the Court Meeting and Annual General Meeting	6.00 p.m. on 26 April 2018 ⁽²⁾
Court Meeting	11.00 a.m. on 30 April 2018
Annual General Meeting	11.15 a.m. on 30 April 2018⁽³⁾
<i>The following dates are subject to change</i>	
Last day of dealings in, and for registration of transfers of, and disablement in CREST of, Shares	18 May 2018 ⁽⁴⁾
Scheme Court Hearing to sanction the Scheme and to confirm the BGEO Capital Reduction	18 May 2018
Scheme Record Time	6.00 p.m. on 18 May 2018 ⁽⁴⁾
Scheme Effective Time: Bank of Georgia Group PLC becomes the holding company of the Company	Around 9.00 p.m. on 18 May 2018⁽⁴⁾
Cancellation of listing of Shares, Bank of Georgia Group Admission, crediting of Bank of Georgia Group Shares to CREST accounts and dealings in Bank of Georgia Group Shares commence on the London Stock Exchange	8.00 a.m. on 21 May 2018⁽⁴⁾
Bank of Georgia Group Court Hearing to confirm the Bank of Georgia Group Capital Reduction	23 May 2018 ⁽⁴⁾
Demerger Record Time	6.00 p.m. on 25 May 2018 ⁽⁵⁾
Demerger Effective Time: Demerger becomes effective (Investment Business transferred to Georgia Capital PLC and in return Georgia Capital PLC issues shares to Bank of Georgia Group Shareholders on a one for one basis – repayment of capital)	Before 8.00 a.m. on 29 May 2018⁽⁵⁾
Bank of Georgia Group PLC issues 19.9% of its share capital to the Investment Business	After the Demerger Effective Time but before 8.00 a.m. on 29 May 2018⁽⁵⁾
Georgia Capital Admission, crediting of Georgia Capital Shares to CREST accounts and dealings in Georgia Capital Shares commence on the London Stock Exchange	8.00 a.m. on 29 May 2018 ⁽⁵⁾
Georgia Capital Court Hearing to confirm the Georgia Capital Capital Reduction	26 June 2018 ⁽⁵⁾
Georgia Capital Capital Reduction Effective Date	On or before 26 June 2018 ⁽⁵⁾
Despatch of share certificates for Bank of Georgia Group Shares	by 4 June 2018 ⁽⁵⁾
Despatch of share certificates for Georgia Capital Shares	by 12 June 2018 ⁽⁵⁾

Unless otherwise stated, all references to times in this Circular are to London times.

The Court Meeting and the Annual General Meeting will each be held at the offices of Baker McKenzie, 100 New Bridge Street, London EC4V 6JA, at 11.00 a.m. and 11.15 a.m.⁽³⁾, respectively, on 30 April 2018.

Notes:

- (1) If the blue Form of Proxy for the Court Meeting is not returned by the above time, it may be handed to Computershare, on behalf of the chairman of the Court Meeting, at the Court Meeting before the taking of the poll. However, the white Form of Proxy for the Annual General Meeting must be returned by no later 11.15 a.m. on 26 April 2018 to be valid.
- (2) If either the Court Meeting or the Annual General Meeting is adjourned, the Voting Record Time for the adjourned meeting will be 6.00 p.m. on the date two days before the date set for the adjourned meeting.
- (3) Annual General Meeting to commence at 11.15 a.m. or, if later, immediately after the conclusion or adjournment of the Court Meeting.
- (4) These times and dates are indicative only and will depend, among other things, on the date upon which the Court sanctions the Scheme and confirms the BGEO Capital Reduction. If any of the expected dates change, the Company will give adequate notice of the change by issuing an announcement through a Regulatory Information Service.
- (5) These times and dates are indicative only and will depend, among other things, on the date upon which the Court sanctions the Scheme and confirms with the Company. If any of the expected dates change, the Company will give adequate notice of the change by issuing an announcement through a Regulatory Information Service.

**DIRECTORS, COMPANY SECRETARY,
REGISTERED OFFICE AND ADVISERS**

DIRECTORS

Neil Janin (Chairman)

Irakli Gilauri (CEO)

David Morrison

Tamaz Georgadze

Alasdair Breach

Kim Bradley

Hanna Loikkanen

Jonathan Muir

COMPANY SECRETARY

Rebecca Wooldridge

REGISTERED OFFICE

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REGISTRARS

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ

PART I

LETTER FROM THE CHAIRMAN OF BGEO GROUP PLC

(Incorporated and registered in England and Wales with registered number 07811410)

Directors:

Neil Janin (Chairman)
Irakli Gilauri (CEO)
David Morrison
Tamaz Georgadze
Alasdair Breach
Kim Bradley
Hanna Loikkanen
Jonathan Muir

Registered office:

84 Brook Street
London
W1K 5EH

(the “Board”)



26 March 2018

To: *Shareholders and, for information only, participants in the Employee Share Plans and persons with information rights*

Dear Shareholder

Recommended proposals for the separation of the Investment Business by a demerger to Georgia Capital PLC following a scheme of arrangement between the Company and Bank of Georgia Group PLC

1. Introduction

BGEO Group PLC is a Georgia-based banking group with an investment arm. On 3 July 2017, the Board announced that it intended to demerge the investment arm so that BGEO Group PLC would be split into a London-listed banking business and a London-listed investment business.

The Proposals outlined in this Circular will give effect to the Demerger and will, if fully implemented, result in Shareholders ceasing to hold shares in the Company and instead receiving shares in two new companies: Bank of Georgia Group PLC and Georgia Capital PLC, which will hold the Banking Business and the Investment Business, respectively. It is expected that following the Scheme and the Demerger, the ordinary shares of both of Bank of Georgia Group PLC and Georgia Capital PLC 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.

In order for the Proposals to be implemented the approval of Shareholders will be required. In particular, as a result of its size, the Demerger is a class 1 transaction (as defined in the Listing Rules) for the Company. The Scheme requires Shareholder approval at the Court Meeting. Shareholders will also be asked to approve the Scheme and the Demerger, and each of the BGEO Capital Reduction, the Bank of Georgia Group Capital Reduction and the Georgia Capital Capital Reduction at the Annual General Meeting. The purpose of this Circular is to:

- set out the background to and the reasons for the Demerger;
- provide you with full details of the Proposals; and
- explain why the Board unanimously supports, and recommends that you vote in favour of, the Proposals.

Details of the actions to be taken by Shareholders are set out on page 8 and in paragraph 18 of Part I of this Circular.

Completion of the Scheme is expected to occur on 18 May 2018 and the Demerger is expected to occur shortly thereafter on 29 May 2018.

2. 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. The separate businesses of the Banking Business and the Investment Business are summarised in paragraphs 6 and 7 below. 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.

The Banking Business (held through Bank of Georgia Group PLC) 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 PLC) will continue to invest in and develop Georgian businesses, raising funds through its own financing relationships and resources. Georgia Capital PLC 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.

3. Summary of the Proposals

If fully implemented, the Proposals will result in Shareholders holding shares in two newly incorporated holding companies: Bank of Georgia Group PLC and Georgia Capital PLC, each of which are expected to be admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange. As the Company does not currently have sufficient distributable reserves to effect repayment of capital to effect the Demerger, the Scheme and the Bank of Georgia Group Capital Reduction must occur before the Demerger can be effected.

It is proposed that the Demerger will be effected in several steps:

- The first step will involve a reorganisation of the Group. The Reorganisation will be carried out primarily in order to ensure that the Investment Business is held by a single holding company within the Group.
- Following the Reorganisation, Bank of Georgia Group PLC will be inserted above BGEO Group PLC as the new holding company of the Group. Bank of Georgia Group PLC will be inserted by way of a Court sanctioned process known as a scheme of arrangement (the “Scheme”). As part of the Scheme, the shares of the Company will be cancelled and a corresponding number of Shares will be issued to Bank of Georgia Group PLC, so that following the Scheme Effective Time (and prior to the Demerger Effective Time), Bank of Georgia Group PLC will be the holding company of the entire Group and the Bank of Georgia

Group Admission will occur. Shareholder approval for the Scheme will be sought at a separate shareholder meeting convened by the Court and also at the Annual General Meeting of Shareholders.

- Approximately three business days after the Scheme becomes effective, Bank of Georgia Group PLC will effect a reduction of capital and repay capital to shareholders. The repayment of capital will be satisfied by the transfer of the Investment Business to Georgia Capital PLC and in consideration for the transfer of the Investment Business, Georgia Capital PLC will issue shares to Bank of Georgia Group Shareholders on a one for one basis. Therefore, the Bank of Georgia Group Capital Reduction, transfer of the Investment Business to Georgia Capital PLC and Georgia Capital PLC issuing shares to Bank of Georgia Group Shareholders on a one for one basis will result in a repayment of capital to Bank of Georgia Group Shareholders. The Bank of Georgia Group Capital Reduction will also create distributable reserves in Bank of Georgia Group PLC to facilitate potential future dividends. The repayment of capital is expected to occur at least three business days after the Scheme becomes effective, being the Demerger Effective Time.
- Shortly after the Demerger Effective Time and prior to the Georgia Capital Admission, Bank of Georgia Group PLC will acquire the shares held in the Banking Business by JSC Georgia Capital (which will then be a wholly owned subsidiary of Georgia Capital PLC) in consideration for the issue of new Bank of Georgia Group Shares.

Following the Demerger, Georgia Capital PLC will also effect a capital reduction in order to create distributable reserves. Your attention is drawn to the letter from Citi and Numis set out in Part II of this Circular which contains a full explanation of the Proposals and to the information set out in the remainder of this Circular.

If the Proposals are approved by the Court and Shareholders and the Demerger becomes effective, for every one Share they hold, Shareholders will, on completion of the Demerger then hold:

- **one ordinary share in Bank of Georgia Group PLC, a UK incorporated company, admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange; and**
- **for every Bank of Georgia Group Share held at the Demerger Record Time, one ordinary share in Georgia Capital PLC, a UK incorporated company, admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange.**

Shareholders who sell or otherwise transfer their Shares prior to the Scheme Record Time (expected to be 6.00 p.m. on 18 May 2018) will not receive any Bank of Georgia Group Shares.

Bank of Georgia Group Shareholders who sell or otherwise transfer their Bank of Georgia Group Shares prior to the Demerger Record Time (expected to be 6.00 p.m. on 25 May 2018) will not receive any Georgia Capital Shares.

There will be a short period of time, expected to be approximately three business days, between the insertion of Bank of Georgia Group PLC as the new holding company for the Group and the Demerger. From 8.00 a.m. on 21 May 2018, it is expected that Bank of Georgia Group PLC will trade as the new holding company for the Group and will, until the Demerger Effective Time, hold the entire Existing Group, including the Investment Business. The Demerger to Georgia Capital PLC is expected to take place prior to 8.00 a.m. on 29 May 2018 and the admission of the Georgia Capital Shares to the premium listing segment of the Official List and to trading on the London Stock Exchange is expected to take place at 8.00 a.m. on 29 May 2018.

Shareholders should note, however, that the Scheme is not conditional on the Demerger taking place. Consequently, if the conditions to the Scheme are satisfied and the conditions to the Demerger are not satisfied (or, where permitted, waived), Bank of Georgia Group PLC will be inserted as the new holding company of the Group and Shareholders will receive Bank of Georgia Group Shares but the Demerger will not complete, the Investment Business will not transfer and Shareholders will not receive Georgia Capital Shares.

The Scheme is conditional upon, the approval by Shareholders of the Scheme at the Court Meeting and of the Scheme Resolution at the Annual General Meeting, the Scheme having been sanctioned by the Court and the Demerger Agreement not having been terminated in accordance with its terms. The Demerger is conditional upon, amongst other things, the Scheme having become effective, the Demerger and Reductions Resolution having been approved by Shareholders and the Bank of Georgia Group Capital Reduction having been confirmed by the Court and the Demerger Agreement not having been terminated in accordance with its terms. Full details of the conditions to the Scheme,

the Demerger and other parts of the Proposals are set out in paragraph 4 of Part II of this Circular. The Scheme will not become effective and will lapse if it has not been sanctioned by 30 September 2018.

It is therefore possible that the Demerger will not occur after Bank of Georgia Group PLC has become the new holding company of the Group pursuant to the Scheme. If that happens, Shareholders will not receive Georgia Capital Shares and the Investment Business will continue to be owned by Bank of Georgia Group PLC.

No new equity capital is being raised by either Bank of Georgia Group PLC or Georgia Capital PLC as part of the Proposals.

4. The Bank of Georgia Group PLC and Georgia Capital PLC Boards

The Bank of Georgia Group PLC and Georgia Capital PLC Boards will comprise a combination of existing Directors and new directors. There will be no crossover in the members of the two boards.

4.1 Bank of Georgia Group Board

The Bank of Georgia Group Board will comprise:

Name	Position
Neil Janin	Chairman
Kaha Kiknavelidze	Chief Executive
Alasdair Breach	Non-Executive Director
Hanna Loikkanen	Non-Executive Director
Tamaz Georgadze	Non-Executive Director
Jonathan Muir	Non-Executive Director
Cecil Quillen	Non-Executive Director

Set out in paragraph 11.1 of Part II of this Circular is a summary of the business experience and principal business activities performed outside Bank of Georgia Group by each of the Bank of Georgia Group Directors, as well as the dates of their initial appointment as Bank of Georgia Group Directors, where applicable.

4.2 Georgia Capital Board

The Georgia Capital Board will comprise:

Name	Position
Irakli Gilauri	Chairman and Chief Executive
David Morrison	Non-Executive Director
Kim Bradley	Non-Executive Director
William Huyett	Non-Executive Director
Massimo Gesua' sive Salvadori	Non-Executive Director
Caroline Brown	Non-Executive Director
Jyrki Talvitie	Non-Executive Director

Set out in paragraph 11.2 of Part II of this Circular is a summary of the business experience and principal business activities performed outside Georgia Capital PLC by each of the Georgia Capital Directors, as well as the dates of their initial appointment as directors of Georgia Capital PLC, where applicable.

5. Financial effects of the Proposals

For the 12 months ended 31 December 2017, the Investment Business generated a profit of GEL 93.9 million which was 20.3% of the Group's total profit for that period. Following the Demerger it is expected that the total profit of the Existing Group will be reduced as a result of the Investment Business no longer contributing to the Group's profits.

The Board expects upfront, one-off cash costs arising on the Demerger to be approximately £8.2 million, comprising taxation costs of approximately £0 and professional fees and other costs of approximately £8.2 million. These costs are expected to be split approximately £5.5 million in respect of Bank of Georgia Group and approximately £2.7 million in respect of Georgia Capital.

The costs in this paragraph 5 are unaudited numbers based on Board estimates. Further information on the impact of the Demerger on the financial information of Georgia Capital PLC and the Existing Group is set out in parts VII and VIII of this Circular.

6. Information on Bank of Georgia Group PLC

The terms “loan(s)” and “loans to customers” used in this section means the sum of loans to customers and finance lease receivables.

Overview

Following the Demerger, Bank of Georgia Group PLC will comprise the Banking Business, which provides retail banking and corporate investment banking services (“CIB”), with ancillary business lines including leasing (“GLC”), payment businesses and BNB (which provides banking operations in Belarus). Its overall market share in Georgia was 34.4%, 32.4%, 33.9% and 29.3% based on total assets, total gross loans, total client deposits and notes and total shareholders’ equity, respectively, according to statistics published by the NBG as of 31 December 2017. The Banking Business strives to benefit from the underpenetrated banking sector in Georgia, in particular through providing best in class services in retail banking. The Banking Business focusses on retail banking and corporate investment banking in Georgia, and also provides banking operations in Belarus. For the year ended 31 December 2017, the Banking Business generated profit of GEL 369.5 million (US\$142.5 million).

The Banking Business is the leader in retail banking in Georgia in terms of its distribution network, with 281 branches and 850 ATMs as of 31 December 2017. As of 31 December 2017, the Bank had a 34.6% market share based on deposits from individuals and a 35.5% market share in retail loans (based on loans to individuals), according to information published by the NBG. Through its client-centric, multi-brand strategy, the Banking Business reaches the entire spectrum of retail customers. Its retail banking products and services include retail lending, deposit accounts, ATM services, internet, mobile, telephone and SMS banking, utility bill payments and money transfer services. Its credit card operations serve more than 2.2 million cards, and the Bank is the exclusive issuer of American Express credit cards in Georgia to 2023 (inclusive). As of 31 December 2017, the Bank had over 2.3 million retail banking customers (of which over 2.1 million were individuals and the remainder were legal entities), a gross retail loan portfolio of GEL 5,132.1 million (US\$1,979.8 million) and client deposits and notes of retail customers of GEL 3,267.3 million (US\$1,260.4 million). Of the Group’s amounts due from retail customers, as of 31 December 2017, GEL 910.9 million (US\$351.4 million) were Lari-denominated and GEL 2,356.4 million (US\$909.0 million) were foreign currency denominated (principally in US Dollars). As of the same date, of the Group’s client deposits and notes of retail customers, GEL 1,829.4 million (US\$705.7 million) were time deposits and GEL 1,437.8 million (US\$554.7 million) were current accounts and demand deposits.

In relation to corporate investment banking, the Banking Business has a market share of 33.1% based on total customer deposits of legal entities and 28.9% based on total corporate loans to legal entities as of 31 December 2017, according to information published by the NBG. It provides corporate lending and finance leasing (principally in US Dollars) in addition to offering current and term deposit accounts, account administration and cash management services, payroll services, trade financing and foreign exchange services. The Group’s investment management business consists of the Bank’s Wealth Management and the Group’s brokerage arm, Galt & Taggart. The Bank’s Wealth Management provides private banking services to high net-worth individuals from 75 countries and offers investment management products internationally through representative offices in London, Budapest, Istanbul, Tel Aviv and Limassol. Galt & Taggart is a leading provider of investment banking and investment management services in Georgia and offers corporate advisory, private equity and brokerage services under one brand. As of 31 December 2017, the Bank had 4,018 corporate investment banking customers, a corporate investment banking gross loan portfolio of GEL 2,412.6 million (US\$930.7 million) and client deposits and notes of 3,457.3 million (US\$1,333.7 million). Of the Bank’s corporate investment banking client deposits and notes, as of 31 December 2017, GEL 1,276.4 million (US\$492.4 million) were Lari-denominated and GEL 2,180.9 million (US\$841.3 million) were foreign currency denominated. As of the same date, of the Group’s corporate investment banking client deposits and notes, GEL 1,298.0 million (US\$500.7 million) were time deposits and GEL 2,159.3 million (US\$833.0 million) were current accounts and demand deposits.

Strategy and key strengths

The Bank of Georgia Group Directors believe that Bank of Georgia Group PLC will benefit from the following strengths:

- comprehensive retail banking franchise with opportunities for cross and up-selling;
- strong retail brand loyalty;
- a strong corporate investment banking franchise;
- its market share and extensive distribution network;
- strong liquidity and regulatory capital at the Bank;
- prudent risk management and a focus on sound asset quality;
- a track record of profitable growth while reducing risk;
- the market leadership of Galt & Taggart in the region for investment banking;
- high standards of transparency and robust corporate governance;
- shareholder aligned remuneration policy;
- an experienced management with a deep understanding of the local market; and
- strong institutional investor support.

Bank of Georgia Group PLC's strategy is for its Banking Business to remain largely consistent with that of the Company prior to the Demerger. Bank of Georgia Group will continue to strive to benefit from the underpenetrated banking sector in Georgia and will aim to deliver on its strategy of (1) targeting a return on average equity ("ROAE") of at least 20%, (2) annual growth of its loan book by 15% to 20%. It will focus on the following strategic goals:

- increase its product to client ratio;
- grow its Solo and SME businesses;
- grow fee income; and
- develop into the regional private banking hub.

The key elements of Bank of Georgia Group's strategy are to:

- gain leading position in the growing and still under-penetrated Georgian banking market;
- increase the Bank's loan portfolio while maintaining asset quality; and
- improve cost and operating efficiency.

Further information on Bank of Georgia Group's strategy and key strengths is set out Part VI of this Circular.

7. Information on Georgia Capital PLC

Overview

Following the Demerger, Georgia Capital PLC will be the holding company of a diversified group that is focused on creating value by investing in and developing businesses in Georgia with holdings in sectors that are expected to benefit from the continued growth and further diversification of the Georgian economy, the opening of the Georgian economy to Europe and economic development in the wider region. The Investment Business seeks to capture growth in the sectors in which it currently operates and drive the development of new structurally attractive, high-growth businesses in Georgia, which it intends to add either by acquiring businesses in their early development stage or by establishing greenfield businesses, often consolidating fragmented or underdeveloped markets.

The Investment Business actively manages its portfolio companies to maturity, setting the strategy and business plan of each business and driving its execution. As a business matures, the Investment Business will normally seek to monetise its investment, including through initial public offering, strategic sale or other appropriate exit, typically within five to ten years from acquisition. As investments are monetised, Georgia Capital PLC plans either to redeploy the proceeds to capture opportunities for growth in new sectors or in the Investment Business's existing businesses, or return proceeds to shareholders in accordance with Georgia Capital's capital return policy. Georgia Capital PLC will aim to achieve an IRR of at least 25% from its investments.

Following the Demerger, Georgia Capital PLC's principal operating subsidiaries will be:

- GGU (35.1% of the revenue of the Investment Group in 2017 (excluding revenue generated by GHG and Banking Business)), a water utility and renewable energy business. In the water utility business, GGU has a natural monopoly in Tbilisi and the surrounding area, where it provides water supply and sanitation ("WSS") services to more than one third of the Georgian population. It also operates hydro power plants with a total capacity of 149.3 MW and invests in the development of renewable energy projects in the under-supplied Georgian energy sector. Georgia Capital PLC anticipates further growth opportunities for GGU in both of its business lines: pursuing cost efficiencies within the water utility business by targeting the reduction of technical losses and reducing energy consumption internally to preserve the supply available for sale to third parties while planning the construction of hydro, wind and solar power generation plants;
- m² (33.3% of the revenue of the Investment Group in 2017 (excluding revenue generated by GHG and Banking Business)), a residential and commercial property developer that is currently delivering a weighted average IRR of 82% on its seven completed projects. m² seeks to pursue an asset light strategy which involves unlocking land value by developing housing projects, developing third party land in connection with the franchising of the m² brand, growing a yielding asset portfolio (which includes commercial rental space and a hotel business), taking advantage of underdeveloped housing supply and a shortage of hotels in a growing tourism market in Georgia;
- Aldagi (14.3% of the revenue of the Investment Group in 2017 (excluding revenue generated by GHG and Banking Business)), the foremost provider of property and casualty insurance products in Georgia with a market share of 39% by revenue in the Georgian property and casualty insurance sector (excluding health insurance) in the nine months ended 30 September 2017. Aldagi has experienced sustained growth in recent years and, as of 31 December 2017, had 45,598 active retail clients and 2,125 active corporate clients. Georgia Capital PLC sees new opportunities for Aldagi as a result of anticipated developments in mandatory third-party liability insurance and other property and casualty insurance products; and
- Teliani (15.2% of the revenue of the Investment Group in 2017 (excluding revenue generated by GHG and Banking Business)), a leading wine and beer producer in Georgia and a distributor of its own and third party beverage brands that has a five year exclusivity licence with a five year extension option from Heineken to produce beer to be sold in Georgia, and the right to resell in Armenia and Azerbaijan. Georgia Capital PLC seeks future growth opportunities in Teliani's beer and wine sales by utilising Teliani's distribution platform.

In addition to its portfolio companies, following the implementation of the Proposals Georgia Capital PLC will have significant investments in two businesses of the former BGEO Group: GHG, (57% stake), the London Stock Exchange premium-listed parent company of the largest and diversified healthcare provider in Georgia, which operates in the healthcare services, pharmacy and medical insurance sectors; and a 19.9% stake in Bank of Georgia Group PLC. The two stakes will be, held as listed investments and considered liquid, tradeable assets on the Georgia Capital Group's balance sheet that could be readily convertible into cash as and when monetise these assets.

Strategy and key strengths

The Georgia Capital Directors believe Georgia Capital PLC will benefit from the following competitive strengths:

- Georgia Capital PLC will be the only group of its size and scale focused on investing in and developing businesses in Georgia and will be uniquely positioned to benefit from the continued growth and further diversification of the Georgian economy giving investors a ground floor opportunity;
- an experienced senior management team with a strong track record in investing for value and a deep understanding of the local market;
- Georgia Capital PLC's access to both equity and debt capital will provide flexibility in managing its balance sheet and is one of its key competitive advantages in realising its goal of capturing attractive investment opportunities in Georgia;
- shareholder aligned remuneration policy;
- an efficient cost structure; and

- aspires to high standards of transparency and corporate governance.

The key elements of Georgia Capital PLC's business strategy are to:

- continue to take advantage of the significant investment opportunities in the fast-developing Georgian corporate sector through the development of its existing businesses and by pursuing attractive investment opportunities, leveraging its superior access to capital, experienced management team and strong sector consolidation experience;
- not have capital commitments or a primary mandate to deploy funds or divest assets within a specific time-frame. As such, it can focus on shareholder returns and on opportunities which meet Georgia Capital's investment return and growth criteria; and
- continue to pursue the capital returns policy as the Investment Business prior to the Demerger. In particular, Georgia Capital intends to:
 - target a minimum IRR of 25% for its existing and new businesses;
 - depending on the its share price Georgia Capital expects to buy back and cancel its shares and/or pay special dividends linked to exits from its investments; and
 - consider potential exits from existing businesses, starting with its previously announced plan to list shares in GGU within the next two to three years.

Further information on Georgia Capital's strategy and key strengths is set out in Part V of this Circular.

8. Current trading and prospects

Below are extracts from the Company's preliminary results announcement dated 16 February 2018 relating to the Banking Business and the Investment Business (a copy of the full text of the announcement is available at www.bgeo.com).

Banking Business

In the Banking Business, 2017 was characterised by strong franchise growth in the Retail Banking operations, particularly in the fourth quarter, reflecting the continued strong performance of our business in all segments, and an increase in retail lending during the year of 29.3%, or 30.6% on a constant currency basis. In addition, in 3Q17 we completed our three year programme to reduce concentration risk in our Corporate Investment Banking and consequently, started to deliver corporate lending growth in the last quarter of the year. Loan yields have continued to remain stable, and net interest margins have therefore remained robust at 7.3%. Costs have remained well-controlled, whilst ensuring continued investment in building an increasingly strong customer franchise. The Banking Business cost to income ratio remained very efficient at 37.7% for the year. The Banking Business cost of risk ratio in 2017 was 2.2%, in line with our medium term cost of risk expectations, and a significant reduction from 2.7% in 2016. In addition, we have continued to improve our asset quality and provisions coverage ratios. The Return on Average Equity in the Banking Business continued to improve on a quarterly basis, and stood at 25.2% for the year, and 27.8% in the fourth quarter.

Investment Business

The Group's Investment Business continued to deliver strong growth and performance, with EBITDA growing 55.7% year-on-year, and profit before non-recurring items and income tax, including discontinued operations increasing by 21.4% over the same period. Overall, the impact of a number of non-recurring items in 2016 affected year-on-year comparisons resulting in a reduction of 29.3% in net profit, to GEL 93.9 million in 2017

9. On-going relationship following the Demerger

On 12 February 2018 it was announced that for so long as Georgia Capital PLC's percentage holding in Bank of Georgia Group PLC, following the exchange, is greater than 9.9% of the voting rights exercisable at Bank of Georgia Group PLC general meetings (the "Floor"), Georgia Capital PLC will exercise its voting rights in general meetings of Bank of Georgia Group PLC in accordance with the votes cast by all other Bank of Georgia Group Shareholders on Bank of Georgia Group PLC votes at general meetings.

Georgia Capital PLC (through its subsidiary JSC Georgia Capital) will indirectly hold 19.90% of Bank of Georgia Group PLC following Georgia Capital Admission. For so long as the shareholding

in Bank of Georgia Group PLC of Georgia Capital PLC together with any person acting in concert with it for the purposes of the Takeover Code (“**Concert Parties**”) is greater than the Floor (in which case all the Bank of Georgia Group Shares held by Georgia Capital PLC and any person acting in concert with it being the “**Proportional Voting Shares**”), Georgia Capital PLC and its Concert Parties will be subject to a proportional voting mechanism in relation to all of the Proportional Voting Shares. The mechanics of the proportional voting mechanism as it will apply to the Proportional Voting Shares at general meetings of Bank of Georgia Group PLC are set out in the Bank of Georgia Group Articles and described further below. As at the date of Georgia Capital Admission, other than the 19.90% of Bank of Georgia Group PLC held indirectly by Georgia Capital PLC, being the Proportional Voting Shares, neither Georgia Capital PLC nor any of its Concert Parties will hold any shares in Bank of Georgia Group.

This arrangement has been put in place so that, following the Demerger and for such time as Georgia Capital PLC together with its Concert Parties holds the Proportional Voting Shares, Georgia Capital PLC will not be able to influence the voting outcomes of Bank of Georgia Group PLC shareholder resolutions at general meetings. The results of this arrangement are intended to meet the U.S. tax requirements for the Demerger to qualify for non-recognition treatment.

For further details on proportional voting, see Part VI (*Information on Bank of Georgia Group*), paragraphs 3 and 4 of Part B.

Other than as set out above, following the Demerger, Bank of Georgia Group PLC and Georgia Capital PLC will each operate as separately listed companies with their own management teams and board of directors. The following Separation Agreements will be entered into in relation to the Demerger prior to the Demerger Effective Time:

- the Demerger Agreement, which will set out how the Demerger will be implemented and will facilitate an orderly separation of the Investment Business;
- the Transitional Services Agreement which sets out the arrangement between Bank of Georgia Group PLC and Georgia Capital PLC regarding the provision by Bank of Georgia Group to Georgia Capital Group of ongoing transitional services such as shared IT services for a period of 12 months following the Demerger Effective Time; and
- the Tax Sharing and Indemnification Agreement, which will contain various provisions relating to the tax affairs of the two companies following the Demerger.

Further information on the key provisions of the Separation Agreements is set out in Part IV.

10. Dividend policy of the Company, Bank of Georgia Group and Georgia Capital PLC

10.1 BGEO Group PLC

As announced on 8 March 2018 the Existing Board recommended a regular annual dividend for 2017 totalling c.GEL120 million, subject to shareholder approval and conditional on the Scheme not being implemented.

10.2 Bank of Georgia Group PLC

As 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.

Going forward, Bank of Georgia Group PLC intends to continue the dividend policy previously disclosed by BGEO Group PLC in respect of the Banking Business. Therefore, Bank of Georgia Group PLC will have, as its dividend policy, a targeted payout of 25-40% of profits on an annual basis.

10.3 Georgia Capital PLC

The Georgia Capital Board intends to pursue a capital return policy that reflects its strategy whilst also delivering shareholders high quality, long-term dividend growth, through share buybacks or other potential exits. The Georgia Capital Directors may periodically reassess this dividend policy and the payment of dividends (or quantum of the same) will depend on the Investment Businesses existing and future financial condition, results of operations, capital requirements, investment and divestment cycles, liquidity needs and other matters the Georgia Capital Directors consider relevant from time to time.

11. Debt arrangements and capital structure

11.1 Overview

In the BGEO Group PLC annual financial statements for the year ended 31 December 2017, external borrowings of US\$350 million in the legal entity JSC BGEO Group are allocated between the Banking Business (approximately US\$250 million) and Investment Business segment (approximately US\$100 million). As part of the Demerger process these borrowings will be reallocated/ transferred in their entirety to the ongoing Bank of Georgia Group.

11.2 Bank of Georgia Group PLC

On 5 July 2012, the Bank issued US\$250 million 7.75% notes due 2017 and, on 5 November 2013, the Bank issued a further US\$150 million 7.75% notes due 2017, which were consolidated to form a single series. In July 2016, the Bank redeemed all of these outstanding notes due 2017.

On 26 July 2016, JSC BGEO Group issued US\$350,000,000 6.00% notes due 2023. On 21 March 2018 the JSC BGEO Group was substituted by the Bank as the issuer of the notes.

On 1 June 2017, the Bank issued GEL 500 million 11.00% notes due June 2020. The notes are denominated in GEL. The issuance was the first international local currency bond offering from the wider CIS region (excluding Russia) for ten years.

11.3 Georgia Capital PLC

On 9 March 2018, JSC Georgia Capital issued US\$ 300 million 6.125% notes due 2024, which were admitted to the official list of the Irish Stock Exchange and to trading on the Global Exchange Market.

12. Remuneration policies of Bank of Georgia Group PLC and Georgia Capital PLC and employee share plans

The first remuneration policies of Bank of Georgia Group PLC and Georgia Capital PLC will be put to their respective shareholders for approval at their annual general meetings in 2019.

Following the implementation of the Proposals, Bank of Georgia Group PLC and Georgia Capital PLC will continue to follow the current remuneration policy of the Company, save for the changes set out in Part II paragraph 9.7 (*Changes to the remuneration policies after the Demerger*) below.

If for any reason, the Scheme takes place but the Demerger does not take place, Awardholders will get an equivalent award over Bank of Georgia Group Shares as they have over Shares and will receive deferred share salary and discretionary deferred shares in Bank of Georgia Group Shares after the Scheme, but all of their awards will have the same vesting schedule as the existing awards.

13. Pensions

Information on the effect of the Proposals on the pension arrangements of the BGEO Group is contained in paragraph 10 of Part II of this Circular.

14. Taxation

Shareholders should read Part IX of this Circular, which contains a general description of the United Kingdom and United States tax consequences of the Proposals, but all Shareholders are advised to consult a professional adviser with regard to the tax consequences of the Proposals.

Each of the Scheme and the Demerger should be treated as a scheme of reconstruction for the purposes of UK taxation of chargeable gains, and clearance has been obtained from HMRC under section 139(5) of the Taxation of Chargeable Gains Act 1992 in respect of the Demerger.

If you are in any doubt as to your tax position, you should contact your professional adviser immediately.

15. Overseas Shareholders

If you are a citizen, resident or national of a jurisdiction outside of the United Kingdom, your attention is drawn to paragraph 13 of Part II of this Circular for further details concerning the Proposals.

16. Additional information

Your attention is drawn to the letter from Citi and Numis set out in Part II of this Circular, which gives further details about the Proposals, the terms of the Scheme which are set out in full in Part X of this Circular, and the additional information set out in Part XI of this Circular. Please note that the information contained in this letter is not a substitute for reading the remainder of this Circular and the information incorporated by reference. The Bank of Georgia Group Prospectus and Georgia Capital Prospectus are available on BGEO Group's website at www.bgeo.com/prospectuses.

17. Risk factors

Your attention is drawn to the risk factors set out in Part III of this Circular. Shareholders should consider fully and carefully the risk factors relating to the Proposals, Bank of Georgia Group PLC, the Bank of Georgia Group Shares, Georgia Capital PLC and the Georgia Capital Shares.

18. Shareholder and Court approvals required

Due to the size of the transaction, the Demerger needs to be approved by Shareholders pursuant to the Listing Rules. Various aspects of the Proposals also need to be approved by Shareholders to satisfy certain other legal requirements.

A detailed description of the Proposals is set out in Part II of this Circular. The Proposals can be implemented only if they receive sufficient support from Shareholders at each of the Meetings.

Notices convening the Court Meeting and the Annual General Meeting at which the approvals for the Proposals are being sought from Shareholders are set out in Part X. Both Meetings will be held at the offices of Baker & McKenzie LLP, 100 New Bridge Street, London, EC4V 6JA on 30 April 2018, with the Court Meeting beginning at 11.00 a.m. and the Annual General Meeting beginning at 11.15 a.m. (or, if later, immediately following the conclusion or adjournment of the Court Meeting).

18.1 Court Meeting

The Company is required to convene a Shareholder meeting by an order of the Court to consider the Scheme and will therefore be holding the Court Meeting, at which Shareholders will be asked to approve the Scheme. The statutory majority required to approve the Scheme at the Court Meeting is a majority in number representing 75 per cent. or more in value of the Shares present and voting in person or by proxy at the Court Meeting.

The Scheme will insert Bank of Georgia Group PLC as the new holding company of the Group.

It is important that, for the Court Meeting, as many votes as possible are cast so that the Court may be satisfied that there is a fair representation of Shareholder opinion. You are therefore strongly urged to complete and return your blue Form of Proxy for use at the Court Meeting as soon as possible and in any event so as to be received by no later than 11.00 a.m. on 26 April 2018 (or, in the event that the meeting is adjourned, not less than two business days prior to the time and date set for the adjourned meeting).

As an alternative to completing and returning the Forms of Proxy, you may submit your Forms of Proxy electronically at www.investorcentre.co.uk/eproxy. For security purposes, you will need the Control Number, PIN and shareholder reference number which are given on your Forms of Proxy. Electronic proxies must be received at 11.00 a.m. on 26 April 2018.

Detailed instructions on the action to be taken are set out on page 8 and in paragraph 18 of Part II of this Circular.

18.2 Annual General Meeting

The Company will also consider the Proposals set out in this Circular and the other resolutions set out in the Notice of Annual General Meeting. Therefore, at the Annual General Meeting, Shareholders will be asked to consider and, if thought fit, pass, amongst others, the following resolutions:

1. Resolution 1, the Scheme Resolution, which:
 - authorises the Directors to effect the Scheme;
 - approves the BGEO Capital Reduction and allotment of new Bank of Georgia Group Shares in accordance with the Scheme, as described in paragraph 3.2 of Part II of this Circular;

- approves certain amendments to the Existing Articles which are being made in order to permit the allotment of the Deferred Share and to avoid any person being left with unlisted Shares following the Scheme Effective Time, as further described in paragraph 4 of Part II of this Circular; and
 - authorises the Directors to allot the Deferred Share, which is being issued in order to avoid the requirement under section 593 of the Companies Act for an independent valuation of the Shares to be allotted to Bank of Georgia Group PLC pursuant to the Scheme, as further described in paragraph 3.3 of Part II of this Circular.
2. Resolution 2, the Demerger and Reductions Resolution, which:
 - authorises the Directors of the Company, Bank of Georgia Group PLC and Georgia Capital PLC to effect the Demerger;
 - approves the entry by the Company, Bank of Georgia Group PLC and Georgia Capital PLC (as relevant) into the Separation Agreements (which are further described in Part IV below); and
 - approves the Bank of Georgia Group Capital Reduction and Georgia Capital Capital Reduction, as further described in paragraphs 3.4 and 3.5, respectively, of Part II of this Circular. The Bank of Georgia Group Capital Reduction and Georgia Capital Capital Reduction have also been approved by the Initial Georgia Capital Shareholders and Initial Bank of Georgia Group Shareholders, respectively, by special resolution prior to the Annual General Meeting.
 3. Resolution 3, which approves the establishment of the Bank of Georgia Group Share Plan, as further described in paragraph 9 of Part II of this Circular.
 4. Resolution 4, which approves the establishment of the Georgia Capital Share Plan, as further described in paragraph 9 of Part II of this Circular.
 5. Resolution 5, which approves payments to Irakli Gilauri, as further described in Part II paragraph 9.5 (*Payments outside of the current remuneration policy*) which will be made outside of the parameters of the Company's remuneration policy and are, therefore, subject to shareholder approval.

The Demerger and Reductions Resolution is conditional on the Scheme Resolution being approved. Resolution 3 is conditional on the Scheme Resolution being approved, Resolution 4 is conditional on each of the Scheme Resolution, the Demerger and Reductions Resolution being approved. Resolution 5, the Remuneration Resolutions, is conditional on each of the Scheme, Resolution, the Demerger and Reductions Resolution being approved. None of the Demerger and Reductions Resolution, or the Scheme Resolution are conditional on the Share Plans Resolutions or the Remuneration Resolutions being approved.

Shareholders should note, however, that the Scheme is not conditional on the Demerger taking place. Consequently, if the conditions to the Scheme are satisfied and the conditions to the Demerger are not satisfied (or, where permitted, waived), Bank of Georgia Group PLC will be inserted as the new holding company of the Group and Shareholders will receive Bank of Georgia Group Shares but the Demerger will not complete, the Investment Business will not transfer to Georgia Capital PLC and Shareholders will not receive Georgia Capital Shares.

The Scheme is conditional upon, amongst other things, the approval by Shareholders of the Scheme at the Court Meeting and of the Scheme Resolution (Resolution 1 above) at the Annual General Meeting and the Scheme having been sanctioned by the Court. The Demerger is conditional upon, amongst other things, the Scheme having become effective, the Demerger and Reductions Resolution (Resolution 2 above) having been approved by Shareholders and the Bank of Georgia Group Capital Reduction having been confirmed by the Court. Full details of the conditions to the Scheme, the Demerger and other parts of the Proposals are set out in paragraph 4 of Part II of this Circular.

The Scheme Resolution, the Demerger and Reductions Resolution will each be proposed as special resolutions and each require votes in favour representing 75 per cent. or more of the votes cast at the Annual General Meeting in order to be passed. The Share Plans Resolutions and the Remuneration Resolutions will each be proposed as ordinary resolutions and each require votes in favour representing a simple majority of the votes cast at the Annual General Meeting in order to be passed.

Please see the Notice of Annual General Meeting which forms part of this Circular for the full text of the Resolutions to be proposed at the Annual General Meeting.

All resolutions at the Meetings will be voted on a poll.

You are strongly urged to complete and return your white Form of Proxy for use at the Annual General Meeting as soon as possible and in any event so as to be returned by no later than 11.15 a.m. on 26 April 2018 (or, in the event that the meeting is adjourned, not less than two business days prior to the time and date set for the adjournment meeting).

As an alternative to completing and returning the Forms of Proxy, you may submit your Forms of Proxy electronically at www.investorcentre.co.uk/eproxy. For security purposes, you will need the Voting ID, Task ID and shareholder reference number which are given on your Forms of Proxy. Electronic proxies must be received no later than two business days before the time appointed for the relevant Meeting.

Detailed instructions on the action to be taken are set out in paragraph 18 of Part II of this Circular.

19. Action to be taken by Shareholders

Notices convening the Court Meeting and the Annual General Meeting at which the approvals for the Proposals are being sought from Shareholders are set out in Part X. Both Meetings will be held at the offices of Baker & McKenzie LLP, 100 New Bridge Street, London, EC4V 6JA on 30 April 2017, with the Court Meeting beginning at 11.00 a.m. and the Annual General Meeting beginning at 11.15 a.m. (or, if later, immediately following the conclusion or adjournment of the Court Meeting).

As soon as practicable after the Meetings the results of the polls (and other information required by Section 341 of the Companies Act) will be announced via a Regulatory Information Service, and made available on the Company's website at www.bgeo.com/prospectuses.

Whether or not you intend to be present at either Meeting, you are requested to complete, sign and return both the Form of Proxy for the Court Meeting (blue) and the Form of Proxy for the General Meeting (white) in accordance with the instructions printed on the respective forms.

As an alternative to completing and returning the Forms of Proxy, you may submit your Forms of Proxy electronically at www.investorcentre.co.uk/eproxy. For security purposes, you will need the Control Number, PIN and shareholder reference number which are given on your Forms of Proxy. Electronic proxies must be received no later than two business days before the time appointed for the relevant Meeting.

Your attention is drawn to paragraph 18 of Part II of this Circular which explains in detail the action you should take in relation to the Proposals and the Scheme, a summary of which is set out on pages 8 and 9 of this Circular.

If you are a Shareholder and you have any questions about the Proposals, the contents of this Circular or the completion and return of your Forms of Proxy, please contact Computershare on 0370 873 5866 or, if telephoning from outside the United Kingdom, on +44370 873 5866 between 8.30 a.m. and 5.30 p.m. Monday to Friday, excluding public holidays. Please note that, for legal reasons, the helpline cannot provide advice on the merits of the Proposals or give any legal, tax or financial advice. Calls may be recorded for training purposes.

Further details relating to settlement are set out in paragraph 16 of Part II of this Circular.

20. Final comment

I am pleased with the overall progress the Company 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. I wish the boards of Bank of Georgia Group PLC and Georgia Capital PLC 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.

21. Recommendation

The Board has received financial advice from Citi and Numis in connection with the Proposals. In providing financial advice to the Board, Citi and Numis have relied upon the Board's commercial assessments of the Proposals.

The Board considers the Proposals to be in the best interests of Shareholders as a whole. Accordingly, the Board unanimously recommends you to vote in favour of the Scheme at the Court Meeting and the Resolutions to be proposed at the Annual General Meeting, as each of the Directors intends to do in respect of his or her own entire legal and beneficial holdings of Shares.

The Directors' legal and beneficial holdings amount to 848,052 Shares, representing approximately 2 per cent. of the Shares in issue.

The Board urges you to complete, sign and return the Forms of Proxy as soon as possible and, in any event, by no later than 26 April 2018.

Yours sincerely

Neil Janin

Chairman

for and on behalf of BGEO Group PLC

PART II
EXPLANATORY STATEMENT

(Explanatory Statement in compliance with the provisions of s.897 of the Companies Act)

26 March 2018

To: *Shareholders and, for information only, participants in the Employee Share Plans and persons with information rights*

Dear Shareholder

**Recommended proposals for the separation of the Investment Business from the Group
via a demerger following a scheme of arrangement between the Company
and Bank of Georgia Group PLC**

1. Introduction

We are writing to you on behalf of the Company to explain the Proposals for the separation of the Investment Business from the Group by means of the Demerger, which is being effected following a scheme of arrangement between the Company and Bank of Georgia Group PLC. It is expected that following the Scheme and the Demerger, the ordinary shares of both of Bank of Georgia Group PLC and Georgia Capital PLC 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.

Your attention is drawn to the Letter from the Chairman of the Company in Part I of this Circular, which outlines the reasons for the Demerger and contains the unanimous recommendation of the Board to vote in favour of the Scheme at the Court Meeting and the Resolutions to be proposed at the Annual General Meeting. The Letter from the Chairman of the Company forms part of this Explanatory Statement.

This Circular contains all information necessary to allow you to make a properly informed decision. Unless otherwise stated, the Bank of Georgia Group Prospectus and the Georgia Capital Prospectus are not incorporated into this Circular by reference and should be read separately on their own merits. Both the Bank of Georgia Group Prospectus and the Georgia Capital Prospectus are required to be published to effect the Bank of Georgia Group Admission and the Georgia Capital Admission, and are available, subject to applicable securities laws, on the Company's website at www.bgeo.com/prospectuses or in hard copy by request.

The Board has been advised by Citi and Numis in connection with the Demerger. We have been authorised by the Board to write to you on its behalf to explain the terms of the Proposals and to provide you with other relevant information. The terms of the Scheme are set out in full in Part X of this Circular. Notices convening the Court Meeting and the Annual General Meeting at which the approvals for the Proposals are being sought from Shareholders are set out in Part X and Part XIII of this Circular.

2. Summary of the Proposals

If fully implemented, the Proposals will result in Shareholders holding shares in two new listed companies: Bank of Georgia Group PLC, which will be the new holding company of the Group following the Scheme Effective Time and the Banking Business only following the Demerger Effective Time, and Georgia Capital PLC, which will be the new holding company of the Investment Business following the Demerger Effective Time.

The ordinary shares of both these companies are expected to 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. Provided Shareholders do not dispose of their Shares prior to the Scheme Record Time, and do not dispose of their Bank of Georgia Group Shares prior to the Demerger Record Time, Shareholders will, once the Proposals are fully implemented, hold Bank of Georgia Group Shares and Georgia Capital Shares in place of their existing shareholding on the following basis:

for each Share, one Bank of Georgia Group Share and one Georgia Capital Share

In order to effect the Proposals in the most efficient way, it is proposed that they will be implemented in several steps as follows:

- (a) The Group will, prior to the Demerger, undergo the Reorganisation. The Reorganisation will involve, amongst other things, the transfer of the companies and holdings comprising the Investment Business to an intermediate holding company, which will hold:
 - (i) GGU, a water utility and renewable energy business;
 - (ii) m², a residential and commercial property developer;
 - (iii) Aldagi, the foremost provider of property and casualty insurance products in Georgia;
 - (iv) Teliani, a leading wine and beer producer in Georgia and a distributor of its own and third party beverage brands;
 - (v) a 19.9% stake in the Banking Business; and
 - (vi) a 57% stake in GHG, the London Stock Exchange premium-listed parent company of the largest and diversified healthcare provider in Georgia.
- (b) Following completion of the Reorganisation, the Scheme (including the BGEO Capital Reduction) will be effected. This will result in a new holding company, Bank of Georgia Group PLC, being inserted as the holding company of the Existing Group. Shareholders will receive one Bank of Georgia Group Share in respect of each Share held by them at the Scheme Record Time. Bank of Georgia Group Shares are expected to 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 at 8.00 a.m. on 21 May 2018.
- (c) Following the Scheme becoming effective, Bank of Georgia Group PLC will effect a capital reduction and repayment of capital in order to implement the Demerger itself. The repayment of capital will be satisfied by the transfer of JSC Georgia Capital, the intermediate holding company of the Investment Business, to Georgia Capital PLC. In consideration for such transfer, Georgia Capital PLC will allot and issue to Bank of Georgia Group Shareholders one Georgia Capital Share (credited as fully paid) for each Bank of Georgia Group Share held at the Demerger Record Time. Shortly after the Demerger Effective Time but prior to the Georgia Capital Admission, Bank of Georgia Group PLC will also issue 19.9% of its then current issued share capital to the Investment Business in exchange for the transfer of the 19.9% stake of the Banking Business then held by the Investment Business.
- (d) Georgia Capital Shares are expected to 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 at 8.00 a.m. on 29 May 2018. The Bank of Georgia Group Capital Reduction will also create distributable reserves in Bank of Georgia Group PLC going forward.
- (e) Following completion of the Demerger, Georgia Capital PLC will reduce its capital to create distributable reserves.

The result of these steps is that, once fully implemented, Shareholders will hold one Bank of Georgia Group Share for each Share held at the Scheme Record Time (expected to be 6.00 p.m. on 18 May 2018) and one Georgia Capital Share for each Bank of Georgia Group Share held at the Demerger Record Time (expected to be 6.00 p.m. on 25 May 2018).

If you transfer your Shares prior to the Scheme Record Time, you will not receive any Bank of Georgia Group Shares.

If you transfer your Bank of Georgia Group Shares prior to the Demerger Record Time, you will not receive any Georgia Capital Shares.

If the Proposals are implemented in full, it will only be after all the steps have taken place that you will receive your new share certificates. If you hold your Shares in CREST, your CREST account is expected to be credited in respect of the Bank of Georgia Group Shares and Georgia Capital Shares to which you are entitled on 21 May 2018 and 29 May 2018, respectively. If for any reason the Demerger does not take place after the Scheme has been implemented, you will receive share certificates in respect of your holding in Bank of Georgia Group Shares (which will have become the new holding company of the Group, which will continue to include the investment business) or your CREST account will be credited with those shares if you hold your Shares in CREST.

3. Detailed terms and conditions of the Proposals

3.1 The Reorganisation

Prior to the Demerger, the Group will undergo the Reorganisation. The Reorganisation will involve, amongst other things, the transfer of the various Group subsidiaries which comprise the Investment Business to a single intermediate Georgian incorporated holding company, JSC Georgia Capital. The Reorganisation will also involve the transfer of 19.9% of the Banking Business to the Investment Business. This transfer of the 19.9% stake in the Banking Business will ultimately be exchanged for a stake in Bank of Georgia Group PLC pursuant to the terms of the Exchange Agreement.

Following this exchange, Georgia Capital will hold an investment in the Georgian banking sector which is the most developed sector of the Georgian economy, which is in line with Georgia Capital's strategy to pursue high potential returns from investments. The size of the stake will provide Georgia Capital PLC with improved access to capital and increased capacity to capture investment opportunities in Georgia by monetising its stake in Bank of Georgia Group PLC.

JSC Georgia Capital will be transferred from the Company to Bank of Georgia Group PLC following the Scheme Effective Time and prior to the Demerger Effective Time. The transfer will be at market value on terms that the consideration payable by Bank of Georgia Group PLC is left outstanding on inter-company loan account as a debt due from Bank of Georgia Group PLC to the Company. JSC Georgia Capital will subsequently be transferred to Georgia Capital PLC, as further described in paragraph 3.4 below.

3.2 The Scheme

Under the Scheme, which is a process requiring Court sanction under Part 26 of the Companies Act 2006, all the Shares will be cancelled pursuant to the BGEO Capital Reduction at the Scheme Effective Time (which is expected to be around 9.00 p.m. on 18 May 2018).

Following the cancellation of the Shares, the share capital of the Company will be restored to its former amount as the reserve which arises in the books of the Company as a result of the cancellation will be applied in paying up in full at par new shares in the Company, equal to the number of Shares cancelled. Such new shares in the Company will be issued to Bank of Georgia Group PLC which will, as a result, become the holding company of the Group.

In consideration for the cancellation of the Shares and the issue of the new Company shares to Bank of Georgia Group PLC, Shareholders will receive:

One Bank of Georgia Group Share for every Share that they hold at the Scheme Record Time

The Scheme Record Time is expected to be at 6.00 p.m. on 18 May 2018 (subject to the date on which the Court sanctions the Scheme).

Following the Scheme becoming effective and prior to the Demerger Effective Time, the Company will be re-registered as a private limited company and will be renamed BGEO Group Limited.

The nominal value of the Bank of Georgia Group Shares at their time of issue will be equal to the closing mid-market trading price of a Share immediately prior to the Scheme Effective Time (as derived from the London Stock Exchange Daily Official List), unless the Directors determine that a different nominal value should be set.

The rights attaching to the Bank of Georgia Group Shares will be substantially the same as those attaching to the Shares. A summary of the rights attaching to the Bank of Georgia Group Shares is set out in paragraph 3.2 of Part C of Part VI of this Circular. A summary of the Bank of Georgia Group Articles is set out in paragraph 3 of Part C of Part VI of this Circular and a summary of the key differences between the Existing Articles and the Bank of Georgia Group Articles is set out in paragraph 4 of Part C of Part VI.

Under the Scheme, the Court will also authorise and permit:

- (a) the transfer of JSC Georgia Capital from the Company to Bank of Georgia Group PLC, as described in paragraph 3.1 above; and
- (b) the Company to pay any and all of the costs and expenses relating to the Scheme and the rest of the Demerger.

3.3 Amendments to the Existing Articles

At the Annual General Meeting, Shareholders will be asked to authorise the allotment and issue to Bank of Georgia Group PLC of one Deferred Share and to amend the Existing Articles to include

the rights attaching to such Deferred Share. The Deferred Share will be subscribed for by Bank of Georgia Group PLC for a subscription price of £1.00 payable in cash prior to the Scheme Effective Time. This means there will be no requirement under section 593 of the Companies Act for an independent valuation of the Shares to be allotted to Bank of Georgia Group PLC pursuant to the Scheme.

In addition, certain further changes to the Existing Articles are required to enable the Scheme to take effect. It is proposed that the Existing Articles should be amended to ensure that: (a) any Shares which are allotted and issued after the adoption of the article and before the Reduction Record Time (as defined in the Scheme) (other than to Bank of Georgia Group PLC or its nominee(s)) will be allotted and issued subject to the terms of the Scheme and the holders of such shares will be bound by the terms of the Scheme accordingly; and (b) any Shares which are allotted and issued (other than to Bank of Georgia Group PLC or its nominee(s)) after such time will, subject to the Scheme becoming effective, be compulsorily acquired by Bank of Georgia Group PLC. This will avoid any person being left with Shares after they have ceased to be listed.

3.4 The Demerger and Bank of Georgia Group Capital Reduction

The Demerger will not proceed unless the steps described above have occurred first and the other conditions to the Demerger, as explained below, have been satisfied.

The Demerger will be implemented by Bank of Georgia Group effecting the Bank of Georgia Group Capital Reduction. The Bank of Georgia Group Capital Reduction will require the confirmation of the Court and will result in the reduction of the nominal value of the Bank of Georgia Group Shares to one penny. Shareholders will be asked to give their approval to the Bank of Georgia Group Capital Reduction at the Annual General Meeting.

As part of the Bank of Georgia Group Capital Reduction, Bank of Georgia Group PLC will repay capital to Bank of Georgia Group Shareholders. The repayment of capital will be satisfied by the transfer of JSC Georgia Capital, the holding company of the Investment Business, to Georgia Capital PLC. In consideration for such transfer, Georgia Capital PLC will allot and issue to Bank of Georgia Group Shareholders one Georgia Capital Share (credited as fully paid) for each Bank of Georgia Group Share held at the Demerger Record Time. As a result of the transfer of JSC Georgia Capital to Georgia Capital PLC, Georgia Capital PLC will become the holding company of the Investment Business. On the Demerger Effective Date but before Georgia Capital Admission, Bank of Georgia Group PLC will also issue such number of new ordinary shares as is equal to 19.90% of the enlarged issued share capital of Bank of Georgia Group PLC immediately following such issue to Georgia Capital PLC in exchange for the transfer of 19.90% of the Banking Business then held by the Investment Business.

The Bank of Georgia Group Capital Reduction will also create distributable reserves in Bank of Georgia Group PLC going forward.

3.5 Georgia Capital Capital Reduction

Following the Demerger, Georgia Capital PLC will carry out a reduction of its capital in order to create distributable reserves to allow it to implement its capital returns policy going forward and provide flexibility to effect other corporate transactions. Please refer to paragraph 10 of Part I of this Circular for details of the proposed dividend policy of Georgia Capital PLC. Shareholders will be asked to approve the Georgia Capital Capital Reduction at the Annual General Meeting. As with the Bank of Georgia Group Capital Reduction, the Georgia Capital Capital Reduction is subject to confirmation by the Court.

4. Conditions to the Proposals

4.1 Conditions to the Scheme

The implementation of the Scheme is conditional upon the following conditions having been satisfied:

- (a) the Scheme having been approved by a majority in number representing 75 per cent. or more in the value of the Shares present and voting either in person or by proxy at the Court Meeting;
- (b) the Resolutions, including those required to implement the Scheme and approve the Reductions but excluding the Share Plans Resolutions, as set out in the Notice of the Annual General Meeting, having been passed by the requisite majority at the Annual General Meeting;
- (c) the Scheme having been sanctioned (with or without modification) by the Court;

- (d) a copy of the Scheme Court Order having been delivered to the Registrar of Companies;
- (e) (i) the UKLA having acknowledged to Bank of Georgia Group PLC or its agent (and such acknowledgement not having been withdrawn) that the application for the admission of the Bank of Georgia Group Shares to the Official List with a premium listing has been approved and (after satisfaction of any conditions to which such approval is expressed to be subject (“**listing conditions**”)) will become effective as soon as a dealing notice has been issued by the FCA and any listing conditions having been satisfied and (ii) the London Stock Exchange having acknowledged to Bank of Georgia Group PLC or its agent (and such acknowledgement not having been withdrawn) that the Bank of Georgia Group Shares will be admitted to trading;
- (f) the Company having allotted and issued the Deferred Share to Bank of Georgia Group PLC prior to the Scheme Record Time; and
- (g) the Demerger Agreement not having been terminated in accordance with its terms.

The Directors will not take the necessary steps to implement the Scheme unless the above conditions have been satisfied by the Company and Bank of Georgia Group PLC and, at the relevant time, the Directors consider that it continues to be in the best interests of Shareholders that the Scheme be implemented.

The Scheme is not conditional on the Demerger taking place. Consequently, if the conditions to the Scheme are satisfied and the conditions to the Demerger (as set out in paragraph 4.2 below) are not satisfied (or, where permitted, waived), Bank of Georgia Group PLC will be inserted as the new holding company of the Group and Shareholders will receive Bank of Georgia Group Shares but the Demerger will not complete, the Investment Business will not transfer to Georgia Capital PLC and Shareholders will not receive Georgia Capital Shares.

4.2 Conditions to the Demerger

The implementation of the Demerger is conditional upon the following conditions having been satisfied (or, in respect of paragraph (c) below, waived):

- (a) the passing of the Scheme Resolution and the Demerger and Reductions Resolution;
- (b) the Scheme having become effective;
- (c) the Separation Agreements having been entered into and none of them having been terminated in accordance with their terms;
- (d) the Bank of Georgia Group Capital Reduction having been confirmed by the Court;
- (e) a copy of the Bank of Georgia Group Court Order having been delivered to the Registrar of Companies for registration and having been registered by him; and
- (f) (i) the UKLA having acknowledged to Georgia Capital PLC or its agent (and such acknowledgement not having been withdrawn) that the application for the admission of the Georgia Capital Shares to the Official List with a premium listing has been approved and (after satisfaction of any conditions to which such approval is expressed to be subject (“**listing conditions**”)) will become effective as soon as a dealing notice has been issued by the FCA and any listing conditions having been satisfied and (ii) the London Stock Exchange having acknowledged to Georgia Capital PLC or its agent (and such acknowledgement not having been withdrawn) that the Georgia Capital Shares will be admitted to trading.

Neither the Scheme, nor the Demerger (nor any other part of the Proposals) is conditional upon the New Employee Share Plans or the Remuneration Resolution being approved by Shareholders.

The directors of Bank of Georgia Group PLC and Georgia Capital PLC will not take the necessary steps to implement the Demerger unless the above conditions have been satisfied (or, where permitted, waived) and, at the relevant time, the Directors consider that it continues to be in the Company’s and the Shareholders’ best interests that the Demerger should be implemented.

4.3 Conditions to the Georgia Capital Capital Reduction

The implementation of the Georgia Capital Capital Reduction is conditional upon the following having occurred:

- (a) the passing of the Demerger and Reductions Resolution;
- (b) the Scheme having become effective;

- (c) the Demerger having become effective;
- (d) the Georgia Capital Capital Reduction having been confirmed by the Court; and
- (e) a copy of the Georgia Capital Court Order having been delivered to the Registrar of Companies for registration and having been registered by him.

5. The Separation Agreements

Prior to the Demerger Effective Time, the following agreements relating to the Demerger will be entered into:

- (a) the Demerger Agreement, which will set out how the Demerger will be implemented and will facilitate an orderly separation of the Investment Business from the Existing Group;
- (b) the Tax Sharing and Indemnification Agreement, which will contain certain provisions relating to the taxation affairs of Bank of Georgia Group PLC and Georgia Capital PLC, and their respective subsidiaries, prior to and following the Demerger;
- (c) the Transitional Services Agreement which sets out the arrangement between Bank of Georgia Group PLC and Georgia Capital PLC regarding the provision by Bank of Georgia Group to Georgia Capital Group of ongoing transitional services such as shared IT services for a period of 12 months following the Demerger Effective Time; and
- (d) the Exchange Agreement, which sets out the terms and conditions on which the Investment Business will exchange its 19.90% stake in the Banking Business for 19.90% of the then issued share capital of Bank of Georgia Group PLC.

Under the terms of the Separation Agreements, Bank of Georgia Group PLC and Georgia Capital PLC will agree to indemnify each other against certain liabilities (e.g. taxes) arising from the operation of their respective businesses with effect from the Demerger Effective Time. In particular, the key indemnities pursuant to the terms of the Tax Sharing and Indemnification Agreement require that:

- Georgia Capital PLC and Bank of Georgia Group PLC will each generally be responsible for (and will pay or indemnify the other party for) taxes imposed on their respective business and subsidiaries after the Demerger Effective Time;
- Bank of Georgia Group PLC will, subject to certain conditions, generally pay or indemnify Georgia Capital PLC, and any of its subsidiaries, for taxes imposed on Georgia Capital PLC, and any of its subsidiaries, in respect of certain taxes and restructuring transactions entered into prior to or in anticipation of the Demerger (including the Reorganisation);
- Bank of Georgia Group PLC will, subject to certain conditions, be required to indemnify Georgia Capital PLC and any of its subsidiaries generally for liabilities that are imposed on Georgia Capital PLC or any of its subsidiaries as a result of the Demerger failing to qualify for non-recognition treatment for US federal income tax purposes, unless such liabilities are attributable to certain activities of Georgia Capital PLC; and
- Georgia Capital PLC will be required to indemnify Bank of Georgia Group PLC, and any of its subsidiaries, generally for liabilities that are imposed on Bank of Georgia Group PLC and any of its subsidiaries as result of the Demerger failing to qualify for non-recognition treatment for US federal income tax purposes which are attributable to certain activities engaged in by Georgia Capital PLC following the Demerger.

Further information on the proposed Demerger Agreement and the Tax Sharing and Indemnification Agreement is set out in Part IV of this Circular.

6. Timetable

6.1 The Meetings

The Court Meeting has been convened for 11.00 a.m. on 30 April 2018 pursuant to an order of the Court, at which meeting, or at any adjournment thereof, Shareholders will consider and, if thought fit, approve the Scheme. The Court Meeting will be held at the offices of Baker & McKenzie LLP, 100 New Bridge Street, London, EC4V 6JA.

The Annual General Meeting has been convened for 11.15 a.m. on 30 April 2018 (or, if later, immediately following the conclusion or adjournment of the Court Meeting). At the Annual General Meeting, or at any adjournment thereof, Shareholders will consider and, if thought fit, pass the

Resolutions covering various matters in connection with the Proposals. The Annual General Meeting will be held at the offices of Baker & McKenzie LLP, 100 New Bridge Street, London, EC4V 6JA.

6.2 Scheme Court Hearing

The Scheme Court Hearing, at which the Court will be asked to sanction the Scheme pursuant to Part 26 of the Companies Act, is expected to be held on 18 May 2018. Bank of Georgia Group PLC has agreed to appear by counsel at the Scheme Court Hearing and to undertake to be bound by the Scheme. Shareholders have the right to attend the Scheme Court Hearing and to appear in person or be represented by counsel to support or oppose the sanctioning of the Scheme.

If the Scheme is sanctioned at the Court Hearing, and the other conditions to the Scheme (as outlined above) have been satisfied, the Scheme is expected to become effective on 18 May 2018, and dealings in Bank of Georgia Group Shares are expected to commence on 21 May 2018.

The Scheme will not become effective unless the Court sanctions the Scheme and confirms the BGEO Capital Reduction and a copy of its order has been duly delivered to the Registrar of Companies. This is expected to occur on 18 May 2018.

Following the Scheme Effective Time and prior to the Demerger Effective Time, the Company will be re-registered as a private limited company and will be renamed BGEO Group Limited.

At the Scheme Effective Time, share certificates in respect of the Company's ordinary shares will cease to be valid and should be destroyed once new certificates for Bank of Georgia Group Shares and Georgia Capital Shares have been received. In addition, at or as soon as reasonably practicable after the Scheme Effective Time, entitlements to Shares held within the CREST system will be cancelled.

If the Scheme has not become effective by 30 September 2018 (or such other date, if any, as the Company and Bank of Georgia Group PLC agree and the Court allows), it will lapse, in which event there will not be a new holding company of the Group, no Bank of Georgia Group Shares will be issued and the Demerger will not take place. This will mean that Shareholders will not receive Bank of Georgia Group Shares or Georgia Capital Shares. If the Scheme does not become effective, Shareholders will remain shareholders of the Company and Shares will continue to be admitted to the premium listing segment of the Official List.

If the Scheme becomes effective, it will be binding on all Shareholders, irrespective of whether or not they attended or voted in favour of the Scheme at the Court Meeting or in favour of the Resolutions at the Annual General Meeting.

The Scheme contains a provision for the Company and Bank of Georgia Group PLC jointly to consent, on behalf of all persons concerned, to any modification of or addition to the Scheme, or to any condition that the Court may approve or impose. The Court would be unlikely to approve or impose any modification of, or addition or condition to, the Scheme which might be material to the interests of Shareholders unless Shareholders were informed of any such modification, addition or condition. It will be a matter for the Court to decide, in its discretion, whether or not the consent of Shareholders would be sought at a further meeting. Similarly, if a modification, addition or condition is put forward which, in the opinion of the Directors, is of such nature or importance as to require the approval of Shareholders at a further meeting, the Directors will not take the necessary steps to enable the Scheme to become effective unless and until such approval is obtained.

The full text of the Scheme and of the Resolutions to be proposed at the Court Meeting and the Annual General Meeting are set out in Part X and Part X of this Circular.

6.3 Bank of Georgia Group Court Hearing and the Demerger

The Bank of Georgia Group Court Hearing, at which the Court will be asked to confirm the Bank of Georgia Group Capital Reduction, is expected to be held on 23 May 2018. If the Bank of Georgia Group Capital Reduction is confirmed at the Bank of Georgia Group Court Hearing, and the other conditions to the Demerger (as outlined in paragraph 4.2 above) have been satisfied, the Demerger is expected to become effective prior to 8.00 a.m. on 25 May 2018, and dealings in Georgia Capital Shares are expected to commence at 8.00 a.m. on 29 May 2018.

The Bank of Georgia Group Capital Reduction will not become effective unless the Court confirms the Bank of Georgia Group Capital Reduction and a copy of its order is delivered to the Registrar of Companies for registration and is registered by him. This is expected to occur on 23 May 2018.

6.4 Georgia Capital Court Hearing

The Georgia Capital Court Hearing, at which the Court will be asked to confirm the Georgia Capital Capital Reduction, is expected to be held on 26 June 2018. If the Georgia Capital Capital Reduction is confirmed at the Georgia Capital Court Hearing, the Georgia Capital Capital Reduction is expected to become effective on or before 26 June May 2018.

The Georgia Capital Capital Reduction will not become effective unless the Court confirms the Georgia Capital Capital Reduction and a copy of its order is delivered to the Registrar of Companies for registration and is registered by him. This is expected to occur on 26 June 2018.

Any changes to the proposed timetable will be announced via a Regulatory Information Service.

7. Debt arrangements and capital structure

7.1 Overview

In the BGEO Group PLC annual financial statements for the year ended 31 December 2017, external borrowings of US\$350 million in the legal entity JSC BGEO Group are allocated between the Banking Business (approximately US\$250 million) and Investment Business segment (approximately US\$100 million). As part of the Demerger process these borrowings will be reallocated/ transferred in their entirety to the ongoing Bank of Georgia Group.

7.2 Bank of Georgia Group PLC

On 5 July 2012, the Bank issued US\$250 million 7.75% notes due 2017 and, on 5 November 2013, the Bank issued a further US\$150 million 7.75% notes due 2017, which were consolidated to form a single series. In July 2016, the Bank redeemed all of these outstanding notes due 2017.

On 26 July 2016, JSC BGEO Group issued US\$350,000,000 6.00% notes due 2023. On 21 March 2018 the JSC BGEO Group was substituted by the Bank as the issuer of the notes.

On 1 June 2017, the Bank issued GEL 500 million 11.00% notes due June 2020. The notes are denominated in GEL. The issuance was the first international local currency bond offering from the wider CIS region (excluding Russia) for ten years.

7.3 Georgia Capital PLC

On 9 March 2018, JSC Georgia Capital issued US\$ 300 million 6.125% notes due 2024, which were admitted to the official list of the Irish Stock Exchange and to trading on the Global Exchange Market.

8. Directors and the effect of the Scheme on their interests

Details of the interests of the Directors in the share capital of the Company are set out in paragraph 3.1 of Part XI of this Circular and details of the interests of the Directors in options and awards over Shares are set out in paragraph 3.2 of Part XI of this Circular. Shares held by each of the Directors at the Scheme Record Time will be subject to the Scheme.

The effect of the Proposals on options and awards held by certain Directors, in common with other participants in the Employee Share Plans, is described in paragraph 9.1 of this Part II.

Details of the service contracts and letters of appointment of the Directors are set out in paragraph 6 of Part XI of this Circular.

Save as set out above, the effect of the Scheme on the interests of the Directors does not differ from its effect on the like interest of any other Shareholder.

9. Effects of the Proposals on the Employee Share Plans, remuneration policy for Georgia Capital PLC and Bank of Georgia Group PLC and New Employee Share Plans

9.1 Effects of the Proposals on the Employee Share Plans

On the implementation of the Proposals in full, existing awards in the form of nil cost options over Shares will be converted into awards over Bank of Georgia Group Shares and Georgia Capital Shares, so that for each Share under an existing award, Awardholders will have an award over one Bank of Georgia Group Share and one Georgia Capital Share.

The Employee Share Plans do not provide for Awardholders to receive awards over shares in both companies upon a demerger as the Employee Share Plans do not contemplate a demerger. Therefore, Awardholder consent is required in order to adjust awards upon the Demerger so that Awardholders

receive awards over both Bank of Georgia Group Shares and Georgia Capital Shares. Communications will be sent to Awardholders shortly after this Circular is posted, explaining the proposed treatment of their awards and requesting their consent.

Awards over shares in the employees' future employing group will continue to vest in line with their original vesting schedule and all other awards will vest immediately, therefore:

- (a) For Awardholders who will be employed in the Bank of Georgia Group, this means that awards over Bank of Georgia Group Shares will have the same vesting schedule after the Demerger as the current awards over Shares but the awards over Georgia Capital Shares will vest immediately.
- (b) For Awardholders who will be employed in Georgia Capital Group, this means that the awards over Georgia Capital Shares will have the same vesting schedule after the Demerger as the current awards over Shares but the awards over Bank of Georgia Group Shares will vest immediately.

The EBT, which is required to satisfy Company awards, will, by the time of the Demerger, hold sufficient Shares in order to satisfy all awards made to date and contemplated to be made prior to the implementation of the proposed Demerger. To the extent it does not already hold sufficient Shares, it will acquire Shares through market purchases prior to the Scheme becoming effective to satisfy these awards.

Awardholders will only receive immediately vested awards (as explained above), if they agree that their original awards over Shares will be converted into awards over Bank of Georgia Group Shares and Georgia Capital Shares. If Awardholders do not agree, they will get awards over an adjusted number of Bank of Georgia Group Shares, but such awards will have the same vesting schedule as their existing awards.

If for any reason, the Scheme takes place but the Demerger does not take place, Awardholders will get an equivalent award over Bank of Georgia Group Shares as they have over Shares, but all of their awards will have the same vesting schedule as the existing awards.

Former Company Awardholders who left the Company and have outstanding awards will receive awards over Bank of Georgia Group Shares and Georgia Capital Shares that will continue to have the same vesting schedule as their existing awards over Shares. As these awards are also granted under the Employee Share Plans, the consent from former Awardholders of the Company is also required. If Awardholders do not agree, they will get awards over an adjusted number of Bank of Georgia Group Shares, and such awards will have the same vesting schedule as their existing awards. Communications will be sent to former Awardholders of the Company shortly after this Circular, explaining the proposed treatment of their awards and requesting their consent.

9.2 Deferred Share Salary after the Demerger for Bank of Georgia Group Executive Managers

The current service contracts of the executive director and senior managers that will be joining Bank of Georgia Group, Kaha Kiknavelidze, David Tsiklauri, Levan Kulijanishvili, Mikheil Gomarteli, Ramaz Kukuladze, Vasil Khodeli, George Chiladze (“**Bank of Georgia Executive Managers**”), set out their respective deferred share salary entitlement.

Following the Demerger, the service contracts of the Bank of Georgia Executive Managers will be adjusted so that their deferred share salary will be over Bank of Georgia Group Shares. The number of Bank of Georgia Group Shares subject to the deferred share salary will be adjusted, as determined by the Bank of Georgia Remuneration Committee shortly after the Demerger, in such a manner that the value of the deferred share salaries of Bank of Georgia Executive Managers after the Demerger will be as close as possible to the value of their respective deferred share salaries prior to Demerger.

The determination as to the number of Bank of Georgia Group Shares subject to deferred share salary will be made by the Bank of Georgia Remuneration Committee within a month of the Demerger. This will take into account the price differential between Shares and Bank of Georgia Group Shares at the time of the Demerger. The respective share prices will be determined based on an average share price (over a period to be determined by the Bank of Georgia Remuneration Committee) based on pre-Demerger share prices in respect of Shares and post-Demerger share prices in respect of Bank of Georgia Group Shares. The precise adjustment to the service contracts, the methodology for establishing the average share prices and the number of Bank of Georgia Group Shares subject to the deferred share salary will be determined by the Bank of Georgia Remuneration Committee after the Demerger.

Deferred share salary awards are made following the end of the work year (usually in January). Given the Demerger is scheduled to occur in May 2018, the first portion of the deferred share salary for the period of the work year prior to the Demerger would be paid in awards over Shares, and the second portion of the deferred share salary for the period of the work year after the Demerger would be paid in awards over Bank of Georgia Group Shares. However, it has been decided that the entire deferred share salary for the full year 2018 will be paid in awards over Bank of Georgia Group Shares, notwithstanding the period of the work year prior to the Demerger. Such awards will be granted in January 2019 in line with the current grant cycle.

Discretionary deferred shares are usually awarded in the first few months after the end of the financial year. For 2018, discretionary deferred shares will be granted in the first few months of 2019 in line with the current grant cycle. These discretionary deferred shares will be paid in awards (in the form of nil-cost options) over Bank of Georgia Group Shares and be granted in respect of the full year 2018 (i.e. for the period pre- and post-Demerger).

Any awards (in the form of nil-cost options, for both deferred share salary and discretionary deferred shares) granted in respect of previous financial years and still outstanding as at the time of the Demerger, will be adjusted as set out in 9.1 (*Effects of the Proposals on the existing awards under the Employee Share Plans*) above.

The ongoing remuneration of the Bank of Georgia Executive Managers will be reviewed by the Bank of Georgia Remuneration Committee and the remuneration policy will be presented to shareholders of Bank of Georgia Group PLC for approval at its annual general meeting in 2019.

If for any reason, the Scheme takes place but the Demerger does not take place, deferred share salary and discretionary deferred shares in relation to financial year 2018 and beyond, will be in awards (in the form of nil-cost options) over Bank of Georgia Group Shares without any adjustment to the number of Bank of Georgia Group Shares.

9.3 Deferred Share Salary after the Demerger for Georgia Capital Executive Managers

The current service contracts of the executive director (Irakli Gilauri) and senior managers (Ekaterina Shavgulidze, Giorgi Alpaidze and Avto Namicheishvili) that will be joining Georgia Capital Group (the “**Georgia Capital Executive Managers**”) set out their respective deferred share salary entitlement. These contracts will be terminated and new service contracts will be entered into upon the Demerger.

Following the Demerger, Irakli Gilauri and Avto Namicheishvili will not receive cash remuneration, only deferred share salary (in the form of nil-cost options over Georgia Capital Shares). Other Georgia Capital Executive Managers (Ekaterina Shavgulidze and Giorgi Alpaidze) will continue to receive both cash salary and deferred share salary under their respective service contracts.

Following the Demerger, deferred share salary will be over Georgia Capital Shares. The number of Georgia Capital Shares subject to the deferred share salary will be adjusted from the existing service contracts, as determined by the Georgia Capital Remuneration Committee shortly after the Demerger. The remuneration of the Georgia Capital Executive Managers will be adjusted so that their respective total salaries post Demerger will be approximately 75 per cent of the value of their respective total salaries prior to Demerger.

The determination as to the number of Georgia Capital Shares subject to deferred share salary will be made by the Georgia Capital Remuneration Committee within a month of the Demerger. This will take into account the price differential between Shares and Georgia Capital Shares at the time of the Demerger. The respective share prices will be determined based on an average share price (over a period to be determined by the Georgia Capital Remuneration Committee) based on pre-Demerger share prices in respect of Shares and post-Demerger share prices in respect of Georgia Capital Shares. The precise terms of the new service contracts, the methodology for establishing the average share prices and the number of Georgia Capital Shares subject to the deferred share salary will be determined by the Georgia Capital Remuneration Committee after the Demerger.

Deferred share salary awards are made following the end of the work year (usually in January). Given the Demerger is scheduled to occur in May 2018, the first portion of the deferred share salary for the period of the work year prior to the Demerger would be paid in awards over Shares, and the second portion of the deferred share salary for the period of the work year after the Demerger would be paid in awards over Georgia Capital Shares. Georgia Capital Executive Managers will receive their deferred share salary in respect of the first portion of 2018 prior to the Demerger in awards (in the form of nil-cost options) over Shares and these will be granted prior to the Demerger (and converted as set out in 9.1 (*Effects of the Proposals on the existing awards under the Employee Share Plans*))

above). The deferred share salary for the second portion of 2018 after the Demerger will be paid in awards (in the form of nil-cost options) over Georgia Capital Shares. Such awards will be granted in January 2019 in line with the current grant cycle.

Discretionary deferred shares are usually awarded in the first few months after the end of the financial year. For the full year 2018, discretionary deferred shares will be granted in the first few months of 2019 in line with the current grant cycle. These discretionary deferred shares will be paid in awards (in the form of nil-cost options) over Georgia Capital Shares and be granted in respect of the full year 2018 (i.e. for the period pre- and post-Demerger). As set out in paragraph 9.7 *Changes to the remuneration policies after the Demerger*, the discretionary deferred shares after the Demerger will be capped at the number of shares granted under the deferred share salary. For FY18, whilst the deferred share salary paid in awards over Georgia Capital Shares will be pro rated (as set out above), the cap for the discretionary deferred shares will not be pro rated.

Any awards (in the form of nil-cost options, for both deferred share salary and discretionary deferred shares) granted in respect of previous financial years and still outstanding as at the time of the Demerger, will be adjusted as set out in 9.1 (*Effects of the Proposals on the existing awards under the Employee Share Plans*) above.

The ongoing remuneration of the Georgia Capital Executive Managers will be reviewed by the Georgia Capital Remuneration Committee and the remuneration policy will be presented to shareholders of Georgia Capital PLC for approval at its annual general meeting in 2019.

If for any reason, the Scheme takes place but the Demerger does not take place, deferred share salary and discretionary deferred shares) in relation to financial year 2018 and beyond, will be in awards (in the form of nil-cost options) over Bank of Georgia Group Shares without any adjustment to the number of Bank of Georgia Group Shares.

9.4 Compensation payment for current service contracts of Georgia Capital Executive Managers

Termination of the existing service contracts of Georgia Capital Executive Managers would entitle them to cash salary until termination (i.e. the Demerger becoming effective), 12 months' cash salary after the Demerger becoming effective and full vesting of all outstanding awards (for both deferred share salary and discretionary deferred shares). It has been decided that it would be more appropriate upon a Demerger to only vest awards in relation to Bank of Georgia Group Shares and for awards over Georgia Capital Shares to continue with their current vesting schedule.

As Georgia Capital Executive Managers will be accepting a cancellation of their existing service contracts without full vesting of their existing awards and waiving other benefits under their contracts entering into new service contracts with a 25% reduction in their starting total salary post-Demerger, subject to extended vesting periods for awards granted with respect to deferred share salary and discretionary deferred shares, and some of the Georgia Capital Executive Managers will be fully waiving their entitlement to cash salary, it has been decided that prior to the Demerger, but conditional on shareholder approval and the Scheme and the Demerger taking place, the Georgia Capital Executive Managers will receive a one-off award of nil-cost options over Shares, equal to their respective deferred share salary entitlement for the lower of (a) the number of months remaining after the Demerger under their existing service contracts, or (b) the period from the Demerger until 1 May 2019. This award is to buy out Georgia Capital Executive Managers from their respective existing service contracts. This award will then be converted to nil-cost options over Georgia Capital Shares and Bank of Georgia Group Shares on Demerger as described in paragraph 9.1 (*Effects of the Proposals on the existing awards under the Employee Share Plans*) above.

The one-off award of nil-cost options over Shares to Irakli Gilauri, equal to the fixed deferred share salary for the number of months remaining after the Demerger under his existing service contract is outside the Company's remuneration policy and therefore the payment of such an award is subject to shareholder approval (see paragraph 9.5 (*Payments outside of the current remuneration policy*)). Shareholder consent is also being sought for the adjustment of Irakli Gilauri's existing awards, as payment in Georgia Capital Shares is not covered by the current remuneration policy or the Employee Share Plans.

As with awards for other deferred share salary, the trustee of the EBT will grant and be required to satisfy these awards. By the time of the Demerger, the EBT will hold sufficient Shares in order to satisfy this proposed compensation payment (in the form of nil-cost options). To the extent it does not already hold sufficient Shares, it will acquire Shares through market purchases prior to the Scheme becoming effective to satisfy these awards.

9.5 Payments outside of the current remuneration policy

In order to implement the proposals set out above, any payments that will be made to the executive director of the Company which are outside the Company's current remuneration policy will need to be approved by Shareholders. The executive director of the Company will be subject to the same proposals as the other Georgia Capital Executive Managers.

The primary commercial difference between the proposals and the current shareholder approved remuneration policy involves the compensation payment in the form of awards (nil cost options) over a number of Shares equal to the deferred share salary remaining under the executive director's existing service contract, which ends in 2019. Under the Company's current remuneration policy, the executive director could only be paid deferred share salary until the end of 2018. As noted in paragraph 9.4 (*Compensation payment for current service contracts of Georgia Capital Executive Managers*), the reason for paying this compensation payment is to buy out the executive director from his existing contract which is being terminated and his new contract entitles him to approximately 25% lower total salary (and no cash salary) as valued at the time of the Demerger, extended vesting periods for awards granted with respect to deferred share salary and discretionary deferred shares, as well as certain Georgia Capital Executives fully waiving their entitlement to cash salary. The Georgia Capital Executive Managers will also only be receiving partial vesting of outstanding awards upon the Demerger, rather than full vesting to which they are entitled.

In line with other Georgia Capital Executive Managers, as a consequence of the Demerger, the executive director's outstanding awards over Shares will be converted into awards over Georgia Capital Shares and Bank of Georgia Group Shares. Following the Demerger, deferred share salary and discretionary deferred shares will also be paid out in awards over Georgia Capital Shares, as the Georgia Capital Executive Managers (including the current executive director of the Company) will no longer be part of the Company's group.

In the event that these payments are not approved by Shareholders, the executive director's outstanding awards at Demerger would (pursuant to the terms of the awards) convert into awards over Bank of Georgia Group Shares and be adjusted (i.e. increased) to reflect the Demerger and the fact that Georgia Capital is no longer part of the group. These awards (in nil-cost options) would be fully vested upon Demerger because the executive director would be treated under the terms of the awards as a good leaver. The Remuneration Committee would also have the discretion to award the executive director deferred share salary in relation to the period until the end of 2018 and the executive director will be entitled to certain benefits under his service contract. In these circumstances, the executive director would have no awards over Georgia Capital Shares immediately after the Demerger, his future employing group, and all of his awards will have fully vested compared to only his awards over Bank of Georgia Group Shares being fully vested as is currently proposed subject to Shareholder approval. Given the commercial rationale of the Demerger, this is seen as undesirable as this does not align the executive director's interests to his future employing group immediately from Demerger.

9.6 Remuneration policies of Bank of Georgia Group PLC and Georgia Capital PLC

The first remuneration policies of Bank of Georgia Group PLC and Georgia Capital PLC will be put to their respective shareholders for approval at their annual general meetings in 2019.

Following the implementation of the Proposals, Bank of Georgia Group PLC and Georgia Capital PLC will continue to follow the current remuneration policy of the Company, save for the changes set out in Part II paragraph 9.7 (*Changes to the remuneration policies after the Demerger*) below.

If for any reason, the Scheme takes place but the Demerger does not take place, Awardholders will get an equivalent award over Bank of Georgia Group Shares as they have over Shares and will receive deferred share salary and discretionary deferred shares in Bank of Georgia Group Shares after the Scheme, but all of their awards will have the same vesting schedule as the existing awards.

9.7 Changes to the interim remuneration policies of Bank of Georgia Group PLC and Georgia Capital PLC following the Demerger

Following the Demerger, Bank of Georgia Group PLC and Georgia Capital PLC will continue to follow the current remuneration policy of the Company, save for the following changes:

- Deferred share salary and discretionary deferred shares will be granted in the form of nil-cost options over the relevant company's shares, rather than Shares.

In addition, Georgia Capital PLC is also considering making the following changes:

- The number of discretionary deferred shares will be capped at the number of shares granted under the deferred share salary instead of being capped by reference to the value of total salary;
- Deferred share salary will vest over six years straight line from the start of the year in which it is earned instead of over the current five year vesting period with a larger last year payment. For example, awards relating to FY18 will vest 20% in each of 2020-2024, rather than vesting 20% in each of 2020-2022 and 40% in 2023;
- Discretionary deferred shares will vest over four years from grant instead of the current three year vesting period. For example, awards relating to FY18 will be granted at the beginning of FY19 and will vest 25% in each of 2020-2023, rather than vesting 33.3% in each of 2020-2022;
- Irakli Gilauri and Avto Namicheishvili will only receive deferred share salary and no cash salary; and
- Subject to the changes to the FRC Corporate Governance Code, remunerating NEDs in shares.

9.8 New Employee Share Plans

The Company currently operates two employee share plans namely the Rubicon Executive Equity Compensation Plan 2011 and The Bank of Georgia Group Senior Executive Equity Compensation Plan (the “**Employee Share Plans**”).

JSC Bank of Georgia is proposing to adopt an equivalent plan which will operate in a similar way as the existing Employee Share Plans, but will be over Bank of Georgia Group Shares and be for the benefit of Bank of Georgia Group employees. JSC Bank of Georgia will operate its new plan in conjunction with the EBT.

JSC Georgia Capital is proposing to adopt an equivalent plan which will operate in a similar way as the existing Employee Share Plans, but will be over Georgia Capital Shares, be for the benefit of Georgia Capital Group employees and will have different vesting periods from the Employee Share Plans. JSC Georgia Capital will establish a new trust for the operation of its plan.

Since options or awards over Bank of Georgia Group Shares or Georgia Capital Shares cannot be granted post-Demerger under the existing Employee Share Plans (as these relate to the Shares), the New Employee Share Plans have been adopted, as outlined below.

Bank of Georgia Group Share Plan

Subject to the ratification of Shareholders, JSC Bank of Georgia has established the Bank of Georgia Group Share Plan. The principal features of the Bank of Georgia Group Share Plan are summarised below. The Bank of Georgia Group Share Plan is similar to the Employee Share Plans. The main changes in the operation of the Bank of Georgia Group Share Plan going forward is that JSC Bank of Georgia will operate its employee share plan for the benefit of Bank of Georgia Group employees.

Awards

The Bank of Georgia Group Share Plan is used to grant awards as part of both the deferred share salary and the discretionary deferred shares for executives and senior managers.

Grant

Awards may be granted by the trustee to selected employees or directors of the Bank of Georgia Group on the recommendation of JSC Bank of Georgia (upon the recommendation of the Bank of Georgia Remuneration Committee). Awards are usually in the form of nil-cost options, unless the award holder notifies the trustee within 30 days of the date on the award certificate, in which case the award will be in the form of a conditional right to acquire shares. The award holder may renounce the grant within 90 days by notifying the trustee. The Bank of Georgia Group Share Plan is administered by the trustee.

Limits

The Bank of Georgia Group Share Plan is limited to using 10% of Bank of Georgia Group PLC’s issued share capital over any 10 year period when it uses newly issued or treasury shares. The Bank of Georgia Group Share Plan shall terminate upon the tenth anniversary of its adoption.

Vest

Awards vest on the vesting dates set at the time of grant. The trustee, upon the recommendation of JSC Bank of Georgia (upon the recommendation of the Bank of Georgia Remuneration Committee), may specify a vesting condition that must be satisfied before an award may vest. The trustee may, upon the recommendation of JSC Bank of Georgia (upon the recommendation of the Bank of Georgia Remuneration Committee), alter the vesting condition if the original condition is not longer appropriate and the trustee justly and reasonably considers that the amended condition reflects a fairer measure and reasonably considers that it will subsequently be no more difficult to satisfy.

For awards to be granted in respect of FY18:

- Deferred share salary awards are granted at the beginning of the calendar year following the work year and will vest 20% in each of the second, third and fourth years and 40% in the fifth year following the work year.
- Discretionary deferred shares vest a third in each of the second, third and fourth years following the work year.

Leavers

Unvested awards normally lapse where the award holder ceases employment with the group before vesting. Awards do not lapse and vest immediately if the award holder ceases employment due to death. If the award holder ceases employment for any other good reason, awards do not lapse and the trustee, on the recommendation of JSC Bank of Georgia (upon the recommendation of the Bank of Georgia Remuneration Committee), may determine whether the awards continue to vest or vest immediately. Good reason covers injury, disability, redundancy, retirement, the expiry of the award holder's service contract where the award holder is not offered a new service contract upon substantially similar terms or any other reason at the discretion of the trustee (upon the recommendation of the JSC Bank of Georgia (upon the recommendation of the Bank of Georgia Remuneration Committee)).

For vested awards, award holders have 12 months from termination to exercise their options, otherwise the awards lapse.

JSC Bank of Georgia (upon the recommendation of the Bank of Georgia Remuneration Committee) has the discretion to set different vesting rules in an award holder's service contract or separate resolution, provided that these do not worsen the terms of the service contract or affect awards already granted.

Malus and Clawback

Natural clawback and malus are built into the Bank of Georgia Group Share Plan as the awards vest over a period of time and are subject to a vesting conditions which, if breached, would result in the awards fully lapsing unless determined otherwise. Unless the award holder ceases employment for a good reason (see above), awards lapse upon cessation of employment. The awards are subject to the terms set out in the respective award holder's service contract.

Exercise

Options are not be exercisable if the exercise of the option would cause either the award holder, the trustee or any other person to contravene any statute, order, regulation or guidelines.

Corporate Transactions

In the event of a change of control or asset sale, any unvested awards vest. If the trustee holds any unallocated shares, these shares will be granted to award holders in proportion to the total cumulative number of shares to which the award holder has received or is entitled to receive. The award holders may agree to exchange their awards for awards over the acquiring company within six months of the change of control.

In the event that a new holding company acquires control of Bank of Georgia Group PLC, but the shareholders are the same or substantially the same and hold their shareholders in the same or substantially the same proportion as immediately before the change of control, unvested awards will not vest and all outstanding awards will be converted into awards over the shares of the new holding company.

If there is a variation of share capital, the number of shares subject to the award shall be adjusted in accordance with the agreement of the parties or, in default, as the auditors confirm to be fair and reasonable.

Not pensionable

Benefits under the Bank of Georgia Group Share Plan are not pensionable.

Amendments

The trustee may amend the rules of the Bank of Georgia Group Share Plan, provided that no amendment is made that shall adversely affect an award holder unless the majority of award holders have agreed to the change. Certain rules cannot be amended within the prior consent of the shareholders, unless the amendment is minor and to benefit the administration of the Bank of Georgia Group Share Plan, to take account of any change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for award holders. This applies to the definition of award holder, the vesting and lapse provisions, the change of control provisions, the variation of share capital provisions and the amendment provisions.

Georgia Capital Group Share Plan

Subject to the ratification of Shareholders, JSC Georgia Capital has established the Georgia Capital Share Plan. The principal features of the Georgia Capital Share Plan are summarised below. The Georgia Capital Share Plan is similar to the Employee Share Plans. The main changes in the operation of the plan going forward is that JSC Georgia Capital will operate its employee share plan for the benefit of Georgia Capital Group employees. JSC Georgia Capital will establish a new trust for the operation of its plan and the vesting periods have been extended.

Awards

The Georgia Capital Share Plan is used to grant awards as part of both the deferred share salary and the discretionary deferred shares for executives and senior managers.

Grant

Awards may be granted by the trustee to selected employees or directors of the Georgia Capital Group on the recommendation of JSC Georgia Capital (upon the recommendation of Georgia Capital Remuneration Committee). Awards are usually in the form of nil-cost options, unless the award holder notifies the trustee within 30 days of the date on the award certificate, in which case the award will be in the form of a conditional right to acquire shares. The award holder may renounce the grant within 90 days by notifying the trustee. The Georgia Capital Share Plan is administered by the trustee.

Limits

The Georgia Capital Share Plan is limited to using 10% of Georgia Capital PLC's issued share capital over any 10 year period when it uses newly issued or treasury shares. The Georgia Capital Share Plan shall terminate upon the tenth anniversary of its adoption.

Vest

Awards vest on the vesting dates set at the time of grant. The trustee, upon the recommendation of JSC Georgia Capital (upon the recommendation of Georgia Capital Remuneration Committee), may specify a vesting condition that must be satisfied before an award may vest. The trustee may, upon the recommendation of JSC Georgia Capital (upon the recommendation of Georgia Capital Remuneration Committee), alter the vesting condition if the original condition is no longer appropriate and the trustee justly and reasonably considers that the amended condition reflects a fairer measure and reasonably considers that it will subsequently be no more difficult to satisfy.

For awards to be granted in respect of FY18:

- Deferred share salary awards are granted at the beginning of the calendar year following the work year and will vest 20% in each of the second, third, fourth, fifth and sixth years following the work year.
- Discretionary deferred shares vest 25% in each of the second, third, fourth and fifth years following the work year.

Leavers

Unvested awards normally lapse where the award holder ceases employment with the group before vesting. Awards do not lapse and vest immediately if the award holder ceases employment due to death. If the award holder ceases employment for any other good reason, awards do not lapse and the trustee, on the recommendation of JSC Georgia Capital (upon the recommendation of Georgia Capital Remuneration Committee), may determine whether the awards continue to vest or vest immediately. Good reason covers injury, disability, redundancy, retirement, the expiry of the award holder's service contract where the award holder is not offered a new service contract upon substantially similar terms or any other reason at the discretion of the trustee.

For vested awards, award holders have 12 months from termination to exercise their options, otherwise the awards lapse.

JSC Georgia Capital (upon the recommendation of Georgia Capital Remuneration Committee) has the discretion to set different vesting rules in an award holder's service contract or separate resolution, provided that these do not worsen the terms of the service contract or affect awards already granted.

Malus and Clawback

Natural clawback and malus are built into the Georgia Capital Share Plan as the awards vest over a period of time and are subject to a vesting conditions which, if breached, would result in the awards fully lapsing unless determined otherwise. Unless the award holder ceases employment for a good reason (see above), awards lapse upon cessation of employment. The awards are subject to the terms set out in the respective award holder's service contract.

Exercise

Options are not be exercisable if the exercise of the option would cause either the award holder, the trustee or any other person to contravene any statute, order, regulation or guidelines.

Corporate Transactions

In the event of a change of control or asset sale, any unvested awards vest. If the trustee holds any unallocated shares, these shares will be granted to award holders in proportion to the total cumulative number of shares to which the award holder has received or is entitled to receive. The award holders may agree to exchange their awards for awards over the acquiring company within six months of the change of control.

In the event that a new holding company acquires control of Georgia Capital PLC, but the shareholders are the same or substantially the same and hold their shareholders in the same or substantially the same proportion as immediately before the change of control, unvested awards will not vest and all outstanding awards will be converted into awards over the shares of the new holding company.

If there is a variation of share capital, the number of shares subject to the award shall be adjusted in accordance with the agreement of the parties or, in default, as the auditors confirm to be fair and reasonable.

Not pensionable

Benefits under the Georgia Capital Share Plan are not pensionable.

Amendments

The trustee may amend the rules of the Georgia Capital Share Plan, provided that no amendment is made that shall adversely affect an award holder unless the majority of award holders have agreed to the change. Certain rules cannot be amended within the prior consent of the shareholders, unless the amendment is minor and to benefit the administration of the Georgia Capital Share Plan, to take account of any change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for award holders. This applies to the definition of award holder, the vesting and lapse provisions, the change of control provisions, the variation of share capital provisions and the amendment provisions.

10. Pensions

The Company operates a defined contribution pension scheme which is available to full time employees of the Group. The CEO of the Company and the Company each contribute a minimum of

1% of the CEO's gross monthly cash salary payable under his service contract with the Company into the pension fund.

The Company will match additional contributions in a proportion of 0.2 to one, up to a maximum additional group contribution of 1% of gross monthly salary where the Director makes additional contributions to 5% of gross monthly salary.

Following the Demerger, Bank of Georgia Group PLC will continue to offer a similar scheme.

11. The Bank of Georgia Group PLC and Georgia Capital PLC Boards

The Bank of Georgia Group PLC and Georgia Capital PLC Boards will comprise a combination of existing Directors and new directors. There will be no crossover in the members of the Bank of Georgia Group PLC and Georgia Capital PLC boards.

11.1 Bank of Georgia Group Board

The Bank of Georgia Group Board will comprise:

Name	Position
Neil Janin	Chairman
Kaha Kiknavelidze	Chief Executive
Alasdair Breach	Non-Executive Director
Hanna Loikkanen	Non-Executive Director
Tamaz Georgadze	Non-Executive Director
Jonathan Muir	Non-Executive Director
Cecil Quillen	Non-Executive Director

Set out below is a summary of the business experience and principal business activities performed outside Bank of Georgia Group by each of the Bank of Georgia Group Directors, as well as the dates of their initial appointment as Directors, where applicable.

Neil Janin (Chairman)

Neil Janin was appointed as an Independent Non-Executive Director and Chairman of Bank of Georgia Group PLC on 24 February 2018. On the same date, he was appointed to the Remuneration Committee and as Chairman of the Nomination Committee of Bank of Georgia Group PLC.

Mr. Janin has been associated with Bank of Georgia Group PLC's predecessor companies since 2011. He was appointed Non-Executive Chairman of BGEO Group PLC on 24 October 2011 and has been re-elected by shareholders at each AGM thereafter. Mr. Janin serves as Chairman of BGEO Group PLC's Nomination Committee as well as a member of BGEO Group PLC's Remuneration Committee. Mr. Janin also serves as a member of the Supervisory Board of the Bank, having stepped down as Chairman in July 2015, a position he had held since 2010.

Mr Janin also serves as a Non-Executive Director of GHG and a member of the Supervisory Board of JSC GHG, but will step down from this role at GHG's 2018 AGM. Mr. Janin serves as counsel to CEOs of both for-profit and non-profit organisations and continues to provide consulting services to McKinsey & Company. Prior to joining the Bank in 2010, Mr. Janin was a Director of McKinsey & Company, based in its Paris office, for over 27 years, from 1982 until his retirement. At McKinsey & Company, he conducted engagements in the retail, asset management and corporate banking sectors, and was actively involved in every aspect of organisational practice, including design, leadership, governance, performance enhancement and transformation. In 2009, while serving as a member of the French Institute of Directors, Mr. Janin authored a position paper on the responsibilities of the Board of Directors with regards to the design and implementation of a company's strategy. Before joining McKinsey & Company, Mr. Janin worked for Chase Manhattan Bank (now JP Morgan Chase) in New York and Paris, and Procter & Gamble in Toronto. Mr. Janin has practised in Europe, Asia and North America. Mr. Janin is also a Director of Neil Janin LTD, a company through which he provides his ongoing consulting services. Mr. Janin holds an MBA from York University, Toronto, and a joint honours degree in Economics and Accounting from McGill University, Montreal.

Kaha Kiknavelidze (CEO)

Kaha Kiknavelidze was appointed as CEO of Bank of Georgia Group PLC on 24 February 2018 and has been CEO of JSC Bank of Georgia since September 2016. He was also appointed to Bank of Georgia Group PLC's Risk Committee on 24 February 2018.

Mr. Kiknavelidze has been associated with Bank of Georgia Group PLC's predecessor companies since 2011. Mr. Kiknavelidze previously served as an Independent Non-Executive Director of BGEO Group PLC since 24 October 2011, which included positions on BGEO Group PLC's Audit, Risk and Nomination Committees. Mr. Kiknavelidze also served as a member of the Supervisory Board and Audit Committee, positions he has held since 2008 and has taken a very active role over the last few years in mentoring many of the current members of the Bank's management team.

Mr. Kiknavelidze has over 15 years of experience in the financial services including a number of roles at UBS and Troika Dialog. He was the founder and managing partner of Rioni Capital Partners LLP, a London-based investment management company, the role he stepped down from at the end of 2016. Mr. Kiknavelidze received his undergraduate degree in Economics with honours from the Georgian Agrarian University in Tbilisi, Georgia, and received his MBA from Emory University, Atlanta, United States, specialising in Finance and Credit.

Alasdair Breach (Independent Non-executive Director)

Alasdair Breach was appointed as an Independent Non-Executive Director of Bank of Georgia Group PLC on 24 February 2018. On the same date, he was appointed as Chairman of the Remuneration Committee and to the Nomination and Risk committees of Bank of Georgia Group PLC.

Mr. Breach has been associated with Bank of Georgia Group PLC's predecessor companies since 2011. He was appointed as an Independent Non-Executive Director of BGEO Group PLC on 24 October 2011 and has been re-elected by shareholders at each AGM thereafter. Mr Breach serves as Chairman of BGEO Group PLC's Remuneration Committee and serves as a member of BGEO Group PLC's Risk and Nomination Committees. Mr Breach also serves as a member of the Supervisory Board and Chairman of the Bank's Remuneration Committee, positions he has held since 2010, and has also been a member of the Bank's Risk Committee since December 2014.

In 2013, Mr Breach co-founded Gemsstock Limited, a UK FCA-regulated fund manager, where he also serves as an Executive Director. In 2010, Mr Breach founded Furka Advisors AG, a Swiss-based asset management firm, and served as an Executive Director until founding Gemsstock Limited, which manages the Gemsstock Fund, which was previously called the Gemsstock Growth Fund and managed by Mr Breach at Furka Advisors AG. His previous career was in research in investment banks, principally in Russia. In January 2003, Mr Breach joined Brunswick UBS (later UBS Russia) as Chief Economist, and later was appointed Head of Research and Managing Director until October 2007. From 1998 to 2002, Mr Breach was a Russia and Former Soviet Union (FSU) economist at Goldman Sachs, based in Moscow. Mr Breach is also the co-founder of The Browser.com, a web-based curator of current affairs writing, established in 2008. Mr Breach serves as a Director of Gemsstock Limited, the Gemsstock Fund, The Browser and Furka Holdings AG, all of which are private entities. He is also an advisor to East Capital. Mr Breach obtained an MSc in Economics from the London School of Economics and an undergraduate degree in Mathematics and Philosophy from Edinburgh University.

Hanna Loikkanen (Independent Non-executive Director)

Hanna Loikkanen was appointed an Independent Non-Executive Director of Bank of Georgia Group PLC on 24 February 2018, she will serve as the Senior Independent Non-Executive Director. On the same date, Ms Loikkanen was appointed to the Audit and Nomination committees of Bank of Georgia Group PLC.

Ms Loikkanen has been associated with Bank of Georgia Group PLC's predecessor companies since 2015. She was appointed as an Independent Non-Executive Director of BGEO Group PLC by the Board in June 2015 and was elected by shareholders at the 2016 AGM and re-elected at the 2017 AGM. Ms Loikkanen is also a member of BGEO Group PLC's Nomination Committee, as well as the Risk Committee, and was appointed to BGEO Group PLC's Audit Committee in March 2016. Ms Loikkanen was also appointed to the Supervisory Board in August 2015. Ms Loikkanen previously served as a Non-Executive Director of BGEO Group PLC from 2011 until 2013 and as a member of the Supervisory Board from 2010 until 2013.

Ms Loikkanen has over 20 years of experience working with financial institutions in Russia and Eastern Europe. She currently serves as an advisor to East Capital Private Equity AB. Prior to this, she served from 2007 until 2012 first as an advisor and then as the Chief Representative and Head of the Private Equity team at East Capital, a Swedish asset management company in Moscow, with a special focus on financial institutions. Prior to joining East Capital, Ms Loikkanen held the position of Country Manager and Chief Executive Officer at FIM Group in Russia, a Finnish investment bank, where she was responsible for setting up and running FIM Group's brokerage and corporate finance operations in Russia. During her tenure at FIM Group, the company advised several large foreign companies in their M&A activities in Russia. Earlier in her career, Ms Loikkanen worked for Nordea Finance in various management positions in Poland, the Baltic States and Scandinavia with a focus on business development, strategy and business integration; for SEB in Moscow where she was responsible for the restructuring of SEB's debt capital market operations in Russia; and for MeritaNordbanken in St Petersburg where she focused on trade finance and correspondent banking. In addition to her directorships at BGEO Group PLC and the Bank, Ms Loikkanen serves as a Non-Executive Director and a member of the Audit and Risk Committee of Locko Bank, an SME-focused Russian bank and as a Non-Executive Director of Locko Invest, Locko Bank's investment banking subsidiary. Since 2014, she has acted as Non-Executive Chairman of the Board of T&B Capital, an independent regulated wealth management company based in Helsinki. In 2017 she was also appointed as a Non-Executive Director of PJSC Rosbank, a universal bank listed on the Moscow Exchange and part of the Societe Generale Group. Ms Loikkanen holds a Master's degree in Economics and Business Administration from the Helsinki School of Economics, and was a Helsinki School of Economics scholar at the University of New South Wales.

Tamaz Georgadze (Independent Non-executive Director)

Tamaz Georgadze was appointed as an Independent Non-Executive Director of Bank of Georgia Group PLC on 24 February 2018. On the same date, he was appointed to the Audit, Nomination and Remuneration committees and as Chairman of the Risk Committee of Bank of Georgia Group PLC.

Mr. Georgadze has been associated with Bank of Georgia Group PLC's predecessor companies since 2013. He was appointed as an Independent Non-Executive Director of BGEO Group PLC on 19 December 2013 and has been re-elected by shareholders at each AGM thereafter. Mr Georgadze serves as a member of BGEO Group PLC's Risk and Nomination Committees and was appointed as a member of BGEO Group PLC's Audit Committee in September 2016. Mr Georgadze was also appointed to the Bank's Supervisory Board in December 2013 and serves as a member of the Bank's Risk Committee and Audit Committee.

In 2013, Mr Georgadze founded Raisin GmbH (formerly SavingGlobal GmbH) a company which launched the first global deposit intermediation in Europe and he continues to serve as its Executive Director. Prior to founding this company, Mr Georgadze had a ten-year career at McKinsey & Company in Berlin, where he served as a Partner from 2009 to 2013. At McKinsey & Company, he conducted engagements with banks in Germany, Switzerland, Russia, Georgia and Vietnam, focusing on strategy, risk identification and management, deposit and investment products, operations and sales. Prior to joining McKinsey & Company, Mr Georgadze worked as an aide to the President of Georgia in the Foreign Relations Department from 1994 to 1995. Save for his role at SavingGlobal GmbH, Mr Georgadze does not hold any other directorships. Mr Georgadze holds two PhDs, one in Economics from Tbilisi State University and the other in Agricultural Economics from Justus-Liebig University Gießen, Germany. Mr Georgadze also studied Law at Justus-Liebig Universität Gießen and graduated with honors.

Jonathan Muir (Independent Non-executive Director)

Jonathan Muir was appointed as an Independent Non-Executive Director of Bank of Georgia Group PLC on 24 February 2018. On the same date, he was appointed to the Risk and Nomination committees and as Chairman of the Audit Committee of Bank of Georgia Group PLC.

Mr. Muir has been associated with Bank of Georgia Group PLC's predecessor companies since 2017. He was appointed as an Independent Non-Executive Director to BGEO Group PLC's Board of Directors in June 2017 after previously serving as an advisor to BGEO Group PLC's Board since December 2016. Jonathan is the member of the Group's Nomination and Audit Committees. Mr Muir was appointed to the Bank's Supervisory Board in August 2017 and is a member of the Bank's Audit and Nomination Committees.

Mr Muir has over 30 years' experience working as a professional in accounting and finance. He is an executive director (CEO) of LetterOne Holdings SA and is CEO of LetterOne Investment Holdings. LetterOne is an international investment business consisting of two groups which target investments in the healthcare, energy, telecoms and technology, and retail sectors. Prior to joining LetterOne, Mr Muir was CFO (2008-2013) and Vice President of Finance and Control (2003-2008) of TNK-BP, which he joined after serving as CFO of SIDANCO, one of TNK-BP's heritage companies. Prior to this, he was a partner at the global audit and consulting company Ernst & Young (1985-2000). Mr Muir graduated with first class honours from St. Andrews University in the UK. He is a British qualified Chartered Accountant and a member of the Institute of Chartered Accountants of England and Wales.

Cecil Quillen (Independent Non-executive Director)

Cecil Quillen was appointed as an Independent Non-Executive Director of Bank of Georgia Group PLC on 24 February 2018. On the same date, he was appointed to the Audit, Remuneration and Nomination committees of Bank of Georgia Group PLC.

He is a lawyer and a London-based U.S. partner of Linklaters LLP, the global law firm. He is the leader of the firm's U.S. securities practice. With nearly 29 years of experience in private practice, Mr Quillen works on a broad spectrum of securities and finance matters and has wide expertise in offerings of debt, equity, regulatory capital and structured securities in established and emerging markets, as well as in liability management transactions and restructurings. Mr. Quillen regularly advises non-U.S. public companies with respect to transactional, disclosure, reporting, governance and compliance matters relating to exchanges and markets in the United States and the U.S. federal securities laws. Mr Quillen is especially experienced in advising on transactions and regulatory matters involving financial institutions. In addition, a particular focus of his practice has been securities offerings involving U.S. market access by transaction participants in the CIS and in central and eastern Europe. Mr Quillen regularly speaks at a variety of professional conferences, is an officer of the Securities Law Committee of the International Bar Association and chairs its Underwriting and Distribution Subcommittee, and sits on the Advisory Committee for Securities Regulation in Europe of the Practising Law Institute. Mr Quillen became a partner of Linklaters in 1996 and was resident in the firm's New York office before transferring to the London office in 2000. Before joining Linklaters, he practiced for a number of years at a large New York-based law firm and was a law clerk to a U.S. federal appeals court judge. He is admitted to practice in New York and the District of Columbia, and is a registered foreign lawyer in England and Wales.

11.2 Georgia Capital Board

The Georgia Capital Board will comprise:

Name	Position
Irakli Gilauri	Chairman and Chief Executive
David Morrison	Non-Executive Director
Kim Bradley	Non-Executive Director
Massimo Gesua' sive Salvadori	Non-Executive Director
William Huyett	Non-Executive Director
Caroline Brown	Non-Executive Director
Jyrki Talvitie	Non-Executive Director

Set out in paragraph 3 of Part II of this Circular is a summary of the business experience and principal business activities performed outside Georgia Capital PLC by each of the Georgia Capital Directors, as well as the dates of their initial appointment as directors of Georgia Capital PLC, where applicable.

Irakli Gilauri (Chairman and Chief Executive)

Irakli Gilauri was appointed as an Executive Director of Georgia Capital PLC on 24 February 2018. He will also serve on the Investment and Nomination committees of Georgia Capital PLC.

Mr. Gilauri has been associated with Georgia Capital PLC's predecessor companies since 2011. Mr Gilauri was appointed as Executive Director of BGEO Group PLC on 24 October 2011 and has been re-elected by shareholders at each AGM thereafter. Mr Gilauri has served as CEO of BGEO Group PLC since his appointment in 2011, and was appointed Chairman of the Bank in September

2015, having previously served as CEO of the Bank since May 2006. Mr Gilauri also serves as CEO of JSC BGEO Group, JSC BGEO Investment and JSC BG Financial Group.

He is also currently Chairman of the Supervisory Board for the following subsidiaries: m² Real Estate, Georgian Renewable Power Company and Teliani Valley. He is also a member of the Supervisory Board of Georgia Global Utilities and Agron Group. In addition, Mr Gilauri is the Chairman of Georgia Healthcare Group PLC and Chairman of the supervisory board of JSC Georgia Healthcare Group. He is also a member of the Supervisory Board of Georgia Global Utilities and Agron Group. Before his employment with the Bank, Mr Gilauri was a banker at the EBRD's Tbilisi and London offices for five years, where he worked on transactions involving debt and private equity investments in Georgian companies. Mr Gilauri received his undergraduate degree in Business Studies, Economics and Finance from the University of Limerick, Ireland, in 1998. He was later awarded the Chevening Scholarship, granted by the British Council, to study at the CASS Business School of City University, London, where he obtained his MSc in Banking and International Finance.

David Morrison (Senior Independent Non-executive Director)

David Morrison was appointed as an Independent Non-Executive Director of Georgia Capital PLC on 24 February 2018, he will serve as the Senior Independent Director. He will also serve on the Investment and Nomination committees, and as Chairman of the Audit Committee, of Georgia Capital PLC.

Mr. Morrison has been associated with Georgia Capital PLC's predecessor companies since 2011. Mr Morrison was appointed as the Senior Independent Non-Executive Director of BGEO Group PLC in October 2011 and has been re-elected by Shareholders at each AGM thereafter. Mr Morrison assumed the role of Chairman of BGEO Group PLC's Audit Committee in December 2013. Mr Morrison is also a member of BGEO Group PLC's Remuneration and Nomination Committees, and serves as a member of the Bank's Audit and Remuneration Committees, positions he has held since 2010.

Mr Morrison is also a Non-Executive Director of Georgia Healthcare Group PLC and a member of the Supervisory Board of JSC Georgia Healthcare Group PLC. Mr Morrison is a member of the New York bar and worked for 28 years at Sullivan & Cromwell LLP until he withdrew from the firm in 2007 to pursue other interests. At Sullivan & Cromwell, he served as Managing Partner of the firm's Continental European offices. His practice focused on advising public companies in a transactional context, including capital raisings, IPOs and mergers and acquisitions. Mr Morrison is the author of several publications on securities law-related topics, and has been recognised as a leading lawyer in Germany and France. In 2008, Mr Morrison turned his attention to nature protection financing. He became the Founding CEO of the Caucasus Nature Fund (CNF), a charitable trust fund dedicated to nature conservation in Georgia, Armenia and Azerbaijan. He resigned as CEO in March 2016 and now serves on the Board of Directors of CNF, as well as on the boards of two new conservation trusts he helped to create in 2015 and 2016. Mr Morrison received his undergraduate degree from Yale College, received his law degree from the University of California, Los Angeles, and was a Fulbright scholar at the University of Frankfurt.

Kim Bradley (Non-executive Director)

Kim Bradley was appointed as an Independent Non-Executive Director of Georgia Capital PLC on 24 February 2018. He will also serve on the Remuneration and Nomination committees, and as Chairman of the Investment Committee, of Georgia Capital PLC.

Mr. Bradley has been associated with Georgia Capital PLC's predecessor companies since 2013. Mr Bradley was appointed as an Independent Non-Executive Director of BGEO Group PLC on 19 December 2013 and has been re-elected by shareholders at each AGM thereafter. Mr Bradley serves as Chairman of BGEO Group PLC's Risk Committee and as a member of BGEO Group PLC's Audit and Nomination Committees, Mr Bradley was also appointed to the Bank's Supervisory Board in December 2013 and serves as Chairman of the Bank's Risk Committee and as a member of the Bank's Audit Committee.

Mr Bradley retired from Goldman Sachs in early 2013, following 15 years as a professional in the Real Estate Principal Investments and Realty Management divisions, where he focused on investment in both European real estate and distressed debt. In addition to his investment activities, Mr Bradley led Goldman Sachs' asset management affiliates in France, Italy and Germany, where he was involved in financial and tax auditors as well as the management of internal audit activities. He has also served as President of Societa Gestione Crediti, a member of the Board of Directors of Capitalia

Service Joint Venture in Italy and Chairman of the Shareholders Board at Archon Capital Bank Deutschland in Germany. Prior to Goldman Sachs, he served as a Senior Executive at GE Capital for seven years in both the United States and Europe, where his activities included real estate workouts and restructuring, as well as acquisitions. Prior to GE Capital, Mr Bradley held senior executive positions at Manufacturers Hanover Trust (now part of JP Morgan) and Dollar Dry Dock Bank. He has also served as a Peace Corps volunteer and as a consultant with the US Agency for International Development in Cameroon. Mr Bradley serves as a director of a mental health charity, Gould Farm. Mr Bradley holds an MA in International Affairs from the Columbia University School of International Affairs and an undergraduate degree in English Literature from the University of Arizona.

Massimo Gesua' sive Salvadori (Non-executive Director)

Massimo Gesua' sive Salvadori was appointed as an Independent Non-Executive Director of Georgia Capital PLC on 24 February 2018. He will also serve on the Audit, Investment and Nomination committees of Georgia Capital PLC.

Mr. Gesua' sive Salvadori is a bank analyst covering banking stocks globally. He works for Odey asset management, a London based hedge fund, which he joined in 2011. His professional focus consists of: formulating investment recommendations; assessing potential risks and the balance between potential risks and rewards; developing investment themes; understanding the thinking of management teams and regulators; linking macro themes to individual investment opportunities. Prior to working as a buy side analyst, Mr. Gesua' sive Salvadori worked as a management consultant at the London office of McKinsey and Co. between 2002 and 2011. He specialised in financial services and served clients across different geographies in developed and emerging markets. Mr. Gesua' sive Salvadori belonged to the banking strategy practice. Mr. Gesua' sive Salvadori, a native of Venice, obtained an M.Phil. and a Ph.D. from Oxford University, where he attended St. Antony's College. He graduated with a B.Sc. in Economics from Warwick University. He attended the United World College of the Adriatic in Duino. His postgraduate studies were funded through scholarships by the Foreign and Commonwealth Office, the Economic Research council, the Fondazione Einaudi and the Ente Einaudi.

William Huyett (Independent Non-executive Director)

William Huyett was appointed as an Independent Non-Executive Director of Georgia Capital PLC on 24 February 2018. He will also serve on the Investment and Nomination committees, and as Chairman of the Remuneration Committee, of Georgia Capital PLC.

Mr Huyett was appointed as a Non-Executive Director of Georgia Healthcare Group PLC on 18 June 2017 and serves as a member of the Clinical Quality and Safety Committee. He also serves as a member of the Supervisory Board of JSC Georgia Healthcare Group and on its Clinical and Safety Committee. Mr Huyett is a Director Emeritus of McKinsey and Company, Inc. During his 28-year career there, he served clients in health care and other technology-intensive industries. He currently serves on the boards of Rockefeller University (Member of the Technology Transfer committee), the University of Virginia Darden School Foundation (Chair of Nominating and Governance), the National Parks Conservation Association, and the Concord Museum, where he serves as Treasurer. He is Vice-Chair of the Board of the Greater Boston YMCA and was recently appointed as Chief Operating Officer of Ironwood Pharmaceuticals. He recently retired from the boards of McKinsey and Company (where he chaired the Finance Committee), and the Marine Biological Laboratory (Woods Hole), where he served as Vice-Chair. Prior to joining McKinsey, Mr. Huyett held a variety of line management positions in the automation industry with Rockwell/Allen-Bradley. Mr Huyett earned a BS in Electrical Engineering and an MBA from the University of Virginia.

Caroline Brown (Independent Non-executive Director)

Caroline Brown was appointed as an Independent Non-Executive Director of Georgia Capital PLC on 24 February 2018. She will also serve on the Nomination, Investment and Audit Committees of Georgia Capital PLC.

She became an advisor to the Board of Georgia Healthcare Group plc on the same date. Dr Brown has managed divisions of FTSE100 groups and AIM businesses with international industrial and technology operations and has worked as a corporate finance adviser to governments and corporations with Merrill Lynch, UBS and HSBC. Dr Brown has chaired audit committees of listed companies for the past 15 years and is a Fellow of the Chartered Institute of Management Accountants. Dr Brown holds a first-class degree and PhD in Natural Sciences from the University of

Cambridge and a Masters of Business Administration from the Cass Business School, University of London. Dr Brown currently serves as an independent Non-Executive Director, and audit chair on the boards of several London quoted companies including Luceco plc, Hydrodec Group plc and Earthport plc and serves on the MBA Advisory Board of the Cass Business School, University of London.

Jyrki Talvitie (Independent Non-executive Director)

Jyrki Talvitie was appointed as an Independent Non-Executive Director of Georgia Capital PLC on 24 February 2018. He was also appointed Chairman of the Nomination Committee and will serve on the Remuneration and Investment committees of Georgia Capital PLC.

Mr Talvitie has worked in the financial industry for 28 years in banks as well as on both the buy and sell side of the markets. Prior to joining the Board, Mr Talvitie worked in Moscow for 14 years, his latest position being in charge of Strategic Partners and Investors at Sberbank, the largest bank in Russia and top 15 in the world. Before Sberbank Mr Talvitie was a Board Member at Russian Direct Investment Fund, Head of Investor Relations at VTB Bank and established and ran the Russian operations of East Capital, a Swedish Private Equity and Asset Management company, while also managing a Financials Fund. Prior to moving to Russia in 2003, Mr Talvitie worked for BNP Paribas in Paris, Bank of New York in London and Moscow as well as several Nordic banks both in Helsinki and Moscow. Mr Talvitie has extensive board experience, having served on over 10 boards of both public and private companies in Georgia, Finland, Russia, Kazakhstan and Ukraine. Mr Talvitie holds an Executive MBA from London Business School as well as a Masters of Law from Helsinki University. Mr Talvitie also holds a Diploma in Company Direction from the Institute of Directors in London.

12. Authorities relating to Bank of Georgia Group PLC's and Georgia Capital PLC's share capital

On 26 March 2018, the Initial Bank of Georgia Group Shareholders passed resolutions which, among other matters, granted authority to the Bank of Georgia Group Directors to allot the Bank of Georgia Group Shares required to implement the Scheme. This authority has been granted in order for Bank of Georgia Group PLC to have the same authorities typically granted for the Company at its annual general meeting. Therefore, the Bank of Georgia Group Directors have also been granted authorities to allot Bank of Georgia Group Shares, to make allotments otherwise than in accordance with pre-emption rights and to make purchases of Bank of Georgia Group Shares which replicate the authorities which will be proposed to Shareholders at the Annual General Meeting. On the same date, the Initial Bank of Georgia Group Shareholders also passed resolutions to approve the Bank of Georgia Group Capital Reduction and to authorise the Bank of Georgia Group Directors to implement the Bank of Georgia Group Capital Reduction if the Scheme becomes effective. Shareholders will be asked to confirm their approval of the Bank of Georgia Group Capital Reduction pursuant to the Resolutions at the Annual General Meeting.

On 26 March 2018, the Initial Georgia Capital Shareholders passed resolutions which, among other matters, granted authority to the Georgia Capital Directors to allot the Georgia Capital Shares required to implement the Demerger. This authority has been granted in order for Georgia Capital PLC to have the same authorities typically granted for the Company at its annual general meeting. Therefore, the Georgia Capital Directors have also been granted authorities to allot Georgia Capital Shares, to make allotments otherwise than in accordance with pre-emption rights and to make purchases of Georgia Capital Shares which replicate the authorities which will be proposed to Shareholders at the Annual General Meeting.

On the same date, the Initial Georgia Capital Shareholders also passed resolutions to approve the Georgia Capital Capital Reduction and to authorise the Georgia Capital Directors to implement the Georgia Capital Capital Reduction if the Demerger becomes effective. Shareholders will be asked to confirm their approval of the Georgia Capital Capital Reduction pursuant to the Resolutions at the General Meeting.

Consequently, Shareholders will not be required separately to grant such authorities or to approve the Bank of Georgia Group Capital Reduction once they become shareholders of Bank of Georgia Group PLC, or the Georgia Capital Capital Reduction once they become shareholders of Georgia Capital PLC. Both of Bank of Georgia Group PLC and Georgia Capital PLC will hold their first annual general meeting as listed companies in 2019.

13. Overseas Shareholders

13.1 General

No Georgia Capital Shares, Bank of Georgia Group Shares or any other securities of Georgia Capital PLC or Bank of Georgia Group PLC have been marketed to, nor are any available for purchase by, in whole or in part, the public in the United Kingdom or elsewhere in connection with the Scheme, the Georgia Capital Admission, the Bank of Georgia Group Admission or the Demerger. This Circular does not constitute or form part of any offer or invitation to purchase, subscribe for, sell or issue, or any solicitation of any offer to purchase, subscribe for, sell or issue, Georgia Capital Shares, Bank of Georgia Group Shares or any other securities in Georgia Capital PLC or Bank of Georgia Group PLC.

The distribution of this Circular, the Bank of Georgia Group Prospectus and the Georgia Capital Prospectus and the allotment and issue of Bank of Georgia Group Shares or Georgia Capital Shares or in jurisdictions other than the United Kingdom may be restricted by law. No action has been taken by the Company or Bank of Georgia Group PLC to obtain any approval, authorisation or exemption to permit the allotment or issue of the Bank of Georgia Group Shares or the possession or distribution of this Circular and the Bank of Georgia Group Prospectus (or any other publicity material relating to the Bank of Georgia Group Shares) in any jurisdiction, other than in the United Kingdom. No action has been taken by the Company or Georgia Capital PLC to obtain any approval, authorisation or exemption to permit the allotment or issue of the Georgia Capital Shares or the possession or distribution of this Circular and the Georgia Capital Prospectus (or any other publicity material relating to the Georgia Capital Shares) in any jurisdiction, other than in the United Kingdom.

The implications of the Proposals for Overseas Shareholders may be affected by the laws of jurisdictions outside the United Kingdom. Overseas Shareholders should inform themselves about, and observe, any applicable legal requirements. It is the responsibility of any Overseas Shareholders to satisfy themselves as to the full observance of the laws and regulatory requirements of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes or duties or payments due in such jurisdiction. Any failure to comply with such restrictions or requirements may constitute a violation of the securities laws of any such jurisdiction.

This Circular has been prepared for the purposes of complying with English law, the rules of the London Stock Exchange and the UKLA Rules and the information disclosed may not be the same as that which would have been disclosed if this Circular had been prepared in accordance with the laws and regulations of any jurisdiction outside England and Wales.

If, in respect of any Overseas Shareholder, Bank of Georgia Group PLC is advised that the allotment and issue of Bank of Georgia Group Shares would or might infringe the laws of any jurisdiction outside the United Kingdom, or would or might require Bank of Georgia Group PLC to obtain any governmental or other consent or effect any registration, filing or other formality with which, in the opinion of Bank of Georgia Group PLC, it would be unable to comply or which it regards as unduly onerous, the Scheme provides that Bank of Georgia Group PLC may determine either: (i) that the Overseas Shareholder's entitlement to Bank of Georgia Group Shares pursuant to the Scheme shall be issued to such Overseas Shareholder and then sold on his behalf as soon as reasonably practical at the best price which can be reasonably obtained at the time of sale, with the net proceeds of sale being remitted to the Overseas Shareholder, or (ii) that the Overseas Shareholder's entitlement to Bank of Georgia Group Shares shall be issued to a nominee appointed by Bank of Georgia Group PLC and then sold, with the net proceeds being remitted to the Overseas Shareholder concerned. In addition, it is proposed that changes are made to the BGEO Group PLC's Articles so that, in the case of Overseas Shareholders where such circumstances apply, BGEO Group PLC shall (unless such Overseas Shareholder satisfies BGEO Group PLC that no such infringement or requirement would apply) be entitled to appoint a person to execute as transferor an instrument of transfer of the Shares held by such Overseas Shareholder transferring such shares to a nominee on terms that the nominee shall sell such Shares as soon as reasonably practicable thereafter at the best price which can reasonably be obtained at the time of sale, with the net proceeds of sale being remitted to the Overseas Shareholder. In the absence of bad faith or wilful default, none of BGEO Group PLC, Bank of Georgia Group PLC, or any person appointed to sell such shares shall have any liability for any loss or damage arising as a result of the timing or terms of such sale. Any remittance of the net proceeds of sale referred to in this paragraph shall be at risk of the relevant Overseas Shareholder.

Georgia Capital Articles include a provision so that if, in respect of any Overseas Shareholder, Georgia Capital PLC is advised that the allotment and issue of Georgia Capital Shares would or might infringe the laws of any jurisdiction outside the United Kingdom, or would or might require Georgia Capital PLC to obtain any governmental or other consent or effect any registration, filing or other formality in respect of which Georgia Capital PLC may determine either: (i) that the Overseas Shareholder's entitlement to Georgia Capital Shares pursuant to the Demerger shall be issued to such Overseas Shareholder and then sold on his behalf as soon as reasonably practicable at the best price which can be reasonably obtained at the time of sale, with the net proceeds of sale being remitted to the Overseas Shareholder, or (ii) that the Overseas Shareholder's entitlement to Georgia Capital Shares shall be issued to a nominee for such Overseas Shareholder appointed by Georgia Capital PLC and then sold, with the net proceeds being remitted to the Overseas Shareholder concerned.

Overseas Shareholders should consult their own legal and tax advisers with respect to the legal and tax consequences of the Scheme in their particular circumstances.

13.2 United States

Bank of Georgia Group Shares and Georgia Capital Shares have not been and will not be registered under the US Securities Act in reliance upon the exemption from the registration requirements of the US Securities Act provided by Section 3(a)(10) thereof. For the purpose of establishing this exemption from the registration requirements of the US Securities Act, BGEO Group PLC will advise the Court at the Scheme Court Hearing that its sanctioning of the Scheme will be relied upon by BGEO Group PLC and Bank of Georgia Group PLC for such purpose as an approval of the Scheme following a hearing on the fairness of the terms and conditions of the Scheme for Shareholders, at which hearing all such holders are entitled to attend in person or through counsel to support or oppose the sanctioning of the Scheme. Bank of Georgia Group Shares and Georgia Capital Shares will not be "restricted securities" within the meaning of Rule 144(a)(3) under the US Securities Act and may be immediately resold without restriction under the US Securities Act by former holders of BGEO Group PLC Shares who are not affiliates of Bank of Georgia Group PLC and have not been affiliates of Bank of Georgia Group within 90 days prior to the issuance of Bank of Georgia Group Shares and Georgia Capital Shares under the Scheme or pursuant to the Demerger. Thereafter, a former holder of BGEO Group PLC Shares may resell without restriction under the US Securities Act the Bank of Georgia Group Shares and Georgia Capital Shares issued under the Scheme or pursuant to the Demerger, unless such person is an affiliate of Bank of Georgia Group PLC at the time of such resale, or was an affiliate of Bank of Georgia Group PLC within 90 days prior to such resale.

Under US federal securities laws, a Shareholder who is an affiliate of Bank of Georgia Group PLC at the time or within 90 days prior to any resale of Bank of Georgia Group Shares and Georgia Capital Shares received under the Scheme or pursuant to the Demerger will be subject to certain US transfer restrictions relating to such shares. Such Bank of Georgia Group Shares and Georgia Capital Shares may not be sold without registration under the US Securities Act, except pursuant to any available exemptions from the registration requirements or in a transaction not subject to such requirements (including a transaction that satisfies the applicable requirements for resales outside of the United States pursuant to Regulation S under the US Securities Act). Whether a person is an affiliate of Bank of Georgia Group PLC for such purposes depends on the circumstances, but affiliates could include certain officers and directors and significant shareholders. A Shareholder who believes that he or she may be an affiliate of Bank of Georgia Group PLC should consult his or her own legal advisers prior to any sales of Bank of Georgia Group Shares and Georgia Capital Shares received pursuant to the Scheme or pursuant to the Demerger.

Neither the SEC nor any state securities commission has approved or disapproved of these securities or passed a judgment upon the adequacy or accuracy of this document. Any representation to the contrary is a criminal offence in the United States. The information disclosed in this Circular is not the same as that which would have been disclosed if this Circular had been prepared for the purpose of complying with the registration requirements of the US Securities Act or in accordance with the laws and regulations of any other jurisdiction.

14. Taxation

Shareholders should read Part IX of this Circular, which contains a general description of the United Kingdom and United States tax consequences of the Proposals, but all Shareholders are advised to consult a professional adviser with regard to the tax consequences of the Proposals.

Each of the Scheme and the Demerger should be treated as a scheme of reconstruction for the purposes of UK taxation of chargeable gains, and clearance has been obtained from HMRC under section 139(5) of the Taxation of Chargeable Gains Act 1992 in respect of the Demerger.

15. Delisting of Shares and re-registration of the Company as a private limited company

The last day of dealings in Shares is expected to be 18 May 2018 and no transfers of Shares will be registered after 4.30 p.m. on this date. However, new Shares will be issued to Bank of Georgia Group PLC in accordance with the Scheme.

A request will be made to each of the London Stock Exchange and the UKLA to cancel the trading in Shares on the London Stock Exchange's main market for listed securities and to remove the listing of the Shares from the premium listing segment of the Official List, in each case, by a time expected to be no later than 8.00 a.m. on 21 May 2018.

Following the Scheme Effective Time and prior to the Demerger Effective Time, it is proposed that the Company will be re-registered as a private company and renamed B GEO Group Limited.

16. Listing and dealings, certificates and settlement

Subject to the Scheme becoming effective (and except as provided in paragraph 13 of this Part II in relation to Overseas Shareholders), settlement of the consideration to which any Shareholder is entitled under the Scheme, and the consideration to which any Bank of Georgia Group Shareholder is entitled under the Demerger, will be effected in the following manner:

16.1 Bank of Georgia Group Shares

Application will be made to the UKLA for the admission of up to 49,169,428 Bank of Georgia Group Shares to the premium listing segment of the Official List and to the London Stock Exchange for the Bank of Georgia Group Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. The Bank of Georgia Group Prospectus, which is required to be published to effect the introduction of the Bank of Georgia Group Shares to the premium listing segment of the Official List, is available on the Company's website at www.bgeo.com/prospectuses or, alternatively, subject to applicable securities laws, a hard copy is available upon request, by telephoning Computershare on 0370 873 5866 (from within the UK) or +44 370 873 5866 (from outside the UK) between 8.30 a.m. and 5.30 p.m., Monday to Friday (excluding public holidays). Calls to Computershare will be charged at network rate from a UK landline. Other service providers' costs may vary. Calls may be recorded for training purposes.

It is expected that Bank of Georgia Group Admission will become effective and that dealings in the Bank of Georgia Group Shares will commence at 8.00 a.m. on the business day following the Scheme Effective Time, expected to be 21 May 2018. This date may be deferred if it is necessary to adjourn the shareholder meetings required to approve the Proposals or if there is any delay in obtaining the Court's sanction of the Scheme. In the event of a delay, the application for the Company to be delisted will be deferred.

The Bank of Georgia Group Shares will, on Bank of Georgia Group Admission, rank *pari passu* in all respects and will rank in full for all dividends and other distributions thereafter declared, made or paid on the ordinary share capital of Bank of Georgia Group PLC.

Following Bank of Georgia Group Admission and prior to the Demerger Effective Time, Bank of Georgia Group PLC will be the holding company of the entire Group which, until the Demerger Effective Time, will include the investment business.

Settlement in respect of shares held in uncertificated form (that is, in CREST)

The Bank of Georgia Group Directors will apply for the Bank of Georgia Group Shares to be admitted to CREST with effect from Bank of Georgia Group Admission. Accordingly, settlement of transactions in Bank of Georgia Group Shares following Bank of Georgia Group Admission may take place in uncertificated form within the CREST system.

For Shareholders who held their Shares in uncertificated form at the Scheme Record Time, Bank of Georgia Group Shares to which the Shareholder is entitled will be issued in uncertificated form through CREST. The ISIN number for the Bank of Georgia Group Shares will be GB00BF4HYT85. Bank of Georgia Group PLC will procure that Euroclear is instructed to credit the Shareholder's appropriate stock account in CREST with the applicable number of Bank of Georgia Group Shares on the business day following the Scheme Effective Time, expected to be 21 May 2018.

Bank of Georgia Group PLC reserves the right to issue Bank of Georgia Group Shares to any or all Shareholders who hold Shares in uncertificated form at the Scheme Record Time in the manner referred to below if, for any reason, it wishes to do so. Shares held in uncertificated form will be disabled in CREST from the Scheme Effective Time.

Settlement in respect of shares held in certificated form (that is, not in CREST)

For the Shareholders who held their Shares in certificated form at the Scheme Record Time, Bank of Georgia Group Shares to which the Shareholder is entitled will be issued in certificated form. Definitive share certificates for the Bank of Georgia Group Shares are expected to be despatched by 4 June 2018. Pending the despatch of share certificates for Bank of Georgia Group Shares, transfers of Bank of Georgia Group Shares will be certified against the register of members of Bank of Georgia Group PLC. Temporary documents of title will not be issued in respect of the Bank of Georgia Group Shares.

With effect from the Scheme Effective Time, all certificates representing Shares will cease to be of value and should be destroyed once certificates for the Bank of Georgia Group Shares have been received.

16.2 Georgia Capital Shares

Application will be made to the UKLA for the admission of up to 39,384,712 Georgia Capital Shares to the premium listing segment of the Official List and to the London Stock Exchange for the Georgia Capital Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. The Georgia Capital Prospectus, which is required to be published to effect the introduction of the Georgia Capital Shares to the premium listing segment of the Official List, is available on the Company's website at www.bgeo.com/prospectuses or, alternatively, subject to applicable securities laws, a hard copy is available upon request, by telephoning Computershare on 0370 873 5866 (from within the UK) or +44 370 873 5866 (from outside the UK) between 8.30 a.m. and 5.30 p.m., Monday to Friday (excluding public holidays). Calls to Computershare will be charged at network rate from a UK landline. Other service providers' costs may vary. Calls may be recorded for training purposes.

The Georgia Capital Shares will, on Georgia Capital Admission, rank *pari passu* in all respects and will rank in full for all dividends and other distributions thereafter declared, made or paid on the ordinary share capital of Bank of Georgia Group PLC.

It is expected that Georgia Capital Admission will become effective and that dealings in the Georgia Capital Shares will commence at 8.00 a.m. on 29 May 2018. This date may be deferred if it is necessary to adjourn the shareholder meetings required to approve the Proposals or if there is any delay in obtaining the Court's sanction of the Scheme or the Court's confirmation of the Bank of Georgia Group Capital Reduction.

Settlement in respect of shares to be held in uncertificated form (that is, in CREST)

The Georgia Capital Directors will apply for the Georgia Capital Shares to be admitted to CREST with effect from Georgia Capital Admission. Accordingly, settlement of transactions in Georgia Capital Shares following Georgia Capital Admission may take place in uncertificated form within the CREST system. For Shareholders who held their Shares in uncertificated form at the Scheme Record Time, Georgia Capital Shares to which the Shareholder is entitled will be issued in uncertificated form through CREST. The ISIN number for the Georgia Capital Shares will be GB00BF4HYV08. Georgia Capital PLC will procure that Euroclear is instructed to credit the Shareholder's appropriate stock account in CREST with the applicable number of Georgia Capital Shares on 29 May 2018.

Georgia Capital PLC reserves the right to issue Georgia Capital Shares to any or all Shareholders who hold Shares in uncertificated form at the Scheme Record Time in the manner referred to below if, for any reason, it wishes to do so.

Shares held in uncertificated form will be disabled in CREST from the Scheme Effective Time.

Settlement in respect of shares held in certificated form (that is, not in CREST)

For the Shareholders who held their Shares in certificated form at the Scheme Record Time, Georgia Capital Shares to which the Shareholder is entitled will be issued in certificated form. Definitive share certificates for the Georgia Capital Shares are expected to be despatched by 12 June 2018.

Pending the despatch of share certificates for Georgia Capital Shares, transfers of Georgia Capital Shares will be certified against the register of members of Georgia Capital PLC. Temporary documents of title will not be issued in respect of the Georgia Capital Shares.

16.3 General

All documents, certificates, cheques or other communications sent by or to Shareholders, or as such persons shall direct, will be sent at the Shareholder's own risk and will be sent by pre-paid first class post to the holder's address as set out on the Register at the Scheme Record Time (or, in the case of joint holders, to the holder whose name stands first in the Register in respect of the joint holding concerned).

17. Meetings

The Proposals require the approval by Shareholders of a resolution at the Court Meeting and the passing of the Resolutions by Shareholders at the Annual General Meeting.

Notices convening the Court Meeting and the Annual General Meeting at which the approvals for the Proposals are being sought from Shareholders are set out in Part X and Part XIII. Both Meetings will be held at the offices of Baker & McKenzie LLP, 100 New Bridge Street, London, EC4V 6JA on 30 April 2017, with the Court Meeting beginning at 11.00 a.m. and the Annual General Meeting beginning at 11.15 a.m. (or, if later, immediately following the conclusion or adjournment of the Court Meeting).

17.1 The Court Meeting

The Court Meeting, which has been convened for 11.00 a.m. on 30 April 2018, is being held at the direction of the Court to seek the approval of Shareholders for the Scheme (with or without modification). The Court Meeting will be held at the offices of Baker & McKenzie LLP, 100 New Bridge Street, London, EC4V 6JA.

At the Court Meeting, voting will be by way of poll and not on a show of hands and each Shareholder present in person or by proxy will be entitled to one vote for each Share held. The Scheme must be approved by a majority in number representing 75 per cent. or more in the value of the Shares present and voting either in person or by proxy at the Court Meeting. The result of the poll will be posted on the Company's website.

It is important that, for the Court Meeting, as many votes as possible are cast so that the Court may be satisfied that there is a fair representation of Shareholder opinion. You are therefore strongly urged to complete and return your blue Form of Proxy for use at the Court Meeting as soon as possible and in any event so as to be received by no later than 11.00 a.m. on 26 April 2018 (or, in the case of an adjourned meeting, not less than two business days prior to the time and date set for the adjourned meeting). Detailed instructions on the action to be taken are set out in paragraph 18 of this Part II.

You will find the notice of the Court Meeting set out in Part X of this Circular.

17.2 The Annual General Meeting

The Annual General Meeting of the Company has been convened for 11.15 a.m. on 30 April 2018 (or as soon thereafter as the Court Meeting has concluded or been adjourned) to consider and, if thought fit, pass the following resolutions, among others:

1. Resolution 1, the Scheme Resolution, which:

- authorises the Directors to effect the Scheme;
- approves the BGEO Capital Reduction and allotment of new Bank of Georgia Group Shares in accordance with the Scheme, as described in paragraph 3.2 of Part II of this Circular;
- approves certain amendments to the Existing Articles which are being made in order to permit the allotment of the Deferred Share and to avoid any person being left with unlisted Shares following the Scheme Effective Time, as further described in paragraph 3.3 of Part II of this Circular; and
- authorises the Directors to allot the Deferred Share, which is being issued in order to avoid the requirement under section 593 of the Companies Act for an independent valuation of the Shares to be allotted to Bank of Georgia Group PLC pursuant to the Scheme, as further described in paragraph 3.3 of Part II of this Circular.

2. Resolution 2, the Demerger and Reductions Resolution, which:
 - authorises the Directors of the Company, Bank of Georgia Group PLC and Georgia Capital PLC to effect the Demerger;
 - approves the entry by the Company, Bank of Georgia Group PLC and Georgia Capital PLC (as relevant) into the Separation Agreements (which are further described in paragraph 5 above); and
 - approves the Bank of Georgia Group Capital Reduction and Georgia Capital Capital Reduction, as further described in paragraphs 3.4 and 3.5, respectively, of Part II of this Circular. The Bank of Georgia Group Capital Reduction and Georgia Capital Capital Reduction have also been approved by the Initial Georgia Capital Shareholders and Initial Bank of Georgia Group Shareholders, respectively, by special resolution prior to the Annual General Meeting.
3. Resolution 3, which approves the establishment of the Bank of Georgia Group Share Plan, as further described in paragraph 9 of Part II of this Circular.
4. Resolution 4, which approves the establishment of the Georgia Capital Share Plan, as further described in paragraph 9 of Part II of this Circular.
5. Resolution 5, which approves a payment to Irakli Gilauri which will be made outside the parameters of the Company's remuneration policy and is, therefore, subject to shareholder approval.

The Demerger and Reductions Resolution is conditional on the Scheme Resolution being approved. Resolution 4 is conditional on each of the Scheme Resolution, the Demerger and Reductions Resolution being approved. Resolution 5, the Remuneration Resolution, is conditional on each of the Scheme, Resolution, the Demerger and Reductions Resolution being approved. None of the Demerger and Reductions Resolution, or the Scheme Resolution are conditional on the Share Plans Resolutions or the Remuneration Resolution being approved.

Shareholders should note, however, that the Scheme is not conditional on the Demerger taking place. Consequently, if the conditions to the Scheme are satisfied and the conditions to the Demerger are not satisfied (or, where permitted, waived), Bank of Georgia Group PLC will be inserted as the new holding company of the Group and Shareholders will receive Bank of Georgia Group Shares but the Demerger will not complete, the Investment Business will not transfer to Georgia Capital PLC and Shareholders will not receive Georgia Capital Shares.

The Scheme is conditional upon, amongst other things, the approval by Shareholders of the Scheme at the Court Meeting and of the Scheme Resolution (Resolution 1 above) at the Annual General Meeting and the Scheme having been sanctioned by the Court. The Demerger is conditional upon, amongst other things, the Scheme having become effective, the Demerger and Reductions Resolution (Resolution 2 above) having been approved by Shareholders and the Bank of Georgia Group Capital Reduction having been confirmed by the Court. Full details of the conditions to the Scheme, the Demerger and other parts of the Proposals are set out in paragraph 4 of Part II of this Circular.

The Scheme Resolution, the Demerger and Reductions Resolution will each be proposed as special resolutions and each require votes in favour representing 75 per cent. or more of the votes cast at the Annual General Meeting in order to be passed. The Share Plans Resolutions and the Remuneration Resolution will each be proposed as ordinary resolutions and each require votes in favour representing a simple majority of the votes cast at the Annual General Meeting in order to be passed.

Voting on the Resolutions at the Annual General Meeting will be by way of poll and not on a show of hands and each Shareholder present in person or by proxy will be entitled to one vote for every Share held.

The Notice of Annual General Meeting is set out at Part XIV of this Circular. The quorum for the Annual General Meeting will be two or more Shareholders present in person or by proxy. Detailed instructions on the action to be taken are set out in paragraph 18 of this Part II. The Annual General Meeting will be held at the offices of Baker & McKenzie LLP, 100 New Bridge Street, London, EC4V 6JA.

You are strongly urged to complete and return your white Form of Proxy for use at the Annual General Meeting as soon as possible and in any event so as to be returned by no later than 11.15 a.m. on 26 April 2018 (or, in the event that the meeting is adjourned, not less than two business days prior to

the time and date set for the adjourned meeting). Detailed instructions on the action to be taken are set out in paragraph 18 of this Part II.

18. Action to be taken

The following documents are enclosed with this Circular:

- (a) a blue Form of Proxy for use at the Court Meeting; and
- (b) a white Form of Proxy for use at the Annual General Meeting.

Whether or not you intend to attend the Court Meeting and/or the Annual General Meeting, you are requested to complete and sign the blue and white Forms of Proxy and return them in accordance with the instructions printed thereon. Completed Forms of Proxy should be returned to Computershare at The Pavilions, Bridgwater Road, Bristol, BS99 6ZY as soon as possible and, in any event, so as to be received by no later than 11.00 a.m. on 26 April 2018 for the Court Meeting and by no later than 11.15 a.m. on 26 April 2018 for the Annual General Meeting (or, in the case of an adjourned meeting, not less than two business days prior to the time and date set for the adjourned meeting).

Returning the blue and white Forms of Proxy will enable your votes to be counted at the Meetings in your absence. If the blue Form of Proxy for use at the Court Meeting is not returned by such time, it may be handed to Computershare, on behalf of the chairman of the Court Meeting, at the Court Meeting before the taking of the poll and will still be valid. However, in the case of the white Form of Proxy for the Annual General Meeting, it will be invalid unless it is returned to Computershare at The Pavilions, Bridgwater Road, Bristol, BS99 6ZY as, so as to be received by no later than 11.15 a.m. on 26 April 2018 (or, if the Annual General Meeting is adjourned, not less than two business days prior to the time and date set for the adjourned meeting).

As an alternative to completing and returning the Forms of Proxy, you may submit your Forms of Proxy electronically at www.investorcentre.co.uk/eproxy For security purposes, you will need the Control Number, PIN and shareholder reference number which are given on your Forms of Proxy. Electronic proxies must be received no later than two business days before the time appointed for the relevant Meeting.

If you hold your Shares in uncertificated form, you may vote using the CREST voting service in accordance with the procedures set out in the CREST Manual (please also refer to ACTION TO BE TAKEN on page 8 of this Circular and the notes for the notices of the Court Meeting and the General Meeting set out in Part X and Part XIII of this Circular, respectively). Proxies submitted through CREST (under CREST participant ID 3RA50) must be received by Computershare no later than 11.00 a.m. on 26 April 2018 in the case of the Court Meeting and by no later than 11.15 a.m. on 26 April 2018 in the case of the General Meeting (or, in the case of an adjourned meeting, not less than two business days prior to the time and date set for the adjourned meeting).

Completion and return of the Forms of Proxy will not preclude Shareholders from attending and voting in person at either the Court Meeting or the Annual General Meeting, or any adjournment thereof, should they so wish and should they be so entitled.

Shareholders are entitled to appoint a proxy in respect of some or all of their Shares. Shareholders are also entitled to appoint more than one proxy, provided each proxy is appointed to exercise rights attached to different shares. A space has been included in the Forms of Proxy to allow Shareholders entitled to attend and vote at the Court Meeting to specify the number of Shares in relation to which that proxy is appointed.

Shareholders who wish to appoint more than one proxy in respect of their shareholding should complete a separate Form of Proxy for each proxy appointed. Such Shareholders should read the information regarding the appointment of multiple proxies set out on pages 8 and 9 of this Circular and the related notes contained in the Forms of Proxy. Further copies of the Forms of Proxy may be obtained from Computershare on 0370 873 5866 (from within the UK) or on +44 370 873 5866 (from outside the UK) or photocopies of the Forms of Proxy may be taken. Calls may be recorded for training purposes.

It is important that, for the Court Meeting, as many votes as possible are cast so that the Court may be satisfied that there is a fair representation of Shareholder opinion. You are therefore strongly urged to complete, sign and return your Forms of Proxy as soon as possible.

Notices convening the Court Meeting and the Annual General Meeting at which the approvals for the Proposals are being sought from Shareholders are set out in Part X and Part XIII. Both Meetings will be held at the offices of Baker & McKenzie LLP, 100 New Bridge Street, London, EC4V 6JA on

30 April 2018, with the Court Meeting beginning at 11.00 a.m. and the General Meeting beginning at 11.15 a.m. (or, if later, immediately following the conclusion or adjournment of the Court Meeting).

19. Helpline

If you have any questions relating to this Circular, the Court Meeting, the Annual General Meeting or the Proposals or are in any doubt about the completion and return of the Forms of Proxy, please contact Computershare on 0370 873 5866 (from within the UK) or on +44 370 873 5866 (from outside the UK) between 8.30 a.m. and 5.30 p.m., Monday to Friday (excluding public holidays). Please note that calls to these numbers may be monitored or recorded and that, for legal reasons, the helpline cannot provide advice on the merits of the Proposals or give any legal, tax or financial advice.

20. Additional information

Your attention is drawn to the letter from the Chairman of the Company set out in Part I of this Circular and to the terms of the Scheme which are set out in full in Part X of this Circular. Your attention is also drawn to the further information contained in this Circular which forms part of this Explanatory Statement. An electronic version of this Circular is available to Shareholders at www.bgeo.com

Yours sincerely

Citigroup Global Markets Limited
Numis Securities Limited

PART III

RISK FACTORS

The attention of Shareholders is drawn to certain risks that could materially affect the Company, the implementation of the Proposals and the resulting demerged entities, Bank of Georgia Group PLC and Georgia Capital PLC, and their respective groups. In addition to all of the other information set out in this Circular, Shareholders should carefully consider the risk factors set out below and reach their own views prior to making any investment decision.

The Directors believe that the factors described below represent the current material risks; however, the business, financial condition, results, operations or share price of each of the Company, Bank of Georgia Group PLC and Georgia Capital PLC may be materially and adversely affected by other factors which are currently not known to the Company or which the Directors do not currently deem material .

You should consult a legal adviser, an independent financial adviser duly authorised under the FSMA or a tax adviser for legal, financial or tax advice.

Part A: RISKS RELATING TO THE PROPOSALS

1. A number of conditions precedent must be satisfied before the Proposals can complete

The Scheme is conditional upon the approval by Shareholders of the Scheme at the Court Meeting and of the Scheme Resolution at the Annual General Meeting, the Scheme having been sanctioned by the Court and the Demerger Agreement not having been terminated in accordance with its terms. The Demerger is conditional upon, amongst other things, the Scheme having become effective, the Demerger and Reductions Resolution having been approved by Shareholders and the Bank of Georgia Group Capital Reduction having been confirmed by the Court and the Demerger Agreement not having been terminated in accordance with its terms. The Exchange Agreement is also conditional upon the Scheme having become effective, Bank of Georgia Group Admission and the Demerger Agreement having become unconditional in all respects.

The Scheme Resolution, the Demerger and Reductions Resolution will each be proposed as special resolutions and each require votes in favour representing 75 per cent. or more of the votes cast at the Annual General Meeting in order to be passed. The Share Plans Resolutions and the Remuneration Resolutions will each be proposed as ordinary resolutions and each require votes in favour representing a simple majority of the votes cast at the Annual General Meeting in order to be passed. There can be no assurance that these conditions precedent will be satisfied or, where relevant, waived. In the event that any condition is not satisfied or waived, including if the Shareholders do not approve the Scheme at the Court Meeting or the Proposals at the Annual General Meeting, or the Court fails to sanction the Scheme or confirm the BGEO Capital Reduction or the Bank of Georgia Group Capital Reduction, the Demerger will not complete. In order for the Proposals to be implemented successfully, the Reorganisation will need to be complete and this is subject to certain Georgia law conditions precedent.

If the Proposals are not implemented in whole or in part, then the Company may experience a delay in the execution of its strategic objectives and may be unable to realise the benefits for Shareholders that the Directors believe will result from the implementation of the Demerger.

2. The Demerger may not occur even after the Scheme has become effective

Although the Proposals are intended to be implemented in full, the Scheme and the Bank of Georgia Group Capital Reduction require different Court approvals which cannot be inter-conditional. It is therefore possible that the Demerger will not occur after Bank of Georgia Group PLC has become the new holding company of the Group pursuant to the Scheme. If that happens, Shareholders will not receive Georgia Capital Shares and the Investment Business will continue to be owned by Bank of Georgia Group PLC for the foreseeable future.

3. Some or all of the anticipated benefits of the Demerger may not be realised

BGEO Group PLC believes a demerger of its businesses will deliver additional long-term value to Bank of Georgia Group PLC and Georgia Capital PLC shareholders by creating two distinct entities which will have enhanced growth opportunities in the strongly growing Georgian economy. The Demerger entails execution risks and significant costs, and there can be no guarantee that the Group will realise any or all of the anticipated benefits of the Demerger in a timely manner or at all. Furthermore, the Demerger will require considerable management time and effort and may divert

management's attention from day to day operations and if the Demerger does not complete and deliver the anticipated benefits, the Existing BGEO Group may be unable to realise the returns to shareholders from its businesses that the Board believes should result from the Demerger.

4. The financial results of Bank of Georgia Group PLC or Georgia Capital PLC after the Demerger may be more volatile than those of the Company before the Demerger

The Company currently benefits from diversification, resulting from operating the businesses which will become Bank of Georgia Group PLC and Georgia Capital PLC. Following the Demerger, that diversification will diminish and Bank of Georgia Group PLC and/or Georgia Capital PLC may individually demonstrate increased volatility in terms of their operations and/or financial results and requirements.

5. The receipt of Georgia Capital Shares and Bank of Georgia Group Shares could be a taxable transaction for US persons for US federal income tax purposes

The receipt of Georgia Capital Shares and Bank of Georgia Group Shares by Shareholders is intended to qualify for non-recognition treatment for US federal income tax purposes under the US Internal Revenue Code of 1986, as amended (“**IRS Code**”). The Company has received an opinion from its tax adviser (the “**US Tax Opinion**”) to the effect that, in the opinion of the tax adviser, the Scheme and the Demerger, while not free from doubt, should satisfy the US federal income tax statutory and regulatory requirements for non-recognition treatment for US persons who obtain Bank of Georgia Group Shares in the Scheme and receive Georgia Capital Shares in the Demerger. The US Tax Opinion is based on certain representations made by the Company and on certain assumptions, and any inaccuracy in the representations made by the Company or the assumptions could invalidate the US Tax Opinion.

If it were ultimately determined that the receipt of Georgia Capital Shares and Bank of Georgia Group Shares failed to qualify for non-recognition treatment under the IRS Code, adverse US federal income tax consequences could result for a Shareholder who is a US person. A summary of the US federal income tax treatment for US persons of receipt of Bank of Georgia Group Shares pursuant to the Scheme are set out in Part IX, Taxation.

6. The Demerger may give rise to other unanticipated tax consequences

The Company has undertaken tax due diligence to identify the likely tax treatment of the Demerger and the Scheme, and has structured the Demerger and the Scheme so as to mitigate any adverse tax consequences for the Company and the Shareholders. However, tax law and practice can be subject to differing interpretations and, in some jurisdictions, the tax authorities may exercise discretion in how the tax law should be applied in certain cases. Consequently, the Company is not able to guarantee that the tax authorities in each jurisdiction in which companies in the Group have a taxable presence will interpret or apply the relevant tax law and practice in the manner in which the Company anticipates and this may give rise to unintended tax consequences for the Company and the Shareholders. Details of the United Kingdom and United States treatment of shareholders arising under the Scheme and the Demerger are set out in the sections entitled “United Kingdom Taxation” and “United States Taxation” in Part IX of this Circular but Shareholders are advised to consult an independent professional adviser with regard to their personal tax consequences in connection with the Proposal.

7. Bank of Georgia Group PLC and Georgia Capital PLC could have significant indemnification obligations to each other as a result of the Proposals

Bank of Georgia Group PLC and Georgia Capital PLC have entered into certain Separation Agreements that govern the allocation of the assets and liabilities of the businesses and their post-Demerger obligations to each other in respect of, among other things, taxes and transitional services. Under the terms of the Demerger Agreement, each of Bank of Georgia Group PLC and Georgia Capital PLC has agreed to indemnify the other in respect of liabilities incurred by members of their respective groups prior to and following the Demerger Effective Time which relate to the Banking Business and the Investment Business, respectively. The amounts payable by Bank of Georgia Group PLC and Georgia Capital PLC to the other pursuant to such indemnity obligations could be significant and are not capped.

In addition, the tax liabilities that could arise under the Tax Sharing and Indemnification Agreement could be significant. The amounts payable by Bank of Georgia Group PLC and Georgia Capital PLC to the other pursuant to such indemnity obligations could be significant and are not capped.

PART B: RISKS RELATING TO BANK OF GEORGIA GROUP

1. Following the Demerger, Bank of Georgia Group will form a smaller, less diversified group than the Group

Following the Demerger, Bank of Georgia Group will no longer hold the Investment Business and will form a smaller, less diversified group than it is currently. In particular, following the Demerger, the Bank of Georgia Group will no longer be involved in water utility and renewable energy business, residential and commercial property business, property and casualty insurance business and wine and beer production business. For the 12 months ended 31 December 2017, the Investment Business generated a profit of GEL 93.9 million which was 20.3% of the Group's total profit for that period.

As a result of the reduction in the Bank of Georgia Group's size, should any of its business lines underperform, including retail banking and corporate investment banking services, leasing, or payment business, this may have a larger relative impact on the Bank of Georgia Group than it would have done prior to the Demerger when the Banking Business formed part of the larger group that also included the Investment Business. In addition, consistent with its smaller size, the overall amount of any future debt or equity financing which the Bank of Georgia Group may obtain may be less, and the terms less favourable, than if the Demerger had not occurred.

2. Following the Demerger, there will be no ongoing contribution by the Investment Business to the Bank of Georgia Group's profit

The Investment Business currently contributes to the consolidated profit of the Group. For the 12 months ended 31 December 2017, the Investment Business generated a profit of GEL 93.9 million which was 20.3% of the Group's total profit for that period. Following the Demerger, the Bank of Georgia Group will no longer receive contribution from the Investment Business and this may have a material adverse effect on the financial condition of the Bank of Georgia Group.

3. Following the Demerger the price of the Bank of Georgia Group Shares may be volatile

The price of the Bank of Georgia Group Shares following the Bank of Georgia Group Admission could be subject to significant fluctuations due to the volatility of the stock market in general and a variety of other factors, some of which are beyond Bank of Georgia Group PLC's control, including the other risks relating to Bank of Georgia Group described in this Part B.

These fluctuations could impact the markets' response to the Demerger as well as from national and global economic and financial conditions, market perceptions of Bank of Georgia Group PLC, including its ability to manage its existing debt facilities and raise new capital, regulatory changes affecting Bank of Georgia Group PLC's operations, variations in Bank of Georgia Group PLC's operating results, business developments of Bank of Georgia Group PLC and/or its competitors and liquidity of financial markets. Furthermore, the operating results and prospects from time to time may be below the expectations of market analysts and investors. Any of these events could result in a decline in the market price of the Bank of Georgia Group Shares.

4. Following the Demerger and the Exchange, the mandatory offer threshold for the Company will be lower than 30%

Following the Demerger and pursuant to the Exchange, the Company will issue 19.90% of its share capital to a subsidiary of Georgia Capital PLC. The shares held by Georgia Capital PLC and its Concert Parties will be subject to the Proportional Voting Mechanism for such time as their aggregate holding is greater than the Floor. The Panel Executive has confirmed that, for so long as the Proportional Voting Mechanism applies, shareholders in the Company other than Georgia Capital PLC and its Concert Parties will be treated for the purposes of the Takeover Code as being interested in such number of Proportional Voting Shares as is represented by the percentage of the Shares in issue in which they are interested (excluding the Proportional Voting Shares).

Consequently, Shareholders (other than Georgia Capital PLC and its Concert Parties) should take account of the Proportional Voting Shares in which they will be treated as being interested when considering the application of Rule 9 of the Takeover Code to them, because in practical terms the thresholds set out in Rule 9 of the Takeover Code will be reduced to the Effective Rule 9 Threshold

(which as at the date of Admission will be 24.03% rather than 30% as prescribed by the Takeover Code). Shareholders will need to monitor the number of Proportional Voting Shares as disclosed by the Company from time to time to obtain the latest Effective Rule 9 Threshold when buying or selling Shares. As a consequence of the Effective Rule 9 Threshold, there is a risk that Shareholders could be required to make a mandatory offer for the Company at a lower level of shareholding than is ordinarily required.

PART IV

SUMMARY OF THE PRINCIPAL TERMS AND CONDITIONS OF THE SEPARATION AGREEMENTS

SECTION A: DEMERGER AGREEMENT

1. Overview of the Demerger Agreement

The Demerger Agreement sets out the agreement between BGEO Group PLC, Georgia Capital PLC and Bank of Georgia Group PLC regarding the principal transactions necessary to effect the Scheme and the Demerger and other provisions that will govern certain aspects of Bank of Georgia Group PLC's relationship with Georgia Capital PLC after the Demerger Effective Time.

2. Implementation of the Proposals

Each party has agreed to use its reasonable endeavours to ensure that the Reorganisation, the Scheme, the Bank of Georgia Group Capital Reduction, the Georgia Capital Capital Reduction and all other steps in connection with the Demerger, Bank of Georgia Group Admission and Georgia Capital Admission become effective as contemplated by, and in accordance with, the Reorganisation steps plan and the timetable set out in this Circular.

3. Mechanics of the Demerger and settlement

The Demerger Agreement sets out in detail the mechanics for implementing the transfer of the Investment Business to Georgia Capital PLC and the allotment and issue of the Georgia Capital Shares and Bank of Georgia Group Shares. These mechanics are subject to a number of conditions precedent including the successful implementation of the Scheme and the approval of the Bank of Georgia Group Capital Reduction. Should the Bank of Georgia Group Capital Reduction be sanctioned by the High Court, Bank of Georgia Group PLC will repay capital to its shareholders by transferring the Investment Business to Georgia Capital PLC in consideration for Georgia Capital PLC issuing shares to Bank of Georgia Group Shareholders who are shareholders at the Demerger Record Time on a 1 for 1 basis.

4. Releases and indemnities

Bank of Georgia Group PLC indemnifies Georgia Capital PLC against any losses incurred by any member of Georgia Capital PLC after the Demerger Effective Time to the extent such losses relate to the operation of the Banking Business prior to the Demerger Effective Time. Georgia Capital PLC similarly indemnifies Bank of Georgia Group PLC in respect of losses incurred in relation to the operation of the Investment Business prior to the Demerger Effective Time. Both of Bank of Georgia Group PLC and Georgia Capital PLC also indemnify each other in relation to any untrue, inaccurate or misleading statement (or omission) contained in their respective prospectuses. These indemnities do not have a fixed time period or monetary cap. Should there be an instance where a claim must be split between the two businesses as any claim does not related directly to the operation of the Banking Business or the Investment Business, this will be allocated proportionately based on the size of the two businesses on a two thirds to one third basis between the Banking Business, and the Investment Business, respectively.

5. Transfer of assets

Georgia Capital PLC agrees that if, following the Demerger, any property, right or asset forming part of the Bank of Georgia Group Business is found to have been transferred to Georgia Capital PLC in error, Georgia Capital PLC shall transfer or procure the transfer of such property, right or asset to Bank of Georgia Group and pending such transfer shall, so far as legally possible, hold such assets on trust for the relevant member of Bank of Georgia Group. Bank of Georgia Group PLC similarly agrees in relation to any property, right or asset which forms part of the Georgia Capital Business and which remains legally owned by any member of Bank of Georgia Group following the Demerger.

6. Release of guarantees etc.

Bank of Georgia Group PLC and Georgia Capital PLC agree to procure, as soon as reasonably practicable following the Demerger Effective Time, the release of any securities, guarantees or indemnities which remain in place between the two groups following the Demerger Effective Time

and to indemnify the other pending the release of such securities, guarantees or indemnities. This provision does not apply to the guarantees in this agreement.

Bank of Georgia Group PLC and Georgia Capital PLC also agree that if they become aware of any guarantees with third parties that involve any member of the other's group guaranteeing any obligation of its group, they will, subject to certain exceptions, use their reasonable endeavours to procure the release of such member of the other's group from its obligations under such guarantees and shall indemnify such member of the other's group from and against all losses it incurs in connection with any such guarantee.

7. Proportional Voting

Under the terms of the Demerger Agreement while there are any Proportional Voting Shares:

- each of the Company, Bank of Georgia Group PLC and Georgia Capital PLC has agreed that for so long as there are Proportional Voting Shares they will use all reasonable endeavours to procure (so far as they are reasonably able) that the Proportional Voting Shares are voted in general meetings of Bank of Georgia Group PLC in accordance with the Proportional Voting Mechanism;
- Bank of Georgia Group PLC has agreed it will conduct all shareholder votes on a poll in a general meetings and the poll will be taken in accordance with the Proportional Voting Mechanism set out in Bank of Georgia Group Articles; and
- Georgia Capital PLC has agreed that it, and its Concert Parties, will:
- vote the Proportional Voting Shares in general meetings of Bank of Georgia Group PLC in accordance with the Proportional Voting Mechanism;
- notify Bank of Georgia Group PLC of any acquisition or disposal of Bank of Georgia Group Shares by them irrespective of whether any such acquisition or disposal would trigger a public disclosure obligation for them in accordance with the Bank of Georgia Group Articles; and
- procure that ahead of any Bank of Georgia Group PLC general meeting, Bank of Georgia Group PLC is notified of the shareholdings representing Georgia Capital PLC and its Concert Parties.

8. Other matters

Other matters governed by the Demerger Agreement include:

- the transfer of assets or novation of contracts belonging to the Banking Business or the Investment Business which have been transferred to the wrong business back to the correct business;
- allocation of expenses arising pre-Demerger so that the Banking Business pays all costs and expenses which relate to its business and the Investment Business pays all costs and expenses which relate to its business. Should there be an instance where a cost or expense must be split between the two businesses, this will be allocated proportionately based on the size of the two businesses on a two thirds to one third basis between the Banking Business, and the Investment Business, respectively;
- administration of the employee share plans, including undertakings to administer any awards between for employees of the Banking Business or the Investment Business in the other businesses trust;
- confidentiality (save where required to disclose under applicable law or regulation);
- resolution of disputes between the parties relating to the Demerger Agreement through a process whereby the directors of each entity can resolve any disputes directly.

SECTION B: TAX SHARING AND INDEMNIFICATION AGREEMENT

1. Overview of the Tax Sharing and Indemnification Agreement

Georgia Capital PLC and Bank of Georgia Group PLC have entered into the Tax Sharing and Indemnification Agreement which sets forth the rights and obligations of Georgia Capital PLC and Bank of Georgia Group PLC with respect to taxes.

This includes:

1. the apportionment of tax liabilities relating to taxable periods before and after the Demerger; and
2. the responsibility for payment of those tax liabilities (including any subsequent adjustments to such tax liabilities).

2. General division of responsibility

In general, under the terms of the Tax Sharing and Indemnification Agreement, Georgia Capital PLC and Bank of Georgia Group PLC will each be responsible for taxes imposed on their respective businesses for all taxable periods, whether ending on, before or after the date of the Demerger.

There are, however, some specific allocations of tax liabilities between Georgia Capital PLC and Bank of Georgia Group PLC for certain circumstances.

3. Georgia Capital PLC's indemnity for US tax liabilities triggered by activities of Georgia Capital PLC

It is anticipated that non-recognition treatment for US federal income tax purposes should apply in respect of the Scheme and the Demerger.

Such non-recognition treatment may, however, not apply if members of Georgia Capital PLC engage in certain activities following the Demerger. In that case, Georgia Capital PLC will be required to indemnify Bank of Georgia Group PLC generally for any liabilities, taxes and other charges that are imposed on Bank of Georgia Group PLC, to the extent such liabilities, taxes or other charges are attributable to those activities.

In particular, the activities of members of Georgia Capital PLC which could, potentially, give rise to such an indemnification obligation include (i) Georgia Capital PLC discontinuing the active conduct of certain of its historic business or (ii) undertaking certain change-of-control transactions.

4. Tax administration

The Tax Sharing and Indemnification Agreement sets forth the rights of the parties in respect of the preparation and filing of tax returns, the control of audits or other tax proceedings and assistance and co-operation in respect of tax matters, in each case, for taxable periods ending on or before, or that otherwise include, the date of the Demerger. For taxable periods ending after the Demerger Effective Date which do not include the Demerger Effective Date, this provision will not apply.

SECTION C: TRANSITIONAL SERVICES AGREEMENT

1. Overview of the Transitional Services Agreement

This agreement between Bank of Georgia Group PLC and Georgia Capital PLC sets out the arrangement between Bank of Georgia Group PLC and Georgia Capital PLC regarding the provision by Bank of Georgia Group to Georgia Capital Group of ongoing transitional services following the Demerger Effective Time.

2. Conditionality

The Transitional Services Agreement is conditional upon the Demerger becoming effective.

3. Duration

Services will be provided under the Transitional Services Agreement for a duration of 12 months (or such longer period as the parties may agree).

4. Services

The services to be provided under the Transitional Services Agreement are IT support services for an initial period of 12 months to afford the Investment Business time to develop its own IT infrastructure at holding company level.

5. Fees

For any service provided under the Transitional Services Agreement there will be a set fee payable monthly on arms lengths terms by the relevant Investment Business entity to JSC BGEO Group. For the first month following the Demerger Effective Date a maximum fee of GEL 1,000 will be payable by Georgia Capital PLC to Bank of Georgia Group PLC for the IT support services described at paragraph 4, above.

6. Termination

The Transitional Services Agreement will terminate 12 months after coming into effect, by which time Georgia Capital PLC will have its own IT operations, unless extended by the parties. Either party may terminate the agreement following a material breach (which is not capable of being remedied within 30 days) by the other.

SECTION D: EXCHANGE AGREEMENT

1. Overview of the Exchange Agreement

This agreement between JSC Georgia Capital and Bank of Georgia Group PLC will set out the terms and conditions for the transfer of the stakes in JSC Bank of Georgia and JSC BG Financial held by JSC Georgia Capital (the “**Stakes**”) in exchange for a number of Bank of Georgia Group Shares as is equal to 19.90% of the enlarged issued share capital (on a fully diluted basis) of Bank of Georgia Group PLC.

2. Conditionality

The Exchange Agreement will be conditional upon the Scheme having become effective, Bank of Georgia Group Admission and the Demerger Agreement having become unconditional in all respects. No condition is capable of being waived.

3. Completion

The Exchange Agreement will complete once the conditions, set out at 2 above, have been satisfied. At completion, Bank of Georgia Group PLC shall determine the number of Bank of Georgia Group Shares that it will issue to JSC Georgia Capital in exchange for the Stakes. Bank of Georgia Group PLC will credit the CREST account of JSC Georgia Capital with such number of shares and JSC Georgia Capital will effect the transfer of the Stakes to it simultaneously.

4. Price

The subscription value for the Stakes shall be their market value calculated as being an amount equal to the aggregate of the closing price per ordinary share in Bank of Georgia Group PLC on the business day prior to the issue of such shares multiplied by the number of Bank of Georgia Group Shares which will be issued (which will be such number of new ordinary shares as will represent 19.90% of the enlarged issued share capital of Bank of Georgia Group PLC (on a fully diluted basis)).

5. Warranties

Each of Bank of Georgia Group PLC and JSC Georgia Capital will warrant to the other that they have full power and authority to enter into the Exchange Agreement. Bank of Georgia Group PLC will warrant that it is validly authorised to issue the consideration shares to JSC Georgia Capital. JSC Georgia Capital warrants that it has full title and interest in the Stakes.

PART V

INFORMATION ON GEORGIA CAPITAL

You should read the whole of this Circular (and the information incorporated by reference into it) and not just rely on key or summarised information.

During the period between the Scheme Effective Time and the Demerger Effective Time (which is expected to be a period of three business days), the Investment Business will be part of the Bank of Georgia Group. The Investment Business will cease to be part of Bank of Georgia Group with effect from the Demerger Effective Time. The historical financial information contained in this Part V has (unless otherwise indicated) been extracted without material adjustment from the historical financial information for Georgia Capital PLC, incorporated into this Circular by reference to Part : “Historical Financial Information” of the Georgia Capital Prospectus.

Part A: INFORMATION ON GEORGIA CAPITAL PLC

Overview

Georgia Capital PLC will be the holding company of a diversified group that is focused on creating value by investing in and developing businesses in Georgia with holdings in sectors that are expected to benefit from the continued growth and further diversification of the Georgian economy, the opening of the Georgian economy to Europe and economic development in the wider region. The Investment Business seeks to capture growth in the sectors in which it currently operates and drive the development of new structurally attractive, high-growth businesses in Georgia, which it intends to add either by acquiring businesses in their early development stage or by establishing greenfield businesses, often consolidating fragmented or underdeveloped markets.

The Investment Business actively manages its portfolio companies to maturity, setting the strategy and business plan of each business and driving its execution. As a business matures, the Investment Business will normally seek to monetise its investment, including through initial public offering, strategic sale or other appropriate exit, typically within five to ten years from acquisition. As investments are monetised, Georgia Capital plans either to redeploy the proceeds to capture opportunities for growth in new sectors or in the Investment Business’ existing businesses, or return proceeds to shareholders in accordance with the Investment Business’ capital return policy. The Investment Business aims to achieve an IRR of at least 25% from its investments.

The principal portfolio companies are:

- GGU (35.1% of the revenue of the Investment Business in 2017 (excluding revenue generated by GHG and the Banking Business)), a water utility and renewable energy business. In the water utility business, GGU has a natural monopoly in Tbilisi and the surrounding area, where it provided water supply and sanitation (“WSS”) to 1.4 million people (more than one third of Georgia’s population) in 2017. It also operated hydro power plants with a total capacity of 149.3 MW as of 31 December 2017 and invests in the development of renewable energy projects in the under-supplied Georgian energy sector. The Investment Business anticipates further growth opportunities for GGU in both of its business lines: pursuing cost efficiencies within the water utility business by targeting the reduction of technical losses and reducing energy consumption internally to preserve the supply available for sale to third parties while also building hydro, wind and solar power generation plants;
- m² (33.3% of the revenue of the Group in 2017 (excluding revenue generated by GHG and the Banking Business)), a residential and commercial property developer that is currently delivering a weighted-average IRR of 82% on its seven completed projects. m² seeks to pursue an asset light strategy which involves unlocking land value by developing housing projects, developing third party land in connection with the franchising of the m² brand, growing a yielding asset portfolio (which includes commercial rental space and hotels), and taking advantage of underdeveloped housing supply and a shortage of hotels in a growing tourism market in Georgia;
- Aldagi (14.3% of the revenue of the Group in 2017 (excluding revenue generated by GHG and the Banking Business)), the foremost provider of property and casualty insurance products in Georgia with a market share of 38% by revenue in the Georgian property and casualty insurance sector (excluding health insurance) in the twelve months ended 31 December 2017. Aldagi has experienced sustained growth in recent years and, as of 31 December 2017, had

45,598 active retail clients and 2,125 active corporate clients. The Investment Business sees new opportunities for Aldagi as a result of anticipated developments in mandatory third party liability insurance and other property and casualty insurance products; and

- Teliani (15.2% of the revenue of the Group in 2017 (excluding revenue generated by GHG and the Banking Business)), a leading wine and beer producer in Georgia and a distributor of its own and third party beverage brands that has a five year exclusivity licence from Heineken with a five year extension option to produce beer to be sold in Georgia, and the right to resell in Armenia and Azerbaijan. The Investment Business seeks future growth opportunities in Teliani's beer and wine sales by utilising Teliani's distribution platform.

In addition to its portfolio companies, following the implementation of the Proposals, Georgia Capital PLC will have significant investments in two businesses of the former BGEO Group: GHG, (57% stake), the London Stock Exchange premium-listed parent company of the largest and diversified healthcare provider in Georgia, which operates in the healthcare services, pharmacy and medical insurance sectors; and a 19.9% stake in Bank of Georgia Group PLC. The two stakes will be, held as listed investments and considered by management to be liquid, tradeable assets on the Georgia Capital Group's balance sheet that could be readily convertible into cash as and when the Investment Business pursues an appropriate method of further monetising these assets.

Georgia Capital PLC (through its subsidiary JSC Georgia Capital) will indirectly hold 19.90% of Bank of Georgia Group PLC following Georgia Capital Admission. For so long as the shareholding in Bank of Georgia Group PLC of Georgia Capital PLC together with any person acting in concert with it for the purposes of the Takeover Code ("**Concert Parties**") is greater than the Floor (in which case all the Bank of Georgia Group Shares held by Georgia Capital PLC and any person acting in concert with it being the "**Proportional Voting Shares**"), Georgia Capital PLC and its Concert Parties will be subject to a proportional voting mechanism in relation to all of the Proportional Voting Shares. The mechanics of the proportional voting mechanism as it will apply to the Proportional Voting Shares at general meetings of Bank of Georgia Group PLC are set out in the Bank of Georgia Group Articles and described further below. As at the date of Georgia Capital Admission, other than the 19.90% of Bank of Georgia Group PLC held indirectly by Georgia Capital PLC, being the Proportional Voting Shares, neither Georgia Capital PLC nor any of its Concert Parties will hold any shares in Bank of Georgia Group.

The intermediate holding company of the Investment Business, JSC BGEO Investments, has historically functioned as the investment arm of BGEO Group, a Georgia-based banking group. Following the Demerger, JSC BGEO Investments will be owned by Georgia Capital as a standalone business.

The following table details the evolution of the Group's revenue from each of its business segments for the periods indicated:

	Year ended 31 December		
	2017	2016	2015
	<i>(thousands of GEL)</i>		
Total revenue.....	363,745	240,739	132,864
<i>Of which:</i>			
utility and energy revenue	127,569	56,486	—
real estate revenue	121,153	102,974	61,150
insurance revenue	52,147	43,115	40,856
beverage revenue.....	55,441	29,793	29,527
other income	7,435	8,371	1,331

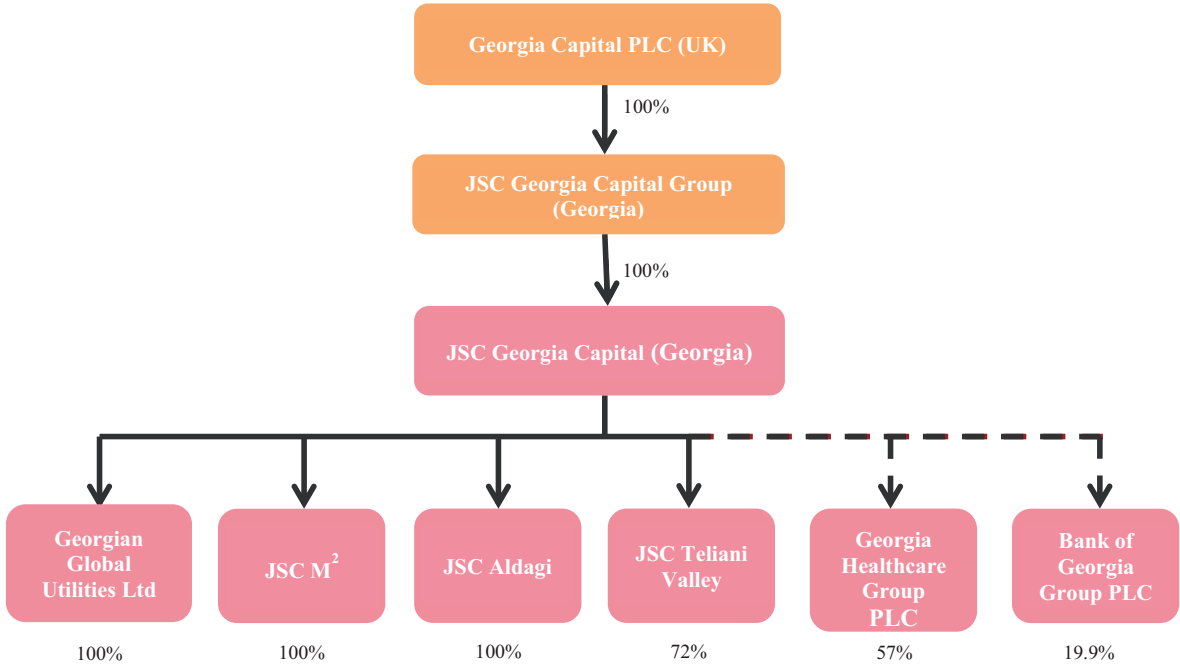
The following table details the evolution of the Group’s total net asset value from each of its business segments as of the periods indicated:

	(Unaudited)		
	31 December		
	2017	2016	2015
	(thousands of GEL)		
Total net asset value ⁽¹⁾	866,551	788,363	590,533
<i>Of which :</i>			
utility and energy net asset value	284,938	284,712	55,544
real estate net asset value	149,252	137,873	107,787
insurance net asset value	50,901	41,803	35,252
beverage net asset value.....	63,637	36,229	14,063
Other (GHG and Control Centre) ⁽²⁾	317,823	287,746	377,887

Notes:
 (1) All figures are unaudited with the exception of total net asset value for the years ended 31 December 2017, 2016 and 2015, which are audited.
 (2) Net asset value attributable to GHG was GEL271 million as at 31 December 2017.

Corporate Structure

The following simplified diagram illustrates the Investment Business structure as it will be following the Demerger:



Competitive Strengths

The Georgia Capital Directors believe that Georgia Capital’s deep management bench, ability to attract and develop talent, management expertise and access to local and international capital markets combined with a limited competing pool of potential purchasers for large, domestic acquisitions in Georgia positions it very well to create value by acquiring high quality assets at attractive valuation levels and growing high return-on-capital operations. Georgia Capital’s management has a proven track record of creating value through successful business development and investments, institutionalising high-performance management processes, market consolidation and successful exits. In particular, the Georgia Capital Directors believe that Georgia Capital benefits from the following competitive strengths:

- Georgia Capital is the only group of its size and scale focused on investing in and developing businesses in Georgia and is uniquely positioned to benefit from the continued growth and further diversification of the Georgian economy, giving investors a ground floor opportunity.*** The Group is the only group focused on investing in and developing businesses in Georgia and has interests in high-growth businesses in industry sectors that are expected to benefit from the ongoing growth and further diversification of the Georgian economy. The Georgian economy grew in real terms at a compound annual growth rate of 5.7% between 2003 and 2017, according to Geostat. According to the IMF's World Economic Outlook, annual average real GDP is expected to grow by 4.9% per annum from 2018 to 2022, which the Georgia Capital Directors believe will drive business growth and consumer demand in the segments in which the Group currently operates (utilities, insurance products, real estate and fast-moving consumer goods (FMCG)). Such favourable economic environment is also expected to provide further investment opportunities for Georgia Capital, which has extensive experience of unlocking value through opportunistic acquisitions, consolidating fragmented sectors of the Georgian economy, and a hands-on approach to managing subsidiary companies. This approach is supported by good access to capital as a result of a strong track record of raising finance in both local and international capital markets and relationships with key international financial institutions and the Group's ability to monetise its liquid Exit Stage Portfolio Investments.
- Experienced management with a strong track record and deep understanding of the local market.*** Georgia Capital's senior management team is highly experienced and all of its members have previously served as members of the BGEO Group management team that helped grow that business by approximately 33 times in asset size between 2005 and 2017, which Georgia Capital Management believes was a result of its strength in growing businesses organically, as well as successful acquisitions and the Group's sector consolidation capabilities. This growth was achieved while maintaining an emphasis on asset quality and conservative risk management policies and increasing its total market share, measured by total assets, from 17.8% as at 31 December 2005 to 34.4% as at 31 December 2017 in the Banking Business; diversified its business via a number of strategic acquisitions; established itself as a borrower in the international markets and money markets; attracted new institutional equity investors (at the level of its parent company and its then healthcare subsidiary, GHG); and strengthened its transparency and corporate governance policies and procedures. This team has a successful track record of achieving strong investment returns; by way of example, this team oversaw the successful initial public offering of GHG in November 2015, which achieved returns over 90% as at 10 February 2018. The Georgia Capital Directors intend to leverage their successful management experience of the BGEO Group and believe that these factors, together with its strong understanding of the Georgian market, will allow it to respond rapidly and positively to market developments and opportunities.
- Georgia Capital's access to capital.*** Georgia Capital's access to both equity and debt capital provides flexibility in managing its balance sheet and is one of the Georgia Capital's key competitive advantages in realising its goal of capturing attractive investment opportunities in Georgia. Georgian capital markets are not yet fully developed and relatively little wealth has been accumulated locally. As a result, corporates have limited options to raise local capital and domestic commercial banks remain their primary source of funding. By comparison, JSC Georgia Capital, throughout its pre-Demerger membership of the BGEO Group, has more than ten years of international capital markets experience. The BGEO Group has raised approximately US\$ 0.5 billion in equity on the London Stock Exchange and has carried out four Eurobond issuances which, in aggregate, raised approximately US\$1.2 billion. In addition, the Existing Group has also raised more than US\$3 billion from the international financial institutions ("IFIs") (including EBRD and IFC). Furthermore, as a listed company, Georgia Capital will have the ability to use its stock as acquisition currency. Further, as Georgia Capital Directors believe that Georgia Capital's Exit Stage Portfolio Investments are readily convertible into cash, Georgia Capital could access further capital by pursuing an appropriate method of monetising these assets.
- Shareholder aligned remuneration policy.*** Georgia Capital's remuneration policy follows the model implemented by its former parent company, BGEO Group, and is aligned with its long term development strategy and the value creation interests of its shareholders. Georgia Capital's management has a track record of structuring compensation and incentives to align management interests with those of shareholders. The Georgia Capital's executive director is solely

remunerated by way of long term deferred shares and receives no cash compensation. In addition, the Georgia Capital remuneration policy stipulates that the salaries of the Company's senior managers are heavily weighted towards deferred share remuneration and does not allow discretionary bonuses for senior managers to be paid in cash. The management teams of each of the Investment Business' key portfolio companies will be paid in phantom shares of their respective companies. The Investment Business has a track record of raising the skills of Portfolio Company managers, driving cash generation, in a manner consistent with value-creating growth. There are no additional management or performance fees expected to be charged to shareholders in excess of the above mentioned management remuneration.

- ***Efficient cost structure.*** Unlike typical private equity fund structures, Georgia Capital does not charge management or success fees for managing shareholder money. Instead, Georgia Capital's management team receives total remuneration equivalent to approximately 2% of Georgia Capital's expected fair value of its net assets. Approximately two thirds of Georgia Capital's total operating expenses are attributable to share-based compensation expected to be paid by way of long term deferred shares as described above. Georgia Capital Directors believe that this remuneration policy, combined with the Georgia Capital's well-integrated management team, lean corporate structure, share-based remuneration policy, and commitment to cash preservation, enables Georgia Capital to operate in a cost efficient way.
- ***Transparency and robust corporate governance.*** JSC Georgia Capital's parent company, BGEO Group, has a longstanding culture of transparency and had been complying with the obligations applicable to it under the UK Listing Authority Listing Rules and Disclosure Guidance and Transparency Rules since November 2006, when the Bank became the first Georgian entity to list its global depositary receipts ("GDRs") on the London Stock Exchange. Moreover, as members of the group of companies owned by BGEO Group, the Group's core businesses have complied in all material respects with the robust corporate governance standards for a premium listed company since 2012, when the shares of its UK incorporated holding company, BGEO Group (formerly known as Bank of Georgia Holdings PLC), were admitted to the premium segment of the Official List and to trading on the London Stock Exchange's main market for listed securities. Georgia Capital intends to continue to maintain these high standards of governance and transparency.

Strategy

The key elements of Georgia Capital's business strategy are set out below:

- Georgia Capital plans to continue to take advantage of the significant investment opportunities in the fast-developing Georgian corporate sector through the development of its existing businesses and by pursuing attractive investment opportunities, leveraging its superior access to capital, experienced management team and strong sector consolidation experience. By virtue of its ability to access capital, Georgia Capital is uniquely positioned to seize such opportunities by deploying capital to acquire controlling stakes in companies and sectors that have the potential to deliver substantial returns. Georgia Capital will seek to foster the development of independent businesses with robust corporate governance and management teams, with a view to divestment over the longer term, typically within five to ten years, by way of an initial public offering, strategic sale or other appropriate exit.
- Georgia Capital does not have a primary mandate to deploy funds or divest assets within a specific time-frame. As such, it can focus on shareholder returns optimising entry and exit timing, and on opportunities which meet Georgia Capital's investment return and growth criteria. Further, Georgia Capital believes that Georgia's fast growing economy will provide ample opportunities to target attractive new investments in a number of underdeveloped sectors. In addition to equity investments, Georgia Capital will also consider investing in debt instruments of business in Georgia, including senior, mezzanine and subordinated debt.
- Georgia Capital will continue to pursue the same dividend and capital returns policy as the Investment Business prior to the Demerger. In particular, Georgia Capital intends to:
 - target a minimum IRR of 25% for its existing and new businesses;
 - retain its current capital return policy, whereby the Company expects to buy back and cancel its shares and/or pay special dividends, either linked to exits from its investments or generally, depending on the Georgia Capital PLC share price; and

- consider potential exits from existing businesses, starting with its previously announced plan to list shares in GGU within the next two to three years.

Industry Overview

Macroeconomic Overview

Georgia, one of the fastest growing countries in Eastern Europe, with real GDP growth averaging 4.5% during 2007 to 2017 (according to Geostat), is considered an open market in which to do business. Since becoming a WTO member in 2000, growth-oriented reforms and ongoing economic liberalisation have transformed Georgia into a country that is ranked by the World Bank as one of the easiest places to do business. Georgia has implemented the highest number of business regulation reforms of any country listed since the launch of the Doing Business rankings in 2003. Georgia also benefits from similarly low rates of bribery and corruption as member states of the European Union, in contrast to the high rates experienced by other economies in the Caucasus region.

Industry Sector Overview

Water Supply and Sanitation (WSS) Sector

Overview

In 2008, the 66 water companies that provided WSS services across the country were consolidated and partially privatised. The assets of those companies servicing Tbilisi, Mtskheta, Rustavi were sold to GGU. In 2016, JSC Georgia Capital completed its acquisition of a 100% stake in GGU. The other regions of Georgia were consolidated into three authorities: East Georgia, West Georgia and Adjara. In 2010, further consolidation followed and East and West Georgia were merged into one regional authority – the United Water Supply Company of Georgia (UWSCG). Adjara Tskali and the Batumi Water Company (BWC) continue to serve the autonomous republic of Adjara.

Outlook and Main Growth Drivers

The WSS sector in Georgia has the potential to utilise efficiency gains by reducing water loss. Changes in water tariff calculation methodology incentivise companies to invest, achieve returns on their investment and retain gains by decreasing the amount of non-revenue producing water resulting from increased efficiency in the delivery of water to customers. Changes in the metering policies applicable to residential customers increase the revenue streams available for the utility companies. Economic growth paired with transparent and investor friendly price control policies create a favourable environment for investors and international lenders to enter the sector and capitalise on stable revenue streams. Harmonisation with EU policies following the signing of the EU Association Agreement is contributing to the increasing reliability of WSS service provision and improvement of service standards for utility customers as well as the stability of utility operations.

Renewable Power Generation Sector

Overview

Over three quarters of Georgia's electricity comes from hydro power. The remainder of electricity demand is met by thermal power plants (8.9%) and electricity imports (15.2%), mainly from Russia (according to 2017 data from ESCO). Domestic consumption increased at a rate of 7.7% year on year in 2017, and according to Georgia's ten year development plan, between 2017 and 2027 (published by JSC Georgian State Electrosystem) is projected to grow at a minimum compound annual growth rate of 3.5% over the next 10 years, reaching approximately 16.42 TWh annually by 2027 (up 6 TWh from the current 12TWh). In line with the growing demand for renewable energy supply and energy security, the Georgian government has made a policy decision to support and stimulate investments in the renewable energy sector. Incentive schemes have been in place since in 2008 and are still operative with a few modifications.

Outlook and Main Growth Drivers

Georgia's electricity market has strong development potential. From 2009 to 2017, domestic consumption in Georgia has been growing in excess of 1.9% over the projected 3.5% per annum and cross-border markets are increasingly attractive following the downturn in Turkish electricity prices between 2014 and 2016. As Georgia's policy and political course remains pro-European and the government is committed to the development of the electricity market, it is anticipated that investors and international lenders will be attracted to the sector for years to come. Georgia has recently become a member of European Energy Community and is expected to start opening up the Georgian

electricity market to make it more transparent and competitive for small and medium producers that often sell the majority of their generated electricity to the market operator.

Real Estate Sector

Residential Property

The average household size in Georgia is 3.4 people per household, which is appreciably higher than the EU average of 2.3. Households with two to four people make up 58% of total households, according to the 2014 census. Home ownership is the dominant tenure structure with 93% of householders owning their homes. Second only to Romania in the CEE region, according to Eurostat, Georgia outperforms all of its peers in this metric.

	<u>People per household</u>	<u>% of home ownership</u>
Romania	2.7	96%
Georgia	3.4	93%
Croatia	2.8	90%
Slovakia	2.8	89%
Lithuania.....	2.3	89%
Hungary	2.3	86%
Poland.....	2.8	84%
Bulgaria.....	2.5	82%
Estonia	2.2	82%
Latvia.....	2.4	80%
European Union	2.3	70%

Source: Eurostat.

Between 1991 and 2000 there was a significant reduction in development and the bulk of housing stock was amortised by year 2000. Residential construction picked up significantly after 2003. If the current rate of development is maintained, according to IMR Research Group, 18,990 dwelling units will have been constructed between 2018 and 2020 in the thirteen neighbourhoods where most of m²'s projects are located or will be developed. As of 31 December 2017, 13,432 or 71% of these dwelling units have already been sold. This is in addition to the approximately 400,000 completed dwelling units that already exist in Tbilisi. Additional demand for housing is expected to be generated as aging stock requires replacement.

Outlook and Main Growth Drivers

The population of Tbilisi has increased by 1.2% over 2006-2016 and there were 3.4 people per household with an average living area per capita of 23 square metres as of the end of 2014. As the economy grows, average household size is likely to decrease and demand for dwelling units will increase.

The average monthly income per household in Georgia grew at a compound annual growth rate of 8.2% between 2010 and 2016. Household income consists of wages, remittances, income earned from self-employment, savings, pensions, scholarships and aid and real estate operations. International remittances account for approximately 10% of Georgia's GDP and this mirrors the proportion attributable to total household income in Georgia. In Georgia, 34% of remittances came from Russia as of 2017 compared to 40% in 2015 as a decreasing oil price had a negative impact on the Russian economy in 2015, which in turn resulted in a decrease in remittances from Georgians working in Russia. From the second quarter of 2016 remittances began to show signs of recovery reaching 6.6% increase year on year in 2016 and 19.8% in 2017. According to Geostat, remittances amounted to approximately 10% of Georgia's GDP.

Property and Casualty Insurance Sector (P&C)

According to data published by the Insurance State Supervision Service of Georgia, the Georgian property and casualty insurance sector has more than doubled in size between 2009 and 2017 with insurance revenue increasing to GEL226.8 million in 2017. According to the Insurance State Supervision Service of Georgia, the total value of gross written premiums increased from GEL73.8 million in 2007 to GEL236.6 million in 2017, (an increase of 221%) and the largest six insurance providers in Georgia account for approximately 89% of the market share in 2017.

Outlook and main growth drivers

The main growth drivers for the property and casualty insurance market in Georgia are the following:

- *Favourable macroeconomic environment.* Georgia's nominal GDP increased at an average annual growth rate of 4.5% between 2007 and 2017, according to Geostat. According to the IMF's World Economic Outlook database, real GDP is expected to grow within a range of 4.2% and 5.5% between 2018 and 2022 which the Georgia Capital Directors believe will increase consumer demand for insurance products.
- *Rapidly growing insurance market.* The Georgian insurance industry has significant potential for further growth. The sector demonstrates low rates of insurance penetration compared to peer countries, which is expected to provide significant opportunities for established companies that seek to increase their relative market share.
- *Supportive government policies.* The introduction of compulsory local third party liability motor vehicle insurance in 2019 is expected to lead to increased sales of mandatory and voluntary motor vehicle insurance policies in Georgia.
- *Growing consumer awareness.* Customer awareness of insurance coverage and its availability remains underdeveloped in Georgia. Technological advances along with greater sophistication in advertising are expected to accelerate general consumer awareness and sales.

Wine Production and Distribution Sector

Georgia has an 8,000-year history of wine-making and is home to over 500 unique grape types. Georgia's favourable climate for wine production and its latitude (parallel 42° N) places the country in the same band as some of the most famous winegrowing areas in the US (California/Oregon), Italy (Tuscany), and Spain (La Rioja). Currently, 40 indigenous varieties are produced commercially and the most popular of them – Saperavi (red) and Rkatsiteli (white) – produce some of Georgia's most internationally recognised and sought-after wines, such as Kindzmarauli, Mukuzani, and Tsinandali. In the recent past, Georgian wine production was mainly directed at Russian-speaking markets. This led semi-sweet wines, which are not widely consumed in Georgia, to account for approximately half of Georgian wine exports.

Outlook and Main Growth Drivers

The main growth drivers of Georgian wine sales are:

- *Increasing tourism and changes to local consumer tastes are driving demand for domestic bottled wine.* Georgia is already an established tourism destination. The number of visitors to Georgia increased at a compound annual growth rate of 11.3% between 2012 and 2017. The Government plans to enhance Georgia's position as a four season tourism location through improved connectivity between the different regions of Georgia. Wine tours are one of the major attractions for tourists in Georgia. Domestic consumers are also expected to drive local demand as they continue to switch from homemade to branded, bottled wine. This trend is expected to intensify among domestic consumers as busier lifestyles limit the time available for preparing homemade wine.
- *Increasing export potential.* The wine production sector is becoming a lucrative part of the Georgian economy, with the value of wine exports increasing more than 49% year on year in 2017 to US\$ 165 million. Wine accounts for 6.1 % of all Georgian exports and the sector shows significant potential to grow further. The Georgia Capital Directors believe that there is significant potential to grow exports, since Russia re-opened its market for Georgian imports, following a foreign trade embargo with Georgia in place since 2006, and as other markets (such as Ukraine, China, and in 2013 the Baltic states) continue to show robust demand. Exports of bottled wine increased by a compound annual growth rate of 20 % between 2013 and 2017 in Russia; 70 % in China; 20% in Poland; and 13 % Estonia. In addition to increasing demand, there is significant room to increase production by re-planting vines and improving grape yields by employing more advanced viticulture techniques. The Georgia Capital Directors believe that the signing of a free trade agreement between Georgia and the People's Republic of China on 13 May 2017 may result in sales to the Chinese market doubling in 2018, following the ratification of the agreement which has occurred in January 2018.

- *Varieties of wine that are unique to Georgia are expected to drive growth.* A number of semi-sweet and Saperavi-based reds and unique dry whites produced in qvevris (traditional clay casks) have high commercial potential, since they are unique to Georgia and are expected to grow in appeal as a result of increasing tourism and demand from export markets. Semi-sweet reds such as Kindzmarauli and Khvanchkara accounted for around 18% of all wine exports in 2017. These wines are especially popular in Russian-speaking countries after gaining a foothold during the Soviet period. In December 2013, traditional Georgian qvevri wine-making won a special place on UNESCO’s Intangible Cultural Heritage of Humanity list. Qvevri wine, made according to old Kakhetian and Imeretian winemaking traditions, leaves a higher tannin content and is considered a natural antioxidant.

PART B: INFORMATION ON GEORGIA CAPITAL PLC

1. Incorporation, registered office and activity

Georgia Capital PLC was incorporated as a private limited company on 5 July 2017 with the name BGEO Investments Limited and registered in England and Wales with registered number 10852406, and changed its name on 13 December 2017 to Georgia Capital Limited and registered as a public limited company on 7 February 2018 with its current name (Georgia Capital PLC). Since the date of its incorporation, Georgia Capital PLC has operated in conformity with its constitution. Shares conform with the laws of England and Wales and the issuance of the Shares was duly authorised according to the requirements of Georgia Capital PLC ‘s constitution. All necessary statutory and other consents have been obtained.

The principal legislation under which Georgia Capital PLC operates and under which the Shares have been created is the Companies Act and regulations made thereunder.

Georgia Capital PLC is domiciled in England and Wales. The address of its registered and head office is 84 Brook Street, London W1K 5EH.

Georgia Capital PLC has not traded since its incorporation.

Ernst & Young LLP is the auditor of Georgia Capital, and has been the only auditor of the Company since its incorporation. Ernst & Young LLP is registered to perform audit work by the Institute of Chartered Accountants in England and Wales and its registered office is 1 More London Place, London SE1 2AF.

2. Georgia Capital Shares

2.1 Initial share capital

On incorporation, Georgia Capital PLC’s share capital consisted of one ordinary share with a par value of £1.00 which was issued, fully paid. The company also issued one additional ordinary share with a par value of £1.00 shortly after incorporation (together, the “**Georgia Capital Subscriber Shares**”).

On 15 December 2017, 49,999 redeemable deferred shares of £1.00 each (the “**Georgia Capital Redeemable Deferred Shares**”) were issued at par value credited as fully paid.

Following the Demerger Effective Time, it is intended that the Georgia Capital Subscriber Shares will be bought back and cancelled, and the Georgia Capital Redeemable Deferred Shares will be redeemed. The requisite authorities for such steps were approved by the Initial Bank of Georgia Group Shareholders.

2.2 Authorities

At a general meeting of Georgia Capital PLC held on 26 March 2018, the Initial Georgia Capital Shareholders resolved, *inter alia*, that:

1. the Demerger be approved and, in connection with the Demerger:
 - (a) the directors of the Company be authorised and instructed to do or procure to be done all such acts and things on behalf of the Company and any of its subsidiaries as they consider necessary or expedient for the purpose of giving effect to the Demerger; and
 - (b) the entry by the Company into any such documents as the directors of the Company deem to be necessary or desirable for the purpose of giving effect to the Demerger be and are hereby approved and the directors of the Company (or a duly authorised committee of the directors of the Company) be authorised to carry the same into effect;

2. the directors of the Company be generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 to allot shares in the Company, at a nominal value to be determined by the directors, to Bank of Georgia Group PLC shareholders on a one for one basis in consideration for the transfer to the Company of the entire issued share capital of JSC Georgia Capital by Bank of Georgia Group PLC by way of repayment of Capital by Bank of Georgia Group PLC to its shareholders, provided that the authority conferred by this resolution 2 will expire on 31 March 2019.
3. in addition to the authority in resolution 2, above, and conditional on and with effect from the Demerger becoming effective, the directors of the Company be and are hereby generally and unconditionally authorised to capitalise the full amount standing to the credit of the merger reserve (if any) established by the Company in connection with the Demerger and the directors be and are hereby unconditionally authorised to apply the sum so capitalised in issuing Class C Shares to the registered holders of ordinary shares of the Company in the same proportions in which sum would have been divisible among them if it were distributed by way of a dividend and applying such sum on their behalf in paying up in full such Class C Shares and to allot such shares at a nominal value of £0.01 *pro rata* to such holders (or if the Company so determines, to such person as the Company may procure as a nominee for such holders) credited as fully paid with fractional entitlements to Class C Shares to be aggregated into whole Class C Shares and dealt with by the directors as they see fit, with the Class C Shares having the rights and subject to the conditions below:
 - (i) the holder(s) of Class C Shares shall have no right to receive any dividend or other distribution whether of capital or income;
 - (ii) the holder(s) of Class C Shares shall have no right to receive notice of or to attend or vote at any general meeting of the Company's shareholders;
 - (iii) the holder(s) of Class C Shares shall, on a return of capital on a liquidation, but not otherwise, be entitled to receive the nominal amount of each such share but only after the holder of each ordinary share shall have received the amount paid up or credited as paid up on such ordinary share together with the sum of £100,000 on each such ordinary share;
 - (iv) except as provided by (iii), the holder(s) of Class C Shares shall not be entitled to any further participation in the assets or profits of the Company;
 - (v) the holder(s) of Class C Shares shall not be entitled to and shall not receive a share certificate in respect of the Class C Shares;
 - (vi) the Company may at its discretion and any time, without prior notice, redeem some or all of the Class C Shares then in issue, in each case for a total aggregate price not exceeding £0.01 for all such Class C Shares so redeemed, and where some but not all of the Class C Shares then in issue are redeemed in part, for a total aggregate price not exceeding £0.01 in aggregate for such redemption. Upon redemption all such Class C Shares shall be immediately and automatically cancelled; and
 - (vii) a reduction by the Company of the capital paid up or credited as paid up on the Class C Shares and the cancellation of such shares will be treated as being in accordance with the rights attaching to the Class C Shares and will not involve a variation of such rights for any purpose. The Company will be authorised at any time without obtaining the consent of the holder(s) of Class C Shares to reduce its capital (in accordance with the CA 2006).
4. in addition to the authorities in resolutions 2 and 3, above, and conditional on and with effect from the Demerger becoming effective, the directors be and are generally and unconditionally authorised for the purposes of section 551 of CA 2006 to exercise all the powers of the Company to allot shares in the Company or to grant rights to subscribe for or to convert any security into shares in the Company ("**Rights**"):
 - (a) up to an aggregate nominal amount of £475,504,756.21 before the Reduction of Capital (defined below) has become effective and £131,282.37 thereafter (representing 13,128,237 ordinary shares, which represents approximately one-third of the Company's expected issued ordinary share capital following the utilisation of the authority granted pursuant to resolution 2 above); and
 - (b) in addition to the amount referred to in paragraph (a) above, up to an aggregate nominal amount of £475,504,756.21 before the Reduction of Capital (defined below) has become effective and £131,282.37 thereafter (representing 13,128,237 ordinary shares, which

represents approximately one-third of the Company's expected issued ordinary share capital following the exercise of the authority granted by resolution 2 above) in connection with an offer by way of a rights issue to:

- (i) holders of ordinary shares made in proportion (as nearly as practicable) to their respective existing holdings of ordinary shares; and
- (ii) holders of other equity securities of any class if this is required by the rights attaching to those securities or, if the directors consider it necessary, as permitted by the rights attaching to those securities,

subject to the directors having a right to make such exclusions or other arrangements as they consider necessary or expedient to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems arising in, or under the laws of, any territory or any other matter,

for a period expiring at the conclusion of the Company's next annual general meeting (or at close of business on 23 June 2019, if earlier) save that the Company may before the expiry of this authority make an offer and/or enter into an agreement which would, or might, require shares to be allotted or Rights to be granted after the authority granted by this resolution 4 expires and the directors may allot shares or grant Rights to subscribe for or convert a security into shares as if the authority conferred by this resolution had not expired.

5. conditional on and with effect from the Demerger becoming effective, in accordance with section 366 and 367 of the CA 2006, the Company and all of its subsidiaries at any time during the period for which this resolution has effect, be generally and unconditionally authorised to:

- (i) make donations to political parties or independent election candidates, not exceeding £100,000 in total;
- (ii) make donations to political organisations other than political parties, not exceeding £100,000 in total; and
- (iii) incur political expenditure, not exceeding £50,000 in total,

during the period beginning with the date of the passing of this resolution and expiring at the conclusion of the Company's annual general meeting in 2019 (unless this authority has been otherwise renewed, revoked or varied by the Company in a general meeting) and provided that the aggregate amount of political donations and political expenditure so made or incurred by the Company and its subsidiaries shall not exceed £100,000.

Any terms used in this resolution 5 which are defined in part 14 of CA 2006 shall have the same meaning in this resolution 5.

6. subject to and conditional on the Demerger becoming effective, the establishment of the share plan (a draft of which is circulated with this resolution marked "A") and the employee benefit trust (a draft of which is circulated with this resolution marked "B") be approved and:

- (a) the directors of the Company and/or the remuneration committee of the Company be and are hereby authorised to make such amendments to the share plan and employee benefit trust as they consider necessary or desirable and to do all things necessary or expedient to carry the share plan and employee benefit trust into effect; and
 - (i) the remuneration committee of the Company be and is hereby authorised to recommend awards be granted over shares in the Company pursuant to and in accordance with the share plan or any part of it;
 - (ii) the directors of the Company and/or the remuneration committee of the Company be and are hereby approved to make recommendations to JSC Georgia Capital on the administration of the share plan; and
 - (iii) the directors of the Company be and are hereby authorised to establish further employee share plans based on the share plan, but modified to take account of local tax, exchange control or securities laws in any overseas jurisdiction provided that the shares made available under such further employee share plans are treated as counting towards the limits on participation in the share plan.

7. conditional on and with effect from immediately prior to the admission of the Company to the FCA's Official List and to trading on the London Stock Exchange, the articles of association of the Company contained in the document produced to the general meeting marked "C" be adopted as the new articles of association of the Company in substitution for, and to the exclusion of, all the Company's existing articles of association.
8. subject to the passing of resolution 4 above, the directors be generally empowered pursuant to sections 570 and 573 of CA 2006 to allot equity securities (within the meaning of section 560(1) of CA 2006) for cash pursuant to the authority conferred by resolution 4 above, and/or to sell treasury shares, as if section 561 of CA 2006 did not apply to any such allotment or sale, provided that the power conferred by this resolution 8 shall be limited to:
 - (a) the allotment of equity securities for cash and/or sale of treasury shares in connection with an offer of, or invitation to apply for, equity securities:
 - (i) to ordinary shareholders in proportion (as nearly as practicable) to their respective existing holdings of ordinary shares held by them on the relevant record date; and
 - (ii) to holders of other equity securities, as required by the rights attaching to those securities, or if the directors otherwise consider it necessary as permitted by the rights attaching to those securities,

but so long as the directors may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter whatsoever; and
 - (b) the allotment of equity securities for cash and/or sale of treasury shares (otherwise than under paragraph a) above) up to a nominal amount of £71,325,713.43 before the Reduction of Capital (defined below) has become effective and £19,692.36 thereafter (being approximately 1,969,235.60 ordinary shares, which represent approximately 5% of the Company's expected issued ordinary share capital following the exercise of the authority granted by resolution 2 above),

such authority to expire at the conclusion of the Company's next annual general meeting "AGM" in 2019 or, if earlier, at the close of business on 23 June 2019, being 15 months after the date of the forthcoming AGM), save that in each case, prior to its expiry, the Company may make an offer, and/or enter into an agreement, which would, or might, require equity securities to be allotted (and/or treasury shares to be sold) after this authority expires and the directors may allot equity securities (and/or sell treasury shares) under any such offer or agreement as if the authority given by this resolution had not expired.

9. subject to the passing of resolution 4 above, the directors be generally empowered, in addition to any authority granted under resolution 4, pursuant to sections 570 and 573 of CA 2006 to allot equity securities (within the meaning of section 560(1) of CA 2006) for cash pursuant to the authority conferred by resolution 4, and/or to sell treasury shares, as if section 561 of CA 2006 did not apply to any such allotment or sale provided that the power conferred by this resolution shall be:
 - (a) limited to the allotment of equity securities for cash and/or sale of treasury shares, up to a nominal amount not exceeding in aggregate £71,325,713.43 before the Reduction of Capital (defined below) has become effective and £19,692.36 thereafter (representing 1,969,235.60 ordinary shares, which represents approximately 5% of the Company's expected issued ordinary share capital following the exercise of the authority granted by resolution 2 above); and
 - (b) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Board of the Company determines to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice,

provided that the powers conferred by this resolution 9 will expire at the Company's next AGM (or at close of business on 23 June 2019, if earlier) save that, in each case, the Company may before the expiry of such powers make an offer or agreement which would or might require

equity securities to be allotted and/or treasury shares to be sold after such authority expires and the directors may allot equity securities and/or sell treasury shares in pursuance of such offer or agreement as if the powers conferred by this resolution 9 had not expired.

10. subject to and conditional upon the Demerger becoming effective in accordance with its terms, the share capital of the Company be reduced by:
 - (i) cancelling and extinguishing paid-up capital on each of the Company shares in issue immediately prior to the confirmation by the court of the capital reduction to the extent that the amount paid up on each such Company share immediately following such cancellation shall be £0.01;
 - (ii) reducing the nominal value of each of the shares to £0.01; and
 - (iii) cancelling the Class C Shares in issue (if any) immediately prior to the confirmation by the court of the capital reduction, issued and allotted pursuant to the authority conferred by resolution 3 without payment of any amount in respect thereof to the holders of such Class C Shares,(i) to (iii) being the “**Reduction of Capital**”.
11. subject to and conditional on the Demerger becoming effective, pursuant to the Company’s articles of association adopted pursuant to resolution 7, the Company be generally and unconditionally authorised for the purpose of section 701 of the CA 2006 to make market purchases (as defined in section 693 of the CA 2006) of Company’s shares, on such terms and in such manner as the directors of the Company may from time to time determine, and where such shares are held as treasury shares, the Company may use them for the purposes of its employee share schemes, provided that:
 - (i) the maximum number of shares which may be purchased is 3,938,471 (representing approximately 10% of the Company’s expected issued ordinary share capital following the exercise of the authority granted by resolution 2, being 39,384,712);
 - (ii) the minimum price (exclusive of expenses) which may be paid for each ordinary share is £0.01;
 - (iii) the maximum price (exclusive of expenses) which may be paid for each share is the higher of:
 - (A) 105 per cent. of the average of the middle-market price of an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which such ordinary share is contracted to be purchased; and
 - (B) an amount equal to the higher of the price of the last independent trade of shares and the highest current independent purchase bid for an ordinary share as derived from the London Stock Exchange Trading System at the time the purchase is carried out,

such authority to expire (unless varied, revoked or removed prior to such time) at the conclusion of Company’s annual general meeting in 2019 or, if earlier, at the close of business on 23 June 2019, being 15 months after the date of the resolution save that the Company may before the expiry of this authority make a contract to purchase ordinary shares which will or might be expected wholly, or partly, after the expiry of this authority and may make a purchase of ordinary shares in pursuance of such contract as if the authority conferred by this resolution had not expired.

2.3 Georgia Capital PLC share capital

At the date of this Circular, the issued and fully paid share capital of Georgia Capital PLC is as follows:

Class of share	Number of shares in issue	Total nominal value (£)
Ordinary shares with a par value of £1.00	2	2.00
Georgia Capital Redeemable Deferred Shares with a par value of £1.00.....	49,999	49,999

As described in paragraph 3 of Part II of this Circular, in order to effect the Demerger, Georgia Capital PLC will issue Georgia Capital Shares to Bank of Georgia Group Shareholders at the Demerger Effective Time.

The issued and fully paid share capital of Georgia Capital PLC immediately following Georgia Capital Admission is expected to be as follows (on the assumption that no new Shares or Bank of Georgia Group Shares will be issued between the date of this Circular and the Demerger Effective Time).

Class of share	Number of shares in issue	Total nominal value⁽¹⁾
Georgia Capital Shares	39,384,714	£1,426,514,341
Georgia Capital Redeemable Deferred Shares	49,999	£ 49,999

(1) Indicative only

Following Georgia Capital Admission, it is proposed that Georgia Capital PLC will reduce its share capital in order to create distributable reserves.

As at the date of this Circular, Georgia Capital PLC does not hold any Georgia Capital Shares in treasury.

No commissions, discounts, brokerages or other special terms have been granted in respect of the issue of any share capital of Georgia Capital PLC.

Application will be made to the UK Listing Authority and the London Stock Exchange for up to 39,384,712 Georgia Capital Shares to be admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange's market for listed securities, respectively. As at the date of this Circular, no Georgia Capital Shares are admitted to trading on a regulated market. If the Demerger proceeds as currently envisaged, it is expected that Admission will become effective, and that dealings in the Georgia Capital Shares will commence on the London Stock Exchange, at 8.00 a.m. (London time) on 29 May 2018. The Georgia Capital Shares have not been marketed to, and are not available in whole or in part for purchase by, the public in the United Kingdom or elsewhere in connection with the introduction of the Georgia Capital Shares to the premium listing segment of the Official List. No application has been or is currently intended to be made for the Georgia Capital Shares to be admitted to listing elsewhere or dealt in on any other exchange.

The Shares are in registered form and are capable of being held in certificated or uncertificated form. Application has been made to Euroclear for the Georgia Capital Shares to be enabled for dealings through CREST as a participating security. No temporary documents of title will be issued. The International Securities Identification Number (ISIN) for the Shares is GB00BF4HYV08.

3. Summary of the differences between BGEO Group PLC's Articles and Georgia Capital Articles

The Georgia Capital Articles will be substantially identical to BGEO Group PLC's Articles with the exception of:

- the Georgia Capital Articles will permit the Georgia Capital Directors to call general meetings either as physical only general meetings or as combined electronic and physical general meetings. A combined electronic and physical general meeting will allow for general meetings to be held and conducted in such a way that persons not present together could participate and vote in the general meeting using electronic means. If a combined physical and electronic meeting was to be called by the Georgia Capital Directors, this would be explained in the notice of meeting;

- a provision will be included in the Georgia Capital Articles which will enable the Georgia Capital Directors to pay shareholders by cheque or assured payment obligation rather than allot and issue a Georgia Capital Share to them (at the Demerger Effective Time only) where to issue a share to them would or could put Georgia Capital PLC in breach of overseas securities laws;
- given the change in the interest rate environment since the BGEO Group PLC Articles were adopted, the interest rate due from shareholders when a call is made on shares or shares are forfeited will be reduced from 15 per cent. to a rate not exceeding the Bank of England base rate by 5 per cent.;
- the Georgia Capital Articles will not enable Georgia Capital PLC to issue share warrants as the ability for UK Companies to issue bearer shares was abolished in 2015; and
- Georgian regulatory restrictions apply to ownership of share capital in Aldagi. Therefore, the Georgia Capital Articles will include a restriction on shareholders holding more than 10, per cent. of Georgia Capital PLC's shares. This is substantially similar to the restriction currently contained in the BGEO Group PLC Articles except that the regulatory authority will be the Insurance State Supervisory Service of Georgia, Aldagi's regulator.

4. Mandatory takeover bids, squeeze-out and sell-out rules

Following Admission, Georgia Capital PLC will be subject to the provisions of the Code, including the rules regarding mandatory takeover offers set out in the Code. Under Rule 9 of the Code, when (i) a person acquires shares which, when taken together with shares already held by him or persons acting in concert with him (as defined in the Code), carry 30 per cent. or more of the voting rights of a company subject to the Code or (ii) any person who, together with persons acting in concert with him, holds not less than 30 per cent. but not more than 50 per cent. of the voting rights of a company subject to the Code, and such person, or any person acting in concert with him, acquires additional shares which increases his percentage of the voting rights in the company, then, in either case, that person, together with the persons acting in concert with him, is normally required to make a general offer in cash, at the highest price paid by him or any person acting in concert with him for shares in the company within the preceding 12 months, for all of the remaining equity share capital of the company.

The Georgia Capital Shares will also be subject to the compulsory acquisition procedures set out in sections 979 to 991 of the Companies Act. Under section 979 of the Companies Act, where an offeror makes a takeover offer and has, by virtue of acceptances of the offer, acquired or unconditionally contracted to acquire not less than 90 per cent. of the shares to which the offer relates and, in a case where the shares to which the offer relates are voting shares, not less than 90 per cent. of the voting rights carried by those shares, that offeror is entitled to compulsorily acquire the shares of any holder who has not accepted the offer on the terms of the offer.

Other than as provided by the Companies Act and the Code, there are no rules or provisions relating to mandatory bids and/or squeeze-out and sell-out rules in relation to the Georgia Capital Shares.

Since Georgia Capital PLC's incorporation, there has been no takeover offer (within the meaning of Part 28 of the Companies Act) for any Georgia Capital Shares.

PART VI

INFORMATION ON BANK OF GEORGIA GROUP

You should read the whole of this Circular (and the information incorporated by reference into it) and not just rely on key or summarised information.

This Part VI contains forward-looking statements that involve risks and uncertainties. Bank of Georgia Group's actual results could differ materially from those anticipated in these forward-looking statements as a result of such risks and uncertainties. You should read the section headed "Cautionary note regarding forward-looking statements" set out at the front of this Circular and Part III of this Circular for a discussion of the risks and uncertainties related to these statements.

During the period between the Scheme Effective Time and the Demerger Effective Time (which is expected to be a period of three business days), Georgia Capital will be part of Bank of Georgia Group prior to the Demerger. Information on Georgia Capital is contained in Part V of this Circular. Georgia Capital will cease to be part of Bank of Georgia Group with effect from the Demerger Effective Time.

The historical financial information contained in this Part VI has (unless otherwise indicated) been extracted without material adjustment from the historical financial information for Bank of Georgia Group, incorporated into this Circular by reference to Part XXIV: "Historical Financial Information" of the Bank of Georgia Group Prospectus.

The terms "loan(s)" and "loans to customers" used in this section means the sum of loans to customers and finance lease receivables.

Part A: Information on Bank of Georgia Group

Until the Scheme Effective Time BGEO Group PLC will be the ultimate parent company of the Group. The Existing Group has an investment arm which will be separated from the Banking Business by means of the Demerger.

With effect from the Scheme Effective Time, Bank of Georgia Group PLC will become the ultimate parent company of the BGEO Group PLC and will shortly thereafter be listed on the premium segment of the London Stock Exchange. Prior to the implementation of the Proposals, Bank of Georgia Group PLC will not form part of the BGEO Group PLC and therefore references in this Part VI to Bank of Georgia Group PLC are references to Bank of Georgia Group PLC once the Scheme has become effective. The Bank is the largest asset of the Group and therefore much of the commentary in this Part VI relates to the Bank.

The market capitalisation of BGEO Group PLC as of 22 March 2018 was £1.429 billion. The Banking Business accounted for 85.1% and 85.9% of BGEO Group PLC's total assets as of 31 December 2017 and 31 December 2016, respectively.

Bank of Georgia Group provides retail banking and corporate investment banking ("CIB") services, with ancillary business lines including, leasing ("GLC"), payment businesses and BNB (which provides banking operations in Belarus). The Bank's market share in Georgia was 34.4%, 32.4%, 33.9% and 29.3% based on total assets, total gross loans, total client deposits and notes and total shareholders' equity, respectively, according to statistics published by the NBG as of 31 December 2017. Bank of Georgia Group strives to benefit from the underpenetrated banking sector in Georgia, in particular through providing best in class services in retail banking. Bank of Georgia Group focusses on retail banking and corporate investment banking in Georgia, and also provides banking operations in Belarus. For the year ended 31 December 2017, Bank of Georgia Group generated profit of GEL 369.5 million (US\$142.5 million).

Bank of Georgia Group Directors believe that recent, and potential future, growth in the Georgian economy provides opportunities in a number of underdeveloped markets and that it is well positioned to capture growth opportunities in the Georgian corporate sector. Bank of Georgia Group Directors aims to deliver on its strategy, targeting a return on average equity ("ROAE") of at least 20% and annual growth of its loan book by 15% to 20%.

The following tables set forth selected combined figures relating to Bank of Georgia Group as of the dates and for the periods specified:

	As of 31 December			
	2017	2016		2015
	<i>(thousands of US Dollars)⁽¹⁾</i>	<i>(thousands of Lari)</i>	<i>(thousands of Lari)</i>	<i>(thousands of Lari)</i>
	<i>(unaudited)</i>			
Total assets	4,979,430	12,907,679	11,123,143	9,051,332
Loans to customers and finance lease receivables, net.....	2,986,429	7,741,420	6,681,666	5,366,760
Client deposits and notes.....	2,730,522	7,078,058	5,755,767	5,011,269
Total invested capital.....	598,991	1,552,708	1,352,288	1,248,663

Notes:

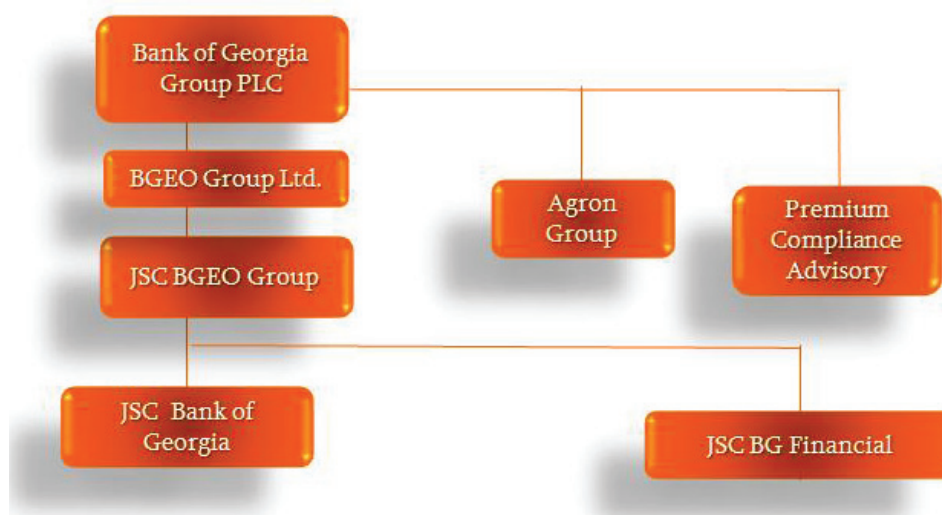
(1) US Dollar figures in the table above are unaudited and are converted into US Dollars for convenience using an exchange rate of GEL 2.5922 per US\$1.00, being the official Lari to US Dollar exchange rate reported by the NBG on 31 December 2017.

	For the year ended 31 December			
	2017	2016		2015
	<i>(thousands of US Dollars)⁽¹⁾</i>	<i>(thousands of Lari)</i>	<i>(thousands of Lari)</i>	<i>(thousands of Lari)</i>
	<i>(unaudited)</i>			
Profit for the year	142,550	369,519	295,703	261,795

Notes:

(1) US Dollar figures in the table above are unaudited and are converted into US Dollars for convenience using an exchange rate of GEL 2.5922 per US\$1.00, being the official Lari to US Dollar exchange rate reported by the NBG on 31 December 2017.

The following simplified diagram illustrates the structure of Bank of Georgia Group immediately following the Demerger Effective Time and the exchange for 19.9% of the Banking Business, indicating the ownership interests of Bank of Georgia Group PLC in the principal Group companies and investments.



Set out below is an overview of Bank of Georgia Group main business lines:

Retail Banking. Bank of Georgia Group is the leader in retail banking in Georgia in terms of its distribution network, with 281 branches and 850 ATMs as at 31 December 2017. As of 31 December 2017, the Bank had a 34.6% market share based on deposits from individuals and a 35.5% market

share in retail loans (based on loans to individuals), according to information published by the NBG. The Bank of Georgia Group management believe that Bank of Georgia Group offers the most comprehensive range of financial products in the Georgian retail market. Through its client-centric, multi-brand strategy, Bank of Georgia Group reaches the entire spectrum of retail customers. Bank of Georgia Group's Retail Banking products and services include retail lending, deposit accounts, ATM services, internet, mobile, telephone and SMS banking, utility bill payments and money transfer services. For the years ended 31 December 2017 and 31 December 2016, Bank of Georgia Group's Retail Banking business generated profit of GEL 249.7 million (US\$96.3 million) and GEL 209.3 million, respectively, corresponding to 67.6% and 70.8%, respectively, of Bank of Georgia Group's total profit for the respective periods.

Corporate Investment Banking (CIB). Bank of Georgia Group's combined corporate banking and investment management unit consists of the Bank's corporate banking unit, the Bank of Georgia Group's investment management business and the Bank's Georgian leasing subsidiary. The Bank has a market share of 33.1% based on total customer deposits (based on deposits from legal entities) and 28.9% based on total corporate loans (based on loans to legal entities) as of 31 December 2017, according to information published by the NBG. The Bank provides corporate lending and finance leasing (principally in US Dollars), in addition to offering current and deposit accounts, account administration and cash management services, payroll services, trade financing and foreign exchange services. Bank of Georgia Group's investment management business consists of the Bank's Wealth Management and the Bank of Georgia Group's brokerage firm, Galt & Taggart. The Bank's Wealth Management provides private banking services to high net worth individuals from 75 countries and offers investment management products internationally through representative offices in London, Budapest, Istanbul, Tel Aviv and Limassol. Galt & Taggart is a leading provider of investment banking and investment management services in Georgia and offers corporate advisory, private equity and brokerage services under one brand. For the years ended 31 December 2017 and 31 December 2016, Bank of Georgia Group's CIB business generated profit of GEL 105.9 million (US\$40.9 million) and GEL 88.3 million, respectively, corresponding to 28.7% and 29.9%, respectively, of Bank of Georgia Group's total profit for the respective periods.

Belaruskyy Narodnyy Bank (BNB). Through BNB, its majority owned subsidiary 99.98%, Bank of Georgia Group provides SME and retail banking services in Belarus. For the year ended 31 December 2017 and 31 December 2016, BNB generated profit of GEL 10.3 million (US\$4.0 million) and GEL 2.7 million, respectively, corresponding to 2.8% and 0.9%, respectively, of Bank of Georgia Group's total profit for the respective periods.

Strengths

The Bank of Georgia Group management believe that Bank of Georgia Group benefits from the following strengths:

- **Comprehensive retail banking franchise with opportunities for cross and up-selling.** The Bank of Georgia Group management believe that Bank of Georgia Group offers the most comprehensive range of financial products in the Georgian retail market. The Bank's Retail Banking products and services include retail lending, deposit accounts, ATM services, Internet, mobile, telephone and SMS banking, utility bill payments and money transfer services. The Bank's credit card operations serve more than 2.2 million cards, and the Bank is the exclusive issuer of American Express credit cards in Georgia to 2023 (inclusive). The Retail Banking business operates a client-centric, multi-brand strategy which reaches the entire spectrum of retail customers in Georgia through three well-established and recognised brands:
 - **Mass Retail is a flagship brand.** Mass Retail is a flagship brand in Georgia. Through its network of 113 mass retail branches as of 31 December 2017, it targets the mass retail segment, and had approximately 1.6 million individual clients and 165,781 MSME customers as of 31 December 2017. The Bank has exclusive arrangements to issue American Express cards and provide acquiring services in Georgia, as well as a right to issue Bank-branded contactless cards to users of the Tbilisi municipal metro and bus transport payment system.
 - **Express.** As of 31 December 2017, the Bank's Express brand had 524,366 active emerging retail customers, providing banking services through cost-efficient channels such as ATMs, internet and mobile banking and technology-intensive Express branches. The Bank is the market leader in Georgia in the payment systems market as of the date of this Circular.

- **Solo.** In 2015, the Bank introduced the Solo brand to target the emerging mass affluent segment (that is, individuals with a monthly income of at least GEL 3,000). As of 31 December 2017, the Bank had 32,104 active Solo customers, who were served by personal bankers in 12 Solo lounges, where Solo customers have the ability to purchase certain luxury goods at cost and have access to exclusive entertainment events, such as, concerts exclusively for Solo clients. In addition, Solo customers have the opportunity to join Solo Club which gives them priority access to exclusive Solo offers. Solo customers also have exclusive access to new financial products developed by Galt & Taggart, Bank of Georgia Group's brokerage business subsidiary, such as bonds with higher yields. The Bank intends to increase the number of Solo customers to approximately 40,000 by the end of 2019.
- **Strong corporate investment banking franchise.** The Bank had a market share of 33.1% based on total customer deposits of legal entities and 28.9% based on total loans to legal entities as of 31 December 2017, according to information published by the NBG. As of 31 December 2017, the Bank had 4,018 corporate investment banking customers, a corporate investment banking gross loan portfolio of GEL 2,412.6 million (US\$930.7 million) and client deposits and notes of GEL 3,457.3 million (US\$1,333.7 million). Of the Bank's corporate investment banking client deposits and notes, as of 31 December 2017, GEL 1,276.4 million (US\$492.4 million) were Lari-denominated and GEL 2,180.9 million (US\$841.3 million) were foreign currency denominated, providing it with a strong funding base. The Bank's corporate investment banking business also provides cross-selling opportunities including non-banking products and services.
- **Market Share.** As disclosed above, the Bank had a market share of 33.1% based on total customer deposits of legal entities and 28.9% based on total loans to legal entities as of 31 December 2017, according to information published by the NBG. As of 31 December 2017, the Bank had 4,018 corporate investment banking customers, a corporate investment banking gross loan portfolio of GEL 2,412.6 million (US\$930.7 million) and client deposits and notes of GEL 3,457.3 million (US\$1,333.7 million). Of the Bank's corporate investment banking client deposits and notes, as of 31 December 2017, GEL 1,276.4 million (US\$492.4 million) were Lari-denominated and GEL 2,180.9 million (US\$841.3 million) were foreign currency denominated, providing it with a strong funding base. The Bank's corporate investment banking business also provides cross-selling opportunities including non-banking products and services. The Bank of Georgia Group management believe that the Bank's brands and extensive distribution network give it a strong platform from which it can cross-sell and up-sell its products and services to new and existing customers across the Bank and achieve its strategic priorities for the next three years (see "—Strategy"). The NBG has classified the Bank as one of three financial systemically important institutions in Georgia.
- **Strong liquidity and regulatory capital at the Bank.** The Bank is well capitalised and maintains strong liquidity positions. According to NBG Basel III standards as applied in Georgia, on a stand-alone basis, the Bank had a Basic Tier 1 Capital ratio of 12.4%, a Tier 1 Capital ratio of 12.4% and a Total Regulatory Capital ratio of 17.9% as of 31 December 2017. These NBG ratios are in excess of the Basel III minimum ratio requirements of 8.1% for Basic Tier 1 Capital, 9.9% for Tier 1 Capital and 12.4% for Total Regulatory Capital (applicable as of 31 December 2017). During a transitional period from 2014 to 31 December 2017 (in addition to Basel II minimum ratio requirements of 7.0% for Basic Tier 1 Capital, 8.5% for Tier 1 Capital and 10.5% for Total Regulatory Capital), the Bank was required to comply with certain ratios set by NBG President Order No. 18/04, being a Tier 1 Capital ratio of 6.4% and a Total Regulatory Capital ratio of 9.6% as minimum requirements applicable in 2017 and both calculated pursuant to NBG Presidential Order No. 18/04 (these ratios have been phased out since 1 January 2018). The Bank also maintains a strong liquidity position, with a NBG liquidity ratio (calculated as average liquid assets during the month (as defined by the NBG) compared to liabilities for the same month (with certain exceptions established by the NBG), which include borrowed funds with an effective maturity of less than six months (with certain exceptions established by the NBG) plus certain off balance sheet commitments maturing within six months) of 34.4% and 37.7% on a stand-alone basis as of 31 December 2017 and 31 December 2016, respectively, in each case, above the NBG requirement of 30%. BNB is also well capitalised. As of 31 December 2017, BNB's Tier 1 ratio (calculated in accordance with NBRB guidelines) was 8.1% and BNB's Total Capital (calculated in accordance with NBRB) was 13.9%, above the minimum required levels of 6.0% and 10.0%, respectively.

- ***Prudent risk management and focus on sound asset quality.*** The Bank follows stringent risk management policies and procedures and has conservative credit approval processes and underwriting criteria, all of which are intended to maintain the quality of its assets as its loan portfolio grows. It also has an integrated control framework encompassing operational risk management and control, anti-money laundering and compliance and corporate and information security.
- ***Track record of profitable growth while reducing risk.*** Bank of Georgia Group's gross loans have increased from GEL 5,567.8 million as of 31 December 2015 to GEL 8,020.8 million, as of 31 December 2017, or by 44.1%, and client deposits and notes have increased from GEL 5,011.3 million as of 31 December 2015 to GEL 7,078.1 million, as of 31 December 2017, or by 41.2%. From the year ended 31 December 2015 to the year ended 31 December 2017, Bank of Georgia Group's profit grew from GEL 261.8 million for the year ended 31 December 2015 to GEL 369.5 million for the year ended 31 December 2017 and ROAE increased from 21.7% to 25.6%. From 31 December 2015 to 31 December 2017, Bank of Georgia Group's cost of risk d from 2.9% to 2.1% and Bank of Georgia Group's consolidated currency-blended loan yield decreased from 15.7% to 13.5%. The Bank of Georgia Group management believe that the Bank's platform will allow it to continue to increase the scale of its businesses at relatively low marginal costs while further reducing portfolio risk.
- ***Galt & Taggart is a market leader in the region for investment banking.*** Galt & Taggart is a market leader in investment banking. Since 2014, the company has underwritten more than GEL 1.0 billion of local bond issuances and it regularly provides research papers on the Georgian market, as well as Ukraine, Azerbaijan, Armenia and Kazakhstan. It also regularly participates in debt financing syndications.
- ***Experienced management with a deep understanding of the local market.*** Bank of Georgia Group PLC's senior management team is comprised of experienced, primarily Western-educated and trained professionals with significant domestic banking and international investment banking expertise. Since the appointment of the majority of the current management team in the fourth quarter of 2004, the Bank has grown approximately 34.0 times in asset size, while maintaining an emphasis on asset quality and conservative risk management policies; increased its total market share, measured by total assets, from 19.0% to 34.4%; diversified its business; established itself as a borrower in the international markets; attracted new institutional equity investors (at the level of its parent company); and strengthened its transparency and corporate governance policies and procedures. Bank of Georgia Group Directors believe that these factors, together with its strong understanding of the Georgian market and the local financial services sector, have allowed it to respond rapidly and positively to market developments.
- ***Shareholder aligned remuneration policy.*** Bank of Georgia Group's remuneration policy follows the model implemented by the Existing BGEO Group, and is aligned with its long term development strategy and the value creation interests of its shareholders. Bank of Georgia Group's remuneration policy stipulates that the salaries of Bank of Georgia Group's senior managers are heavily weighted towards deferred share remuneration and does not allow discretionary bonuses for senior managers to be paid in cash.
- ***Transparency and robust corporate governance.*** Following the Demerger the Bank of Georgia Group will in effect be the successor to the Existing BGEO Group. BGEO Group PLC has, and Bank of Georgia Group will continue to have, a culture of transparency and has been complying with the obligations applicable to it under the UK Listing Authority Listing Rules and Disclosure Guidance and Transparency Rules since November 2006, when the Bank became the first Georgian entity to list its global depositary receipts ("GDRs") on the London Stock Exchange. Moreover, BGEO Group PLC has complied in all material respects with the robust corporate governance standards for a premium listed company since 2011, when its shares were admitted to the premium segment of the Official List and to trading on the London Stock Exchange's main market for listed securities. BGEO Group PLC supplements compliance with these requirements with a robust internal corporate governance policy. The Bank of Georgia Group Board is comprised of seven directors, five (with the exception of the CEO and the Chairman, the latter was considered independent on appointment) of whom are considered to be independent non-executive directors. Several members of the Board have experience at the Existing BGEO Group level, including the chairman, CEO and four independent non-executive directors. All members of the Board have relevant backgrounds, including in banking and financial services, asset management, accounting, corporate law and management consulting.

Bank of Georgia Group sets the strategy for the Bank and its high standards of governance, as well as those ingrained within BGEO Group PLC and the Bank. The Bank therefore also maintains high standards of governance and transparency.

- **Strong institutional investor support.** Bank of Georgia Group's current ultimate parent company, BGEO Group PLC, has strong institutional investor support with shareholdings of 8.43%, 4.97%, 4.94% and 3.52% held by Harding Loevner LP, Schroder Investment Management, Standard Life Aberdeen plc and LGM Investments Ltd, respectively, as of 31 December 2017.

Strategy

Bank of Georgia Group's strategy for its Banking Business remains consistent with that of its predecessor, BGEO Group PLC. It will continue to strive to benefit from the underpenetrated banking sector in Georgia. In particular, it will focus on the following strategic goals:

- **Increase its product to client ratio.** The Bank aims to increase its product to client ratio in its mass retail segment from 1.8 as at 31 December 2017 to 3.0 by the end of 2019 by shifting to a client-centric model, which includes rolling out branches redesigned in consultation with a global management consulting firm; providing a more client-centric service by training front office personnel to sell and service Bank of Georgia Group's entire product range and freeing up their time by moving processes that are not client-facing to the back office; and developing client-centric digital channels.
- **Grow its Solo and SME businesses.** The Bank currently has over 32,000 Solo clients and intends to increase this number of clients in the mass affluent segment to 40,000 by the end of 2019 and generate customer loyalty by improving the Solo offering. The Bank also intends to increase the number of its SME customers and continue to cross-sell Solo banking services to the owners and executives of its SME customers, and Retail Banking services to their employees. The Bank is in the process of identifying premium SME customers (based on their turnover, size of loans and deposits, payroll and customers with growth potential) and will assign relationship managers to these accounts where appropriate. The Bank is also in the process of mapping its Solo customer relationships and obtaining data to enable it to better tailor its services to customers, improving customer service through its own network and referrals and improving efficiency in terms of the number of customers per banker. It is also considering opening new lounge style branches to appeal to younger customers as well as new digital banking applications, incentives such as health checks for leading clients, platinum American Express cards and separate packages with differential pricing models.
- **Grow fee income.** The Bank aims to focus on further increasing fees and commission income from corporate investment banking customers, and in particular from its trade finance franchise, which the Bank believes is the strongest in the region.
- **Become regional private banking hub.** Bank of Georgia Group's investment (wealth) management business provides a private banking services to high net worth individuals from up to 75 countries and offers investment (wealth) management products internationally through representative offices in London, Budapest, Istanbul, Tel Aviv and Limassol. This business leverages the Bank's knowledge and capabilities in the Georgian and neighbouring markets in terms of research and expertise. Bank of Georgia Group PLC believes that Georgia is well placed to become the regional private banking hub due to its relatively sophisticated regulatory system, (including anti money laundering legislation which requires reporting entities (including commercial banks) to monitor and report suspicious transactions and cash transaction reports which exceed GEL 30,000 (or the foreign currency equivalent)), high standards of customer protection and favourable tax laws.

The key elements of the Bank's business strategy are set out below:

- **Gain leading position in the growing and still under-penetrated Georgian banking market.** The Bank intends to continue to focus on growth, with particular emphasis on retail banking, however, with the balanced growth both in retail and corporate investment banking. It had and has set a target loan portfolio comprising 65% retail and 35% corporate loans, which it has already achieved as of December 2017. The Bank believes that customer acquisition phase of its development is largely completed and is now focused on increasing the "share of wallet", or product to client ratio. The Bank intends to increase its mass retail product-per-client ratio from 1.8 as of 31 December 2017 to 3.0 as of 31 December 2019 through an expanded product offering and cross-selling. The Bank plans to continue to invest in Information Technology

("IT") and in its payment business, as demonstrated by the launch of a mobile banking application in May 2017, which enables users to, amongst other things, check their balance and transfer funds on their mobile devices. The Bank of Georgia Group management believe that the app will help attract new Express customers and that a significant portion of customers will become Express customers over time, enabling its flagship branches to focus on value-added services. Bank of Georgia Group also intends to increase its market share in the mass affluent segment through its Solo offering over the next two to three years. Bank of Georgia Group intends to increase the number of Solo customers to approximately 40,000 by the end of 2019.

Bank of Georgia Group's corporate banking business will also seek to increase its ROAE and decrease the cost of credit risk by syndicating its loans and assisting corporate clients to replace bank debt with locally-listed bond issuances through Galt & Taggart. The Bank also aims to focus on further increasing fees from its trade finance franchise, which the Bank of Georgia Group Directors believes is the strongest in the region. As Georgia has a pay-as-you-go pension system, Bank of Georgia Group believes that the Bank's international wealth management franchise can benefit by focusing on the distribution of local debt. Bank of Georgia Group estimates that approximately 70% of the demand for local debt issuances has come from international wealth management clients. The Bank of Georgia Group Directors believe that further enlarging the Bank's international wealth management franchise will be critical to the Bank's strategy of building local capital markets.

- ***Increase the Bank's loan portfolio while maintaining asset quality.*** The Bank will seek to expand its loan portfolio and deposit base by expanding its retail and corporate investment banking portfolios, capturing a part of the previously unbanked or underbanked population and targeting mass affluent customers (that is, customers with a monthly income in excess of GEL 3,000 who are not investment (wealth) management customers) and SME customers (that is, businesses that have a total annual turnover of less than GEL 5.0 million and/or that are applying to borrow up to US\$500,000). The Bank's risk management system is based on the principle of continually assessing risk throughout the life of any operation. The Bank targets ongoing monitoring and control to make efficient adjustments in case of any negative changes in the conditions on which the preliminary risk assessment was made. The Bank determines acceptable levels of risk and continuously analyses the efficiency of its risk management system.
- ***Improve cost and operating efficiency.*** Bank of Georgia Group's cost to income ratio increased from 35.5% in the year ended 31 December 2015 to 37.7% for the year ended 31 December 2017. Bank of Georgia Group is continuing to invest in IT. The Bank has also invested in an automated loan collection system to enable it to manage its overdue loans portfolio effectively and to improve debt collection rates. The system is also able to automatically generate notifications of overdue payments in respect of retail banking customers. The Bank of Georgia Group Directors believe that these developments have led to improvements to its loan monitoring and collection capability and assist the Bank to sell additional products to its customers while further reducing the back office function. In line with the Bank's aim to further improve its cost efficiency, the Bank intends to continue and is focusing on expanding its Express Banking strategy, which entails the roll-out of cost-efficient smaller express branches to further shift towards electronic channels and away from standard and flagship branches. The Bank of Georgia Group Director's consider the acquisition of Privatbank in 2015 to have been in line with the Express growth strategy.

Industry Overview

The Georgian financial sector consists mainly of Georgian banks, non-bank depository institutions and microfinance organisations. Non-bank depository institutions and microfinance organisations provide only limited banking services, such as accepting deposits from and issuing loans to their members only (in the case of non-bank depository institutions), or issuing micro-loans (in the case of microfinance organisations), while banks provide a wide range of banking services. The NBG is the regulator of the financial sector supervising the banking sector and the securities market. The responsibilities of the NBG in relation to the supervision of commercial banks include issuing licences, establishing mandatory financial ratios, regulating accounting and reporting rules and supervising compliance with laws and regulations. Generally, all credit institutions in Georgia are required to be licenced or registered by the NBG. The NBG is Georgia's central bank and it establishes minimum reserve requirements for commercial banks. The NBG also establishes Georgian

monetary policy, controls inflation, issues money and ensures the effective functioning of payment systems.

As of 31 December 2017, there were 16 commercial banks operating in Georgia, 15 of which had foreign capital participation. According to information published by the NBG (based on data provided to the NBG by Georgian banks), as of 31 December 2017, the aggregate assets of all banks in Georgia were approximately GEL 34.6 billion (US\$13.3 billion), with the five largest banks accounting for approximately 84.5% of total banking sector assets.

According to the NBG, the total assets of the Georgian commercial banking sector were GEL 34.6 billion (US\$ 13.3 billion) as of 31 December 2017 and GEL 30.1 billion as of 31 December 2016, as compared to GEL 25.2 billion as of 31 December 2015. Aggregate loans granted by Georgian banks were GEL 22.3 billion (US\$ 8.6 billion) as of 31 December 2017 and GEL 18.9 billion as of 31 December 2016, as compared to GEL 16.0 billion as of 31 December 2015, and the ratio of loans to GDP as of 31 December 2017 was 58.7%, as compared to 54.4% as of 31 December 2016, as compared to 49.5% as of 31 December 2015. The aggregate statutory shareholders' equity of Georgian banks was approximately GEL 4.4 billion (US\$ 1.7 billion) as of 31 December 2017 and GEL 4.0 billion as of 31 December 2016, as compared to GEL 3.5 billion as of 31 December 2015. The aggregate profit of Georgian banks was approximately GEL 869.8 million (US \$ 335.5 million) for the year 2017 and GEL 679.1 million as of 31 December 2016, as compared to GEL 537.4 million as of 31 December 2015. The following table sets out certain information regarding the banking sector in Georgia, Russia, Kazakhstan, Ukraine and Turkey as of 31 December 2017.

Country	Loan	Deposit
	penetration	penetration
	(%) GDP (unaudited)	
Georgia	50.5%	45.3%
Russia	54.7%	38.9%
Kazakhstan	44.9%	39.2%
Ukraine	76.1%	52.2%
Turkey	87.6%	63.8%

Source: IMF, Central Banks, Statistical offices

The following table sets out information regarding the Georgian banking sector and the five largest banks in Georgia as a group.

	2017 (unaudited)			2016 (unaudited)			2015 (unaudited)		
	Five largest Georgian banks	Total Georgian banking sector	Five largest banks as a % of sector	Five largest Georgian banks	Total Georgian banking sector	Five largest banks as a % of sector	Five largest Georgian banks	Total Georgian banking sector	Five largest banks as a % of sector
<i>GEL thousands</i>									
Total assets	29,229,611	34,593,510	84.5%	24,343,867	30,149,324	80.7%	19,562,748	25,165,414	77.7%
Gross loans	18,699,613	22,300,655	83.9%	15,264,699	18,934,157	80.6%	12,487,312	16,085,900	77.6%
Total deposits, excluding interbank deposits.....	17,452,905	19,782,019	88.2%	14,007,760	16,968,038	82.6%	11,507,935	14,326,071	80.3%
Shareholders' equity.....	3,455,112	4,434,654	77.9%	3,041,069	3,978,220	76.4%	2,576,489	3,512,735	73.4%
Net income.....	760,106	869,798	87.4%	583,606	679,101	85.9%	441,787	537,394	82.2%

Source: NBG

In recent years, the Georgian banking sector has become increasingly competitive. According to the statistics published by the NBG, as of 31 December 2017, there were 16 commercial banks in Georgia (15 of which had foreign capital participation). The Company considers that the Bank's principal competitors are TBC Bank, Liberty Bank, ProCredit Bank and VTB Georgia. The Bank faces particular competition from ProCredit Bank in relation to ProCredit Bank's large market share in SME and micro financing in Georgia. TBC Bank is the Bank's main competitor in the corporate and retail sectors. In addition, both the mortgage market and the market for the provision of financial services to high net worth individuals are highly competitive in Georgia, with some competitors in the mortgage market implementing aggressive pricing policies in order to retain or build their market

share. In Belarus, the Bank also competes with a wide range of local (including state-owned) and international banks.

Despite significant competition, Bank of Georgia Group management believe that the Bank is well placed to retain its dominant market position among the top banks in Georgia that offer a wide range of retail and corporate products and services.

PART B: Information on Bank of Georgia Group PLC

1. Incorporation, registered office and activity

Bank of Georgia Group PLC was incorporated as a private limited company on 15 August 2017 with the name Bank of Georgia Group Limited and registered in England and Wales with registered number 10917019, and registered as a public limited company on 7 February 2018 with its current name (Bank of Georgia Group PLC). Since the date of its incorporation, Bank of Georgia Group PLC has operated in conformity with its constitution. The Bank of Georgia Group Shares conform with the laws of England and Wales and the issuance of the Bank of Georgia Group Shares was duly authorised according to the requirements of Bank of Georgia Group PLC's constitution. All necessary statutory and other consents have been obtained.

Bank of Georgia Group PLC's registered office and principal place of business is at 84 Brook Street, London, W1K 5EH and its telephone number is +44 (0) 203 178 4052. The principal laws and legislation under which the Bank of Georgia Group PLC operates and under which the Bank of Georgia Group Shares have been allotted and issued are the Companies Act and regulations made thereunder.

Ernst & Young LLP, whose address is 25 Churchill Place, Canary Wharf, London E14 5EY, is the auditor of Bank of Georgia Group PLC, and has been the only auditor of Bank of Georgia Group PLC since its incorporation. Ernst & Young LLP is registered to perform audit work by the Institute of Chartered Accountants in England and Wales and its registered office is 1 More Place, London, SE1 2AF.

2. Corporate Resolutions and Share Capital

Share Capital

On incorporation, the Bank of Georgia Group's share capital consisted of one ordinary share with a par value of £1.00 which was issued, fully paid. The Company also issued one additional ordinary share with a par value of £1.00 shortly after incorporation (together, the "**Bank of Georgia Group Subscriber Shares**").

On 15 December 2017, 49,999 redeemable deferred shares of £1.00 each (the "**Bank of Georgia Group Redeemable Deferred Shares**") were issued at par value credited as fully paid.

Following the Scheme Effective Time, it is intended that the Bank of Georgia Group Subscriber Shares will be bought back and cancelled, and the Bank of Georgia Group Redeemable Deferred Shares will be redeemed. The requisite authorities for such steps were approved by the Initial Bank of Georgia Group Shareholders.

Authorities

At a general meeting of Bank of Georgia Group PLC held on 26 March 2018, the Initial Bank of Georgia Group Shareholders resolved, *inter alia*, that:

1. the demerger of the banking business and the investment business of BGEO Group PLC, effected by the insertion of the Company as the new holding company of BGEO Group PLC pursuant to the Scheme (as defined below) and subsequent transfer by the Company of the investment business to Georgia Capital PLC be approved and, in connection with the Scheme and the Demerger:
 - (i) the directors of the Company be authorised and instructed to do or procure to be done all such acts and things on behalf of the Company and any of its subsidiaries as they consider necessary or expedient for the purpose of giving effect to the Scheme and the Demerger; and

- (ii) the entry by the Company into any such documents as the directors of the Company deem to be necessary or desirable for the purpose of giving effect to the Scheme and the Demerger be and are hereby approved and the directors of the Company (or a duly authorised committee of the directors of the Company) be authorised to carry the same into effect;
- 2. the directors of the Company be generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 to allot shares in the Company, at a nominal value to be determined by the directors, as required in connection with the scheme of arrangement proposed to be made under Part 26 of CA 2006 between BGEO Group PLC and its shareholders and approved by BGEO Group PLC and the Company, provided that this resolution 2 will expire on 31 March 2019.
- 3. subject to and conditional on the Demerger becoming effective and JSC Georgia Capital being transferred to Georgia Capital PLC and in addition to the authority granted in resolution 2, the directors of the Company be generally and unconditionally authorised for the purposes of section 551 of CA 2006 to allot shares in the Company up to an aggregate nominal amount of £100,000.00 in connection with the transfer to the Company of the shares in JSC Bank of Georgia and JSC BG Financial held by JSC Georgia Capital in exchange for the issue of new shares in the Company to JSC Georgia Capital, provided that this resolution 3 will expire on 31 March 2019.
- 4. in addition to the authorities in resolutions 2 and 3, above, and conditional and with effect from, the Scheme becoming effective, the directors of the Company be and are hereby generally and unconditionally authorised to capitalise the full amount standing to the credit of the merger reserve (if any) established by the Company in connection with the Scheme and the directors be and are hereby unconditionally authorised to apply the sum so capitalised in issuing Class C Shares to the registered holders of ordinary shares of the Company in the same proportions in which sum would have been divisible among them if it were distributed by way of a dividend and applying such sum on their behalf in paying up in full such Class C Shares and to allot such shares at a nominal value of £0.01 *pro rata* to such holders (or if the Company so determines, to such person as the Company may procure as a nominee for such holders) credited as fully paid with fractional entitlements to Class C Shares to be aggregated into whole Class C Shares and dealt with by the directors as they see fit, with the Class C Shares having the rights and subject to the conditions below:
 - (i) the holder(s) of Class C Shares shall have no right to receive any dividend or other distribution whether of capital or income;
 - (ii) the holder(s) of Class C Shares shall have no right to receive notice of or to attend or vote at any general meeting of the Company's shareholders;
 - (iii) the holder(s) of Class C Shares shall, on a return of capital on a liquidation, but not otherwise, be entitled to receive the nominal amount of each such share but only after the holder of each ordinary share shall have received the amount paid up or credited as paid up on such ordinary share together with the sum of £100,000 on each such ordinary share;
 - (iv) except as provided by (iii), the holder(s) of Class C Shares shall not be entitled to any further participation in the assets or profits of the Company;
 - (v) the holder(s) of Class C Shares shall not be entitled to and shall not receive a share certificate in respect of the Class C Shares;
 - (vi) the Company may at its discretion and any time, without prior notice, redeem some or all of the Class C Shares then in issue, in each case for a total aggregate price not exceeding £0.01 for all such Class C Shares so redeemed, and where some but not all of the Class C Shares then in issue are redeemed in part, for a total aggregate price not exceeding £0.01 in aggregate for such redemption. Upon redemption all such Class C Shares shall be immediately and automatically cancelled;
 - (vii) a reduction by the Company of the capital paid up or credited as paid up on the Class C Shares and the cancellation of such shares will be treated as being in accordance with the rights attaching to the Class C Shares and will not involve a variation of such rights for any purpose. The Company will be authorised at any time without obtaining the consent of the holder(s) of Class C Shares to reduce its capital (in accordance with the CA 2006).

5. in addition to the authorities in resolutions 2, 3 and 4, above, and conditional on and with effect from the Scheme, (as defined above) becoming effective, the directors be and are generally and unconditionally authorised for the purpose of section 551 of CA 2006 to exercise all the powers of the Company to allot shares in the Company or to grant rights to subscribe for or to convert any security into shares in the Company (“**Rights**”):

- (a) up to an aggregate nominal amount of £593,638,894.05 before the Reduction of Capital (defined below) has become effective and £163,898.09 thereafter (representing 16,389,809 ordinary shares, which represents approximately one-third of the Company’s expected issued ordinary share capital following the exercise of the authorities granted pursuant to resolutions 2 and 3, above); and
- (b) in addition to the amount referred to in paragraph (a) above up to an aggregate nominal amount of £593,638,894.05 before the Reduction of Capital (defined below) has become effective and £163,898.09 thereafter (representing 16,389,809 ordinary shares, which represents approximately one-third of the Company’s expected issued ordinary share capital following the exercise of the authorities granted by resolutions 2 and 3, above) in connection with an offer by way of a rights issue to:
 - (i) holders of ordinary shares made in proportion (as nearly as practicable) to their respective existing holdings of ordinary shares; and
 - (ii) holders of other equity securities of any class if this is required by the rights attaching to those securities or, if the directors consider it necessary, as permitted by the rights attaching to those securities,

subject to the directors having a right to make such exclusions or other arrangements as they consider necessary or expedient to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems arising in, or under the laws of, any territory or any other matter,

for a period expiring at the conclusion of the Company’s next annual general meeting (or at close of business on 23 June 2019, if earlier) save that the Company may before the expiry of this authority make an offer and/or enter into an agreement which would, or might, require shares to be allotted or Rights to be granted after the authority granted by this resolution 5 expires and the directors may allot shares or grant Rights to subscribe for or convert a security into shares as if the authority conferred by this resolution had not expired.

6. conditional on and with effect from the Scheme becoming effective, in accordance with section 366 and 367 of the CA 2006, the Company and all of its subsidiaries at any time during the period for which this resolution has effect, be generally and unconditionally authorised to:

- (i) make donations to political parties or independent election candidates, not exceeding £100,000 in total;
- (ii) make donations to political organisations other than political parties, not exceeding £100,000 in total; and
- (iii) incur political expenditure, not exceeding £50,000 in total,

during the period beginning with the date of the passing of the resolution and expiring at the conclusion of the Company’s annual general meeting in 2019 (unless this authority has been otherwise renewed, revoked or varied by the Company in a general meeting) and provided that the aggregate amount of political donations and political expenditure so made or incurred by the Company and its subsidiaries shall not exceed £100,000.

Any terms used in this resolution 6 which are defined in part 14 of CA 2006 shall have the same meaning in this resolution 6.

7. conditional on and with effect from the Scheme, the establishment of the share plan (circulated with this resolution marked “A”) be approved and:

- (i) the directors of the Company and/or the remuneration committee of the Company be and are hereby authorised to make such amendments to the share plan as they consider necessary or desirable and to do all things necessary or expedient to carry the share plan into effect; and

- (ii) the remuneration committee of the Company be and is hereby authorised to recommend awards be granted over shares in the Company pursuant to and in accordance with the share plan or any part of it; and
 - (iii) the directors of the Company and/or the remuneration committee of the Company be and are hereby approved to make recommendations to JSC Bank of Georgia on the administration of the share plan; and
 - (iv) the directors of the Company be and are hereby authorised to establish further employee share plans based on the share plan, but modified to take account of local tax, exchange control or securities laws in any overseas jurisdiction provided that the shares made available under such further employee share plans are treated as counting towards the limits on participation in the share plan.
8. the Company be authorised to appear by Counsel at all necessary Court hearings and to undertake to the Court to be bound by the Scheme and the directors be authorised to execute and do or procure to be executed and done all such documents, acts and things as may be necessary or done by it for the purposes of giving effect to the Scheme.
 9. conditional on and with effect from immediately prior to the admission of the Company to the FCA's Official List and to trading on the London Stock Exchange, the articles of association of the Company contained in the document produced to the general meeting and initialled by the chairman of the meeting be adopted as the new articles of association of the Company in substitution for, and to the exclusion of, all the Company's existing articles of association.
 10. subject to the passing of resolution 5 above, the directors be generally empowered pursuant to sections 570 and 573 of CA 2006 to allot equity securities (within the meaning of section 560(1) of CA 2006) for cash pursuant to the authority conferred by resolution 5, and/or to sell treasury shares, as if section 561 of CA 2006 did not apply to any such allotment or sale, provided that the power conferred by this resolution 10 shall be limited to:
 - (a) to the allotment of equity securities for cash and/or sale of treasury shares in connection with an offer of, or invitation to apply for, equity securities:
 - (i) to ordinary shareholders in proportion (as nearly as practicable) (to their respective existing holdings of ordinary shares held by them on the relevant record date); and
 - (ii) to holders of other equity securities, as required by the rights attaching to those securities, or if the directors otherwise consider it necessary as permitted by the rights attaching to those securities,

but so long as the directors may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter whatsoever; and
 - (b) the allotment of equity securities for cash and/or sale of treasury shares (otherwise than under paragraph a) above) up to a nominal amount of £89,045,834.11 before the Reduction of Capital (defined below) has become effective and £24,584.71 thereafter (being approximately 2,458,471 ordinary shares, which represent approximately 5% of the Company's expected issued ordinary share capital following the exercise of the authorities granted resolutions 2 and 3 above),

such authority to expire at the conclusion of the Company's next annual general meeting ("AGM") in 2019 or, if earlier, at the close of business on 23 June 2019, being 15 months after the date of the forthcoming AGM), save that in each case, prior to its expiry, the Company may make an offer, and/or enter into an agreement, which would, or might, require equity securities to be allotted (and/or treasury shares to be sold) after this authority expires and the directors may allot equity securities (and/or sell treasury shares) under any such offer or agreement as if the authority given by this resolution had not expired.
 11. subject to the passing of resolution 5 above, the directors be generally empowered, in addition to any authority granted under resolution 5, pursuant to sections 570 and 573 of CA 2006 to allot equity securities (within the meaning of section 560(1) of CA 2006) for cash pursuant to the authority conferred by resolution 5, and/or to sell treasury shares, as if section 561 of CA 2006 did not apply to any such allotment or sale provided that the power conferred by this resolution shall be:

- (a) limited to the allotment of equity securities for cash and/or sale of treasury shares, up to a nominal amount not exceeding in aggregate £89,045,834.11 before the Reduction of Capital (defined below) has become effective and £24,584.71 thereafter (representing 2,458,471 ordinary shares, which represents approximately 5% of the Company's expected issued ordinary share capital following the exercise of the authorities granted by resolutions 2 and 3 above); and
- (b) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Board of the Company determines to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice,

provided that the powers conferred by this resolution 11 will expire at the Company's next AGM (or at close of business on 23 June 2019, if earlier) save that, in each case, the Company may before the expiry of such powers make an offer or agreement which would or might require equity securities to be allotted and/or treasury shares to be sold after such authority expires and the directors may allot equity securities and/or sell treasury shares in pursuance of such offer or agreement as if the powers conferred by this resolution 11 had not expired.

12. conditional on and with effect from the Scheme becoming effective in accordance with its terms, the share capital of the Company be reduced by:

- (i) cancelling and extinguishing paid-up capital on each of the Company shares in issue immediately prior to the confirmation by the court of the capital reduction to the extent that the amount paid up on each such Company share immediately following such cancellation shall be £0.01;

and in respect of the paid-up capital cancelled pursuant to paragraph (i) above:

(A) part thereof be repaid, which repayment shall be satisfied by the transfer by the Company to Georgia Capital PLC of the entire issued share capital of JSC Georgia Capital Group, in consideration of the allotment and issue by Georgia Capital PLC to the Company's shareholders of 1 Georgia Capital share credited as fully paid for every 1 share in the Company held by the Company shareholders at the time the Demerger becomes effective; and

(B) the balance (if any) thereof be retained by the Company and transferred to the reserves of the Company to be available for future distributions by the Company from time to time or applied by the Company from time to time toward any other lawful purpose to which such reserves may be applied; and

- (ii) reducing the nominal value of each of the shares to £0.01; and
- (iii) cancelling the Class C Shares in issue (if any) immediately prior to the confirmation by the court of the capital reduction issued and allotted pursuant to the authority conferred by resolution 4 without payment of any amount in respect thereof to the holders of such Class C Shares;

(i) to (iii) being the "**Reduction of Capital**".

13. conditional on and with effect from the Scheme becoming effective, pursuant to the Company's articles of association adopted pursuant to resolution 9, the Company be generally and unconditionally authorised for the purpose of section 701 of the CA 2006 to make market purchases (as defined in section 693 of the CA 2006) of Company's shares, on such terms and in such manner as the directors of the Company may from time to time determine, and where such shares are held as treasury shares, the Company may use them for the purposes of its employee share schemes, provided that:

- (i) the maximum number of shares which may be purchased is 4,916,943 (representing approximately 10% of the Company's expected issued ordinary share capital following the exercise of the authorities granted by resolutions 2 and 3, being 49,169,431);
- (ii) the minimum price (exclusive of expenses) which may be paid for each ordinary share is £0.01;
- (iii) the maximum price (exclusive of expenses) which may be paid for each share is the higher of:

- (A) 105 per cent. of the average of the middle-market price of an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which such ordinary share is contracted to be purchased; and
- (B) an amount equal to the higher of the price of the last independent trade of shares and the highest current independent purchase bid for an ordinary share as derived from the London Stock Exchange Trading System at the time the purchase is carried out,

such authority to expire (unless varied, revoked or removed prior to such time) at the conclusion of Company's AGM in 2019 or, if earlier, at the close of business on 23 June 2019, being 15 months after the date of the resolution save that the Company may before the expiry of this authority make a contract to purchase ordinary shares which will or might be expected wholly, or partly, after the expiry of this authority and may make a purchase of ordinary shares in pursuance of such contract as if the authority conferred by this resolution had not expired.

Bank of Georgia Group PLC share capital

At the date of this Circular, the issued and fully paid share capital of Bank of Georgia Group PLC is as follows:

Class of share	Number of shares in issue	Total nominal value
Bank of Georgia Group Subscriber Share with a par value of £1.00	2	£2.00
Bank of Georgia Group Redeemable Deferred Shares with a par value of £1.00	49,999	£49,999

Following the Scheme Effective Time the issued and fully paid share capital of Bank of Georgia Group PLC, following Bank of Georgia Group Admission (before the Bank of Georgia Group Capital Reduction becomes effective pursuant to the Demerger), is expected to be as follows (on the assumption that no new BGEO Group PLC or the Bank of Georgia Group Shares will be issued between the date of this Circular and the Scheme Effective Time):

Class of share	Number of shares in issue	Total nominal value⁽¹⁾
Bank of Georgia Group Shares	39,384,714	£1,426,514,341
Bank of Georgia Group Redeemable Deferred Shares	49,999	£49,999

(1) Indicative only

As at the date of this Circular, BGEO Group PLC does not hold any Shares in treasury. As at the date of this Circular, Bank of Georgia Group PLC does not hold any Bank of Georgia Group Shares in treasury.

No commissions, discounts, brokerages or other special terms have been granted in respect of the issue of any share capital of Bank of Georgia Group PLC. Bank of Georgia Group PLC will be subject to the continuing obligations of the FCA and UK company law with regard to the issue of shares for cash. The provisions of section 561(1) of the Companies Act (which confer on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash other than by way of allotment to employees under an employees' share scheme as defined in section 1166 of the Companies Act) apply to the issue of shares in the capital of Bank of Georgia Group PLC except to the extent such provisions have been disappplied.

Application will be made to the UK Listing Authority and the London Stock Exchange for up to 49,169,428 Bank of Georgia Group Shares to be admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange's market for listed securities, respectively. As at the date of this Circular, no Bank of Georgia Group Shares are admitted to trading on a regulated market. If the Scheme proceeds as currently envisaged, it is expected that Bank of Georgia Group Admission will become effective, and that dealings in the Bank of Georgia Group Shares will commence on the London Stock Exchange, at 8.00 a.m. (London time) on 21 May 2018. The Bank

of Georgia Group Shares have not been marketed to, and are not available in whole or in part for purchase by, the public in the United Kingdom or elsewhere in connection with the introduction of the Bank of Georgia Group Shares to the premium listing segment of the Official List. No application has been or is currently intended to be made for the Bank of Georgia Group Shares to be admitted to listing elsewhere or dealt in on any other exchange.

The Bank of Georgia Group Shares are in registered form and capable of being held in certificated or uncertificated form. Application has been made to Euroclear for the Bank of Georgia Group Shares to be enabled for dealings through CREST as a participating security. No temporary documents of title will be issued. The International Securities Identification Number (ISIN) for the Bank of Georgia Group Shares is GB00BF4HYT85.

3. Summary of differences between BGEO Group PLC and Bank of Georgia Group PLC Articles

Bank of Georgia Group Articles will be substantially identical to BGEO Group PLC Articles with the exception of:

- the Bank of Georgia Group Articles will permit the Bank of Georgia Group Directors to call general meetings either as physical only general meetings or as combined electronic and physical general meetings. A combined electronic and physical general meeting will allow for general meetings to be held and conducted in such a way that persons not present together could participate and vote in the general meeting using electronic means. If a combined physical and electronic meeting was to be called by the Bank of Georgia Group Directors, this would be explained in the notice of meeting;
- a provision will be included in the Bank of Georgia Group PLC Articles which will enable the Bank of Georgia Group Directors to pay shareholders by cheque or assured payment obligation rather than allot and issue a Bank of Georgia Group Share to them (at the Scheme Effective Time only) where to issue a share to them would or could put Bank of Georgia Group PLC in breach of overseas securities laws;
- given the change in the interest rate environment since the BGEO Group PLC Articles were adopted, the interest rate due from shareholders when a call is made on shares or shares are forfeited will be reduced from 15 per cent. to a rate not exceeding the Bank of England base rate by 5 per cent.;
- the Bank of Georgia Group Articles will no longer enable Bank of Georgia Group to issue share warrants as the ability for UK Companies to issue bearer shares was abolished in 2015;
- The proportional voting mechanism will operate in respect of all votes at general meetings of Bank of Georgia Group PLC other than in relation to Excluded Resolutions (defined below), as follows:
 - on a resolution proposed to a general meeting, all shareholders of Bank of Georgia Group PLC (other than Georgia Capital PLC and its Concert Parties) will be entitled to vote their shares in Bank of Georgia Group PLC at their discretion on a poll vote at a general meeting of Bank of Georgia Group PLC (each an “**Initial Vote**”); and
 - following the closing of the Initial Vote(s), the poll will as soon as possible thereafter reopen for the sole purpose of enabling the Proportional Voting Shares to be voted in each case proportionally (calculated to two decimal places) in accordance with the votes cast on each resolution on an Initial Vote (the “**Proportional Voting Mechanism**”).
 - irrespective of the percentage of Bank of Georgia Group Shares voted on any Initial Vote, all of the Proportional Voting Shares will be voted in accordance with the Proportional Voting Mechanism.

In respect of the Proportional Voting Mechanism, it should be noted that:

- The requirement for Georgia Capital PLC and its Concert Parties to vote the Proportional Voting Shares in general meetings of Bank of Georgia Group PLC in accordance with the Proportional Voting Mechanism, will only apply for so long as the aggregate shareholding of Georgia Capital PLC and its Concert Parties in Bank of Georgia Group is greater than the Floor. If, for any reason whatsoever, their aggregate shareholding falls to or below the Floor, their shareholding will cease to constitute Proportional Voting Shares, the Proportional Voting Mechanism will cease to apply, and Georgia Capital and its Concert Parties will be entitled to vote their shares in general meetings of Bank of Georgia Group PLC at their discretion.

- Bank of Georgia Group shareholders should note that the requirement to vote the Proportional Voting Shares in general meetings of Bank of Georgia Group PLC in accordance with the Proportional Voting Mechanism will not apply where Georgia Capital PLC and its Concert Parties would themselves be prohibited from voting on the relevant resolution (an “**Excluded Resolution**”) under applicable law or regulation, in which case the Proportional Voting Shares will not be voted at all. For example, Georgia Capital PLC will be a related party of Bank of Georgia Group on Bank of Georgia Group Admission under Listing Rule 11. If Bank of Georgia Group PLC and Georgia Capital PLC were to enter into any agreement which would be a related party transaction, and which required a shareholder vote in accordance with LR11.1.7(3), Georgia Capital PLC and its Concert Parties would be prohibited from voting their shares on the relevant resolution by virtue of LR11.1.7(4) and the Proportional Voting Mechanism would not apply, and, the Proportional Voting Shares would not be voted on that resolution. In addition to Excluded Resolutions, the Proportional Voting Mechanism will not apply on any vote of Bank of Georgia Group Shareholders at a Court Meeting for a takeover offer implemented by way of a Scheme of Arrangement.

4. Mandatory takeover bids, squeeze-out and sell-out rules

General

Following Admission, Bank of Georgia Group PLC will be subject to the provisions of the Code, including the rules regarding mandatory takeover offers set out in the Code. Under Rule 9 of the Code, when (i) a person acquires shares which, when taken together with shares already held by him or persons acting in concert with him (as defined in the Code), carry 30 per cent. or more of the voting rights of a company subject to the Code or (ii) any person who, together with persons acting in concert with him, holds not less than 30 per cent. but not more than 50 per cent. of the voting rights of a company subject to the Code, and such person, or any person acting in concert with him, acquires additional shares which increases his percentage of the voting rights in the company, then, in either case, that person, together with the persons acting in concert with him, is normally required to make a general offer in cash, at the highest price paid by him or any person acting in concert with him for shares in the company within the preceding 12 months, for all of the remaining equity share capital of the company.

The Bank of Georgia Group Shares will also be subject to the compulsory acquisition procedures set out in sections 979 to 991 of the Companies Act. Under section 979 of the Companies Act, where an offeror makes a takeover offer and has, by virtue of acceptances of the offer, acquired or unconditionally contracted to acquire not less than 90 per cent. of the shares to which the offer relates and, in a case where the shares to which the offer relates are voting shares, not less than 90 per cent. of the voting rights carried by those shares, that offeror is entitled to compulsorily acquire the shares of any holder who has not accepted the offer on the terms of the offer.

Other than as provided by the Companies Act and the Code, there are no rules or provisions relating to mandatory bids and/or squeeze-out and sell-out rules in relation to the Bank of Georgia Group Shares.

Since Bank of Georgia Group PLC’s incorporation, there has been no takeover offer (within the meaning of Part 28 of the Companies Act) for any Georgia Capital Shares.

Proportional Voting

Bank of Georgia Group PLC is subject to the UK Takeover Code. The Panel Executive has confirmed that, for so long as the Proportional Voting Mechanism applies, shareholders in Bank of Georgia Group PLC other than Georgia Capital PLC and its Concert Parties will be treated for the purposes of the Takeover Code as being interested in such number of the Proportional Voting Shares as is represented by the percentage of the Bank of Georgia Group Shares in issue in which they are interested (excluding the Proportional Voting Shares). By way of example, a Bank of Georgia Group Shareholder, other than Georgia Capital PLC and its Concert Parties, who holds 2.00% of all of the Bank of Georgia Group Shares in issue, will be treated for the purposes of the Takeover Code as being interested in:

- a) the 2.00% of the Bank of Georgia Group Shares in issue which they hold; and
- b) in addition, on the basis that the Proportional Voting Shares represent 19.90% of Bank of Georgia Group Shares, a further interest in 0.50% of the Proportional Voting Shares held by Georgia Capital PLC and its Concert Parties. This represents a corresponding 2.00% interest in Georgia Capital PLC’s 19.90% stake in Bank of Georgia Group PLC, calculated as follows:

- i) subtracting the Bank of Georgia Group Shares held by Georgia Capital PLC and its Concert Parties from the total Bank of Georgia Group Shares (100% – 19.90% = 80.10%);
- ii) dividing 80.10%, being the proportion of Bank of Georgia Group Shares not held by Georgia Capital PLC or its Concert Parties, by 100, to find the voting power of 1.00% of total Bank of Georgia Group Shares when discounting the shares held by Georgia Capital PLC and its Concert Parties (80.10% / 100% = 1.25%). Therefore, for every 1% of Bank of Georgia Group held by a non-Georgia Capital shareholder, they have the voting power of their original 1% stake, and a further interest in 0.25% of the Proportional Voting Shares.

Thus, a non-Georgia Capital shareholder holding 2.00% of Bank of Georgia Group PLC would be treated as interested in 2.50% of the Bank of Georgia Group Shares in issue.

For the avoidance of doubt, the other shareholders in Bank of Georgia Group PLC will not be deemed to have acquired an “interest in” the Proportional Voting Shares for the purposes of rules 6 and 11 of the Takeover Code.

Mandatory offer threshold

Rule 9.1 of the Takeover Code sets out the thresholds at which, except with the consent of the Takeover Panel, any person must make a mandatory offer for all of the shares of a company they do not already own. These thresholds apply where any person:

- a) acquires, whether by a series of transactions over a period of time or not, an interest in shares (taken together with shares in which persons acting in concert with them are interested) carrying 30.00% or more of the voting rights of a company; or
- b) together with persons acting in concert with it, is interested in shares which in the aggregate carry not less than 30.00% of the voting rights of a company but does not hold shares carrying more than 50.00% of such voting rights and such person, or any person acting in concert with it, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which it is interested (each a “**Rule 9 Threshold**”).

In view of the above, Bank of Georgia Group shareholders (other than Georgia Capital PLC and its Concert Parties) should take account of the Proportional Voting Shares in which they will be treated as being interested when considering the application of Rule 9 of the Takeover Code to them. This is because, in practical terms, the Rule 9 Thresholds are effectively reduced for such Bank of Georgia Group Shareholder by the percentage of Proportional Voting Shares held from time to time by Georgia Capital and its Concert Parties in which that Bank of Georgia Group shareholder will be treated as being interested.

For example, assuming the Proportional Voting Shares represent 19.90% of Bank of Georgia Group Shares, an obligation to make a mandatory offer will be triggered:

- a) under Rule 9.1(a) of the Takeover Code, if a person acquires an interest in Bank of Georgia Group Shares (excluding any Proportional Voting Shares) which (taken together with the shares, excluding the Proportional Voting Shares, in which persons acting in concert with it are interested) carry 24.03% or more of Bank of Georgia Group PLC voting rights; and
- b) under Rule 9.1(b) of the Takeover Code, if a person together with persons acting in concert with it, is interested in shares which carry an aggregate of not less than 24.03% of the Bank of Georgia Group PLC voting rights, but does not hold Bank of Georgia Group Shares carrying more than 50.00% of the Bank of Georgia Group voting rights, and such person, or any person acting in concert with it, acquires an interest in any other Bank of Georgia Group shares which increases the percentage of Bank of Georgia Group voting rights in which it is interested,

in each case the relevant percentage threshold, in this example being 24.03% (represented by 11,815,413 Bank of Georgia Group shares as at the date of Exchange), being the “**Effective Rule 9 Threshold**”.

Disclosures by Bank of Georgia Group regarding Proportional Voting Mechanism

Bank of Georgia Group PLC will announce any change in the number and percentage of shares represented by the Proportional Voting Shares and the number and percentage of shares representing the Effective Rule 9 Threshold (defined below) as soon as practicable after being notified of any change in the number of Proportional Voting Shares held by Georgia Capital PLC and its Concert Parties. In addition, Bank of Georgia Group PLC will:

- a) display on its website the announcement relating to the most up to date number and percentage of shares represented by the Proportional Voting Shares and the number and percentage of shares representing the Effective Rule 9 Threshold;
- b) include in its annual report disclosure on the Proportional Voting Mechanism process and the most up to date number and percentage of shares represented by the Proportional Voting Shares and the number and percentage of shares representing the Effective Rule 9 Threshold; and
- c) in each shareholder circular and notice of general meeting, clearly state that the poll votes will be taken in accordance with the Proportional Voting Mechanism.

In order to facilitate the above, when Georgia Capital PLC (and/or its Concert Parties) acquire or dispose of any shares in Bank of Georgia Group PLC they will be obliged to notify Bank of Georgia Group PLC of such acquisition or disposal under the terms of the Demerger Agreement irrespective of whether any such acquisition or disposal would trigger a public disclosure obligation for Bank of Georgia Group and/or its Concert Parties.

Other disclosures

The Proportional Voting Mechanism will have no impact on the disclosures made by Bank of Georgia Group PLC and its shareholders under the Disclosure Guidance and Transparency Rule 5 (“DTR 5”). For the purposes of DTR 5, no shareholder other than Georgia Capital and its Concert Parties will be required to aggregate any of the Proportional Voting Shares in any DTR 5 disclosure made by them in respect of their own shareholding. The existence of the Proportional Voting Shares subject to the Proportional Voting Mechanism does not affect the total voting rights of Bank of Georgia Group PLC pursuant to DTR 5.

The existence of the Proportional Voting Shares subject to the Proportional Voting Mechanism does not affect the disclosure requirements of persons discharging managerial responsibility of Bank of Georgia Group PLC under article 19 of the Market Abuse Regulation 596/2014.

General information on Georgia Capital’s holding in Bank of Georgia Group

The Bank of Georgia Group Shares held by Georgia Capital PLC and its Concert Parties will rank *pari passu* in all respects with all other Bank of Georgia Group Shares and will not constitute a separate class of shares. The Proportional Voting Mechanism shall not affect the rights attaching to the Proportional Voting Shares for the purposes of the Companies Act 2006.

Other than the obligation to vote the Proportional Voting Shares in accordance with Proportional Voting Mechanism in general meetings of Bank of Georgia Group PLC, Georgia Capital PLC and its Concert Parties will be entitled to exercise the rights attaching to the Proportional Voting Shares at their discretion. For example, Georgia Capital PLC, and its Concert Parties:

- a) will retain complete control of whether to dispose of any or all of the Bank of Georgia Group Shares, or increase their holding in Bank of Georgia Group PLC;
- b) will have the same entitlements to dividends as other Bank of Georgia Group Shareholders;
- c) will be able to participate in any further offer (such as a rights issue), or buy backs, of Bank of Georgia Group Shares made by Bank of Georgia Group PLC; and
- d) will have complete discretion as to whether to accept or participate in any takeover bid or merger transaction of or for Bank of Georgia Group PLC however effected, including any partial offer or tender offer. Should Bank of Georgia Group PLC be subject to a takeover offer at any time, Georgia Capital PLC and its Concert Parties would have complete discretion whether to accept that offer. Similarly, on any vote at a Court Meeting for an offer implemented by way of a Scheme of Arrangement, Georgia Capital PLC and its Concert Parties could vote at their discretion at the Court Meeting.

PART VII

**HISTORICAL FINANCIAL INFORMATION RELATING TO
GEORGIA CAPITAL PLC**

The following historical financial information relating to the Investment Business of BGEO Group plc contained in this Part VII has been extracted without material adjustment from the consolidation schedules that underlie the audited consolidated financial statements of BGEO Group plc for the years ended 31 December 2015, 31 December 2016 and 31 December 2017.

The historical financial information contained in this Part VII has been prepared using the International Financial Reporting Standards as adopted by the European Union (“IFRS”) accounting principles used in the preparation of BGEO Group PLC’s consolidated financial statements for the year ended 31 December 2017.

The historical financial information contained in this Part VII does not constitute statutory accounts within the meaning of section 434 of the Companies Act.

You should read the whole of this Circular and not rely solely on the historical financial information set out in this Part VII.

Combined statement of financial position for the three years ending 31 December 2017

	As of 31 December ⁽¹⁾				
	2017	2017-2016	2016	2016-2015	2015
	<i>(thousands of GEL)</i>	<i>Change (%)</i>	<i>(thousands of GEL)</i>	<i>Change (%)</i>	<i>(thousands of GEL)</i>
ASSETS					
Cash and cash equivalents.....	374,299	(6.88)%	401,970	37.21%	292,955
Amounts due from credit institutions	38,141	(78.62)%	178,425	423.72%	34,069
Investment securities.....	33,060	800.33%	3,672	105.83%	1,784
Accounts receivables.....	35,341	(71.10)%	122,300	66.80%	73,321
Insurance premiums receivable.....	30,855	(36.24)%	48,390	18.37%	40,881
Inventories	80,132	(55.37)%	179,534	52.52%	117,713
Investment properties	159,989	14.07%	140,254	26.42%	110,945
Property and equipment.....	657,635	(32.02)%	967,461	108.16%	464,778
Goodwill	21,935	(70.21)%	73,643	85.77%	39,641
Intangible assets	5,457	(71.23)%	18,965	189.98%	6,540
Income tax assets.....	1,374	(69.85)%	4,557	(32.91)%	6,792
Prepayments	88,027	51.46%	58,120	52.96%	37,998
Other assets	73,537	(18.30)%	90,010	(20.92)%	113,824
Assets held for sale.....	1,148,584	—	—	—	—
Total assets	2,784,366	20.16%	2,287,301	70.54%	1,341,241
Accounts payable	46,479	(57.42)%	109,146	147.66%	44,071
Insurance contracts liabilities	46,403	(31.63)%	67,871	21.53%	55,846
Borrowings	657,109	(8.46)%	717,876	403.91%	142,460
Debt securities issued	77,835	(36.34)%	122,263	48.16%	82,522
Income tax liabilities	860	(77.92)%	3,895	(88.66)%	34,334
Deferred income	73,066	(13.81)%	84,770	(17.58)%	102,846
Other liabilities	63,469	(61.37)%	164,303	91.72%	85,699
Liabilities held for sale	619,029	—	—	—	—
Total liabilities	1,584,250	24.73%	1,270,124	131.87%	547,778
Net Assets	1,164,116	14.45%	1,017,177	28.19%	793,463

(1) The balance sheets shown above are unaudited

Combined income statement of for the three years ending 31 December 2017

	For the year ended 31 December ⁽¹⁾				
	2017	2017-2016	2016	2016-2015	2015
	(thousands of GEL)	Change (%)	(thousands of GEL)	Change (%)	(thousands of GEL)
Utility and energy revenue.....	127,569	125.84%	56,486	—	—
Cost of utility and energy	(39,198)	120.14%	(17,806)	—	—
Gross utility and energy profit	88,371	128.47%	38,680	—	—
Real estate revenue	121,153	17.65%	102,974	68.4%	61,150
Cost of real estate	(85,765)	5.75%	(81,098)	104.17%	(39,721)
Gross real estate profit	35,388	61.77%	21,876	2.09%	21,429
Net insurance premiums earned	52,147	20.95%	43,115	5.53%	40,856
Net insurance claims incurred.....	(25,098)	40.54%	(17,858)	(11.22)%	(20,114)
Gross insurance profit	27,049	7.10%	25,257	21.77%	20,742
Beverage revenue.....	55,441	86.09%	29,793	0.90%	29,527
Cost of beverage	(32,313)	110.19%	(15,373)	5.12%	(14,624)
Gross beverage profit	23,128	60.39%	14,420	(3.24)%	14,903
Other income.....	7,435	(11.18)%	8,371	528.93%	1,331
Gross profit.....	181,371	67.00%	108,604	85.95%	58,405
Salaries and other employee benefits.....	(34,548)	112.22%	(16,279)	37.96%	(11,800)
Administrative Expenses.....	(38,351)	82.13%	(21,057)	33.29%	(15,798)
Other operating Expenses	(1,892)	1.56%	(1,863)	407.63%	(367)
Impairment charge on insurance premiums receivable, accounts receivable, other assets and provisions	(3,417)	240.34%	(1,004)	(10.44)%	(1,121)
EBITDA⁽²⁾	103,163	50.82%	68,401	133.30%	29,319
Profit from associates.....	—	—	4,074	0.59%	4,050
Depreciation and amortisation	(28,237)	180.66%	(10,061)	320.43%	(2,393)
Net foreign currency loss	(4,938)	57.66%	(3,132)	(138.39)%	8,158
Interest income.....	12,971	204.48%	4,260	66.21%	2,563
Interest expense.....	(30,014)	121.90%	(13,526)	524.18%	(2,167)
Net operating income before non-recurring items.....	52,945	5.86%	50,016	26.53%	39,530
Net non-recurring items.....	(624)	(101.94)%	32,104	(2,953.69)%	(1,125)
Profit before income tax expense from continuing operations	52,321	(36.29)%	82,120	113.83%	38,405
Income tax benefit (expense).....	(5,749)	(26.41)%	(7,812)	73.60%	(4,500)
Profit for the year from continuing Operations.....	46,572	(37.33)%	74,308	119.17%	33,905
Profit from discontinued operations	47,351	(21.21)%	60,099	309.39%	14,680
Profit for the year.....	93,923	(30.12)%	134,407	176.64%	48,585
Total profit attributable to:					
– shareholders of Georgia Capital.....	69,778	(34.72)%	106,893	136.88%	45,125
– non-controlling interests	24,145	(12.24)%	27,514	695.20%	3,460
Profit from continuing operations attributable to:					
– shareholders of Georgia Capital.....	50,382	(32.07)%	74,170	108.03%	35,653
– non-controlling interests	(3,810)	(2,860.87)%	138	107.89%	(1,748)
Profit from discontinued operations attributable to:					
– shareholders of Georgia Capital.....	19,396	(40.73)%	32,723	245.47%	9,472
– non-controlling interests	27,955	2.11%	27,376	425.65%	5,208
Basic earnings per share:					
– earnings per share from continuing operations	1.7717	(34.72)%	2.7141	136.89%	1.1457
– earnings per share from discontinued operations	1.2792	(32.07)%	1.8832	108.04%	0.9052
earnings per share from discontinued operations.....	0.4925	(40.73)%	0.8309	245.49%	0.2405

(1) The income statements shown above are unaudited.

(2) EBITDA is calculated as profit for the year, before interest, taxes, depreciation and amortisation foreign currency gain/loss, profit from associates and net non-recurring items

PART VIII

UNAUDITED PRO FORMA FINANCIAL INFORMATION

SECTION A UNAUDITED PRO FORMA FINANCIAL INFORMATION

The unaudited *pro forma* statement of net assets as at 31 December 2017 set out below has been prepared to illustrate the impact on the net assets of the Group of the Demerger, settlement of certain financing amounts and the expenses incurred by the Group in implementing the Demerger excluding those incurred by the Investment Business, as if these events had occurred on 31 December 2017.

The unaudited *pro forma* statement of net assets has been prepared on a basis consistent with the accounting policies of the Group as applied in preparing the annual financial statements of the Group for the year ending 31 December 2017 and on the basis set out in the notes below and in accordance with Listing Rule 13.3.3R.

The unaudited *pro forma* statement of net assets has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and, therefore, does not represent the Group's actual financial position or results. It may not, therefore, give a true picture of the Group's financial position or results nor is it indicative of the financial position and performance that may or may not be expected to be achieved in the future.

UNAUDITED PRO FORMA STATEMENT OF NET ASSETS

<i>Thousands of GEL</i>	<i>Adjustments</i>					Pro forma BGEO Group plc net assets at 31 December 2017
	BGEO Group plc net assets at 31 December 2017	Demerger of investment business	Exclusion of Intra-group eliminations	Settlement of financing amounts	Demerger expenses	
	<i>(Note 1)</i>	<i>(Note 2)</i>	<i>(Note 3)</i>	<i>(Note 4)</i>	<i>(Note 5)</i>	
Assets						
Cash and cash equivalents.....	1,582,435	(374,301)	308,267	409,218	(19,286)	1,906,333
Amounts due from credit institutions	1,225,947	(38,141)	28,543	—	—	1,216,349
Investment securities.....	1,564,869	(33,059)	81,949	—	—	1,613,759
Loans to customers and finance lease receivables	7,690,450	—	50,970	—	—	7,741,420
Accounts receivable and other loans.....	38,944	(35,446)	74	—	—	3,572
Insurance premiums receivable.....	30,573	(30,854)	281	—	—	—
Prepayments.....	149,558	(88,057)	—	—	—	61,501
Inventories	100,194	(80,108)	—	—	—	20,086
Investment properties	353,565	(155,367)	4,335	—	—	202,533
Property and equipment.....	988,436	(661,176)	(4,335)	—	—	322,925
Goodwill	55,276	(21,925)	—	—	—	33,351
Intangible assets.....	60,980	(5,455)	—	—	—	55,525
Income tax assets.....	2,293	(1,374)	—	—	—	919
Other assets.....	188,732	(73,468)	4,073	—	—	119,337
Assets of disposal group held for sale.....	1,136,417	(1,165,182)	28,765	—	—	—
Total assets	15,168,669	(2,763,913)	502,922	409,218	(19,286)	13,297,610
Liabilities						
Client deposits and notes.....	6,712,482	—	365,576	—	—	7,078,058
Amounts owed to credit institutions	3,155,839	(377,501)	—	129,610	—	2,907,948
Debt securities issued.....	1,709,152	(357,442)	34,702	279,608	—	1,666,020
Accruals and deferred income	132,669	(90,462)	—	—	—	42,207
Insurance contract liabilities.....	46,402	(46,402)	—	—	—	—
Income tax liabilities.....	20,959	(859)	—	—	—	20,100
Other liabilities	142,133	(92,553)	281	—	—	49,861
Liabilities of disposal group held for sale	516,663	(619,026)	102,363	—	—	—
Total liabilities	12,436,299	(1,584,245)	502,922	409,218	—	11,764,194
Net Assets	2,732,370	(1,179,668)	—	—	(19,286)	1,533,416

- The net assets of the Group for the year ended 31 December 2017 have been extracted without material adjustment from the consolidated audited financial statements of the Group contained in the BGEO Group plc Annual Report for the year ended 31 December 2017.
- The Investment Business financial information has been extracted without material adjustment from the accounting records that support the consolidated audited financial statements for the Group for the year ended 31 December 2017 as set out in the BGEO Group PLC audited financial statements for the year ended 31 December 2017.
- Intra-group eliminations with Investment Business of BGEO Group PLC as at and for the year ended 31 December 2017 has been extracted without material adjustment from the accounting records that support the consolidated audited financial statements for the Group for the year ended 31 December 2017 as set out in the BGEO Group PLC audited financial statements for the year ended 31 December 2017.
- In March JSC Georgia Capital, a company that is part of the Investment Business to be demerged, issued US\$ 300 million 6.125% Notes due March 2024. Proceeds were used by JSC Georgia Capital to repay the loans from JSC BGEO, together with accrued interest, in the amount of US\$ 108 million (GEL 280 million). US\$ 50m (GEL 130 million) of proceeds were lent to the Banking Business. The amounts shown in the *pro forma* statement of net assets are shown as if the repayment and lending had occurred at 31 December 2017.
- The total expected expenses in relation to the Demerger and Admission are GEL 28.8 million. These have been incurred in the following proportion: GEL 19.3 million by Bank of Georgia Group PLC and GEL 9.5 million to Georgia Capital PLC. The expenses incurred by Bank of Georgia Group PLC are included in the *pro forma* statement of net assets as a cash outflow of GEL 19.3 million.
- No account has been taken of actual changes in the net assets or the performance of the Group or the Investment Business since 31 December 2017.

Section B: Reporting Accountants' Report on Unaudited Pro Forma Financial Information

The Directors
BGEO Group PLC
84 Brook Street
London
W1K 5EH

26 March 2018

Dear Sirs

We report on the *pro forma* financial information (the “Pro Forma Financial Information”) set out in Part VIII of the Class 1 Circular of BGEO Group PLC dated 26 March 2018 (the “Circular”), which has been prepared on the basis described in the notes to the Pro Forma Financial Information, for illustrative purposes only, to provide information about how the demerger of the investment business of BGEO Group PLC, settlement of financing amounts and transaction costs in connection with the demerger which might have affected the financial information presented on the basis of the accounting policies adopted by BGEO Group PLC (the “Company”) in preparing the financial statements for the period ending 31 December 2017. This report is required by Listing Rule 13.3.3R and is given for the purpose of complying with that rule and for no other purpose.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to ordinary shareholders as a result of the inclusion of this report in the Circular, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Listing Rule 13.4.1R (6), consenting to its inclusion in the Circular.

Responsibilities

It is the responsibility of the directors of the Company to prepare the Pro Forma Financial Information in accordance with Listing Rule 13.3.3R.

It is our responsibility to form an opinion, as required by Listing Rule 13.3.3R as to the proper compilation of the Pro Forma Financial Information and to report that opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion:

- the Pro Forma Financial Information has been properly compiled on the basis stated; and
- such basis is consistent with the accounting policies of the Company.

Yours faithfully

Ernst & Young LLP

PART IX

TAXATION

Section A: United Kingdom Taxation

UK Tax Considerations

The comments set out below are based on current United Kingdom tax law as applied in England and Wales and HMRC practice (which may not be binding on HMRC) as at the date of this Circular, both of which are subject to change, possibly with retrospective effect. They are intended as a general guide and apply only to Shareholders resident and, in the case of an individual, domiciled for tax purposes in, and only in, the United Kingdom (except insofar as express reference is made to the treatment of non-United Kingdom residents) who hold Shares as an investment and who are the absolute beneficial owners thereof. The discussion does not address all possible United Kingdom tax consequences relating to an investment in the Shares. Certain categories of Shareholders, such as traders, brokers, dealers, banks, financial institutions, insurance companies, investment companies, collective investment schemes, tax-exempt organisations, persons connected with the Company, persons holding the Shares as part of hedging or conversion transactions, Shareholders who have (or are deemed to have) acquired their shares by virtue of an office or employment, and Shareholders who are or have been officers or employees of the Company or an affiliate company, may be subject to special rules and this summary does not apply to such Shareholders.

Shareholders who are in any doubt as to their United Kingdom tax position, or who are resident or otherwise subject to taxation in a jurisdiction outside the United Kingdom, should consult their own professional advisers.

1. Taxation of chargeable gains

Cancellation of Shares and receipt of Bank of Georgia Group Shares pursuant to the Scheme

Shareholders should not be treated as making a disposal or part disposal of their Shares as a result of receiving Bank of Georgia Group Shares in exchange for their Shares pursuant to the Scheme, and so no chargeable gain or allowable loss should arise. Bank of Georgia Group Shares should be treated as the same asset, and having been acquired at the same time and for the same consideration, as those Shares which they represent.

Issue of Georgia Capital Shares pursuant to the Demerger

Bank of Georgia Group Shareholders should not be treated as making a disposal or part disposal of their Bank of Georgia Group Shares as a result of the Bank of Georgia Group Capital Reduction or the issue of Georgia Capital Shares pursuant to the Demerger, and so no chargeable gain or allowable loss should arise. The Georgia Capital Shares and the Bank of Georgia Group Shares that will be held by a Shareholder following the Demerger should collectively be treated as the same asset, and having been acquired at the same time and for the same consideration, as those Shares which they represent.

Combined effect of the Proposals

In summary, the Bank of Georgia Group Shares and the Georgia Capital Shares that will be held by a Shareholder following the Demerger should collectively be treated as the same asset, and having been acquired at the same time and for the same consideration, as those Shares which they represent. Accordingly, following the Demerger, a Shareholder's original base cost in his Shares should be apportioned between his Bank of Georgia Group Shares and Georgia Capital Shares by reference to the respective market quotations of Georgia Capital Shares and Bank of Georgia Group Shares on the first day of dealings in each of the respective shareholdings.

Section 139(5) Taxation of Chargeable Gains Act 1992

Clearance has been obtained from HMRC under section 139(5) of the Taxation of Chargeable Gains Act 1992 that they are satisfied that the Proposals are being effected for *bona fide* commercial reasons and does not form part of a scheme or arrangement of which the main purpose, or one of the main purposes, is an avoidance of liability to UK corporation tax, capital gains tax or income tax.

Georgia Capital Capital Reduction

Georgia Capital Shareholders should not be treated as making a disposal or part disposal of their Georgia Capital Shares as a result of the Georgia Capital Capital Reduction, and so no chargeable gain or allowable loss should arise.

Subsequent disposal of Bank of Georgia Group Shares or Georgia Capital Shares

A subsequent disposal or deemed disposal of Bank of Georgia Group Shares or Georgia Capital Shares by a shareholder who is resident or, in the case of an individual, domiciled in the United Kingdom for tax purposes may, depending on individual circumstances (including the availability of exemptions and reliefs), give rise to a chargeable gain or an allowable loss for the purposes of United Kingdom taxation.

2. Stamp duty and stamp duty reserve tax (“SDRT”)

No stamp duty or SDRT should be payable by the Shareholders as a result of the cancellation of Shares and the issue of Bank of Georgia Group Shares under the Scheme or as a result of the Bank of Georgia Group Capital Reduction and the issue of Georgia Capital Shares pursuant to the Demerger (save in the case of an issue of Georgia Capital Shares to a clearance service or depository receipt system).

Section B: United States Taxation

US Federal Income Tax Considerations

US Holders are hereby informed that (a) any US federal tax advice contained herein (including any attachments or enclosures) was not intended or written to be used, and cannot be used, for the purpose of avoiding US federal tax penalties, (b) any such advice was written to support the promotion or marketing of the transactions or matters addressed herein and (c) holders should seek advice based on their particular circumstances from an independent tax adviser.

The following is a summary of certain material US federal income tax consequences to US Holders (as defined below) of the receipt of Bank of Georgia Group Shares and Georgia Capital Shares in the Scheme and the Demerger, respectively. This summary does not cover all aspects of US federal income taxation that may be relevant to the receipt of Bank of Georgia Group Shares and Georgia Capital Shares and does not address the effects of any state, local, US non-income or non-US tax laws. In particular, this summary does not address all of the tax considerations that may be applicable to investors subject to special treatment under US federal income tax laws (including, without limitation, as financial institutions, insurance companies, holders subject to the alternative minimum tax or the wash sale rules, investors that own or will own (directly, indirectly or constructively) 5 per cent. or more of the share capital or voting shares of the Company, Bank of Georgia Group PLC or Georgia Capital PLC, pass-through entities or holders of interests in such entities, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, dealers in securities or currencies, traders that elect to mark to market, holders who acquired their Shares upon the exercise of employee stock options or otherwise as compensation, holders whose functional currency is not the US dollar, or holders that have held their Shares, or will hold their Bank of Georgia Group Shares or Georgia Capital Shares and, as part of straddles, hedging transactions, or conversion transactions for US federal income tax purposes). This summary assumes that US Holders have held their Shares, and will hold the Bank of Georgia Group Shares and Georgia Capital Shares, as capital assets within the meaning of section 1221 of the Code.

As used herein, the term “US Holder” means a beneficial owner of Shares that is, for US federal income tax purposes: (i) a citizen or individual resident of the United States; (ii) a corporation created or organised in or under the laws of the United States or any State thereof; (iii) an estate the income of which is subject to US federal income tax without regard to its source; or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more US persons have the authority to control all substantial decisions of the trust, or the trust has elected to be treated as a domestic trust for US federal income tax purposes.

The US federal income tax treatment of a partner in an entity treated as a partnership for US federal income tax purposes that holds Shares, or that will hold Bank of Georgia Group Shares and Georgia Capital Shares, will depend on the status of the partner and the activities of the entity. Holders that are partnerships for US federal income tax purposes should consult their tax advisers concerning the

US federal income tax consequences to their partners of participating in the Demerger, and of owning shares in Bank of Georgia Group PLC or Georgia Capital PLC.

This summary also assumes that the Company is not currently and has not been, and that neither Bank of Georgia Group PLC and Georgia Capital PLC will be, a passive foreign investment company (“**PFIC**”) for US federal income tax purposes. If the Company is or has been, or Bank of Georgia Group PLC and Georgia Capital PLC were to become, a PFIC in any year, special, possibly materially adverse, consequences could result for US Holders. US Holders are urged to consult their own tax advisers as to the particular tax consequences to them if the Company is or has been, or Bank of Georgia Group PLC or Georgia Capital were to become in any year, a PFIC.

This summary is based on the US federal income tax laws, including the Code, its legislative history, final, temporary, and proposed regulations thereunder, published rulings, court decisions, and the current US-UK income tax treaty and interpretations thereof, all as of the date hereof and all of which are subject to change, possibly with retroactive effect. A change in law or any of these authorities upon which this summary is based could adversely affect the US federal income tax consequences set out below.

The summary of US federal income tax consequences set out below is for general information only and is subject to the limitations and qualifications set forth herein. US Holders are urged to consult their own tax advisers as to the particular tax consequences to them of receiving and owning shares in Bank of Georgia Group PLC and Georgia Capital PLC.

3. Receipt of Bank of Georgia Group Shares and Georgia Capital Shares

3.1 In general

The Company has received a tax opinion from its tax adviser that the Scheme and the Demerger should satisfy the statutory and regulatory requirements for non-recognition treatment in respect of US Holders for US federal income tax purposes (the “**US Tax Opinion**”). The US Tax Opinion is based on certain representations made by the Company and on certain assumptions, and any inaccuracy in the representations made by the Company or assumptions could invalidate the US Tax Opinion.

The US Tax Opinion concludes that, for US federal income tax purposes: (i) the Scheme should be treated as an exchange of Shares for Bank of Georgia Group Shares in a transaction that qualifies as a reorganisation under section 368(a)(1) of the Code; and (ii) the Demerger, while not free from doubt, should be treated as a transfer by Bank of Georgia Group PLC of the Investment Business to Georgia Capital PLC, followed by the distribution of Georgia Capital Shares with respect to Bank of Georgia Group Shares in a transaction that qualifies under section 368(a)(1)(D) and section 355 of the Code. However, there can be no assurance that the IRS or a court will not reach a conclusion contrary to that expressed in the Opinion.

3.2 The Scheme

Assuming the Scheme is treated as an exchange of Shares for Bank of Georgia Group Shares in a transaction that qualifies as a reorganisation under section 368(a)(1) of the Code, the following should be the principal US federal income tax consequences:

- No gain or loss should be recognised by US Holders upon the exchange of Shares for Bank of Georgia Group Shares.
- The aggregate tax basis of the Bank of Georgia Group Shares received by US Holders should equal the aggregate basis of the Shares exchanged therefor.
- The holding period of the Bank of Georgia Group Shares received by US Holders should include the holding period of the Shares exchanged therefor.

If the transaction does not qualify as a reorganisation under section 368(a)(1) of the Code, a US Holder would recognise gain, and perhaps loss, to the extent of the difference between the US Holder’s aggregate basis in the Shares and the fair market value of the Bank of Georgia Group Shares received. Any such recognised gain or loss will be capital gain or loss and will be long-term capital gain or loss if the Shares exchanged for the Bank of Georgia Group Shares were held for more than one year at the effective time of the exchange. In addition, a US Holder’s tax basis in the Bank of Georgia Group Shares would equal their fair market value and a US Holder’s holding period for the Bank of Georgia Group Shares would begin on the day after the exchange.

3.3 The Demerger

Assuming the Demerger is treated as a transfer by Bank of Georgia Group PLC of the Investment Business to Georgia Capital PLC, followed by the distribution of Georgia Capital Shares with respect to Bank of Georgia Group Shares in a transaction that qualifies under section 368(a)(1)(D) and section 355 of the Code, the following should be the principal US federal income tax consequences:

- No gain or loss should be recognised by US Holders upon the receipt of Georgia Capital Shares.
- The aggregate tax basis of the Georgia Capital Shares and the Bank of Georgia Group Shares in the hands of each US Holder immediately after the distribution should equal such US Holder's aggregate tax basis in the Bank of Georgia Group Shares immediately before the distribution, apportioned among the Georgia Capital Shares and the Bank of Georgia Group Shares based on relative fair market values of each on the date of the distribution.
- The holding period of the Georgia Capital Shares received by a US Holder should include the holding period of the Bank of Georgia Group Shares on which the distribution will be made.

If the receipt of the Georgia Capital Shares does not qualify for non-recognition treatment under section 355 of the Code, a US Holder receiving Georgia Capital Shares would be treated as having received a distribution in an amount equal to the fair market value of the Georgia Capital Shares received. This distribution would be taxable to a US Holder as ordinary dividend income to the extent of the current and accumulated earnings and profits of Bank of Georgia Group PLC as determined for US federal income tax purposes. To the extent the amount of the aggregate distribution exceeds the current and accumulated earnings and profits of Bank of Georgia Group PLC, the distribution would be treated as a non-taxable return of capital, reducing the US Holder's adjusted tax basis in its Bank of Georgia Group Shares. To the extent the distribution in excess of earnings and profits exceeds the US Holder's adjusted tax basis, the excess would be taxed as capital gain. In addition, the US Holder's tax basis in the Georgia Capital Shares would equal their fair market value and the US Holder's holding period for the Georgia Capital Shares would begin on the day after the distribution.

4. Information reporting

The Scheme and the Demerger may be subject to information reporting to the IRS and to US Holders. In addition, US Treasury Regulations require US Holders that receive stock in a qualifying reorganisation or distribution to retain records that include information regarding the amount, basis and fair market value of all property exchanged and received in the reorganisation or distribution. US Holders should consult their tax advisers regarding the application of the above US information reporting and record retention rules to them.

5. Foreign financial asset reporting

Certain individual US Holders (and certain entities) may be required to report to the IRS information with respect to their investment in the Bank of Georgia Group Shares and the Georgia Capital Shares not held through an account with a US financial institution. US Holders who fail to report required information could become subject to substantial penalties. US Holders are encouraged to consult with their own tax advisers regarding foreign financial asset reporting requirements with respect to their investment in the Bank of Georgia Group Shares and the Georgia Capital Shares.

PART X

THE SCHEME OF ARRANGEMENT

IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES
COMPANIES COURT (ChD)

CR-2018-000280

IN THE MATTER OF BGEO GROUP PLC

– and –

IN THE MATTER OF THE COMPANIES ACT 2006

SCHEME OF ARRANGEMENT
(under Part 26 of the Companies Act 2006)

between

BGEO GROUP PLC

and

THE HOLDERS OF ITS SCHEME SHARES

(as hereinafter defined)

PRELIMINARY

(A) In this Scheme, unless inconsistent with the subject or context, the following expressions bear the following meanings:

“2006 Act”	the Companies Act 2006 (as amended)
“Bank of Georgia Group”	Bank of Georgia Group PLC, incorporated in England and Wales with registered number 10917019
“Bank of Georgia Group Shares”	ordinary shares in the capital of Bank of Georgia Group
“Business Day”	a day on which London Stock Exchange is open for the transaction of business
“certificated” or “in certificated form”	not in uncertificated form (that is, not in CREST)
“Company”	BGEO Group PLC, incorporated in England and Wales with registered number 07811410
“Company Shares”	ordinary shares of £0.01 each in the capital of the Company
“Court”	the High Court of Justice in England and Wales
“Court Meeting”	the meeting of the holders of Scheme Shares convened by order of the Court pursuant to section 896 of the 2006 Act to consider and, if thought fit, approve this Scheme, including any adjournment thereof
“CREST”	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear in accordance with the CREST Regulations
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (as amended)
“Euroclear”	Euroclear UK & Ireland Limited, incorporated in England and Wales with registered number 2878738
“holder”	a registered holder and includes a person entitled by transmission

“members”	members of the Company on the register of members at any relevant date
“Reduction Record Time”	6.00 p.m. on the Business Day immediately prior to the date of the hearing to sanction this Scheme and confirm the reduction of capital provided for in Clause 1
“Registrar of Companies”	the Registrar of Companies in England and Wales
“Scheme”	this scheme of arrangement in its present form or with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by the Company and Bank of Georgia Group PLC
“Scheme Effective Date”	the date on which this Scheme becomes effective in accordance with Clause 7
“Scheme Record Time”	6.00 p.m. on the Scheme Effective Date
“Scheme Shares”	(i) the Company Shares in issue at the date of this Scheme; (ii) any Company Shares issued after the date of this Scheme and before the Voting Record Time; and (iii) any Company Shares issued at or after the Voting Record Time and before the Reduction Record Time in respect of which the original or any subsequent holders thereof are, or shall have agreed in writing to be, bound by this Scheme
“uncertificated” or “in uncertificated form”	recorded on the relevant register as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
“Voting Record Time”	6.00 p.m. on the day which is two business days before the date of the Court Meeting or, if the Court Meeting is adjourned, 6.00 p.m. on the day which is two days before the date of such adjourned meeting

and references to Clauses are to Clauses of this Scheme, and references to time are to London time.

- (A) The issued share capital of the Company as at the close of business on 22 March 2018 (being the latest practicable date prior to the publication of this Scheme) was £393,847.12 divided into 39,384,712 Company Shares of £0.01 each, all of which were credited as fully paid and none of which are held in treasury. It is proposed that a deferred share of £1.00 be issued to Bank of Georgia Group PLC for cash before the Reduction Record Time.
- (B) Bank of Georgia Group PLC was incorporated on 15 August 2017 under the 2006 Act as a private limited company with the name Bank of Georgia Group Limited, which reregistered as a public company and changed to its present name Bank of Georgia Group PLC on 7 February 2018. The issued share capital of Bank of Georgia Group at the date of this Scheme is £50,001 divided into two ordinary shares of £1.00 and 49,999 redeemable deferred shares of £1.00 each, all of which are credited as fully paid.
- (C) The nominal value of the Bank of Georgia Group Shares shall be determined on the Scheme Effective Date and shall be equal to the closing middle market quotation (as derived from the Daily Official List of London Stock Exchange PLC) of a Company Share on the Scheme Effective Date unless the directors of the Company determine that a different nominal value shall be set.
- (D) It is proposed that, subject to certain conditions being fulfilled, including this Scheme becoming effective, the capital of Bank of Georgia Group be reduced pursuant to a special resolution of Bank of Georgia Group shareholders passed before the date of this Scheme. This capital reduction is intended to create the distributable reserves that Bank of Georgia Group requires to enable it to effect the demerger of its investment business by way of a repayment of capital to its shareholders, and also for Bank of Georgia Group to create distributable reserves. In order for this reduction of capital to occur, the Court will need to be satisfied that the creditors of the Company will not be adversely affected.

- (E) Bank of Georgia Group has agreed to appear by counsel at the hearing to sanction this Scheme and to submit to be bound by and to undertake to the Court to be bound by this Scheme and to execute and do or procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed or done by it for the purpose of giving effect to this Scheme.
- (F) The Company intends to rely on an exemption from the registration requirements of the US Securities Act of 1933 provided by Section 3(a)(10) thereof in connection with the consummation of the Scheme and the issuance of Transaction Securities. Approval of the Scheme by the Court will be relied upon by the Company for purposes of qualifying for the Section 3(a)(10) exemption.

THE SCHEME

1. Cancellation of the Scheme Shares

- 1.1 Subject to the Court being satisfied that creditors of the company will not be adversely affected by such reduction, the capital of the Company shall be reduced by cancelling and extinguishing the Scheme Shares.
- 1.2 Subject to and forthwith upon the said reduction of capital taking effect, the reserve arising in the books of account of the Company as a result of the said reduction of capital shall be capitalised and applied in paying up in full at par such number of new Company Shares as shall be equal to the number of Scheme Shares cancelled pursuant to Clause 1.1, which shall be allotted and issued credited as fully paid to Bank of Georgia Group PLC and/or its nominee(s).

2. Consideration for the cancellation of the Scheme Shares

- 2.1 In consideration for the cancellation of the Scheme Shares and the allotment and issue of the new Company Shares as provided in Clause 1, Bank of Georgia Group PLC shall (subject to the provisions of Clause 3) allot and issue to the holders of Scheme Shares (as appearing in the register of members of the Company at the Scheme Record Time) Bank of Georgia Group Shares, credited as fully paid, on the following basis:

For every Scheme Share one Bank of Georgia Group Share

- 2.2 The Bank of Georgia Group Shares shall be issued credited as fully paid, shall rank equally in all respects with all other fully paid ordinary Bank of Georgia Group Shares and shall be entitled to all dividends and other distributions declared, paid or made by Bank of Georgia Group by reference to a record date on or after the Scheme Effective Date.

3. Overseas Shareholders

- 3.1 The provisions of Clause 2 shall be subject to any prohibition or condition imposed by law. Without prejudice to the generality of the foregoing, if, in respect of any holder of Scheme Shares with a registered address in a jurisdiction outside the United Kingdom or whom Bank of Georgia Group PLC reasonably believes to be a citizen, resident or national of a jurisdiction outside the United Kingdom, Bank of Georgia Group PLC is advised that the allotment and/or issue of Bank of Georgia Group Shares PLC pursuant to Clause 2 would or may infringe the laws of such jurisdiction or would or may require Bank of Georgia Group PLC to comply with any governmental or other consent or any registration, filing or other formality with which Bank of Georgia Group PLC is unable to comply or compliance with which Bank of Georgia Group PLC regards as unduly onerous, Bank of Georgia Group PLC may, in its sole discretion, either:
 - 1. determine that such Bank of Georgia Group Shares shall be sold, in which event the Bank of Georgia Group Shares shall be issued to such holder and Bank of Georgia Group PLC shall appoint a person to act pursuant to this Clause 3.1 and such person shall be authorised on behalf of such holder to procure that any shares in respect of which Bank of Georgia Group PLC has made such determination shall, as soon as practicable following the Scheme Effective Date, be sold; or

2. determine that such Bank of Georgia Group Shares shall not be issued to such holder but shall instead be issued to a nominee for such holder appointed by Bank of Georgia Group PLC on terms that the nominee shall, as soon as practicable following the Scheme Effective Date, sell the Bank of Georgia Group Shares so issued.
- 3.2 Any sale under Clause 3.1 shall be carried out at the best price which can reasonably be obtained at the time of sale and the net proceeds of such sale (after the deduction of all expenses and commissions incurred in connection with such sale, including any value added tax payable on the proceeds of sale) shall be paid to such holder by sending a cheque or creating an assured payment obligation in accordance with the provisions of Clause 4.1.
- 3.3 To give effect to any sale under Clause 3.1, the person appointed by Bank of Georgia Group PLC in accordance with Clause 3.1 shall be authorised as attorney on behalf of the holder concerned, and the nominee appointed by Bank of Georgia Group PLC in accordance with Clause 3.1 shall be authorised, to execute and deliver as transferor a form of transfer or other instrument or instruction of transfer and to give such instructions and to do all other things which he may consider necessary or expedient in connection with such sale. In the absence of bad faith or wilful default, none of the Company, Bank of Georgia Group PLC or the person or nominee so appointed shall have any liability for any loss or damage arising as a result of the timing or terms of such sale.

4. Settlement of consideration

- 4.1 As soon as practicable after the Scheme Effective Date, and in any event no later than 14 days after the Scheme Effective Date, Bank of Georgia Group PLC shall:
 1. allot and issue the Bank of Georgia Group Shares which it is required to allot and issue to holders of Scheme Shares pursuant to this Scheme, and:
 - (i) in the case of Scheme Shares which at the Scheme Record Time are in certificated form, procure the despatch of certificates for such Bank of Georgia Group Shares to the persons entitled thereto in accordance with the provisions of Clause 4.2; or
 - (ii) in the case of Scheme Shares which at the Scheme Record Time are in uncertificated form, procure that Euroclear is instructed to credit the appropriate stock account in CREST of the relevant holder with such holder's entitlement to such Bank of Georgia Group Shares, provided that Bank of Georgia Group reserves the right to settle all or part of such consideration in the manner set out in Clause 4.1.1(i) if, for any reason, it wishes to do so; and
 2. in the case of Scheme Shares sold pursuant to Clause 3.1 which at the Scheme Record Time are in certificated form, procure the despatch to the persons entitled thereto in accordance with the provisions of Clause 4.2 of cheques for the sums payable to them respectively in accordance with Clause 3; and
 3. in the case of Scheme Shares sold pursuant to Clause 3.1 which at the Scheme Record Time are in uncertificated form, procure that Euroclear is instructed to create an assured payment obligation in favour of the payment bank of the persons entitled thereto in accordance with the CREST assured payment arrangements for the sums payable to them respectively in accordance with Clause 3, provided that Bank of Georgia Group PLC reserves the right to make payment of the said sums by cheque as set out in Clause 4.1 if, for any reason, it wishes to do so.
- 4.2 All deliveries of share certificates or cheques pursuant to this Scheme shall be effected by sending the same by first class post in prepaid envelopes addressed to the persons entitled thereto at their respective addresses as appearing in the register of members of the Company or, in the case of joint holders, at the address of that one of the joint holders whose name stands first in such register in respect of such joint holding at the Scheme Record Time, and none of the Company, Bank of Georgia Group PLC or any person or nominee appointed by the Company in accordance with Clause 3.1 shall be responsible for any loss or delay in the transmission or delivery of any share certificates or cheques sent in accordance with this Clause 4.2 which shall be sent at the risk of the persons entitled thereto.

- 4.3** All cheques shall be made payable to the persons respectively entitled to the monies represented thereby and the despatch of any such cheque or the creation of any such assured payment obligation as is referred to in Clause 4.1.3) shall be a complete discharge to Bank of Georgia Group for the monies represented thereby.
- 4.4** The provisions of this Clause 4 shall be subject to any condition or prohibition imposed by law.

5. Share certificates and cancellation of entitlements

With effect from the Scheme Effective Date:

- 5.1** all certificates representing Scheme Shares shall cease to have effect as documents of title to the Scheme Shares comprised therein and every holder of Scheme Shares shall be bound at the request of the Company to deliver up their share certificate(s) to the Company or to destroy the same;
- 5.2** Euroclear shall be instructed to cancel the entitlements to Scheme Shares of holders of Scheme Shares in uncertificated form; and
- 5.3** appropriate entries shall be made in the register of members of the Company to reflect the cancellation of the Scheme Shares.

6. Mandates and other instructions

All mandates and other instructions to the Company in force at the Scheme Record Time relating to Scheme Shares shall, unless and until revoked or amended, be deemed as from the Scheme Effective Date to be valid and effective mandates and instructions to Bank of Georgia Group PLC in relation to the Bank of Georgia Group Shares issued in respect thereof.

7. Scheme Effective Date

- 7.1** This Scheme shall become effective as soon as a copy of the order of the Court sanctioning this Scheme under section 899 of the 2006 Act and confirming under section 648 of the 2006 Act the reduction of capital provided for in Clause 1 shall have been delivered to the Registrar of Companies.
- 7.2** Unless this Scheme shall have become effective on or before 30 September 2018, or such later date, if any, as the Company and Bank of Georgia Group PLC may agree and the Court may allow, this Scheme shall never become effective.

8. Transfer by the Company

The Company shall be authorised and permitted following this Scheme becoming effective to transfer the entire issued share capital of JSC Georgia Capital Group, the holding company of the Investment Business (as defined in the circular to members of the Company dated the date of this Scheme), to Bank of Georgia Group PLC at market value on terms that the consideration payable by Bank of Georgia Group PLC is left outstanding on inter-company loan account as a debt due from Bank of Georgia Group to the Company.

9. Costs

The Company shall be authorised and permitted to pay any and all of the costs and expenses relating to this Scheme and the rest of the Demerger (as defined in the circular to members of the Company dated the date of this Scheme).

10. Modification

The Company and Bank of Georgia Group PLC may jointly consent on behalf of all concerned to any modification of, or addition to, this Scheme or to any condition which the Court may approve or impose.

Dated 26 March 2018

PART XI
ADDITIONAL INFORMATION

1. Responsibility

The Company and the Directors, whose names are set out in paragraph 2 below, accept responsibility for the information contained in this Circular. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Directors

The Directors and their respective functions are as follows:

Name	Function
Neil Janin	Non-Executive Chairman
Irakli Gilauri	Chief Executive
David Morrison	Senior Independent Non-Executive Director
Alasdair Breach	Non-Executive Director
Kim Bradley	Non-Executive Director
Tamaz Georgadze	Non-Executive Director
Hanna Loikkanen	Non-Executive Director
Jonathan Muir	Non-Executive Director

The business address of each of the Directors is 84 Brook Street, London, W1K 5EH.

The Company is a public company limited by shares and incorporated and registered in England and Wales with registered number 07811410. The registered office of the Company is 84 Brook Street, London W1K 5EH. The telephone number of the registered office is +44 (0)203 178 4052

3. Directors' interests

3.1 Interests of Directors in relevant securities of the Company

As at 22 March 2018 (being the latest practicable date prior to publication of this Circular), the direct and indirect interests of the Directors (within the meaning of Part 22 of the Companies Act) and their immediate families, related trusts and connected persons, all of which are beneficial unless otherwise stated, in the issued share capital of the Company were as follows:

Directors	Number of Shares	Percentage of existing issued share capital beneficially owned (%)
Neil Janin	39,229 ⁽¹⁾	0.1
Irakli Gilauri	726,416 ⁽²⁾	1.84
David Morrison	26,357	0.07
Alasdair Breach.....	24,000 ⁽³⁾	0.1
Kim Bradley.....	1,250	0.06
Tamaz Georgadze	0	0
Hanna Loikkanen	800	0
Jonathan Muir	0	0

Notes:

(1) NeilCo Limited, a company wholly owned by Mr Janin, also holds 10,000 shares

(2) This figure includes Shares held under option through deferred share salary and discretionary deferred share remuneration (all nil-cost options with no preference conditions). Other than Mr Gilauri, no other Director receives remuneration by way of deferred Shares.

(3) Gemsstock Fund, which Mr Breach manages, also holds 20,000 shares

4. Major shareholders

4.1 Insofar as is known to the Company by reference to relevant notifications made in accordance with rule 5.1 of the Disclosure Guidance and Transparency Rules, up to 22 March 2018 (being the latest practicable date prior to the publication of this Circular), the only persons who hold voting rights whether direct or indirect of, and/or holdings, whether direct or indirect, of certain financial instruments which give the holder an unconditional right or a right exercisable in his sole discretion to acquire (within the meaning of rule 5 of the Disclosure Guidance and Transparency Rules and Part 22 of the Companies Act), 3 per cent. or more of the issued share capital of the Company are as follows:

Shareholder	Number of shares	Percentage of existing issued share capital beneficially owned (%)
Harding Loevner LP.....	3,320,410	8.43
Schroder Investment Management	1,956,588	4.97
Standard Life Aberdeen plc.....	1,944,825	4.94
Sanne Fiduciary Services	1,709,688	4.34
LGM Investments.....	1,384,669	3.52
Norges Bank Investment Management	1,220,508	3.10

4.2 Save as disclosed in this paragraph 4, the Company is not aware by reference to relevant notifications made in accordance with Rule 5.1 of the Disclosure Guidance and Transparency Rules of any person who, as at 22 March 2018 (being the latest practicable date prior to the publication of this Circular), directly or indirectly, has a holding which exceeds the threshold of 3 per cent. or more of the total voting rights attaching to the issued share capital of the Company.

4.3 The Company is not aware of any persons who, as at 22 March 2018 (being the latest practicable date prior to the publication of this Circular), directly or indirectly, jointly or severally, will exercise or could exercise control over the Company nor is it aware of any arrangements the operation of which may at a subsequent date result in a change in control of the Company.

4.4 None of the shareholders referred to in this paragraph 4 has or will have different voting rights from any other holder of Shares in respect of any Shares held by them.

5. Director remuneration

5.1 Remuneration

Details of the remuneration paid (including deferred compensation) and benefits in kind granted to the current BGEO Group Directors for the financial year ended 31 December 2017 can be found on pages 98 to 113 of the Company's Annual Report and Financial Statements for the year ended 31 December 2017 which are incorporated into the Circular by reference.

6. Directors' service agreements

6.1 Details of the directors' service contracts and letters of appointment are incorporated by reference from pages 104, 110 and 111 of the Company's Annual Report and Financial Statements for the year ended 31 December 2017.

6.2 Save as disclosed in this Circular, there are no service agreements or agreements for the provision of services existing or proposed between the Directors and the Company or the Existing Group.

7. Share Plans

The principal features of the Employee Share Plans (being those under which nil cost options/awards remain outstanding) are summarised below.

The principal features of the Employee Share Plans (being those under which nil cost options/awards remain outstanding) are summarised below.

Awards

The Employee Share Plans are used to grant awards as part of both the deferred share salary and the discretionary deferred shares for executives and senior managers.

Grant

Awards may be granted by the trustee to selected employees or directors of the Group on the recommendation of JSC Bank of Georgia (upon the recommendation of the Remuneration Committee). Awards are usually in the form of nil-cost options, unless the award holder notifies the trustee within 30 days of the date on the award certificate, in which case the award will be in the form of a conditional right to acquire shares. The award holder may renounce the grant within 90 days by notifying the trustee. The Employee Share Plans are administered by the trustee.

Limits

The Employee Share Plans do not have a limit, either plan or individual. The Employee Share Plans shall terminate upon the tenth anniversary of its adoption.

Vest

Awards vest on the vesting dates set at the time of grant. The trustee, upon the recommendation of JSC Bank of Georgia (upon the recommendation of the Remuneration Committee), may specify a vesting condition that must be satisfied before an award may vest. The trustee may, upon the recommendation of JSC Bank of Georgia (upon the recommendation of the Remuneration Committee), alter the vesting condition if the original condition is not longer appropriate and the trustee justly and reasonably considers that the amended condition reflects a fairer measure and reasonably considers that it will subsequently be no more difficult to satisfy.

Under the current operation of the Employee Share Plans:

- Deferred share salary awards are granted at the beginning of the calendar year following the work year and will vest 20% in each of the second, third and fourth years following the work year and the remaining 40% will vest in the fifth year following the work year.
- Discretionary deferred shares vest 33% in each of the second, third and fourth years following the work year.

Leavers

Unvested awards normally lapse where the award holder ceases employment with the group before vesting. Awards do not lapse and vest immediately if the award holder ceases employment due to death. If the award holder ceases employment for any other good reason, awards do not lapse and the trustee, on the recommendation of JSC Bank of Georgia (upon the recommendation of the Remuneration Committee), may determine whether the awards continue to vest or vest immediately. Good reason covers injury, disability, redundancy, retirement, the expiry of the award holder's service contract where the award holder is not offered a new service contract upon substantially similar terms or any other reason at the discretion of the trustee.

For vested awards, award holders have 12 months from termination to exercise their options, otherwise the awards lapse.

JSC Bank of Georgia (upon the recommendation of the Remuneration Committee) has the discretion to set different vesting rules in an award holder's service contract or separate resolution, provided that these do not worsen the terms of the service contract or affect awards already granted.

Malus and Clawback

Natural clawback and malus are built into the Employee Share Plans as the awards vest over a period of time and are subject to a vesting conditions which, if breached, would result in the awards fully lapsing unless determined otherwise. Unless the award holder ceases employment for a good reason (see above), unvested awards lapse upon cessation of employment.

Exercise

Options are not exercisable if the exercise of the option would cause either the award holder, the trustee or any other person to contravene any statute, order, regulation or guidelines.

Corporate Transactions

In the event of a change of control of the Company or JSC Bank of Georgia or an asset sale, any unvested awards vest. If the trustee holds any unallocated shares, these shares will be granted to award holders in proportion to the total cumulative number of shares to which the award holder has received or is entitled to receive. The award holders may agree to exchange their awards for awards over the acquiring company within six months of the change of control.

In the event that a new holding company acquires control of the Company or JSC Bank of Georgia, but the shareholders are the same or substantially the same and hold their shareholders in the same or substantially the same proportion as immediately before the change of control, unvested awards will not vest and all outstanding awards will be converted into awards over the shares of the new holding company.

If there is a variation of share capital, the number of shares subject to the award shall be adjusted in accordance with the agreement of the parties or, in default, as the auditors confirm to be fair and reasonable.

Not pensionable

Benefits under the Employee Share Plans are not pensionable.

Amendments

The trustee may amend the rules of the Employee Share Plans, provided that no amendment is made that shall adversely affect an award holder unless the majority of award holders have agreed to the change. Certain rules cannot be amended within the prior written consent of JSC Bank of Georgia, unless the amendment is minor and to benefit the administration of the Employee Share Plans, to take account of any change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for award holders.

8. New Employee Share Plans

For the description of the New Employee Share Plans, see “*Part II (Explanatory Statement)—paragraph 9.8 (New Employee Share Plans)*” of this Circular.

9. Litigation

9.1 BGEO Group PLC

Save as set out below, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the period covering at least the previous twelve months preceding the date of this Circular which may, or have had in the recent past, a significant effect on the Company and/or the Group’s financial position or profitability.

On 13 May 2016, the Bank filed a claim against one of its largest clients and seven of that client’s related entities in the Tbilisi City Court. The claim requested payment of principal, accrued interest and damages in respect of overdue loans and other amounts owing to the Bank amounting to approximately US\$18.7 million and EUR 1.3 million, and the enforcement of collateral securing the amounts due. On 20 February 2017, the principal defendants filed a counterclaim against the Bank requesting damages of approximately US\$64.4 million and EUR 3.9 million. The counterclaim alleged that, as a result of unfair terms and restrictions imposed by the Bank, the claimants had suffered a loss of profit. The counterclaim has since been specified and the total amount of damages claimed by the defendants is approximately US\$64.4 million, EUR 3.25 million and GEL 11.0 million (approximately US\$ 4.4 million / EUR 3.6 million). The defendants also named BGEO Group PLC as a co-defendant. As of the date of this Circular, several preparatory proceedings have been conducted at the Tbilisi City Court, but no date has been set for the first hearing on the merits of the claim and the counterclaim. The Bank considers the counterclaims to be without merit and intends to contest them vigorously.

Rustavi Azoti

In 2016, following the default by Rustavi Azoti LLC (“**Rustavi Azoti**”) and its parent company Agrochim S.A. (the “**Borrowers**”) on loans made by the Bank, the Bank initiated the sale of collateral pledged by Rustavi Azoti. The collateral assets were sold to a third party unrelated to the Bank at a public auction in Tbilisi. On 15 November 2016, East-West United Bank S.A., and Sistema Holding Limited (which were creditors of Agrochim’s holding company) and Agrochim initiated proceedings

against the Bank, JSC BGEO Group, the purchaser of the assets, Rustavi Azoti and one individual director of Rustavi Azoti, in the Tbilisi City Court, requesting damages of approximately US\$93.6 million and alleging that the Bank used fraudulent agreements to misappropriate the Rustavi Azoti assets, thereby depriving other creditors of the opportunity to be repaid. The related claims also sought the annulment of the Borrowers' acknowledgment of its debt to the Bank, and the annulment of the results of the auction that resulted in the sale of the collateral. As of the date of this Circular, the Tbilisi City Court has not considered the claims on the merits and the first hearing has been set for 26 March 2018. The Company considers the claims against the Bank to be without merit and intends to vigorously contest them. The Group has not created any reserves in respect of the Rustavi Azoti litigation.

Although the Bank has not been provided with details of the underlying allegations, the Investigation Service of the Ministry of Finance of Georgia financial police are also carrying out investigations, which appear to be related to certain allegations made in relation to the sale of the assets pledged by Rustavi Azoti to secure its obligations in respect of the loans made to it by the Bank. The Bank is fully cooperating with the investigation and has provided all requested and other relevant information and materials. The Bank does not believe that there are any grounds under which it or any of its employees or affiliates would be subject to any charges. To the Company's knowledge, as at the date of this Circular, no charges have been made against any party.

On 20 March 2018, BGEO Group PLC was served with a notice of claim by Roman Pipia, the previous beneficial owner of Rustavi Azoti. The claim was filed in the High Court of Justice Business and Property Courts of England and Wales Queen's Bench Division Commercial Court. The claim names BGEO Group PLC, JSC BGEO Group, JSC Bank of Georgia, certain of their officers, and JSC EU Investments and its director as defendants. The claim is made under the laws of Georgia and asserts that the defendants are liable to the claimant under the Georgian Civil Code for harm to the claimant in relation to the loss of the Rustavi Azot plant, which he formerly owned as described above. The claimant claims losses and damages of up to US\$995 million, or as may be determined by the Court. The claim also refers to the proposed Demerger and states that, to the extent required, the claimant will seek relief against Bank of Georgia Group PLC and Georgia Capital PLC. BGEO Group PLC considers that the claim is without merit and intends to oppose it vigorously. Neither BGEO Group PLC nor its affiliates intend to create any reserves in respect of the claim. Further to the above, the Bank is currently in the process of claiming repayment of approximately US\$20 million in respect of outstanding loans owed by Roman Pipia and his affiliated parties in separate proceedings in Georgia.

9.2 Georgia Capital PLC

Save as set out below, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the period covering at least the previous twelve months preceding the date of this Circular which may, or have had in the recent past, a significant effect on the Georgia Capital PLC and/or the Georgia Capital Group's financial position or profitability.

On 30 April 2015, some of the former shareholders of Insurance Company Imedi L filed a claim in the Tbilisi City Court against Insurance Company Aldagi and the GHG's subsidiaries, Insurance Company Imedi L and Evex Medical Corporation, all of which are legal successors of Insurance Company Aldagi BCI. Pursuant to a demerger agreement entered into in 2014, the business and assets and liabilities of Insurance Company Aldagi BCI were spun off into three entities: Insurance Company Imedi L acquired the medical and travel insurance (limited to cover for emergency medical treatment) business, Evex Medical Corporation acquired the healthcare services business and Insurance Company Aldagi continues to operate the property and casualty and pension business. The claim alleges that 66.0% shares owned directly or indirectly by the claimants in the share capital of Insurance Company Imedi L were sold to Insurance Company Aldagi BCI in 2012 under duress at a price below market value, and the claim seeks damages in the amount of U.S.\$17.1 million. The action is in a preparatory stage and as of 31 December 2017 several preliminary hearings took place. A further preliminary hearing is pending to be scheduled. The Directors believe that the claim is without merit and the shares in Insurance Company Imedi L were acquired by Insurance Company Aldagi BCI at a fair price on the basis of *bona fide* agreements. However, if the claim is decided in favour of the claimants, we would be required to pay to the claimants' damages in the amount as determined by the court.

10. Material contracts

Summaries of the terms of the Separation Agreements are set out in Part IV of this Circular.

10.1 Georgia Capital PLC

m²'s Development and Licensing Agreements with Wyndham Hotel Group (UK) East Limited

On 25 June 2015, m² entered into an exclusive development agreement and a licensing agreement with Wyndham Hotel Group (UK) East Limited (“**Wyndham**”) regarding the development of three Ramada Encore hotels in Georgia.

The exclusive development agreement has a term of seven years from the date of execution with an optional renewable period of ten years. The agreement is governed by English law. m² will develop and operate three hotels during this term. With Wyndham’s approval, m² may develop additional three star hotels where there is sufficient demand and the agreement contains certain restrictions on m²’s ability to develop hotels with Wyndham’s competitors. Wyndham will be entitled to terminate the development agreement if m² defaults on any of its obligations. On such termination m² will lose, with immediate effect, the exclusive right to develop the Ramada Encore brand in Georgia.

The licence agreement for each hotel carries a term of ten years from the date of opening, with an option to extend for another ten years subject to agreement by both parties. An initial fee of US\$40,000 per property applies in addition to a one off integrated services fee. Ongoing royalty, marketing and reservation fees apply. Under the licence agreement, m² is obliged to operate the property according to Wyndham’s standards, hire a professional management team and adhere to insurance requirements. Wyndham retains the right to undertake further developments. Liquidated damages will apply if the agreement is terminated within the last two years of the term.

m²'s Management Agreement with Sophos Hotels S.A.

On 11 September 2015, m² entered into a management agreement with Sophos Hotels S.A. (“**Sophos**”) regarding the management of three Ramada Encore branded hotels in Tbilisi to be developed by m².

The management agreement has a term commencing on the date of the agreement and ending on the opening date of the relevant hotel. During this period, Sophos will provide pre-opening services and technical assistance. A further term of ten years will operate from the opening of each hotel with the option for a ten year extension with mutual agreement. Either party may terminate the agreement at the end of any term with six months’ written notice. m² may terminate with 30 days’ written notice along with a termination fee. If less than 85% of budget gross operating profit is achieved in three successive years m² may terminate the agreement within 30 working days.

An initial fee of Euro 50,000 per hotel is payable to Sophos to prepare each complex for the arrival of guests.

An exclusivity clause imposes restrictions on Sophos’ ability to operate certain hotels in or in the proximity of Tbilisi and other Georgian cities. Sophos will have discretion over the operation of the complex. Operating, management and various incentive fees will be payable to Sophos.

m²'s Loan Agreements with International Finance Corporation

On 3 November 2015, m² Residential LLC, a 100% subsidiary of m², entered into a four-year US\$23 million loan agreement with the International Finance Corporation (the “**IFC**”). The IFC loan is being used to finance the development of affordable housing projects and low-income housing projects in Georgia. The loan agreement is secured by pledges over shares, mortgages and corporate guarantees. As of 31 December 2017, the aggregate amount outstanding under the loan facility was US\$17 million (GEL44.2 million).

On 3 November 2015, JSC m², an indirect 100% subsidiary of m², entered into an eleven-year US\$7 million loan agreement with IFC. The loan is being used to finance the construction, equipping and placing into operation of the 152 room three star Ramada Encore hotel to be located in Tbilisi, Georgia. The loan agreement is secured by pledges over shares, a debt service reserve account, mortgages and a corporate guarantee. As of 31 December 2017, the aggregate amount outstanding under the loan facility was US\$4.8 million (GEL12.5 million).

GGU's GWP Privatisation Agreement

GGU acquired 100% of the existing shares of GWP and of other smaller scale state owned water utility companies under a share sale and purchase agreement concluded with the Government of

Georgia, Ministry of Economic Development and the Government of Tbilisi on 29 May 2008, as amended (the “**Privatisation Agreement**”). The Privatisation Agreement was concluded pursuant to the Law of Georgia on Privatisation and Transfer of the Rights of Use over the State owned and Municipal Property. The Privatisation Agreement includes several technical and investment obligations that are to be completed by GGU by specific dates. Fulfilment of GGU’s obligations must be confirmed by the relevant state authorities. As of the date of this Circular GGU has performed all but two of its major privatization obligations, except the obligation to modernise and rehabilitate Gardabani Wastewater Plant and invest not less than US\$ 220 million in aggregate in the performance of all privatization obligations, and third party expert reports (Grant Thornton and Levan Samkharauli National Forensics Bureau) have been prepared and submitted to the relevant state authorities. The rehabilitation and modernisation of Gardabani Wastewater Plant is scheduled to complete in May 2018. Following completion the obligation to invest at least US\$220 million will also be discharged.

GGU Share Purchase Agreement

On 21 June 2016, JSC Georgia Capital signed a Share Purchase Agreement, to acquire the remaining 75% equity stake in GGU for cash consideration of US\$70 million (approximately GEL152.6 million). Previously, in December 2014, JSC Georgia Capital acquired a 25% shareholding in GGU for approximately GEL47.6 million (US\$26.25 million) and as a result of the buy-out in 2016 JSC Georgia Capital became the owner of 100% of GGU.

GGU’s GWP Loan Agreement with EIB

On 28 July 2017, GWP entered into a EUR 21,470,000 Finance Contract with the European Investment Bank (“**EIB**”). The EIB facility is financing the rehabilitation of GGU’s water supply infrastructure in Georgia. In 28 November 2017, the EIB Finance Contract was amended and restated. The loan is to be drawn down in two tranches and will be due and repayable after ten years from the draw down. As of 31 December 2017, the aggregate amount outstanding under the loan facility was EUR12.9 million (GEL40 million).

GGU’s GWP Loan Agreement with FMO and DEG

On 15 August 2017, GWP entered into a ten year EUR25,000,000 and US\$40,000,000 Term Facility Agreement with Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. (“**FMO**”) and Deutsche Investitions- Und Entwicklungsgesellschaft MBH (“**DEG**”). The FMO-DEG loan is being used to finance the refinancing of existing loans, capital expenditure in connection with rehabilitation and modernisation of the water supply and waste water treatment facilities (including the Gardabani Sewage Treatment Plant) located in Georgia, the rehabilitation of the Gardabani Wastewater Treatment Plant and the payment of costs and fees incurred in connection with the loan. As of 31 December 2017, the aggregate amount outstanding under the loan facility EUR 25 million and US\$40 million (GEL176.4 million).

GGU’s GWP GEL Bonds (GEL30 million)

In December 2016, GWP issued local currency denominated GEL30,000,000 bonds maturing in December 2021. The bonds bear interest at a floating rate of 350 basis points over the National Bank of Georgia’s monetary policy (refinancing) rate. GWP has the option to redeem the bonds prior to maturity upon giving 30 business days advance notice to the bondholders at the second, third and fourth anniversary of the bonds’ issuance date. The terms and conditions of the bonds include customary covenants restricting GWP’s ability to grant further security interests, undertake corporate transactions and to incur indebtedness.

GGU’s GWP Local Currency Bonds (GEL40 million, private placement)

In August 2017, GWP issued GEL40,000,000 bonds that were scheduled to mature in February 2018 but were redeemed in December 2018. The bonds accrued interest at a floating rate of 400 basis points over the National Bank of Georgia’s monetary policy (refinancing) rate. GWP had the option to redeem the bonds after 30 calendar days following the issuance of the bonds provided that if GWP had redeemed the bonds prior to expiration of 2 months after the issue date, GWP would have had to pay to the bondholders additional 0.2% premium over the redemption price. Terms and conditions of the bonds include customary covenants which restricted GWP’s ability to grant further security interests, undertake corporate transactions and to incur indebtedness.

GGU's JSC Svaneti Hydro Memorandum of Understanding with the Government of Georgia

On 31 October 2014 and 25 December 2015, JSC Svaneti Hydro signed two Memoranda of Understanding with the Government of Georgia and state owned electricity companies – JSC Georgian State Electrosystem, JSC United Energy System Sakrusenergo, JSC Electricity System Commercial Operator and Energotrans LLC, as amended. JSC Svaneti Hydro undertook an obligation to build a cascade of two hydro power plants: 20 MW (Mestiachala 1) and 30 MW (Mestiachala 2) on the Mestiachala river located in Svaneti region of Georgia. The Memoranda of Understanding include several technical and investment obligations that are to be completed by JSC Svaneti Hydro by specific dates. The Government and the state owned entities have an obligation to support and facilitate construction works of the project as well as secure construction of a high voltage line for enabling the connection of the HPPs to the power grid. The Memorandum of Understanding also sets out JSC Svaneti Hydro's obligation to sell electricity exclusively to JSC Electricity System Commercial Operator during the eight months between September and April of each year at a fixed price. Commissioning is scheduled to take place during the first quarter of 2019. As of the date of this Circular, preconstruction is complete. The main construction phase officially commenced on 28 February 2017.

GGU's JSC Zoti Hydro Memorandum of Understanding with the Government of Georgia

On 25 December 2015, a Memorandum of Understanding was signed between the Government of Georgia, JSC Zoti Hydro, JSC Galt & Taggart and state owned electricity companies JSC Georgian State Electrosystem, JSC United Energy System Sakrusenergo, JSC Electricity System Commercial Operator and Energotrans LLC, as amended. According to the Memorandum of Understanding, JSC Zoti Hydro is under an obligation to build a cascade of two power plants, 24 MW and 20 MW each, in village of Zoti, in the Guria region of Western Georgia. The Memorandum of Understanding includes several technical and investment obligations that are to be completed by JSC Zoti Hydro by specific dates. The Government and the state owned entities have an obligation to support and facilitate the construction of the project as well as secure construction of a high voltage line for enabling the connection of the HPPs to the power grid. Further, the Memorandum of Understanding prescribes JSC Zoti Hydro's obligation to sell electricity exclusively to JSC Electricity System Commercial Operator during winter months at a fixed price. Planned commissioning is scheduled in December, 2020. As of the date of this Circular, preconstruction is complete. The construction phase officially started on 18 October 2017.

GGU's JSC Svaneti Hydro Loan Agreement with TBC Bank

On 19 April 2017, JSC Svaneti Hydro, a 100% indirect subsidiary of GGU, entered into a twelve year US\$33 million loan agreement with JSC TBC Bank ("TBC"). The TBC loan is being used to finance the Mestiachala 1 and Mestiachala 2 HPP constructions. The loan agreement is secured by pledges over shares and intangible and movable property, and mortgages. As of 31 December 2017, the aggregate amount outstanding under the loan facility was US\$4 million (GEL10.4 million).

GGU's JSC Svaneti Hydro Civil Works Contract with Synergy

The civil works contract for the construction of Mestiachala 1 and 2 HPPs was signed on 1st of March 2017 by and between JSC Svaneti Hydro and Synergy Construction LLC, a subsidiary of Romania based Synergy Construction SRL. The contract is based on FIDIC – conditions of contract for construction for Building and Engineering Works Designed by Employer General Conditions, first edition 1999 (RED BOOK). The contract price is US\$26 million and the term expires in November 2018.

GGU's JSC Svaneti Hydro Turbine & Generator Works/Koessler

The contract for the supply and installation of turbine, generator and electrical equipment for Mestiachala 1 and 2 HPPs was signed on 1 July 2016 between JSC Svaneti Hydro and Koessler GmbH & Co KG. The contract is based on FIDIC – conditions of contract for construction for Building and Engineering Works Designed by Employer General Conditions, first edition 1999 (RED BOOK). The contract price is US\$10 million and the term expires in November 2018.

GGU's Gardabani Sewage Treatment Plant LLC (GSTP) Contract with Strabag AG on Reconstruction of Wastewater Treatment Plant in Gardabani

The contract for the execution of works for reconstruction of the wastewater treatment plant in Gardabani was signed on 17 August 2017 between GSTP and Strabag AG. The contractual provisions detail Strabag AG's obligation to carry out civil and installation, mechanical, electrical and

instrumentation, works for the reconstruction of the wastewater treatment plant. The contract price is Euro14 million and the expected date for completion of the works is May 2018.

GGU's Shareholders' Agreement of JSC Georgian Renewable Power Company (GRPC)

In June 2017, JSC Georgia Capital and RP Global Investment GmbH, an Austrian company, as the 65% and 35% shareholders of GRPC signed a shareholders' agreement. The agreement sets forth the rights and obligations of the shareholders with respect to the development of a renewable energy projects in Georgia, including the ongoing project of 50 MW HPPs construction in Mestia, Georgia and 44 MW HPP project in Zoti, Georgia. The parties have additionally agreed on a pipeline of further 100-150 MW renewable energy projects with respect to which the parties have agreed a Euro 3 million initial feasibility budget to be funded *pro rata* by the shareholders. The shareholders' agreement contains customary minority protection and consultation rights. The agreement contains pre-emptive and first refusal rights with respect to the shares in GRPC and provides for a number of exit options for the shareholders.

Teliani's Global Beer Georgia Loan Agreement with EBRD and DEG

On 22 December 2016, Global Beer Georgia LLC, a 100% subsidiary of Teliani, signed a Euro 12.33 million loan agreement with EBRD and Euro 6.17 million loan agreement with DEG. The proceeds of both loans are to be applied to the construction, equipment and operation of, and the provision of working capital for, Teliani 's greenfield beer production plant with an annual production capacity of 250k HL. The loan agreements envisage a two-year grace period for the repayment of the principal. The final instalment of the principal is due to be repaid on 20 October 2025. The loan shall be fully repaid in fourteen equal semi-annual instalments after the grace period. The loan is secured by a pledge over shares, a pledge over property, a mortgage and a corporate guarantee. As of 31 December 2017, the aggregate amount outstanding under the loan facility was US\$22.5 million (GEL58.3 million).

Teliani 's Loan Agreement with Overseas Private Investment Corporation

On 25 October 2015, Teliani entered into a ten-year US\$8 million loan agreement with Overseas Private Investment Corporation ("OPIC"). The proceeds of the loan are to be applied for the expansion of borrower's production operations, an equipment upgrade for winery operations, a refinancing of existing indebtedness and funding of capital expenditures for distribution operations. The loan is secured by pledges over shares and movables, a debt service reserve account, and a mortgage over certain real property. As of 31 December 2017, the aggregate amount outstanding under the loan facility was US\$3.1 million (GEL8.1 million).

Teliani 's License Agreement with Heineken

In 2015, Global Beer Georgia LLC a subsidiary of Teliani signed Trademark License Agreements with various Heineken Group (comprising of Heineken N.V. and its affiliates) entities under which GBG has exclusive rights until 2025 to use certain trademarks in relation to the product (beer) produced by it in Georgia.

10.2 BGEO Group PLC

OPIC Facility

In December 2008, the Bank obtained a US\$10.0 million, 10-year subordinated loan facility from the Overseas Private Investment Corporation ("OPIC"). As of 31 December 2017, the principle amount outstanding under these loan facilities was US\$10 million (GEL 25.9 million). The loan bears a fixed interest rate per annum (with respect to a note) which is payable quarterly, with a premium payable by the Bank on any early prepayment of the loan. The loan is governed by New York law.

EFSE Framework Agreement

On 11 November 2010, the Bank entered into a framework agreement (amended in 2014) under three individual loan agreements with maturity of three to ten years with the European Fund for Southeast Europe. The individual loan agreements related to three loan facilities in the aggregate amount of US\$67.8 million for MSE and housing financing. As of 31 December 2017, the principle amount outstanding under these loan facilities was US\$53 million (GEL 137.3 million). Loans bear an interest rate of LIBOR/EURIBOR plus margin which is payable semi-annually. Both loans are governed by English law.

KfW Framework Agreement

On 11 July 2012, the Bank entered into EUR 25 million with Kreditanstalt für Wiederaufbau (“KfW”), a German development bank acting on behalf of the German government, within the framework of the Renewable Energy Programme, entered into by the Government of the Federal Republic of Germany and the Government of Georgia on Financial Cooperation, pursuant to an agreement dated 31 May 2012. The facility, which matures in 2022, is used to finance investments in renewable energies, mainly the construction or rehabilitation of small size hydropower plants. In addition, the agreement envisages the provision of technical support from KfW with co-financing from the Austrian Development Bank, for the Bank as well as for potential investors. As of 31 December 2017, the principle amount outstanding under the loan facility was EUR8.8 million (GEL 27.2 million). The loan bears a fixed interest rate which is payable semi-annually, and certain information and financial covenants customary in a contract with a development bank. The loan is governed by German law.

IFC Capitalisation Fund Subordinated Loan Facility

On 26 December 2013, the Bank entered into a US\$65 million subordinated loan facility with the IFC Capitalisation Fund. The loan facility has a maturity of ten years and enables the Bank to further optimise its cost of funding. As of 31 December 2017, the principle amount outstanding under the loan facility was US\$65 million (GEL 168.5 million). The loan bears an interest rate of LIBOR plus a specified margin which is payable bi-annually and certain information and financial covenants customary in a contract with IFC. The loan is governed by law of England and Wales.

GGF Senior Loan Facility

On 11 September 2014, the Bank entered into a five-year EUR 15 million senior loan facility with the Green for Growth Fund (“GGF”). The GGF loan is used to finance mortgages for energy efficient housing (which housing is designed to yield energy savings of more than 20% compared to conventional buildings). This was the first loan extended in Georgia by GGF. As of 31 December 2017, the principle amount outstanding under the loan facility was EUR 10.8 million (GEL 33.6 million). The loan bears an interest rate of EURIBOR plus a specified margin which is payable bi-annually. It also requires the Bank to pay certain fees for each draw down under the loan, including a management fee, a commitment fee, and if the draw down is cancelled, a cancellation fee. The loan is governed by English law.

DEG Senior Loan Agreement

On 24 October 2014, the Bank entered into a five-year US\$35 million senior loan agreement with DEG. The loan is intended to support the growth of the SME sector in the country. As of 31 December 2017, the aggregate amount outstanding under the loan facility was US\$17.5 million (GEL 45.4 million). The loan bears an interest rate of LIBOR plus a specified margin which is payable bi-annually. The loan is governed by German law.

EIB Loan Agreement

On 30 April 2015, the Bank entered into a seven-year EUR 40.0 million agreement with the European Investment Bank (“EIB”). The loan is intended to finance investment projects promoted by SME/midcaps in Georgia and bears a fixed rate. As of 31 December 2017, the principle amount outstanding under this agreement was US\$11.1 million (GEL 28.8 million). The loan is governed by English law.

OPEC Fund for International Development Finance Term Loan

On 1 May 2015, the Bank entered into a trade finance term loan agreement with the OPEC Fund For International Development (“OFID”). Under the terms of the agreement OFID has agreed to provide the Issuer with a principal amount of US\$10.0 million. As of 31 December 2017, there was US\$10 million (GEL 25.9 million) principle outstanding under the agreement. The loan bears an interest rate of LIBOR plus a specified margin which is payable bi-annually. The loan is governed by English law.

IFC Subordinated Loan Agreement

In May 2015, the Bank entered into a US\$90 million subordinated loan agreement with the IFC. The IFC is providing long term financing to help increase the Bank’s role in diversifying Georgia’s economy, expand access to finance and boost sustainable growth. The loan facility, which includes US\$20 million from the EFSE, has a maturity of ten years and qualifies as Tier II capital under the Basel II framework. As of 31 December 2017, the principle amount outstanding under the loan

facility was US\$90 million (GEL 233.3 million). The loan bears an interest rate of (calculated by adding LIBOR to a rate determined on a specified date) which is payable bi-annually and certain information and financial covenants customary in a contract with a development bank. The loan is governed by the law of England and Wales.

Black Sea Trade and Development Bank Loan Agreement

In August 2016, the Bank entered into a GEL 60 million loan agreement with Black Sea Trade and Development Bank. The loan was provided to the Bank in a single disbursement. The loan bears an interest rate calculated by reference to certificates of deposits of NBG, plus a specified margin, which is payable quarterly. The loan is governed by English law.

SICAV Promissory Notes

The Bank is the issuer of, in total, four promissory notes purchased by responsibility SICAV (Luxembourg). Two of these promissory notes were issued in December 2016 and mature in December 2021 (one for US\$1.625 million and the other for US\$3.175 million). The other two were issued in February 2017 and mature in February 2022 (one for US\$1.625 million and the other for US\$3.175 million). The loan bears an interest rate of USD 6-month LIBOR plus a specified margin which is payable semi-annually. The loan is governed by Luxembourg law.

Management Company S.A. Promissory Notes

The Bank is the issuer of a further two promissory notes which were purchased by responsibility Management Company S.A. These were issued in December 2016 and February 2017, maturing in December 2021 and in February 2022, respectively. Both of the promissory notes issued in favour of Management Company S.A are for US\$10.2 million. The loan bears an interest rate of USD 6-month LIBOR plus a specified margin which is payable semi-annually. The loan is governed by Luxembourg law.

Payment Support Services Contract

In September 2017, the Bank entered into a payment support services contract with the wholly-owned subsidiary of Tbilisi municipality pursuant to which the Bank provides, installs and operates the public transportation payment system in Tbilisi, Georgia. As a result, the Bank continues to be the sole provider of payment support services to the public transportation network and operates the payment system in an environment which fully meets the Payment Card Industry Data Security Standard (PCI DSS). The Bank will modernise the public transportation payment system by September 2018 and exclusively operate the public transportation payment system for the term of ten years. In addition, the Bank has an exclusive right to lease and provide banking services through mass retail branches in Tbilisi metro (i.e. subway) stations for the annual rent of GEL 981,720 (US\$393,285). The Bank has paid a total consideration of GEL 22.2 million. The contract is governed by the laws of Georgia.

EBRD Participation Agreement

In October 2014, the Bank and EBRD entered into an amended and restated participation agreement, pursuant to which EBRD has made available US\$25.0 million co-financing for the Bank's corporate customers which may be used for term lending for a period of up to eight years from the date of amendment, as well as revolving credit lines for working capital needs. The original participation agreement was entered into in June 2005 and provided financing in an aggregate amount of US\$5.0 million. The facility enables EBRD to co-finance the Bank's corporate customers together with the Bank, without recourse to the Bank, fully bearing the Georgian corporate risk. As of 31 December 2017, the aggregate amount utilised under this loan facility was US\$ 8.9 million.

EBRD Facilities

In May 2016, the Bank and EBRD entered into three separate loan facilities. Each such loan bears an interest rate of EBRD all in cost rate plus a fixed rate per annum and is repayable in thirteen quarterly instalments, commencing in June 2018. The first facility in an amount up to US\$50 million relates to the DCFTA Programme, established to help finance investments in MSMEs. The second facility in an amount up to US\$40 million concerns the funding of SME customers in Georgia. The third facility relates to the Women in Business Policy Programme and is in an amount of up to US\$10 million. As of 31 December 2017, the principle amount outstanding under these loans was GEL 242 million (US\$93.4 million).

11. Related party transactions

Save as disclosed in note 34 on page 210 of the annual report and accounts for the year ended 31 December 2017, note 32 on page 211 of the annual report and accounts for the year ended 31 December 2016 and note 32 on page 211 of the annual report and accounts for the year ended 31 December 2015, the Group has not entered into any related party transactions, nor has it done so in the current financial year to 22 March 2018 (being the latest practicable date prior to the publication of this Circular).

12. Working capital statement

In the opinion of the Company, the working capital available to Bank of Georgia Group PLC and its subsidiary undertakings (as it will exist following the Demerger Effective Time) is sufficient for its present requirements, that is for at least the next 12 months following the date of this Circular.

13. Significant change

13.1 BGEO Group PLC

Save as described below, there has been no significant change in the trading or financial position of BGEO Group PLC since 31 December 2017, being the date to which the Company's last audited financial statements were prepared.

On 9 March 2018, JSC Georgia Capital issued US\$ 300 million 6.125% notes due 2024, which were admitted to the official list of the Irish Stock Exchange and to trading on the Global Exchange Market.

13.2 Georgia Capital PLC

Save as described below, there has been no significant change in the trading or financial position of the Georgia Capital Group since 31 December 2017, being the date to which the historical financial information of the Georgia Capital Group was prepared.

On 9 March 2018, JSC Georgia Capital issued US\$ 300 million 6.125% notes due 2024, which were admitted to the official list of the Irish Stock Exchange and to trading on the Global Exchange Market.

14. Checklist of information incorporated by reference

Where the information described below itself incorporates information by reference to another document ("**further information**"), the further information is not intended to form part of this Circular for any purpose. Where only part of a document is incorporated by reference, the other parts of that document are either not relevant for Shareholders or are covered elsewhere in this Circular.

Information incorporated by reference

Document containing information incorporated by reference	Page reference for that document
BGEO Group PLC Annual Report 2017	The remuneration report of BGEO Group PLC, on pages 98 to 113 of the which includes a description of the directors service contracts.
The audited BGEO Group plc consolidated financial statements for the year ended 31 December 2017 and the independent auditors report on those financial statements	Pages 118 to 125, 126 to 138 and 139 to 212 of the BGEO Group Annual Report 2017
The audited BGEO Group plc consolidated financial statements for the year ended 31 December 2016 on and the independent auditors report on those financial statements	Pages pages 118 to 125, 126 to 138 and 139 to 213 of the BGEO Group Annual Report 2016
The audited BGEO Group plc consolidated financial statements for the year ended 31 December 2015 on and the independent auditors report on those financial statements	Pages 128 to 134, 136 to 144 and 145 to 213 of the BGEO Group Annual Report 2015

Part XXVI “*Historical Financial Information*” of the Bank of Georgia Group PLC Prospectus Pages F-1 to F-78

Part XXII: “*Historical Financial Information*” of the Georgia Capital PLC Prospectus Pages F-2 to F-74

The above documents have been made public and are available on the Company’s website at www.bgeo.com

15. Costs and expenses regarding issue of documentation

All costs and expenses relating to the issue of this Circular, the Georgia Capital Prospectus and the Bank of Georgia Group Prospectus and to the negotiation, preparation and implementation of the Scheme and the Demerger will be borne approximately $\frac{1}{3}$ by Georgia Capital PLC and approximately $\frac{2}{3}$ by Bank of Georgia Group or, if the Demerger does not complete, 100 per cent. by the Company.

16. Consents

16.1 Citi, whose address is Canada Square, Canary Wharf, E14 5LB has provided financial advice and acted as sponsor to each of the Company, Georgia Capital PLC and Bank of Georgia Group in relation to this transaction and has given and has not withdrawn its written consent to the inclusion in this Circular of references to its name in the form and context in which they appear.

16.2 Numis, whose address is 10 Paternoster Square, London EC4M 7LT, has provided financial advice to each of the Company, Bank of Georgia Group PLC and Georgia Capital PLC in relation to this transaction and has given and has not withdrawn its written consent to the inclusion in this Circular of references to its name in the form and context in which they appear.

16.3 Ernst & Young LLP, whose address is 25 Churchill Place, Canary Wharf, London E14 5EY, has given and has not withdrawn its written consent to the inclusion of their report on the unaudited *pro forma* financial information set out in Section B of Part VII (*Pro forma financial information*) of this Circular in the form and context in which it is included.

17. Bases and sources of information

17.1 The Company, Georgia Capital PLC and Bank of Georgia Group Shares

The number of Georgia Capital Shares and Bank of Georgia Group Shares for which applications will be made to the FCA for listing on the premium listing segment of the Official List and to the London Stock Exchange for admission to trading on its main market for listed securities has been calculated on the basis of 39,384,712 Shares in issue on 22 March 2018 (being the latest practicable business day prior to the publication of this Circular) and on the assumption that all options over Shares are exercised and for Bank of Georgia Group PLC that the exchange has taken place. Statements relating to percentage interests in the issued share capital of the Company, Georgia Capital PLC and Bank of Georgia Group are calculated on the basis of 39,384,712 Shares in issue on 22 March 2018 (being the latest practicable business day prior to the publication of this Circular) and on the assumption that no Shares or Bank of Georgia Group Shares will be issued between the date of this Circular and the Scheme Effective Time.

18. Use of non IFRS Information

This Circular includes certain financial measures that are not measures of performance specifically defined by IFRS. The non-IFRS measures described below are alternative performance measures (“APMs”) as defined in the European Securities and Market Authority Guidelines on Alternative Performance Measures dated 5 October 2015 (the “**ESMA Guidelines**”). Where used, the relevant metrics are identified as APMs and accompanied by an explanation of each such metric’s components and calculation method.

The APMs used in this Circular include earnings before interest tax depreciation and amortization (“**EBITDA**”), return on average assets (“**ROAA**”), return on average equity (“**ROAE**”), cost to income ratio, net interest margin (“**NIM**”), loan yield, liquid assets yield, cost of funds, cost of client deposits and notes, cost of amounts due to credit institutions, cost of debt securities, NBG liquidity,

total average assets, total average liabilities, total average interest-bearing liabilities, total average equity, total average interest-earning assets and equity, NPLs, NPL coverage ratio, ratio of charge to average gross loans during the period, cost of credit risk, equity to assets ratio, leverage, NBG (Basel II/III) Tier 1 Capital Adequacy Ratio, NBG (Basel II/III) Total Capital Adequacy Ratio, NBG (Only) Tier 1 Capital Adequacy Ratio and NBG (Only) Total Capital Adequacy Ratio.

The non-IFRS measures disclosed in this Circular are unaudited supplementary measures of the Group's performance and liquidity that are not required by, or presented in accordance with, IFRS. Although the APMs disclosed in this Circular are not measures of operating income, operating performance or liquidity derived in accordance with IFRS, the Company has presented these measures in this Circular because it considers that such measures may be used by some investors and analysts. The APMs disclosed in this Circular should not, however, be considered as an alternative to, in isolation from or as substitutes for financial information reported under IFRS. The APMs disclosed in this Circular are not measures specifically defined by IFRS and the Company's use of these measures may vary from other companies in its industry due to differences in accounting policies or differences in the calculation methodology of similar measures by other companies in its industry.

19. Documents available for inspection

Copies of the following documents are available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices Baker & McKenzie LLP, 100 New Bridge Street, London, EC4V 6JA, from the date of this Circular up to and including the Demerger Effective Time:

1. the Articles and a copy of the Articles as amended by the Scheme Resolution;
2. the Georgia Capital Articles;
3. the Bank of Georgia Group Articles;
4. the audited consolidated accounts of the Company for the three financial years ended 31 December 2017, 31 December 2016 and 31 December 2015;
5. Ernst & Young LLP's report on the unaudited *pro forma* financial information set out in Section B of Part VII of this Circular;
6. the rules of the Bank of Georgia Group Share Plan;
7. the rules of the Georgia Capital Share Plan;
8. Rubicon Executive Equity Compensation Plan;
9. the Georgia Capital Prospectus;
10. the Bank of Georgia Group Prospectus;
11. the Separation Agreements;
12. the appointment letters and service contracts, as applicable, entered into between the Company and the Directors;
13. the appointment letters and service contracts, as applicable, entered into between Bank of Georgia Group PLC and the Bank of Georgia Group Directors;
14. the appointment letters and service contracts, as applicable, entered into between Georgia Capital PLC and the Georgia Capital Directors;
15. the consent letters referred to in paragraph 16 of this Part XI of this Circular;
16. the memorandum setting out the particulars of the payments to Irakli Gilauri and the ways in which these are inconsistent with the Company's current remuneration policy; and
17. this Circular and the Forms of Proxy.

20. General information

For the purposes of DTR 5, both Bank of Georgia Group PLC and Georgia Capital PLC are UK issuers as UK incorporated companies with shares that will be trading on a regulated investment exchange.

PART XII

DEFINITIONS

In this Circular (with the exception of Part X of this Circular) and the Forms of Proxy, the following words and expressions have the following meanings, unless the context requires otherwise:

Admission and Disclosure Standards	The requirements contained in the publication “Admission and Disclosure Standards” (as amended from time to time) containing, among other things, the admission requirements to be observed by companies seeking admission to trading on the London Stock Exchange’s main market for listed securities.
Aldagi	JSC Aldagi a company incorporated under the laws of Georgia with registered number 404476189 and whose registered office is at 3 Pushkini Street, Tbilisi 0105, Georgia and the operating entity of the Company’s P&C Insurance Business
Annual General Meeting	The annual general meeting of Shareholders to be held at the offices of Baker & McKenzie LLP, 100 New Bridge Street, London, EC4V 6JA at 11.15 a.m. on 30 April (or as soon thereafter as the Court Meeting shall have concluded or been adjourned), notice of which was posted to Shareholders today, and any adjournment of such meeting.
Audit Committee	The audit committee of the Company
Awardholders	means holders of outstanding awards, granted under the Employee Share Plans, in the form of nil cost options over Shares.
Bank	means JSC Bank of Georgia
Banking Business	means the banking business of BGEO Group PLC as it will be following the Demerger comprising of JSC Bank of Georgia and JSC BG Financial
Bank of Georgia Group	(i) if used in the context of historical financial information for the three years ended 31 December 2017 it is a reference to the Banking Business as it will be following the Scheme and the Demerger, whereby Bank of Georgia Group PLC will become the holding company of BGEO Group PLC and the banking business, and the investment business will be demerged and will form part of Georgia Capital PLC; and (ii) in all other cases, it is (A) until such time as when the Scheme becomes effective, a reference to BGEO Group PLC and its subsidiaries and subsidiary undertakings from time to time; and (B) from such time as when the Scheme becomes effective until such time as the Demerger becomes effective, a reference to Bank of Georgia Group PLC and its subsidiaries and subsidiary undertakings (including BGEO Group PLC) from time to time; and (C) from such time as when the Demerger becomes effective, a reference to the Banking Business as it will be following the Demerger (whereby the Investment Business will be demerged and will form part of Georgia Capital PLC).
Bank of Georgia Group Admission	The admission of up to 49,169,428 Bank of Georgia Group Shares to listing on the premium listing segment of the Official List in accordance with the Listing Rules and to trading on the London Stock Exchange’s main market for listed securities in accordance with the Admission and Disclosure Standards.
Bank of Georgia Group Articles	The articles of association of Bank of Georgia Group PLC from time to time.
Bank of Georgia Group Audit Committee	The audit committee of Bank of Georgia Group PLC.

Bank of Georgia Group Board or Bank of Georgia Group Directors	The board of directors of Bank of Georgia Group PLC and “Bank of Georgia Group Director” means any member of the Bank of Georgia Group Board.
Bank of Georgia Group Capital Reduction	The proposed reduction of the nominal value of the Bank of Georgia Group Shares to be undertaken after the Scheme Effective Time, as described in Part II of this Circular.
Bank of Georgia Group Court Hearing	The hearing by the Court to confirm the Bank of Georgia Group Capital Reduction.
Bank of Georgia Group Court Order	The order of the Court confirming the Bank of Georgia Group Capital Reduction
Bank of Georgia Group Executive Managers	The executive director and non-board members of the executive management team that will be joining Bank of Georgia Group.
Bank of Georgia Group Nominations Committee	The nominations committee of Bank of Georgia Group PLC.
Bank of Georgia Group PLC	Bank of Georgia Group plc (incorporated in England and Wales under the Companies Act with registered number 10917019), whose registered office is at 84 Brook Street, London W1K 5EH.
Bank of Georgia Group Prospectus	The prospectus prepared by Bank of Georgia Group PLC in accordance with the Prospectus Rules and published in relation to Bank of Georgia Group and the Bank of Georgia Group Shares.
Bank of Georgia Group Redeemable Deferred Shares	The 49,999 redeemable deferred shares of £1.00 each in the capital of Bank of Georgia Group PLC.
Bank of Georgia Group Remuneration Committee	The remuneration committee of Bank of Georgia Group PLC.
Bank of Georgia Group Shareholders	Holder of Bank of Georgia Group Shares.
Bank of Georgia Group Shares	(i) prior to the Bank of Georgia Group Capital Reduction becoming effective, the ordinary shares in the capital of Bank of Georgia Group PLC of such nominal value as shall be determined in accordance with preliminary (C) of the Scheme; and (ii) subsequent to the Bank of Georgia Group Capital Reduction becoming effective, the ordinary shares of 1 penny each in the capital of Bank of Georgia Group PLC.
Bank of Georgia Group Subscriber Shares	The initial ordinary shares of £1.00 in the capital of Bank of Georgia Group PLC.
Bank of Georgia Group Share Plan B GEO Capital Reduction	means the share plan of Bank of Georgia Group PLC The proposed reduction of the share capital of the Company, involving the cancellation of the Shares pursuant to the Scheme, as described in Part II of this Circular.
business day	A day (excluding Saturdays, Sundays and public holidays) on which banks are generally open for business in the City of London and Georgia.
certificated or in certificated form	Where a share or other security is not in uncertificated form (that is, not in CREST).
Citi	Citigroup Global Markets Limited
Code	The US Internal Revenue Code of 1986, as amended.
Companies Act	The Companies Act 2006.
Company	B GEO Group PLC (to be renamed B GEO Group Limited pursuant to the Proposals) (incorporated and registered in England and Wales with registered number 07811410), whose registered office is at 84 Brook Street. London W1K 5EH.
Computershare	means the Registrar

connected person	As defined in section 252 of the Companies Act, and “persons connected” should be interpreted in the same way.
Court	The High Court of Justice in England and Wales.
Court Meeting	The meeting of the Shareholders to be convened pursuant to an order of the Court and to be held at the offices of Baker & McKenzie LLP, 100 New Bridge Street, London EC4V 6JA at 11.00 a.m. on 30 April 2018 for the purposes of considering and, if thought fit, approving the Scheme and any adjournment of such meeting.
Court Hearing	means the hearing of the Court where the Scheme is sanctioned.
CREST	The relevant system (as defined in the CREST Regulations) of which Euroclear is the Operator (as defined in the CREST Regulations).
CREST Manual	The CREST Manual referred to in agreements entered into by Euroclear and available at www.euroclear.com/CREST .
CREST Proxy Instruction	The appropriate CREST message to make a proxy appointment by means of CREST.
CREST Regulations	The Uncertificated Securities Regulations 2001 (SI 2001 No. 3755) (as amended).
Deferred Share	The one non-voting deferred share of £1.00 in the capital of the Company.
Demerger	The proposed demerger of the Investment Business from the Group on the terms and subject to the conditions set out in the Demerger Agreement.
Demerger and Reductions Resolution	The special resolution numbered 2 to be proposed at the Annual General Meeting, as set out in the notice of Annual General Meeting.
Demerger Agreement	The agreement relating to the Demerger between the Company, Bank of Georgia Group PLC and Georgia Capital PLC, a summary of the principal terms of which is set out in 1 of Part IV.
Demerger Effective Date	25 May 2018
Demerger Effective Time	The time at which the Demerger becomes effective, expected to be before 8.00 a.m. (London time) on 29 May 2018.
Demerger Record Time	6.00 p.m. (London time) on 25 May 2018.
Disclosure Guidance and Transparency Rules	The disclosure guidance and transparency rules made by the FCA pursuant to section 73A of the FSMA.
EBT	The Rubicon Executive Equity Compensation Trust established by deed dated 6 November 2006.
Euroclear	Euroclear UK & Ireland Limited, a company incorporated under the laws of England and Wales.
Existing Articles	The articles of association of the Company from time to time and “Article” shall mean any article of those articles.
Existing Board or Existing Directors	The board of directors of the Company and “ Director” means any member of the Board.
Executive Directors	The executive directors of the Company.
Existing Group	means the Group as it will be formed prior to the Scheme being effective.
Exchange Agreement	means the agreement between JSC Georgia Capital and Bank of Georgia Group PLC for the transfer of the stakes in JSC Bank of Georgia and JSC BG Financial in exchange for a number of Bank of Georgia Group Shares as is equal to 19.9% of the enlarged issued

	share capital (on a fully diluted basis) of Bank of Georgia Group PLC
Explanatory Statement	The explanatory statement relating to the Scheme, as set out in Part II of this Circular.
FCA	The UK Financial Conduct Authority.
Floor	means Georgia Capital's percentage holding in Bank of Georgia Group PLC being 9.9% or less of the voting rights exercisable at Bank of Georgia Group PLC general meetings.
Forms of Proxy	As the context may require, either or both of (i) the blue form of proxy for use at the Court Meeting and (ii) the white form of proxy for use at the Annual General Meeting, each of which accompanies this Circular.
FSMA	The Financial Services and Markets Act 2000 (as amended).
Georgia Capital Admission	The admission of up to 39,384,712 Georgia Capital Shares to listing on the premium listing segment of the Official List in accordance with the Listing Rules and to trading on the London Stock Exchange's main market for listed securities in accordance with the Admission and Disclosure Standards.
Georgia Capital Articles	The articles of association of Georgia Capital PLC from time to time.
Georgia Capital Audit Committee	The audit committee of Georgia Capital PLC.
Georgia Capital Board or Georgia Capital Directors	The board of directors of Georgia Capital PLC, and "Georgia Capital Director" means any member of Georgia Capital Board, as the context so requires.
Georgia Capital Capital Reduction	The proposed reduction of the nominal value of Georgia Capital Shares to be undertaken after the Demerger Effective Time, as described in Part II of this Circular.
Georgia Capital Capital Reduction Effective Date	The date on which Georgia Capital Capital Reduction becomes effective, expected to be on 26 June 2018.
Georgia Capital Group	(i) if used in the context of historical financial information of the Investment Business for the three years ended 31 December 2017, it is a reference to the Investments Business as it will be following the Scheme and the Demerger, whereby Georgia Capital PLC will become the holding company; and (ii) in all other cases, it is (A) until such time as when the Scheme becomes effective, a reference to the Investments Business; and (B) from such time as when the Scheme becomes effective until such time as the Demerger becomes effective, a reference to Bank of Georgia Group PLC, JSC Georgia Capital Group and the Investments Business; and (C) from such time as when the Demerger becomes effective, a reference to Georgia Capital PLC and its subsidiaries and subsidiary undertakings from time to time holding or operating the Investments Business.
Georgia Capital Court Hearing	The hearing by the Court to confirm the Georgia Capital Capital Reduction.
Georgia Capital Court Order	The order of the Court confirming the Georgia Capital Capital Reduction.
Georgia Capital Nomination Committee	The nomination committee of Georgia Capital PLC.
Georgia Capital PLC	Georgia Capital PLC, a company incorporated in England and Wales with registered number 10852406 and whose registered office is at 84 Brook Street, London W1K 5EH

Georgia Capital Prospectus	The prospectus prepared by Georgia Capital PLC in accordance with the Prospectus Rules and published in relation to Georgia Capital PLC and the Georgia Capital Shares.
Georgia Capital Redeemable Deferred Shares	The 49,999 redeemable deferred shares of £1.00 each in the capital of Georgia Capital PLC.
Georgia Capital Executive Managers	The executive director and non-board members of the executive management team that will be joining Georgia Capital Group.
Georgia Capital Remuneration Committee	The remuneration committee of Georgia Capital PLC.
Georgia Capital Shareholders	Holder of Georgia Capital Shares.
Georgia Capital Shares	subsequent to the Georgia Capital Capital Reduction becoming effective, the ordinary shares of 0.01 pence in the capital of Georgia Capital PLC
Georgia Capital Share Plan	means the new executive share plan of Georgia Group PLC
Georgia Capital Subscriber Shares	The two initial ordinary share of £1.00 in the capital of Georgia Capital PLC.
GGU	Georgian Global Utilities Ltd a company incorporated under the laws of the British Virgin Islands with registered number 1425971 and whose registered office is Skelton Bay Lot, Building No.10, 1st Floor, P.O. Box 3169, PMB 103 Fish Bay, Tortola VG1110, British Virgin Islands, being the parent of Georgia Capital's Utility and Energy Business whose operating entity is GWP, a wholly owned subsidiary of GGU
GHG	Georgia Healthcare Group PLC a company incorporated under the laws of England and Wales with registered number 09752452 and whose registered office is 84 Brook Street, London W1K 5EH.
Group	means BGEO Group PLC and its subsidiaries.
HMRC	HM Revenue & Customs.
holder	A registered holder of shares, including any person entitled by transmission.
Initial Bank of Georgia Group Shareholders	The holders of the Bank of Georgia Group Subscriber Shares and Bank of Georgia Group Redeemable Deferred Shares who are management of the Company and until the Scheme Effective Time will wholly own the Company.
Initial Georgia Capital Shareholders	The holders of the Georgia Capital Subscriber Shares and Georgia Capital Redeemable Deferred Shares who are management of the Company and until the Demerger Effective Time will wholly own the Company.
Investment Business	the investment business undertaken by JSC Georgia Capital and its subsidiaries
LIBOR	London inter-bank offered rate
Listing Rules	The listing rules made by the FCA pursuant to section 73A of the FSMA.
London Stock Exchange	London Stock Exchange PLC.
London Stock Exchange Daily Official List	The daily record of prices at which securities have been traded on the London Stock Exchange.
m²	JSC m ² Real Estate a company incorporated under the laws of Georgia with registered number 204517399 and whose registered office is 29 I. Chavchavadze Avenue, 3rd Floor, 0179 Tbilisi, Georgia and the operating entity of the Real Estate Business
Meetings	The Court Meeting and the Annual General Meeting, and "Meeting" means either of them.

members	Unless the context otherwise requires, members of the Company.
New Employee Share Plans	means the Bank of Georgia Group Share Plan and the Georgia Capital Share Plan
NBG	The National Bank of Georgia
Non-Executive Director	The non-executive directors of the Company.
Notice of Annual General Meeting	means the notice of annual general meeting set out at Part XIV of this Circular.
Numis	Numis Securities Limited
Official List	The official list of the UK Listing Authority.
Overseas Shareholders	Shareholders or Bank of Georgia Group Shareholders, as the context requires, who are citizens, residents or nationals of jurisdictions outside the United Kingdom or whom the Company or Bank of Georgia Group reasonably believe to be citizens, residents or nationals of jurisdictions outside the United Kingdom.
persons with information rights	A person in respect of whom a nomination pursuant to the provisions of section 146 of the Companies Act has been made (and not been suspended, revoked or ceased to have effect) by a Shareholder.
premium listing	A listing by the FCA by virtue of which a company is subject to the full requirements of the Listing Rules.
Proposals	The Reorganisation, the Resolutions, the Scheme, the Demerger and the Reductions, details of which are set out in Part II of this Circular.
Prospectus Rules	The prospectus rules made by the FCA pursuant to section 73A of the FSMA.
Reductions	The Capital Reduction, the Bank of Georgia Group Capital Reduction and the Georgia Capital Capital Reduction.
Register	The register of members of the Company.
Registrar	Computershare Investor Services PLC
Registrar of Companies	The Registrar of Companies in England and Wales.
Regulatory Information Service	Any channel recognised as a channel for the dissemination of regulatory information by listed companies as defined in the Listing Rules.
Remuneration Committee	The remuneration committee of the Company.
Remuneration Resolution	means resolution 5 to be proposed at the Annual General Meeting
Reorganisation	The proposed reorganisation of the Group to be effected prior to the Demerger Effective Time, as described in paragraph 3.1 of Part II of this Circular.
Resolutions	The Scheme Resolution, the Demerger and Reductions Resolution.
Scheme	The scheme of arrangement proposed to be made under Part 26 of the Companies Act between the Company and its Shareholders, with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by the Company and Bank of Georgia Group PLC.
Scheme Court Hearing	The hearing by the Court to sanction the Scheme and to confirm the BGEO Capital Reduction.
Scheme Court Order	The order of the Court sanctioning the Scheme and confirming the BGEO Capital Reduction.
Scheme Effective Time	The date and time at which the Scheme becomes effective in accordance with its terms, expected to be at around 9.00 p.m. on 18 May 2018.

Scheme Record Time	6.00 p.m. (London time) on the date the Scheme becomes effective in accordance with its terms.
Scheme Resolution	The special resolution numbered 1 to be proposed at the Annual General Meeting, as set out in the notice of Annual General Meeting sent to shareholders today.
Securities Act	The United States Securities Act 1933.
Separation Agreements	Together, the Demerger Agreement, the Tax Sharing and Indemnification Agreement.
Share	means a share in the Company.
Share Plans Resolutions	The ordinary resolutions numbered 3 and 4 (inclusive) to be proposed at the Annual General Meeting, as set out in the notice of Annual General Meeting set out today in Part IX of this Circular.
Shareholder	A holder of Shares.
Takeover Code	The City Code on Takeovers and Mergers, issued by the Panel on Takeovers and Mergers.
Tax Sharing and Indemnification Agreement	The tax sharing and indemnification agreement to be entered into by Bank of Georgia Group PLC and Georgia Capital PLC, a summary of the principal terms of which is set out in paragraph 2 of Part IV
Teliani	JSC Teliani Valley a company incorporated under the laws of Georgia with registered number 203855444 and whose registered office is 3 Tbilisi Highway, 0172 Telavi Georgia, being the principal operating entity of the Group's Beverage Business
UK Listing Authority or UKLA	The Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part VI of the FSMA.
UK or United Kingdom	The United Kingdom of Great Britain and Northern Ireland.
UKLA Rules	Together, the Listing Rules, the Prospectus Rules and the Disclosure Guidance and Transparency Rules.
uncertificated or in uncertificated form	In respect of a share or other security, where that share or other security is recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which may be transferred by means of CREST.
US or United States	The United States of America, its territories and possessions, any state of the United States and the District of Columbia.
VAT	Value added tax as provided under the Value Added Tax Act 1994.
Voting Record Time	6.00 p.m. (London time) on 26 April 2018 or, if the Court Meeting or General Meeting is adjourned, 6.00 p.m. (London time) on the day which is two days before the date of such adjourned meeting.

In this Circular and the Forms of Proxy, the expressions “subsidiary”, “subsidiary undertaking”, “associated undertaking” and “undertaking” have the meanings given by the Companies Act.

In this Circular and the Forms of Proxy, references to the singular include the plural and vice versa, unless the context otherwise requires. References to time are to London time, unless the context otherwise requires.

This Circular is dated 26 March 2018.

PART XIII

NOTICE OF COURT MEETING

IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES
COMPANIES COURT (ChD)

CR-2018-000280

ICC JUDGE BARBER

IN THE MATTER OF BGEO GROUP PLC

- and -

IN THE MATTER OF THE COMPANIES ACT 2006

NOTICE IS HEREBY GIVEN that, by an Order dated 5 March 2018 made in the above matters, the Court has directed a meeting (the “**Court Meeting**”) to be convened of the holders of the Scheme Shares (as defined in the scheme of arrangement hereinafter mentioned), for the purpose of considering and, if thought fit, approving (with or without modification) a scheme of arrangement (the “**Scheme of Arrangement**”) proposed to be made between BGEO Group PLC (the “**Company**”) and the holders of the Scheme Shares and that such meeting shall be held at the offices of Baker & McKenzie LLP, 100 New Bridge Street, London, EC4V 6JA on 30 April 2018 at 11.00 a.m., at which place and time all holders of the Scheme Shares are requested to attend.

A copy of the Scheme of Arrangement and a copy of the explanatory statement required to be furnished pursuant to section 897 of the Companies Act 2006 are incorporated in the document of which this Notice forms part.

Holders of Scheme Shares entitled to attend and vote at the Court Meeting may vote in person at the Court Meeting or they may appoint another person, whether a member of the Company or not, as their proxy to attend and vote in their stead. A blue Form of Proxy for use at the Court Meeting is enclosed with this Notice. Completion and return of a blue Form of Proxy shall not prevent a holder of Scheme Shares from attending and voting at the Court Meeting, or any adjournment thereof.

Holders of Scheme Shares are entitled to appoint a proxy in respect of some or all of their Scheme Shares. Holders of Scheme Shares are also entitled to appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by such holder. A space has been included in the blue Form of Proxy to allow holders of Scheme Shares to specify the number of Scheme Shares in respect of which that proxy is appointed. Holders of Scheme Shares who return the blue Form of Proxy duly executed but leave this space blank shall be deemed to have appointed the proxy in respect of all of their Scheme Shares.

Holders of Scheme Shares who wish to appoint more than one proxy in respect of their shareholding should contact the Company’s registrars, Computershare, on 0370 873 5866 (or +44 370 873 5866 if calling from outside the UK) for further blue Forms of Proxy or photocopy the blue Form of Proxy as required. Such holders of Scheme Shares should also read the information regarding the appointment of multiple proxies set out on pages 8 and 9 of the document of which this Notice forms part and the related notes contained in the blue Form of Proxy.

It is requested that blue Forms of Proxy (together with any power of attorney or authority under which the Form of Proxy is signed or a notarially certified copy of such power or authority) be lodged with the Company’s registrars, Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol, BS99 6ZY by no later than 11.00 a.m. on 26 April 2018 or, in the case of an adjourned meeting, not less than two business days before the time appointed for the adjourned Court Meeting, but if forms are not so lodged, they may be handed to the Registrars, Computershare, on behalf of the chairman at the Court Meeting before the taking of the poll at such meeting.

Holders of Scheme Shares entitled to attend and vote at the Court Meeting may appoint a proxy electronically by logging on to www.investorcentre.co.uk/exproxy and entering the Control Number, Shareholder Reference Number and PIN shown on their form of proxy. Full details of the procedure to be followed to appoint a proxy electronically are given on the website.

Holders of Scheme Shares entitled to attend and vote at the Court Meeting who hold their shares through CREST may appoint a proxy or proxies through the CREST electronic proxy appointment service.

In the case of joint holders of a Scheme Share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

Entitlement to attend and vote at the Court Meeting or any adjournment thereof and the number of votes which may be cast thereat shall be determined by reference to the register of members of the Company at 6.00 p.m. on the day which is two business days before the date of the Court Meeting or adjourned meeting (as the case may be). Changes to the register of members of the Company after such time shall be disregarded

By the said Order, the Court has appointed Neil Janin or, failing him, Irakli Gilauri or, failing him, David Morrison, or failing him Tamaz Georgadze, or failing him Alasdair Breach, or failing him Kim Bradley, or failing him Hanna-Leena Loikkanen, or failing her Jonathan Muir to act as chairman of the Court Meeting and has directed the chairman to report the result thereof to the Court.

The Scheme of Arrangement will be subject to the subsequent sanction of the Court.

Dated: 26 March 2018

Baker & McKenzie
Solicitors for the Company

NOTES FOR CREST MEMBERS

Electronic proxy appointment through CREST

Holders of Scheme Shares who hold such shares through CREST and who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Court Meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual which is available at www.euroclear.com/CREST. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider, should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf.

PART XIV

NOTICE OF AGM

This year's Annual General Meeting will be held at the offices of Baker & McKenzie LLP, 100 New Bridge Street, London EC4V 6JA on Monday, 30 April 2018 at 11.15 am (London time). You will be asked to consider, and if thought fit, pass the resolutions below. Resolutions 3 to 20 (inclusive) are proposed as ordinary resolutions and Resolutions 1, 2 and 21 to 23 (inclusive) are proposed as special resolutions. Resolutions 1 to 5, and 20 to 23 are proposed as special business.

Demerger Resolutions (Special)

1. Scheme resolution

THAT:

- (a) for the purpose of giving effect to the scheme of arrangement dated 26 March 2018 between the Company and the holders of the Scheme Shares (as defined in the Scheme), a print of which has been produced to this meeting and for the purposes of identification signed by the chairman thereof, in its original form or subject to any modification, addition or condition agreed by the Company and Bank of Georgia Group PLC (a company incorporated in England and Wales with registered number 10917019) and approved or imposed by the Court (the "Scheme"):
 - (i) the Directors of the Company be authorised to take all such action as they may consider necessary or appropriate for carrying the Scheme into effect;
 - (ii) the issued share capital of the Company be reduced by cancelling and extinguishing all of the Scheme Shares (as defined in the Scheme);
 - (iii) subject to and forthwith upon the reduction of capital referred to in sub-paragraph (ii) above taking effect and notwithstanding any other provision to the contrary in the articles of association of the Company:
 - (A) the reserve arising in the books of account of the Company as a result of the reduction of capital referred to in sub-paragraph (ii) above be capitalised and applied in paying up in full at par such number of new Ordinary Shares of £0.01 each as shall be equal to the aggregate number of Scheme Shares cancelled pursuant to subparagraph (ii) above such shares to be allotted and issued credited as fully paid to Bank of Georgia Group PLC and/or its nominee(s) in accordance with the terms of the Scheme;
 - (B) the Directors of the Company be generally and unconditionally authorised pursuant to and in accordance with section 551 of the 2006 Act (as defined in the Scheme) to allot the new ordinary shares referred to in sub-paragraph (A) above, provided always that (1) the maximum aggregate nominal amount of the shares which may be allotted under this authority shall be the aggregate nominal amount of the said new ordinary shares created pursuant to subparagraph (A) above; (2) this authority shall expire (when previously revoked, varied or received) on the fifth anniversary of the date of this resolution; and (3) this authority shall be in addition and without prejudice to any other authority under the said section 551, previously granted and in force on the date on which this resolution is passed; and
- (b) with effect from the passing of this resolution, the articles of association of the Company be amended by the adoption and inclusion of the following new article 145:

"145 Scheme of arrangement

145.1 In this Article references to the "Scheme" are to the scheme of arrangement between the Company and the holders of Scheme Shares dated 26 March 2018 as it may be modified or added to in accordance with its terms, and expressions defined in the Scheme shall have the same meaning when used in this Article.

145.2 Notwithstanding any other provision in these Articles, if any ordinary shares shall be issued after the adoption of this Article and before the Reduction Record Time (other than any ordinary shares issued to Bank of Georgia Group PLC or its nominees or any member of its

group), such ordinary shares shall be allotted and issued subject to the terms of the Scheme and shall accordingly constitute Scheme Shares for the purposes thereof, and the holders of such ordinary shares shall be bound by, the Scheme accordingly.

145.3 Notwithstanding any other provision in these Articles, subject to the Scheme taking effect, if any ordinary shares shall be issued after the Reduction Record Time to any person (a “**New Member**”, which term shall include any successors and assigns) (other than any ordinary shares allotted or issued pursuant to the Scheme or to Bank of Georgia Group PLC or its nominees or any member of its group), such ordinary shares shall be allotted and issued on terms that, immediately upon their allotment or issue or, if later, immediately after the Scheme Effective Date, they shall be transferred to Bank of Georgia Group PLC (or as it may direct).

145.4 (a) The consideration for any transfer provided for in Article 145.3 shall be:

- (i) in the event that such transfer takes place before the Demerger Record Time (as defined in the circular to shareholders dated 26 March 2018), or subsequently if the Demerger does not become effective, the allotment and issue or transfer by Bank of Georgia Group PLC to the New Member of one new Bank of Georgia Group Share, credited as fully paid, for each ordinary share so transferred; and
- (ii) in the event that such transfer takes place on or after the Demerger Record Time and the Demerger becomes effective, the allotment and issue by Bank of Georgia Group PLC or the transfer by Bank of Georgia Group PLC to the New Member of such number of Bank of Georgia Group Shares, credited as fully paid, as shall be calculated by multiplying the relevant number of ordinary shares so transferred by the following fraction:

$$\frac{A}{B}$$

where:

A is the average of the middle market quotations (as derived from the Daily Official List of the London Stock Exchange) of an ordinary share on the last three days of trading in the Company's ordinary shares on the London Stock Exchange; and

B is the average of the middle market quotations (as derived from the Daily Official List of the London Stock Exchange) of a Bank of Georgia Group Share on the three days of trading in Bank of Georgia Group Shares on the London Stock Exchange immediately following the Demerger Effective Time (as defined in the circular to shareholders dated 26 March 2018),

Provided that if the Company is advised that the allotment and/or issue or transfer of Bank of Georgia Group Shares pursuant to this Article would or might infringe the laws of any jurisdiction outside the United Kingdom or would or might require Bank of Georgia Group PLC to observe any governmental or other consent or any registration, filing or other formality with which Bank of Georgia Group PLC cannot comply or compliance with which Bank of Georgia Group PLC regards as unduly onerous, the Company may, in its sole discretion, determine that such Bank of Georgia Group Shares shall be sold, in which event the Company shall be (unless such shareholder(s) satisfies the Company that no such infringement or requirement would apply) entitled to appoint a person to act pursuant to this Article and such person shall be authorised on behalf of such holder to procure that any shares in respect of which the Company has made such determination shall, as soon as practicable following the allotment, issue or transfer of such shares, be sold.

- (b) The Bank of Georgia Group Shares allotted and issued or transferred to a New Member pursuant to sub-paragraph 0(a) of this Article shall be credited as fully paid and shall rank *pari passu* in all respects with all other Bank of Georgia Group Shares in issue at that time (other than as regards any dividend or other distribution payable by reference to a record date preceding the date of allotment) and shall be subject to the Articles of Association of Bank of Georgia Group PLC.
- (c) The number of Bank of Georgia Group Shares to be allotted and issued to a New Member under paragraph 0 of this Article may be further adjusted by the Board in such manner as the auditors may determine to be fair and reasonable on any reorganisation of, or material alteration to, the share capital of the Company or Bank of Georgia Group PLC effected after the close of business on the Scheme Effective Date. For the

avoidance of doubt, the proposed reduction of capital of Bank of Georgia Group PLC referred to in Preliminary 0 to the Scheme shall not give rise to any adjustment under this paragraph (c) and the New Members shall not be entitled to receive any benefit pursuant to such reduction of capital.

- (d) *Any fraction of a Bank of Georgia Group Share arising pursuant to paragraph 0(a)(ii) of this Article shall not be allotted or issued to a New Member and all entitlements shall be rounded down to the nearest whole number of Bank of Georgia Group Shares.*

145.5 *To give effect to any transfer of ordinary shares, the Company may appoint any person as attorney for the New Member to transfer the ordinary shares to Bank of Georgia Group PLC and/or its nominee(s) and do all such other things and execute and deliver all such documents as may in the opinion of the attorney be necessary or desirable to vest the ordinary shares in Bank of Georgia Group PLC or its nominee(s) and pending such vesting to exercise all such rights attaching to the ordinary shares as Bank of Georgia Group PLC may direct. If an attorney is so appointed, the New Member shall not thereafter (except to the extent that the attorney fails to act in accordance with the directions of Bank of Georgia Group PLC) be entitled to exercise any rights attaching to the ordinary shares unless so agreed by Bank of Georgia Group PLC. The attorney shall be empowered to execute and deliver as transferor a form of transfer or other instrument or instruction of transfer on behalf of the New Member (or any subsequent holder) in favour of Bank of Georgia Group PLC and the Company may give a good receipt for the consideration for the ordinary shares and may register Bank of Georgia Group PLC as holder thereof and issue to it certificates for the same. The Company shall not be obliged to issue a certificate to the New Member for the ordinary shares. Bank of Georgia Group PLC shall allot and issue or transfer the Bank of Georgia Group Shares to the New Member within ten business days of the issue of the ordinary shares to the New Member.”*

- (c) with effect from the passing of this resolution:

- (i) the articles of association of the Company be altered to include the rights attaching to a Deferred Share of £1.00 by the adoption and inclusion of the following new article 6A:

”6A The Deferred Share of £1.00 shall have all the rights of an ordinary share, save that:

- (a) *no right to receive any profits of the Company available for distribution or otherwise;*
- (b) *the holder of the Deferred Share on a return of capital on a winding up shall be entitled to the amount paid up or treated as paid up on the nominal value of each Deferred Share, subject to paying to the holders of the ordinary shares in the capital of the Company the amount paid up or treated as paid up on the nominal value of each such ordinary share;*
- (c) *except as provided under (a) and (b) above, the Deferred Share shall not carry any right to participate in profits or assets of the Company respectively;*
- (d) *the holder(s) of the Deferred Share shall not be entitled to receive notice of, attend and/or vote at any general meeting of the Company unless a resolution is to be proposed which varies, modifies, alters or abrogates any of the rights attaching to the Deferred Share;*
- (e) *the Company may, at its discretion, at any time after the allotment and issue of the Deferred Share, without prior notice, redeem the Deferred Share for a total aggregate price not exceeding £1.00 upon redemption, the Deferred Share will be immediately and automatically cancelled; and*
- (f) *the Deferred Share shall not be transferable except with the written consent of the Board.*
- (ii) the Directors be generally and unconditionally authorised pursuant to and in accordance with section 551 of the Companies Act 2006 to allot the said Deferred Share to Bank of Georgia Group PLC provided that (1) this authority shall expire on the fifth anniversary of the date of this resolution and (2) this

authority shall be in addition and without prejudice to any authority under the said section 551 previously granted and in force on the date on which this resolution is passed; and

- (iii) pursuant to and during the period of the said authority the Directors be empowered shares pursuant to sections 570 and 573 of the Act of said Act to allot the said Deferred Share wholly for cash as if section 561(1) of the said Act did not apply to any such allotment.

2. Demerger resolution

THAT, conditional upon the passing of resolution 1 above:

- (b) the Demerger (as defined in the circular to the Company's shareholders dated 26 March 2018 (the "**Circular**")) be and is hereby approved and the Directors of the Company and Bank of Georgia Group PLC (or a duly authorised committee of the directors of the relevant company) be authorised to carry the same into effect (with such non-material amendments as they shall deem necessary or appropriate) and in connection therewith:
 - (i) the Directors of the Company and Bank of Georgia Group PLC be and are hereby authorised and instructed to do or procure to be done all such acts and things on behalf of the Company and any of its subsidiaries as they consider necessary or expedient for the purpose of giving effect to the Demerger; and
 - (ii) the implementation of the Demerger through the Separation Agreements (as defined in the Circular) be and is hereby approved and the Directors (or a duly authorised committee of the Directors) be authorised to carry the same into effect with all such non-material amendments to the Separation Agreements as they shall deem necessary or appropriate;
- (c) the Bank of Georgia Group Capital Reduction, as defined and described in the Circular and approved by a special resolution of the shareholders of Bank of Georgia Group PLC on 26 March 2018, be and is hereby approved and the Directors of the Company and Bank of Georgia Group PLC be and are hereby authorised to take all such actions as they may consider necessary or appropriate for carrying such reduction of capital into effect; and;
- (d) the Georgia Capital Capital Reduction, as defined and described in the Circular and approved by a special resolution of the shareholders of Georgia Capital PLC on 26 March 2018, be and is hereby approved and the Directors of the Company and Georgia Capital PLC be and are hereby authorised to take all such actions as they may consider necessary or appropriate for carrying such reduction of capital into effect.

Demerger Resolutions (Ordinary)

3. Bank of Georgia Executive Equity Compensation Plan

THAT, subject to and conditional upon the resolutions numbered 1 and 2 in this Notice being approved, the adoption and establishment by JSC Bank of Georgia of the Bank of Georgia Executive Equity Compensation Plan, the principal terms of which are summarised at paragraph 9 of Part II of the document of which this Notice forms part, be and is hereby approved and:

- (a) the directors of Bank of Georgia Group PLC (and its subsidiaries) and/or the remuneration committee of Bank of Georgia Group PLC be and are hereby authorised to do all things necessary or expedient to carry the Bank of Georgia Executive Equity Compensation Plan into effect; and
- (b) the directors of Bank of Georgia Group PLC be and are hereby authorised to establish further employee share plans based on the Bank of Georgia Executive Equity Compensation Plan, but modified to take account of local tax, exchange control or securities laws in any overseas jurisdiction provided that the shares made available under such further employee share plans are treated as counting towards the limits on participation in the Bank of Georgia Executive Equity Compensation Plan.

4. Georgia Capital Executive Equity Compensation Plan

THAT, subject to and conditional upon the resolutions numbered 1 and 2 in this Notice being approved, the adoption and establishment by JSC Georgia Capital of the Georgia Capital Executive Equity Compensation Plan, the principal terms of which are summarised at paragraph 9 of Part II of the document which this Notice forms part, be and is hereby approved and:

- (a) the directors of Georgia Capital PLC (and its subsidiaries) and/or the remuneration committee of Georgia Capital PLC be and are hereby authorised to do all things necessary or expedient to carry the Georgia Capital Executive Equity Compensation Plan into effect; and
- (b) the directors of Georgia Capital PLC be and are hereby authorised to establish further employee share plans based on the Georgia Capital Equity Compensation Plan, but modified to take account of local tax, exchange control or securities laws in any overseas jurisdiction provided that the shares made available under such further employee share plans are treated as counting towards the limits on participation in the Georgia Capital Executive Equity Compensation Plan.

5. Payments

THAT, subject to and conditional upon the resolutions numbered 1 and 2 in this Notice being approved, the payments to Irakli Gilari as described in section 9.5 (Payments outside of the current remuneration policy) of Part II of the Circular and the memorandum setting out particulars of the proposed payments in relation to the Demerger, be and are hereby approved (including for the purposes of section 226B(1)(b) of the Companies Act 2006) and the Directors of BGEO Group PLC and/or the remuneration committee of BGEO Group PLC be authorised to carry the same into effect and do all acts and things as they consider necessary or desirable to procure the same.

Ordinary Resolutions (Non-demerger)

6. Annual Report and Accounts

To receive and adopt the Company's Annual Report and Accounts, which include the Directors' Report, the Strategic Report and the Auditors' Report, for the financial year ended 31 December 2017.

7. Dividend

Conditional on the Scheme not having become effective in accordance with its terms, to declare a final dividend as recommended by the Board of the Company for the financial year ended 31 December 2017 of GEL 3.1 per Ordinary Share payable to those shareholders on the register at close of business on a date to be determined by the Board should this resolution become effective.

8. Directors Remuneration Report

To receive and approve the Directors' Remuneration Report, as set out on pages 98 to 113 (excluding the Remuneration Policy on pages 105 to 111) of the Annual Report and Accounts for the financial year ended 31 December 2017.

Re-election of Directors

9. To re-elect Neil Janin, as a Non-Executive Director of the Company.
10. To re-elect Irakli Gilauri, as an Executive Director of the Company.
11. To re-elect David Morrison, as a Non-Executive Director of the Company.
12. To re-elect Alasdair Breach, as a Non-Executive Director of the Company.
13. To re-elect Kim Bradley, as a Non-Executive Director of the Company.
14. To re-elect Tamaz Georgadze, as a Non-Executive Director of the Company.
15. To re-elect Hanna Loikkanen, as a Non-Executive Director of the Company.
16. To elect Jonathan Muir as a Non-Executive Director of the Company.

17. Auditor Re-appointment

To re-appoint Ernst & Young LLP as Auditor to the Company (the **Auditor**) from the date of the passing of this resolution and expiring at the conclusion of the Company's AGM in 2019.

18. Auditor Remuneration

To authorise the Audit Committee to set the remuneration of the Auditor.

19. Political Donations

THAT, in accordance with section 366 and 367 of the Companies Act 2006 (the **Act**), the Company and any subsidiary of the Company, during the period beginning with the date of the passing of this resolution and expiring at the conclusion of the Company's AGM in 2019 (unless this authority has been renewed, revoked or varied by the Company in a general meeting), be authorised to:

- a) make donations to political parties or independent election candidates, not exceeding £100,000 in total;
- b) make donations to political organisations other than political parties, not exceeding £100,000 in total; and
- c) incur political expenditure, not exceeding £50,000 in total.

Any terms used in this resolution which are defined in Part 14 of the Act shall bear the same meaning for the purposes of this resolution 19.

20. Authority to Allot Shares

THAT, in substitution for all existing authorities, the Board be generally and unconditionally authorised for the purposes of section 551 of the Act to exercise all the powers of Company to allot shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company:

- a) up to an aggregate nominal value of £131,282.37, representing 13,128,237 Ordinary Shares, which represents approximately one-third of the Company's current issued ordinary share capital as at 22 March 2018, being the latest practicable date prior to the publication of this notice of AGM;
- b) in addition to the amount referred to in paragraph (a), equity securities (as defined in section 560(1) of the Act) up to a further aggregate nominal value of £131,282.37, which represents approximately one-third of the Company's current issued ordinary share capital as at 22 March 2018, being the latest practicable date prior to the publication of this notice of AGM, in connection with an offer by way of a rights issue:
 - i. to holders of ordinary shares in made proportion (as nearly as may be practicable) to their respective existing holdings of ordinary shares; and
 - ii. to holders of other equity securities of any class if this is required by the rights attaching to those securities or, if the Board consider it necessary, as permitted by the rights of those securities,

subject to the Board having a right to make such exclusions or other arrangements as they may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or legal, regulatory or practical problems in, or under the laws of, any territory,

such authorities to apply (unless renewed, varied or revoked by the Company in general meeting sooner) until the conclusion of the Company's AGM in 2019 or, if earlier, at the close of business on 30 July 2019 (being 15 months after the date of the forthcoming AGM) save that the Company may, before the authority expires, make an offer and/or enter into an agreement which would, or might, require equity securities to be allotted, or rights to be granted, after the authority conferred by this resolution 20 expires and the Board may allot shares or grant rights to subscribe for or to convert any security into shares under any such offer or agreement as if the authority conferred by this resolution 20 had not expired.

Special Resolutions

21. General Power to Dis-apply Pre-emption Rights

THAT, if resolution 20 is passed, the Board be generally empowered pursuant to sections 570 and 573 of the Act to allot equity securities (as defined in section 560 of the Act) for cash under the authority granted by that resolution and/or to sell Ordinary Shares held by the Company as treasury shares as if section 561 of the Act did not apply to any such allotment or sale, such authority to be limited:

- a) to the allotment of equity securities for cash and/or sale of treasury shares in connection with an offer of, or invitation to apply for, equity securities:
 - i. to ordinary shareholders in proportion (as nearly as practicable) to their respective existing holdings of Ordinary Shares held by them on the record date; and
 - ii. to holders of other equity securities, as required by the rights attaching to those securities, or if the Board otherwise considers it necessary, as permitted by the rights attaching to those securities,

but so long as the Board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter whatsoever; and

- b) to the allotment of equity securities for cash and/or sale of treasury shares (otherwise than under paragraph a) above) up to a nominal amount of £19,692.35 (being 1,969,235 Ordinary Shares, which represent approximately 5% of the Company's issued ordinary share capital as at 22 March 2018, being the latest practicable date prior to publication of this notice of AGM),

such authority to expire at the conclusion of the Company's next AGM in 2019 or, if earlier, at the close of business on 30 July 2019, being 15 months after the date of the forthcoming AGM), save that in each case, prior to its expiry, the Company may make an offer, and/or enter into an agreement, which would, or might, require equity securities to be allotted (and/or treasury shares to be sold) after this authority expires and the Board may allot equity securities (and/or sell treasury shares) under any such offer or agreement as if the authority given by this resolution had not expired.

22. Specific Power to Dis-apply Pre-emption Rights in Connection with an Acquisition or Specified Capital Investment

That if resolution 21 is passed, the Board be generally empowered pursuant to sections 570 and 573 of the Act (in addition to the authority given by resolution 21 to allot equity securities (as defined in section 560 of the Act) for cash under the authority given by that resolution and/ or to sell Ordinary Shares held by the Company as treasury shares as if section 561 of the Act did not apply to any such allotment or sale, such authority to be:

- a) limited to the allotment of equity securities and/or sale of treasury shares, up to a nominal amount of £19,692.35 (being 1,969,235 Ordinary Shares, representing approximately 5% of the Company's issued ordinary share capital as at 22 March 2018, being the latest practicable date prior to the publication of this notice of AGM); and
- b) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Board of the Company determines to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-emption Rights most recently published by the Pre-emption Group prior to the date of this notice of AGM,

such authority to expire at the conclusion of the Company's AGM in 2019 or, if earlier, at the close of business on 30 July 2019, being 15 months after the date of the forthcoming AGM, save that, in each case, prior to its expiry, the Company may make an offer, and/or enter into an agreement, which would, or might, require equity securities to be allotted (and/or treasury shares to be sold) after this authority expires and the Board may allot equity securities (and/or sell treasury shares) under any such offer or agreement as if the authority given by this resolution had not expired.

23. Authority to Purchase Ordinary Shares

THAT the Company be generally and unconditionally authorised for the purpose of section 701 of the Act to make market purchases (as defined in section 693 of the Act) of Ordinary Shares, on such terms and in such manner as the Board may from time to time determine, and where such Ordinary Shares are held as treasury shares, the Company may use them for the purposes of its employee share schemes, provided that:

- a) the maximum number of Ordinary Shares which may be purchased is 3,938,471 (representing approximately 10% of the Company's issued ordinary share capital as at 22 March 2018, being the latest practicable date prior to the publication of this notice of AGM);

- b) the minimum price (exclusive of expenses) which may be paid for each Ordinary Share is £0.01; and
- c) the maximum price (exclusive of expenses) which may be paid for each Ordinary Share is the higher of:
 - i. 105 per cent. of the average of the middle-market price of an Ordinary Share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which such Ordinary Share is contracted to be purchased; and
 - ii. an amount equal to the higher of the price of the last independent trade of an Ordinary Share and the highest current independent purchase bid for an Ordinary Share as derived from the London Stock Exchange Trading System at the time the purchase is carried out.

This authority shall, unless varied, revoked or renewed prior to such time, expire at the conclusion of the Company's AGM in 2019 or, if earlier, at the close of business on 30 May 2019, being 13 months after the date of the forthcoming AGM (except in relation to any purchase of Ordinary Shares for which the contract was concluded before such date and which would or might be executed wholly or partly after such date).

By Order of the Board

Rebecca Wooldridge
Company Secretary
26 March 2018

Registered Office:
84 Brook Street
London W1K 5EH
United Kingdom

Registered in England and Wales No: 07811410

EXPLANATORY NOTES TO THE BUSINESS OF THE AGM

The notes on the following pages are given as explanations of the proposed resolutions.

Resolutions 3 to 20 (inclusive) are proposed as ordinary resolutions. This means that, for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolutions.

Resolutions 1, 2 and 21 to 23 are proposed as special resolutions. This means that, for each of those resolutions to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

Please note that a “vote withheld” (as it appears in the Form of Proxy) is not a vote in law and will not be counted in the calculation of the proportion of votes “for” or “against” a resolution.

Explanations of resolutions 1 to 5 are set out in part II of the Circular to which this notice forms a part, as are biographies of each of the Company’s directors.

Resolution 6: Annual Report and Accounts

The 2017 Annual Report and Accounts for the year ended 31 December 2017 are available on our website (www.bgeo.com) and have been sent to shareholders, as requested. Further copies will be available at the AGM.

Resolution 7: Declaration of a Final Dividend

Final dividends must be approved by shareholders of the Company but cannot be more than the amount recommended by Directors.

Resolution 8: Directors’ Remuneration Report

Resolution 8 seeks approval for the Directors’ Remuneration Report for the year ended 31 December 2017, excluding the part of the report which sets out the Directors’ Remuneration Policy. As in previous years, this resolution is advisory in nature and, as such, it does not affect the actual remuneration paid to any director. The Directors’ Remuneration Report is set out on pages 98 to 113 (excluding the Remuneration Policy on pages 105 to 110) of the 2017 Annual Report and Accounts.

Shareholders are not required to vote on the Directors’ Remuneration Policy this year. The Directors’ Remuneration Policy was approved by shareholders at our 2017 Annual General Meeting and is set out in the 2017 Annual Report and Accounts for reference purposes only. A remuneration policy will be put to shareholders again no later than the date of the Company’s Annual General Meeting in 2019.

Resolutions 9 to 16: Election and re-election of Directors

In accordance with the provisions of the UK Corporate Governance Code, the Board has decided that, as has been the case since the Company listed, all Directors should retire at the AGM and offer themselves for re-election.

The Nomination Committee identifies, evaluates and recommends candidates for appointment or re-appointment as Directors. The Nomination Committee and the Board keeps the balance of skills, experience, knowledge and independence of the Board under regular review and seeks to ensure an orderly succession of Directors.

The Nomination Committee has reviewed the performance of each Director now standing for re-election, and, having considered the complementary skills and expertise brought by each to the Board, the Nomination Committee believes that they each continue to be effective and demonstrate commitment to their roles, including commitment of time for the Board and Committee meetings and any other duties. The Board as a whole is content that each Non-Executive Director standing for re-election is independent in character and judgment and that there are no relationships or circumstances likely to affect that independence.

Jonathan Muir was first appointed to the board on 20 June 2017 and will stand for election by shareholders.

Accordingly, the Board recommends the re-election, and in the case of Jonathan Muir, the election of each of the Directors.

Biographical details of each of the Directors standing for election or re-election are set out in the Circular to which this notice is attached.

Resolutions 17 and 18: Re-appointment of auditor and setting of auditor's fees

At each general meeting at which accounts are presented, the Company is required to appoint an auditor to hold office until the conclusion of the Company's next AGM, which is in 2019, as well as fix the remuneration of the auditor. The performance and effectiveness of the auditor, which included an assessment of the auditor's independence and objectivity, and a review of the non-audit services provided by the auditor, has been evaluated by the Company's Audit Committee, which has recommended to the Board that Ernst & Young LLP be re-appointed. Ernst & Young LLP has also indicated that it is willing to continue as the Company's auditor. Resolution 17 seeks authorisation for the re-appointment of Ernst & Young LLP as auditor and following normal practice, resolution 18 seeks authorisation for the Audit Committee to set the auditor's fees.

Resolution 19: Authority to make political donations

Any political donations or expenditure regulated by the Act requires shareholder approval. It is not the Company's policy to make donations to political parties, independent election candidates or political organisations or to incur political expenditure. However, the scope of the definitions of political parties, independent election candidates, political organisations and political expenditure used within the Act are very wide. In particular, the definition of political organisations may extend to bodies such as those concerned with policy review, law reform, the representation of the business community and special interest groups such as those concerned with the environment, which the company and its subsidiaries might wish to support. As a result, the definitions may cover legitimate business activities which are not, in the ordinary sense, considered to be political donations or political expenditure. Such activities are not designed to support any political party or independent election candidate or to influence public support for any political party or independent election candidate. The authority which the Board is requesting is a precautionary measure to ensure that the company and its subsidiaries do not inadvertently commit a technical breach of the Act.

This authority will cover the period from the date resolution 19 is passed until the conclusion of the AGM in 2019, unless previously renewed, revoked or varied by the Company in a general meeting. Any expenditure which may be incurred under authority of this resolution in excess of £2,000 per expenditure will be disclosed in next year's annual report.

No payments have been made under previous authorities given in this regard.

Resolution 20: Directors' authority to allot shares

Paragraph a) of resolution 20 would give the Board power to allot shares and grant rights to subscribe for or convert any security into shares up to a nominal value of £131,282,37. This represents 13,128,237 Ordinary Shares, which is approximately one-third of the Company's current issued ordinary share capital as at 22 March 2018, being the latest practicable date prior to the publication of this notice of AGM.

The Investment Association's Share Capital Management Guidelines 2017 state that the Investment Association will regard as routine a request to authorise the allotment of a further one-third of a company's issued share capital in connection with a rights issue. In light of this, paragraph b) of this resolution 20 proposes that, in addition to the authority in paragraph a), the Board be granted the power to allot further equity securities up to a nominal amount of £131,282,37. This represents 13,128,237 Ordinary Shares, which is approximately one-third of the Company's current issued ordinary share capital as at 22 March 2018, being the latest practicable date prior to the publication of this notice of AGM.

The Board has no current plans to make use of this authority but wishes to ensure that the Company has maximum flexibility in managing the Company's capital resources. The authority set out in this resolution will remain in force until the conclusion of the Company's AGM in 2019 or, if earlier, at the close of business on 30 July 2019 (being 15 months after the date of the forthcoming AGM) save that in each case the Company may, before the authority expires, make an offer or agreement which would or might require equity securities to be allotted, or rights to be granted, after this authority expires and the Directors may allot shares or grant rights to subscribe for or to convert any security into shares under any such offer or agreement as if the authority had not expired.

The Company did not hold any shares in treasury within the meaning of the Act as at 22 March 2018, being the latest practicable date prior to the publication of this notice of AGM.

Resolutions 21 and 22: Disapplication of Pre-emption rights (special resolutions)

Resolutions 21 and 22 would give the Board power to allot equity securities (or sell any equity securities which the Company holds in treasury) for cash without first offering them to existing shareholders in proportion to their existing holdings.

The power set out in resolution 21, is limited to: a) allotments or sales in connection pre-emptive offers and offers to holders of equity securities if required by the rights of those securities or as the Board otherwise considers necessary, or b) otherwise up to a maximum nominal amount of £19,692.35, representing 1,969,235 Ordinary Shares, which is approximately 5% of the Company's issued ordinary share capital as at 22 March 2018, being the latest practicable date prior to the publication of this notice of AGM.

Resolution 22 is intended to give the Company flexibility to make non-pre-emptive issues of Ordinary Shares in connection with an acquisition or specified capital investment up to a maximum nominal amount of £19,692.35, representing 1,969,235 Ordinary Shares, which is approximately 5% of the Company's issued ordinary share capital as at 22 March 2018, being the latest practicable date prior to the publication of this notice of AGM.

These disapplication authorities are in line with the guidance issued by the Investment Association (as updated in July 2017) and the Pre-Emption Group's Statement of Principles (as updated in March 2015) (the **Statement of Principles**). The Statement of Principles were revised in 2015 to allow the authority for an issue of shares otherwise than in connection with a pre-emptive offer to be increased from 5% to 10% of the Company's issued Ordinary Share capital, provided that the Company confirms that it intends to use the additional 5% authority only in connection with an acquisition or specified capital investment. In May 2017, the Pre-emption Group recommended that this additional 5% authority be sought in a separate resolution, which is the approach that the Company has taken this year.

In compliance with the Statement of Principles, the Board confirms that it will not allot equity securities for cash, and/or sell treasury shares, on a non-pre-emptive basis pursuant to the authority in resolution 22 other than in connection with an acquisition or specified capital investment which is announced contemporaneously with the issue or which has taken place in the preceding six-month period and is disclosed in the announcement of the allotment.

In addition, the Board also confirms that in accordance with the Statement of Principles, it does not intend to allot equity securities for cash, and/or sell treasury shares, representing more than 7.5% of the Company's issued ordinary share capital in any rolling three-year period other than to existing shareholders, save as permitted in connection with an acquisition or specified capital investment as described above, unless shareholders have been notified and consulted in advance.

The authorities sought under resolutions 21 and 22 will expire at the conclusion of the Company's AGM in 2019 or if earlier, at the close of business on 16 July 2019, being 15 months after the date of the forthcoming AGM, but, in each case, prior to its expiry, the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and/or treasury shares to be sold) after the authority expires and the Board may allot equity securities (and/or sell treasury shares) under any such offer or agreement as if the authority had not expired.

The Board has no present intention to exercise the authority conferred by this resolution.

Resolution 23: Authority to purchase Ordinary Shares (special resolution)

Resolution 23 authorises the Company to make market purchases of up to 3,938,471 of its own Ordinary Shares, representing approximately 10% of the Company's issued ordinary share capital as at 22 March 2018, being the latest practicable date prior to the publication of this notice of AGM. The resolution specifies the minimum and maximum prices at which the Ordinary Shares may be bought under this authority. The effect of this resolution is to renew the authority currently held by the Board to purchase up to 10% of the Company's issued ordinary share capital. The authority set out in resolution 23 will remain in force until the conclusion of the Company's AGM in 2019 or if earlier, at the close of business on 30 May 2019, being 13 months after the date of the forthcoming AGM (except in relation to any purchase of Ordinary Shares for which the contract was concluded before such date and which would or might be executed wholly or partly after such date). The Company is entitled to hold the Ordinary Shares as treasury shares, sell them for cash, cancel them or transfer them pursuant to an employee share plan.

As announced on 10 March 2017, as a result of the Group's very strong capital position, excess levels of liquidity and high level of internal capital generation, the Board believed it was: (a) likely to promote the success of the Company; (b) for the benefit the shareholders as a whole; and (c) would result in an increase in the earnings per share, for the Company to commence a purchase for cancellation programme of BGEO Ordinary Shares of £0.01 each up to a maximum consideration of US\$50 million over a two-year period (the **Buyback**). Any shares repurchased pursuant to the Buyback will be immediately cancelled. The Buyback is currently being implemented under the existing authority to make market purchases obtained at the 2017 AGM. Subject to resolution 23 being approved, the Company will continue to implement the Buyback under the authority obtained under resolution 23. In the event that resolution 23 is not approved, the Buyback will cease at that point (except in relation to any purchase of Ordinary Shares for which the contract was concluded before such date and which would or might be executed wholly or partly after such date). As at 22 March 2018, being the latest practicable date prior to the publication of this notice of AGM, the Company had purchased and cancelled 115,608 of its Ordinary Shares (0.29% of the Company's issued share capital as at 22 March 2018) pursuant to the Buyback.

The Company had no Ordinary Shares held in treasury within the meaning of the Act as at 22 March 2018, being the latest practicable date prior to the publication of this notice of AGM.

RECOMMENDATION

The Directors consider that all of the resolutions being proposed at this year's AGM will promote the success of the Company and are in the best interests of shareholders as a whole and the Company. The Directors therefore unanimously recommend that you vote in favour of all the resolutions, as the Directors intend to do in respect of their own beneficial holdings of Ordinary Shares in the Company.

NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

1 Entitlement to Attend and Vote

Shareholders registered in the Register of Members of the Company as at 6:00 pm (London time) on 26 April 2018 (or, in the event of any adjournment, on the date which is two business days before the time of the adjourned meeting excluding non-working days) shall be entitled to attend or vote at the AGM in respect of the Ordinary Shares registered in their name at that time. Changes to entries on the Register of Members after 6:00 pm (London time) on 26 April 2018 will be disregarded in determining the rights of any person to attend or vote at the AGM.

2 Proxies

Members are entitled to appoint a proxy (who need not be a member of the Company) to exercise all or any of their rights to attend, speak and vote on their behalf at the AGM.

A member may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to different Ordinary Shares held by that member. Members who wish to appoint more than one proxy in respect of their holding may obtain additional Forms of Proxy by contacting the Company's Registrars, Computershare on +44 (0)370 873 5866 or may photocopy the Form of Proxy provided with this document indicating on each copy the name of the proxy appointed and the number of Ordinary Shares in respect of which that proxy is appointed. All Forms of Proxy should be returned together in the same envelope.

Completion of the Form of Proxy will not prevent a member from subsequently attending and voting at the AGM in person if they so wish. The Form of Proxy, and any power of attorney or other authority under which it is executed (or a duly certified copy of any such power or authority), must be received by post or (during normal business hours only) by hand at the offices of the Company's Registrars, Computershare Investor Services PLC (**Computershare**) at The Pavilions, Bridgwater Road, Bristol BS99 6ZY, United Kingdom no later than 11:15 am (London time) on 26 April 2018, being two business days before the time appointed for the holding of the AGM excluding non-working days.

Members may submit their proxies electronically at www.investorcentre.co.uk/eproxy using the Control Number, your unique PIN and Shareholder Reference Number (SRN) printed on your Form of Proxy.

3 Information Rights and Nominated Persons

Persons who have been nominated under section 146 of Act (a **Nominated Person**) to enjoy information rights do not have a right to vote or appoint a proxy at the AGM and the statements of the rights of members in relation to the appointment of proxies in note 2 above does not apply to Nominated Persons. The rights described in that note can only be exercised by members of the Company.

However, a Nominated Person may have the right (under an agreement with the member by whom they were nominated) to be appointed, or to have someone else appointed, as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise that right, they may have a right to give voting instructions to the registered shareholder under any such agreement.

4 Corporate Representatives

A corporate shareholder may appoint a person or persons to act as its representative(s) at the AGM. Each such representative may exercise (on behalf of the corporate shareholder) the same powers as the corporate shareholder could exercise if they were an individual shareholder in the Company, provided that they do not do so in relation to the same Ordinary Shares.

5 CREST Proxy Instructions

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the AGM to be held on 30 April 2018 and any adjournment thereof by following the procedures described in the CREST Manual. CREST Personal Members or other CREST Sponsored Members, and those CREST members who have appointed a voting service provider, should refer to their CREST sponsor or voting service provider who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a **CREST Proxy Instruction**) must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID Number 3RA50) no later than 11:15 am (London time) on 26 April 2018. No message received through the CREST network after this time will be accepted. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. The CREST Manual is available at www.euroclear.com/CREST.

CREST members and, where applicable, their CREST sponsors or voting service provider should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST Personal Member or Sponsored Member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company will treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

6 Issued Share Capital and Total Voting Rights

Holders of Ordinary Shares are entitled to attend and vote at general meetings of the Company. Each Ordinary Share entitles the holder to one vote on a poll. As at 22 March 2018, being the last practicable date prior to the publication of this Notice, the Company's issued share capital consisted of 39,384,712 Ordinary Shares. The Company does not hold any Ordinary Shares in treasury within the meaning of the Act. Therefore, the total voting rights in the Company as at 22 March 2018 are 39,384,712.

7 Voting at the AGM

Each of the resolutions to be put to the AGM will be voted on by way of a poll and not by a show of hands. In this way, the voting preferences of all shareholders are taken into account not only those who are able to physically attend the AGM. The results of the poll will be notified to the market in the usual way and published on the Company's website after the meeting.

8 Publication of Audit Concerns

Under section 527 of the Act, the Company may be required by members meeting the threshold set out in that section to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Act which they intend to raise at the AGM. The Company may not require the members requesting any such website publication to pay its costs in complying with sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the Act to publish on a website.

9 Questions

Any member attending the AGM has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the AGM but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or would involve the disclosure of confidential information, (b) the answer has already been given on a website

in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the AGM that the question be answered.

10 Display Documents

Copies of the service contract for the Executive Director, the letters of appointment for the Non-Executive Directors and the Company's Articles of Association are available for inspection at the registered office of the Company during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) and also at the place of the AGM from 10:45 am (London time) on the day of the AGM until the conclusion thereof.

11 Information available on the website

A copy of this Notice and other information required by section 311A of the Act can be found at www.bgeo.com.

12 Electronic address

Please note that shareholders may not use any electronic address provided in this Notice or any related documents (including the Form of Proxy) to communicate with the Company for any purpose other than those expressly stated.

