



უძრავი ქონება
REAL ESTATE

Housing Development Business Overview

Speaker: Shota Berekashvili, Managing Partner, Head of Construction Management

Georgia Capital Investor Day
27 June 2019

1

Business overview & track record

2

Market outlook

3

Strategy & outlook

4

Key takeaways

Housing Development Business with strong track record

Housing Development Business is managed by m² Real Estate - the real estate development company established by Bank of Georgia in 2011

Housing Development

10 completed projects
(with 2,855 apartments developed)

2 on-going projects
(with 3,016 apartments under development)

2,812 apartments sold
(98.5% as a % of total with sales value of US\$ **242**mln)

358k sq.m
Gross Buildable Area on completed projects*

66%
IRR from real estate projects

US\$ 33.7mln
land value unlocked

US\$ 3.8mln in cash and **US\$ 37.4mln** in kind
dividends distributed over 7 years

* 3,853K Square Feet

What drives our success?

m²
brand
name

m²
pricing
power

m²
sales

m²
execution

m²
accessibility
to financing

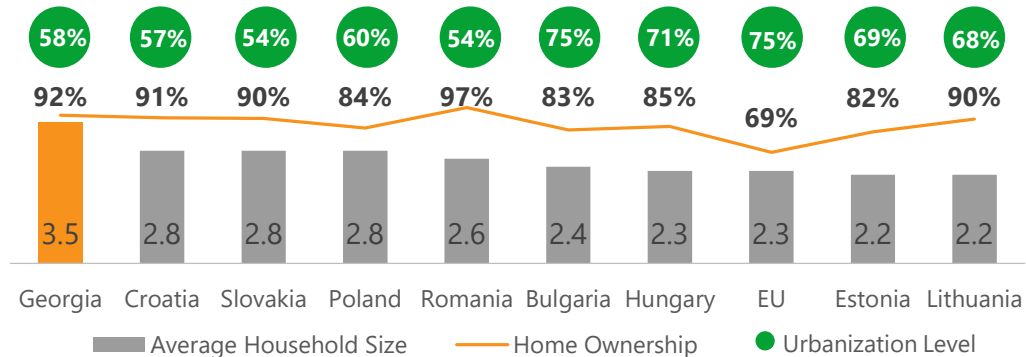
m² market
expertise



Significant growth potential in Georgian residential market

Household size further reduction driving demand for housing market

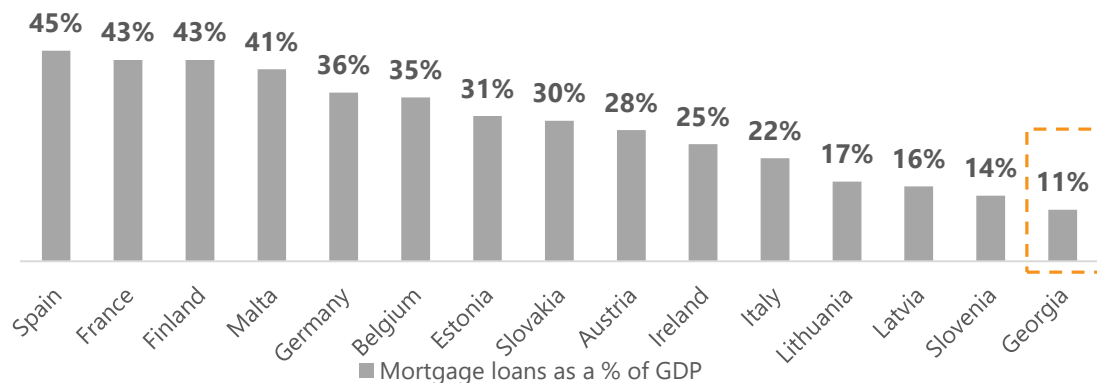
Source: Eurostat, TBC Capital



Average household size has already dropped from 3.7 individuals in 2008 to 3.5 in 2018 in Georgia. This trend is expected to continue, which will generate additional demand for housing.

Significant room for further growth in mortgages

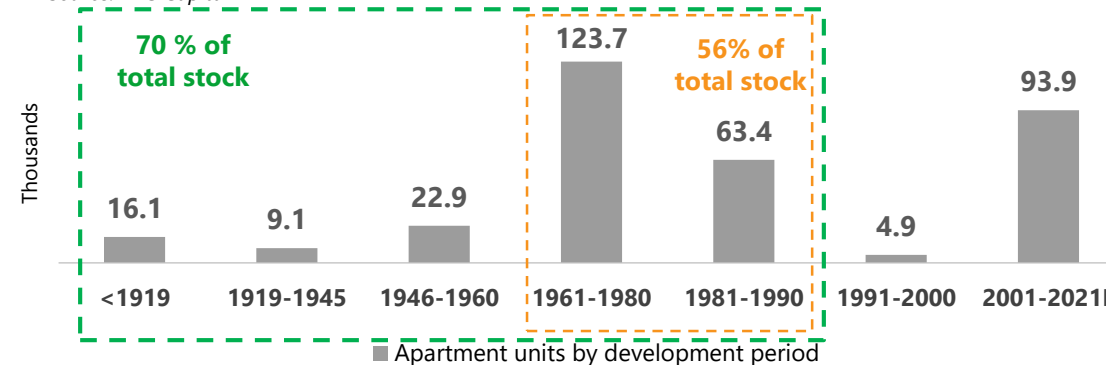
Source: IMF, Central Banks



Significant lower mortgage loan rates have created a favorable environment for growth opportunity in residential property demand, as the ratio of mortgage loans to GDP was 11% in 2017.

Most of the housing stock needs replacement

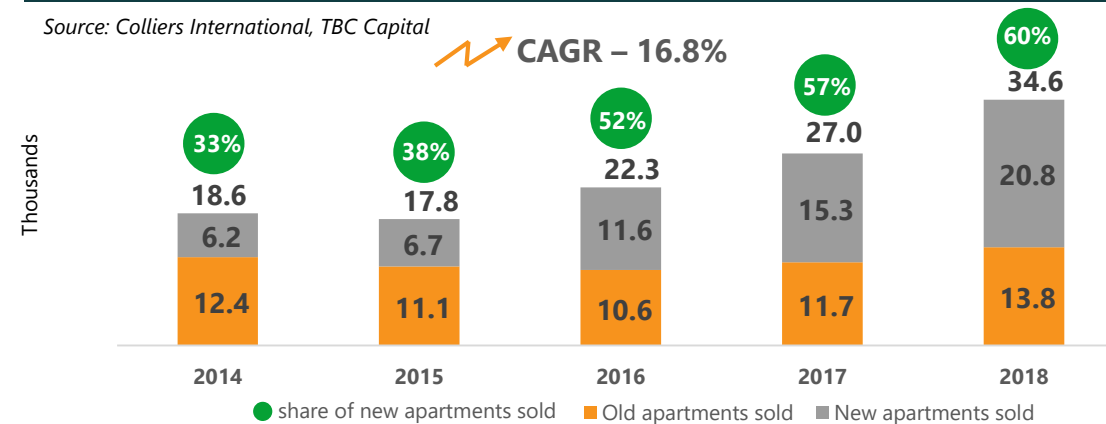
Source: TBC Capital



Around 187,000 units (56%) of the apartments were built between 1961 and 1991 and are out of their usable lifecycle.

28% increase in the number of transactions in Tbilisi in 2018

Source: Colliers International, TBC Capital



In 2018 the number of residential unit transactions peaked at 34,600 units with record growth and the share of new apartment sales has been increasing each year.

Neighbourhood development – 1, Marshal Gelovani Ave. Tbilisi, Georgia



Project Masterplan



**US\$ 37mln
Profit**

**237k sq.m
Buildable
area**

**3,000
Apartments**

**Over 30k sq.m
Recreational
area**

**Shared
amenities for
the
neighbourhood**

**US\$ 18.7mln
Land Value**

Be the number one Real Estate developer in Georgia

Strategic goals to be achieved

Franchise m² brand

- Focus on franchising m² brand and use its platform to develop third party land plots and generate fee income;
- Increase awareness of m² franchise and its platform among the land owners;
- At least 2,500 apartments to be developed over next 5 years;
- Generate Free Cash of US\$ 10mln from 2023 onwards annually.

Construction Management

- Fully utilize benefits of vertical integration and generate fee income from third-party construction management and bring construction works in-house;
- Already completed 2 third-party deals;
- Generate Free Cash of US\$ 5mln from 2023 onwards annually from third party projects.

First franchise deal – neighbourhood development on Kakheti Highway



Franchise deal
signed with
Lithuanian
investors

250k+ sq.m
buildable area

2,500+
apartments

Over 17k sq.m.
recreational area

Shared amenities
for the
neighbourhood

US\$ 18mln
fees generated
by m²

Construction arm with over 30 years experience in construction management



Proven Track Record in Construction Management

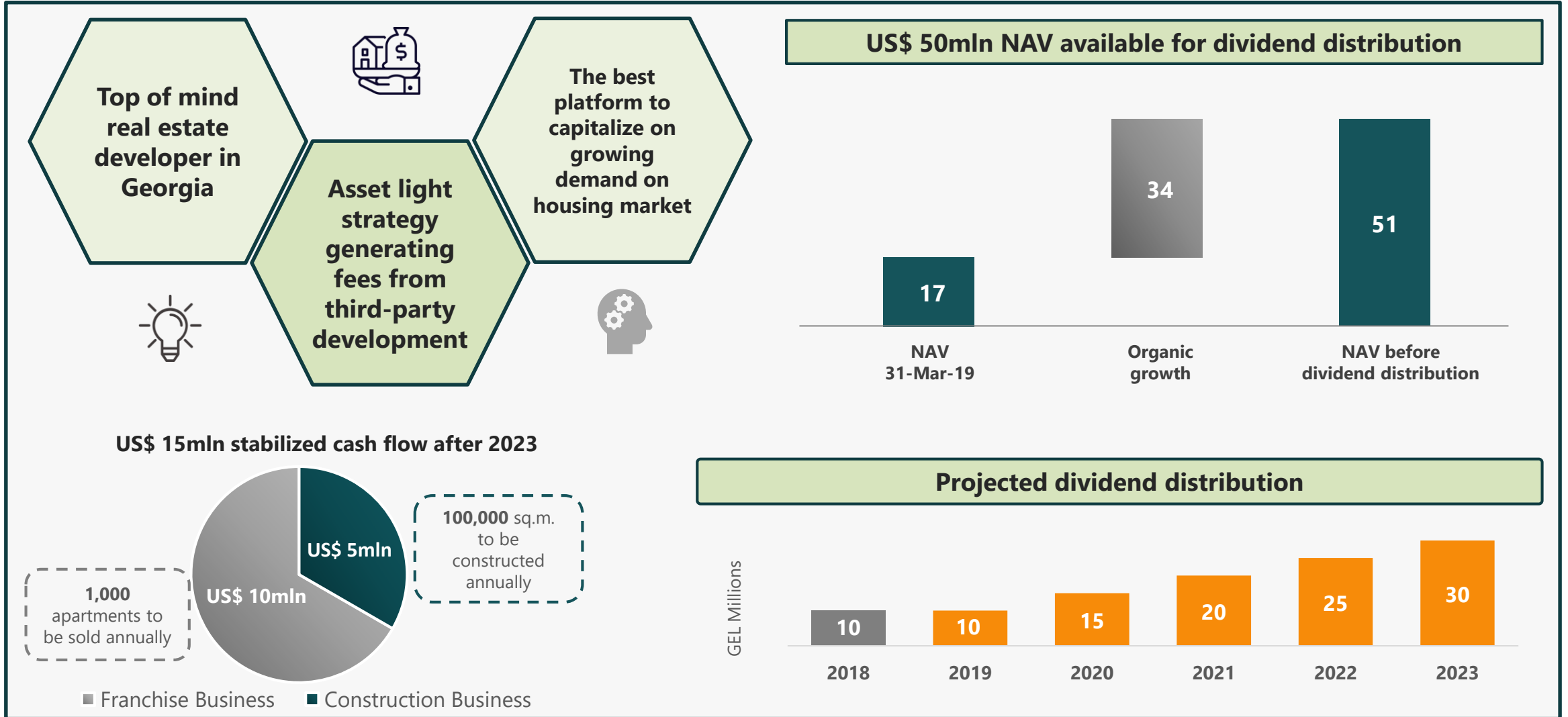
- Construction Arm has already developed two projects generating US\$ 1.5mIn profit since acquisition:
 - Radisson Collection Hotel in Tsinandali;
 - Saburtalo Shopping Mall – over 100,000 sq.m. buildable area;
- In addition to in-house projects, construction arm will concentrate on third-party deals in total constructing 100,000 sq.m. annually.



Platform generating US\$ 15mIn free cash annually

... 2018

... 2023



Questions?

Forward looking statements

Disclaimer

This presentation contains forward-looking statements, including, but not limited to, statements concerning expectations, projections, objectives, targets, goals, strategies, future events, future revenues or performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, competitive strengths and weaknesses, plans or goals relating to financial position and future operations and development. Although Georgia Capital PLC believes that the expectations and opinions reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations and opinions will prove to have been correct. By their nature, these forward-looking statements are subject to a number of known and unknown risks, uncertainties and contingencies, and actual results and events could differ materially from those currently being anticipated as reflected in such statements. Important factors that could cause actual results to differ materially from those expressed or implied in forward-looking statements, certain of which are beyond our control, include, among other things: currency fluctuations, including depreciation of the Georgian Lari, and macroeconomic risk; regional instability; regulatory risk across a wide range of industries; portfolio company strategic and execution risks; investment risk and liquidity risk and other key factors that indicated could adversely affect our business and financial performance, which are contained elsewhere in this document and in our past and future filings and reports and also the 'Principal Risks and Uncertainties' included in Georgia Capital PLC's Annual Report and Accounts 2018. No part of this presentation constitutes, or shall be taken to constitute, an invitation or inducement to invest in Georgia Capital PLC or any other entity, and must not be relied upon in any way in connection with any investment decision. Georgia Capital PLC and other entities undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required. Nothing in this presentation should be construed as a profit forecast.