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FOR IMMEDIATE RELEASE

GEORGIA CAPITAL PLC

PROPOSED DISPOSAL OF WATER UTILITY BUSINESS

Georgia Capital PLC ("**GCAP**") today announces that its wholly-owned subsidiary JSC Georgia Capital ("**JSC GCAP**"), which is the owner of Georgia Global Utilities JSC ("**GGU**"), a holding company for the GCAP group's ("**Group**") water utility business and the operational assets of its renewable energy business, has agreed to sell an initial 80% of its equity interest in the water utility business to FCC Aqualia ("Aqualia"), by way of a two-stage transaction. In addition, Aqualia has granted JSC GCAP a put option, exercisable in 2025 or 2026, and JSC GCAP has granted Aqualia a call option, exercisable on the date of expiry of the put option in 2026 and expiring six months thereafter, over JSC GCAP's remaining 20% interest in the water utility business.

Aqualia is a leading water company, with a global presence extending across Europe, America and the MENA region. The disposal is consistent with GCAP's key stated strategic objective of realising the value of one of its large portfolio companies through a trade sale, in order to demonstrate the value and attractiveness of the Group's investment portfolio.

The disposal will be implemented via a two-staged process that, after completion, will lead to Aqualia, through its acquisition vehicle Aqualia SPV, acquiring an 80% equity interest in the water utility business (through the initial purchase of a 65% equity interest in GGU), for a cash consideration of USD 180 million. This values the entire water utility business at USD 225 million, a substantial premium to its latest independent investment value, at 30 June 2021.

For GCAP, the disposal represents a key strategic milestone. We have, for the first time, completed the full investment cycle for one of our main assets: to invest, to grow, and finally to monetise out investment via a cash exit. In addition. The disposal will:

- realise material cash proceeds over and above the needs for re-financing the renewable energy business, which are intended to be deployed in a combination of share buybacks, deleveraging, lending to portfolio companies, and potential further investments;
- create significant value for GCAP shareholders, translating into a substantial premium to the latest independent investment value and a 2.2% uplift to GCAP's net asset value as at 30 September 2021;

- have a positive impact on the Group's leverage profile, reducing the market value leverage from 25.4% as at 30 September 2021 to approximately 19.6%, assuming cash settlement as at 30 September 2021, and a USD 95.4 million shareholder loan to GGU for the Renewable Energy Bond Redemption Financing;
- bring an important international investment and significant industry expertise into Georgia, that will strengthen the water utility business to the benefit of its customers, employees and other stakeholders; and
- form a strategic partnership between JSC GCAP and Aqualia that will support the business at least until such time as either the put option or call option is exercised.

The proposed disposal is a Class 1 transaction and, in accordance with the UK Listing Rules, is conditional upon the approval of GCAP's shareholders, with a shareholder circular to be posted in due course, including a timetable for a General Meeting, expected to be held in late January 2022. The circular will also seek shareholder approval for a break fee, that will be payable to Aqualia to the extent that JSC GCAP fails to transfer the GGU shares to Aqualia at completion of the first stage of the disposal, which is planned to occur promptly after the General Meeting.

The second stage of the transaction will follow the planned redemption in July 2022 of an existing bond issued by GGU that will be financed pro-rata to their interests in GGU by Aqualia and GCAP. Following the bond redemption, GCAP will recover full ownership of GGU's renewable energy assets, and Aqualia's ownership in the water utility business will increase to 80%.

Irakli Gilauri, Chairman and CEO of GCAP commented: "I am delighted to report to our shareholders that we have delivered on our key strategic priority, announced a year ago, to dispose of one of our large portfolio companies. This is an important milestone for Georgia Capital that marks the achievement of a key strategic priority with the successful completion of the full investment cycle of our strategy: to invest, grow and monetise via a cash exit.

Our Board believes that the price for the disposal represents a strong valuation for the Water Utility Business, and by monetising this asset at a value in excess of its investment value within GCAP's latest net asset value statement, we hope to set a further marker for the value of our entire investment portfolio.

I am also delighted to have agreed the sale of the water utility business to such a high quality strategic purchaser, Aqualia. The strong Aqualia management team can add substantial value to the water utility business in its new period of ownership, and can count fully on our support as a minority shareholder.

We have been working on this transaction with Aqualia's management team for some time, and we have managed to get to know them well. I have been extremely impressed with their depth of knowledge of the industry and their professionalism, and we are delighted to form a partnership with such strong strategic investors. Going forward, we believe this partnership will further enhance the value of the water business. In addition, I believe it will be highly beneficial for Georgia, and for the local population in the capital city Tbilisi, to have such a knowledgeable strategic investor. When exiting businesses, finding such a strong future owner for our businesses is a key priority for GCAP, and I am pleased to report that, in Aqualia, we have found one.

We intend to deploy the net cash proceeds via a combination of: share buybacks, investments in marketable securities, increased cash balance, consideration for further potential business investments, and lending to our portfolio companies, including USD 95.4 million towards the refinancing of the outstanding GGU green bond, payable in respect of the renewable energy business. Immediately after completion of the sale, surplus proceeds will be held in cash and cash equivalents, and yield-bearing marketable securities, pending a review by our Board to determine the appropriate investment, deleveraging and capital return policies in the light of the prevailing economic outlook, the share price and discount to net asset value, and investment opportunities available at the time. This Board review is expected to take place in the first quarter of 2022, when a further announcement with regard to our updated strategic priorities."

Félix Parra, CEO of FCC Aqualia said: “Georgia is a country that has clearly bet on transparency in governance and ease of foreign investment by offering clear and stable regulatory frameworks in different areas and especially in that of water and energy utilities, as evidenced by the assessment made by independent international organizations and observers.

Aqualia's interest in Georgia and in the Tbilisi water system comes from afar, since it participated in the first privatization process of the water supply and sanitation system of Tbilisi in 2008, and has been following closely and with interest its evolution to date.

The Aqualia and GCAP teams have been working for months on an agreement that creates value for both parties. In the case of Aqualia, this deal represents another milestone on its outstanding growth in management of the integral water cycle in recent years, either by the acquisition of regulated assets, owned, as is the case of GGU, or by the award of long-term concessions.

The agreement reached involves the acquisition of 80% of the water activity and associated hydro power generation assets of GGU, maintaining GCAP a 20% stake in GGU in the coming years. In this way, the combination of its deep knowledge of the country's regulatory framework and the professionalism of its team, together with Aqualia's technology and expertise in the water sector, guarantees continuity in the company's successes, high standards of performance and quality of services.

IMPORTANT NOTICE

This Announcement is released by Georgia Capital PLC and contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 (MAR) (as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018), and is disclosed in accordance with the GCAP's obligations under Article 17 of MAR.

This announcement has been issued by, and is the sole responsibility of, Georgia Capital PLC.

Name of authorised official of issuer responsible for making notification: Giorgi Alpaidze, Chief Financial Officer

Enquiries

Georgia Capital PLC

ir@gcap.ge

Irakli Gilauri, Chairman & CEO

Giorgi Alpaidze, CFO

Michael Oliver, Adviser to the Chairman & CEO

UBS Investment Bank

+44 (0) 20 7567 8000

Charles-Henry Colom-Sampol, Managing Director

Sarantis Douropoulos, Executive Director

Numis Securities Limited (Financial Advisor to GCAP)

0207 260 1000

Hugh Jonathan

Nathan Brown

Vicki Paine

Background and reasons for the Disposal

Under the sale agreement two stages of the transaction are provided for; being "First Completion" (expected to occur by the end of January 2022) and "Second Completion" (expected to occur in the third quarter of 2022).

First Completion will represent the initial disposal of a 65% equity interest in GGU to Aqualia SPV, representing an 80% economic interest in the water utility business, following which JSC GCAP will hold a 35% equity interest in GGU representing a 20% economic interest in the water utility business and a 100% economic interest in the renewable energy business.

Following Second Completion, which is conditional on receiving antitrust clearance and the redemption of GGU's existing Eurobond ("**GGU Bond**"), Aqualia SPV will own an 80% equity interest and JSC GCAP will own a 20% equity interest in GGU.

The transaction has been structured in a two-staged process due to the restrictions under the terms and conditions of the existing GGU Bond, which matures in 2025. Aqualia is seeking to acquire a majority interest in the water utility business but not the renewable energy business, both of which are owned and controlled by GGU. The GGU Bond restricts GGU, as issuer, from making material changes to the nature of GGU's business for the lifetime of the GGU Bond, and from making disposals, such as the spin-off of the renewable energy business from GGU. The parties have decided to redeem the GGU Bond in full prior to Second Completion so that these restrictions no longer apply and the independent renewable energy business can be transferred back to GCAP. The parties have determined that the most cost-effective way to redeem the GGU Bond would be to provide GGU with the necessary funds to exercise its right to redeem on or as soon as reasonably practicable after the expiry of the non-call period under the terms of that instrument, being 30 July 2022.

At the same time, the parties do not wish to delay First Completion. Accordingly, on First Completion, Aqualia will acquire a controlling equity stake in GGU amounting to 65% of the issued share capital, which the parties have agreed represents an economic interest in 80% of the water utility business and will enter into a shareholders' agreement to regulate their respective rights and obligations as joint owners of GGU and to ensure GGU can continue to operate as usual. At this stage, no assets will be transferred. Upon the completion of the GGU Bond redemption and the receipt of the relevant antitrust clearance, the parties will then proceed to Second Completion and the renewable energy business will be spun off and transferred back to GCAP, leaving Aqualia SPV as the majority shareholder of GGU, which will then be a holding company solely for the water utility business. It is Aqualia's current intention that, once GGU has proceeded with the spin-off of the renewable energy assets and the shareholdings have been adjusted to the aforementioned percentages, the company will again turn to the capital markets to refinance the company and its future investment commitments with new corporate debt issuance.

Put and call options

Aqualia and JSC GCAP have granted each other a put option and call option, respectively, over JSC GCAP's remaining 20% equity interest in the water utility business. Full details will be provided in the forthcoming shareholder circular.

The put option granted to JSC GCAP can be exercised in each of the two six-month periods immediately following the approval of the audited consolidated accounts of JSC GCAP by shareholders for each of the financial years ended 31 December in 2024 and 2025. The put option price has been agreed as 8.25x EV/EBITDA multiple of an adjusted, normalised EBITDA, less net debt.

The call option granted to Aqualia can be exercised in the period commencing on the date of expiry of the put option and expiring six months thereafter. The call option price has been agreed as 8.9x EV/EBITDA multiple of an adjusted, normalised EBITDA, less net debt.

Break Fee Arrangements

The parties have agreed the following potential break fee arrangements, which will apply during the period prior to First Completion:

- (a) a USD 3.75 million break fee, being less than one per cent of the market capitalisation of GCAP on the business day immediately prior to the announcement of the transaction, payable by GCAP, if the GCAP Board withdraws its recommendation that GCAP shareholders vote in favour of the Resolutions at the General Meeting;
- (b) a USD 20 million break fee payable by Aqualia SPV in the event Aqualia SPV fails to pay the consideration for the initial disposal when required; and
- (c) subject to shareholder approval, a reciprocal USD 20 million break fee payable by JSC GCAP, if JSC GCAP fails to transfer the shares to Aqualia SPV when required to do so to give effect to the initial disposal.

Information on Georgia Capital

Georgia Capital is a platform for buying, building and developing businesses in Georgia. The Group's primary business is to develop or buy businesses, help them institutionalise their management and grow them into mature businesses that can further develop largely on their own, either with continued oversight or independently. The Group's focus is typically on larger-scale investment opportunities in Georgia, which have the potential to reach at least GEL 0.5 billion equity value over three to five years from the initial investment and to monetise them through exits, as they mature. The Group manages its portfolio companies individually and does not focus on achieving intra-group synergies. The Group does not have capital commitments or a primary mandate to deploy funds or divest assets within a specific time frame. As such, it focuses on shareholder returns and on opportunities which meet its investment return and growth criteria.

The Group currently categorises its portfolio companies as follows (with the percentages of the total portfolio value being as reflected in the financial statements as equity investments at fair value as at 30 September 2021):

- *Listed businesses (18.5% of total portfolio value)*: The Group holds a 19.9% equity stake in Bank of Georgia Group plc, a holding company of a leading universal bank in Georgia, listed on the premium segment of the London Stock Exchange;
- *Private portfolio businesses (81.5% of total portfolio value)*: The Group's private portfolio businesses comprise large portfolio companies, investment stage portfolio companies and other portfolio companies:
 - *Large portfolio companies (64.7% of total portfolio value)*:
 - *Healthcare services (20.9% of total portfolio value)*: The healthcare services business, owned through Georgia Healthcare Group ("GHG"), comprises three segments: hospitals, clinics and diagnostics;
 - *Retail pharmacy (17.8% of total portfolio value)*: The retail pharmacy business, owned through GHG, consists of a retail pharmacy chain and a wholesale business, selling pharmaceuticals and medical supplies, where the Group holds 67% equity interests;
 - *Water utility (17.9% of total portfolio value)*: The Water Utility Business (to be sold pursuant to the transaction) is owned through GGU and supplies potable water and provides wastewater collection and processing services to almost 1.4 million people in Georgia; and
 - *Insurance (Property & Casualty and Medical) (8.2% of total portfolio value)*: The insurance business combines: a property and casualty insurance business, owned through Aldagi and a medical insurance business, owned through GHG;

- *Investment stage portfolio companies (9.7% of total portfolio value):*
 - *Combined Renewable energy (6.0% of total portfolio value):* The combined renewable energy business consists of both the operational assets, namely the Mestiachala Hydro Power Plants, Hydrolea Hydro Power Plants and the Qartli Wind Farm, which are owned through GGU and are referred to as Renewable Energy Business throughout this document, as well as an additional pipeline of up to 172 MW of renewable energy projects in the advanced stage of development currently held under the umbrella of the wider Group and outside of GGU; and
 - *Education (3.7% of total portfolio value):* The education business combines three high quality school partnerships across the premium, mid-level and affordable education segments; and
- *Other portfolio companies (7.1% of total portfolio value):* Other portfolio companies include five businesses: housing development; hospitality and commercial real estate; beverages; auto services; and digital services.

Summary of the Water Utility Business

The water utility business is a regulated natural monopoly in Tbilisi and the surrounding area, providing water and wastewater supply services to approximately 1.4 million residents and approximately 37,000 legal entities. The water utility business also operates hydro power plants with total installed capacity of 149MW. The water utility business uses a portion of the power generated by the Hydro Power Plants associated to the water infrastructure for internal consumption at regulated electricity tariffs to power its water distribution network, while the remaining electricity is sold on the market. Revenues come from two main streams (water and electricity sales), where the business benefits from both earning fair regulatory returns on invested capital made in upgrading the water utility network and average electricity sales price growth due to electricity market deregulation in 2019.

The profits attributable to the water utility business in the first nine months of 2021 totaled GEL 63.0 million. The value of the gross assets of the water utility business, subject of the transaction, was GEL 700.4 million as at 30 September 2021. The detailed financial and valuation highlights of the business will be included in the forthcoming shareholder circular.

Information on Aqualia

Aqualia is the Spanish leader in water management, being the fourth European water operator and the 9th in the world, based on the population served according to Global Water intelligence (March 2021).

Its main activity is the management of water utility services (collection, purification, sewerage, waste water treatment and reuse), providing these services in more than 1,100 municipalities in Spain, France, Portugal, Italy, the Czech Republic, Colombia, México and Saudi Arabia among others.

Additionally, it is a world leader in the design, construction and operation of water infrastructures and currently having important projects underway such as the Wastewater Treatment Plants of Salitre (Bogotá), Glina (Bucharest), Abu Rawash (Cairo) as well as the desalination plants of El Alamein (Egypt) or Guaymas (Mexico), Mar de Alboran (Spain), among others.

Its presence reaches 17 countries in Europe, America, the Middle East and North Africa.

Aqualia belongs to the FCC, Services and Construction Group, with more than 120 years of history in providing urban services, and is 49% also owned by the IFM infrastructure ethical fund.

This acquisition is fully integrated into the strategy of growing by long term concessions or by the acquisition of water assets owned in regulated markets and represents an important milestone in the development plan approved by its Governing Bodies.

IMPORTANT NOTICES

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

Forward looking statements

This announcement (including information incorporated by reference in this announcement), oral statements made regarding the Disposal, and other information published by GCAP contain statements which are, or may be deemed to be, "forward-looking statements". Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections of GCAP about future events and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements. The forward-looking statements contained in these documents include statements relating to the expected effects of the Disposal on GCAP, the expected timing and scope of the Disposal and other statements other than historical facts. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as "plans", "expects" or "does not expect", "is expected", "is subject to", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. Although GCAP believes that the expectations reflected in such forward-looking statements are reasonable, GCAP can give no assurance that such expectations will prove to be correct. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. These factors include the satisfaction of certain conditions, as well as additional factors, such as fluctuations in the capital markets; fluctuations in interest and exchange rates; increased regulation or regulatory scrutiny; the occurrence of unforeseen disasters or catastrophes; political or economic instability in principal markets; adverse outcomes in litigation; and general, local and global economic, political, business and market conditions. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements. Such forward-looking statements should therefore be construed in the light of such factors. Neither GCAP nor any of its respective associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur. You are cautioned not to place undue reliance on these forward-looking statements.

Other than in accordance with their legal or regulatory obligations (including under the UK Listing Rules and the Disclosure Guidance and Transparency Rules of the FCA, the Prospectus Regulation Rules, the Market Abuse Regulation (EU No. 596/2014) and the Market Abuse Regulation (EU No. 596/2014) as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018), GCAP is not under any obligation, and GCAP and its advisors (acting in their capacity as such) expressly disclaim any intention or obligation or undertaking, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

All forward looking statements contained in this announcement are expressly qualified in their entirety by the cautionary statements contained or referred to in this section.

No profit forecasts or quantified benefits statement

No statement in this announcement is intended as a profit forecast, profit estimate or qualified benefits statement and no statement in this announcement should be interpreted to mean that earnings per GCAP share for the current or future financial years would necessarily match or exceed the respective historical published earning per GCAP share or to mean that the continuing group's earnings in the first 12 months following the Disposal, or in any subsequent period, would necessarily match or be greater than those of GCAP for the relevant preceding financial period or any other period.

Cautionary statement

This announcement is not intended to, and does not constitute or form part of, any offer or invitation to purchase, acquire, subscribe for, sell, dispose of or issue, or any solicitation of any offer to sell, dispose of, purchase, acquire or subscribe for, any security or a solicitation of any vote or approval, in any jurisdiction. GCAP's shareholders are advised to read carefully the formal documentation in relation to the Disposal once it has been despatched. Any response to the Disposal should be made only on the basis of the information in the formal documentation to follow. The release, publication or distribution of this announcement in jurisdictions other than the United Kingdom may be restricted by law and, therefore, any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about, and observe, any applicable requirements. Any failure to comply with these requirements or restrictions may constitute a violation of the securities laws or regulations of any such jurisdiction. This announcement has been prepared for the purposes of complying with English law and the UK Listing Rules and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws and regulations of any jurisdiction outside of England.

Rounding

Certain figures included in this announcement have been rounded. Accordingly, figures shown for the same category may vary slightly and figures shown as totals may not be an arithmetic aggregation of the figures that precede them.

Important notice related to financial advisers

Numis Securities Limited (Numis), which is authorised and regulated in the United Kingdom by the FCA, is acting as Sponsor and Financial Adviser exclusively for GCAP and no one else in connection with the matters set out in this announcement and neither Numis nor any of its affiliates will regard any other person as its client in relation to the matters in this announcement and neither Numis nor any of its affiliates will be responsible to anyone other than GCAP for providing the protections afforded to clients of Numis, nor for providing advice in relation to any matter referred to herein.

Publication on website and availability of hard copies

A copy of this announcement will be made available, subject to certain restrictions relating to overseas shareholders in the US or any other restricted jurisdictions, for inspection on GCAP's website at www.georgiacapital.ge and GGU's website at www.ggu.ge. For the avoidance of doubt, the contents of this website are not incorporated into and do not form part of this announcement.

Subject to certain restrictions relating to persons in the US and other restricted jurisdictions, you may request a hard copy of this announcement by contacting Computershare during business hours in the manner set out in the documents to which this offer relates. If you have received this announcement in electronic form, copies of this announcement and any document or information incorporated by reference into this announcement will not be provided unless such a request is made.

If you are in any doubt about the contents of this announcement or the action you should take you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or 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 independent financial adviser.

Baker & McKenzie LLP is acting as legal adviser to GCAP in connection with the Disposal.

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About Georgia Capital PLC

Georgia Capital is a platform for buying, building 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 Group's focus is typically on larger-scale investment opportunities in Georgia, which have the potential to reach at least GEL 0.5 billion equity value over 3-5 years from the initial investment and to monetise them through exits, as investments mature. Georgia Capital currently has the following portfolio businesses: (i) a healthcare services business; (ii) a water utility business; (iii) a retail (pharmacy) business, (iv) an insurance business (P&C and medical insurance); (v) a renewable energy business (hydro and wind assets) and (vi) an education business; Georgia Capital also holds other small private businesses across different industries in Georgia and a 19.9% equity stake in LSE premium-listed Bank of Georgia Group PLC ("BoG"), a leading universal bank in Georgia.

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

S&P Global 'B'/FC & 'B'/LC
Moody's B2/CFR & B2/PDR

For further information, please visit www.georgiacapital.ge or contact:

Irakli Gilauri

Chairman and Chief Executive
ir@gcap.ge

Giorgi Alpaidze

Chief Financial Officer
+995 322 005 000
ir@gcap.ge

Michael Oliver

Adviser to the Chairman & CEO
+44 203 178 4034
ir@gcap.ge

Shalva Bukia

Head of Investor Relations
+ 995 322 005 045
ir@gcap.ge

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