

London, 8 December 2017

BGEO Group's real estate subsidiary signs its largest ever franchise agreement

BGEO Group PLC (the “**Group**” or “**BGEO**”), announces that the Group’s real estate subsidiary, m² Real Estate (“**m²**” or “**the Company**”), has signed its largest ever franchise agreement as part of its “asset light” strategy. m² will construct and develop a residential complex under the m² brand name on a third-party land plot located on Tbilisi airport highway in a densely populated Tbilisi suburb. Under the agreement, m² plans to develop a land plot of 99,000 square metres into 3,600 residential units with a total net sellable area of 190,000 square metres. The residential complex development will be carried out in ten phases over the course of four to five years and m² will generate the following fees: 10% from total construction costs, 2.5% sales commissions from apartment sale revenues and 30% from the project’s overall net profit.

Irakli Gilauri, BGEO CEO commented: “I am very pleased to see that m² continues to successfully leverage its well-recognised brand name in the Georgian real estate market, to establish itself as a leading developer of third-party land. More than 10 years of development experience of its own land bank has gained the Company much deserved trust in the local market and m² is fully equipped to become a preferred developer among land owners. The agreement, signed with Georgian Retail Centers LLC, is a strategic milestone enabling m² to successfully deliver on its “asset light” strategy.”

Name of authorised official of issuer responsible for making notification: Giorgi Alpaidze, Group CFO

About BGEO Group PLC

The Group: BGEO Group PLC (“BGEO”– LSE: BGEO LN) is a UK incorporated holding company of a Georgia-focused investment platform. BGEO invests, via its subsidiaries, in the banking and non-banking sectors in Georgia (BGEO and its subsidiaries, together the “Group”). BGEO aims to deliver on its strategy of: (1) at least 20% ROAE from its Banking Business; (2) 15%-20% growth of its Banking Business loan book; (3) at least 25% IRR; and (4) up to 20% of the Group’s profit from its Investment Business. On 3 July 2017 BGEO announced its intention to demerge BGEO Group PLC into a London-listed banking business (the “Banking Business”) and a London-listed investment business (the “Investment Business”) by the end of the first half of 2018.

Banking Business: Currently representing at least 80% of the Group’s profit, will comprise: a) retail banking and payment services, b) corporate investment banking and wealth management operations and c) banking operations in Belarus (“BNB”). JSC Bank of Georgia (“BOG” or the “Bank”) is the core entity of the Group’s Banking Business. The Banking Business will continue to target to benefit from the underpenetrated banking sector in Georgia primarily through its retail banking services.

Investment Business: Currently representing up to 20% of the Group’s profit, will comprise the Group’s stakes in Georgia Healthcare Group PLC (“Healthcare Business” or “GHG”) – an LSE (London Stock Exchange PLC) premium-listed company, Georgia Global Utilities (“Utility and Energy Business” or “GGU”), m² Real Estate (“Real Estate Business” or “m²”), Teliani Valley (“Beverage Business” or “Teliani”) and Aldagi (“Property and Casualty Insurance Business” or Aldagi”). Georgia’s fast-growing economy provides opportunities in a number of underdeveloped local markets and the Investment Business will target to capture growth opportunities in the Georgian corporate sector.

JSC BGEO Group has, as of the date hereof, the following credit ratings:

Fitch Ratings
Moody’s

‘BB-/B’
B1/NP (FC) & B1/NP (LC)

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

Fitch Ratings
Moody’s

‘BB-/B’
‘Ba3/NP’ (FC) & ‘Ba2/NP’ (LC)

For further information, please visit www.bgeo.com or contact:

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

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

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