



# Recommended Final Share Exchange Offer for Georgia Healthcare Group PLC

May 2020

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# Offer Background



- On 17 December 2019 Georgia Capital plc ("GCAP") acquired 17,892,911 Georgia Healthcare Group ("GHG") Shares as a result of GCAP's exchange offer of one GCAP share for every 5.22 GHG shares held at that time.
- Shareholders in GHG holding in aggregate of 40,894,166 GHG Shares submitted their shares for exchange in the December exchange offer but were scaled back by 56.25% in order to avoid an adverse impact on GHG's public listing and index eligibility.
- As a result of this offer, GCAP currently holds 93,011,414 GHG shares, representing approximately 70.63% of the existing issued share capital of GHG.
- The Independent Directors of GHG are intending to recommend GCAP's final share exchange offer for the entire issued and to be issued share capital of GHG not already owned by GCAP (the "Offer") and have irrevocably undertaken to do so in respect of their own shareholding.
  - GCAP has received irrevocable undertakings to accept the Offer from the Independent Directors and Senior Management of GHG in respect of approximately 3.16% of the existing issued ordinary share capital of GHG.
- Under the terms of the Offer, GHG shareholders will be entitled to receive 1 new GCAP share for every 5.0 GHG shares held.

# Offer Rationale



- The Offer represents a clear vote of confidence in GHG, its management and strategy, and will create a larger combined entity with enhanced share liquidity and better access to capital.
- The Offer will allow GHG shareholders to migrate with minimal share price disruption and will lead to a significantly more liquid stock whilst retaining exposure to the Georgian healthcare sector.
- The Offer will further diversify the GCAP private portfolio and sources for dividend inflows by adding at least three new businesses, being: hospitals; retail pharmacy; and medical insurance and outpatient.
- It is expected that the Offer will result in savings in operating expenses for GHG, stemming from annual premium market listing related expenses, while also further enhancing GHG management's focus on business activities.
- The Offer would allow the enlarged group to explore potential economies of scale and cross selling synergies across GHG's and GCAP's insurance businesses and brings a management team with a proven track record in delivering attractive returns, continued revenue growth and demonstrated ability to execute to the enlarged group.
- The Offer is expected to be credit positive for GCAP driven by the increase of its stake in one of its strongest, free cash-flow generative, portfolio assets and to lead to decreased market value leverage against GCAP's portfolio value.
- GHG's strong, highly predictable free cash flows will be a source of dividends for GCAP supporting further investments, and the greater financial flexibility of an enlarged group will increase the ability of the group to capitalise on and expand the pipeline of new investment opportunities.

# Offer Terms and Conditions

- Share exchange ratio set at 1 share in GCAP for every 5.0 shares in GHG.
- The terms of the Offer are final and therefore, in accordance with the Takeover Code, GCAP will not be permitted to increase the terms of the Offer.
- The Offer is conditional, amongst others, on the following conditions:
  - Valid acceptances being received in respect of more than 50% of the GHG shares held by independent shareholders of GHG;
  - Approval by GCAP's shareholders at the GCAP General Meeting as the Offer constitutes a Class 1 transaction;
  - The FCA having acknowledged to GCAP that the application for the admission of the new GCAP shares to the Official List with a premium listing has been approved; and
  - The London Stock Exchange having acknowledged to GCAP (and such acknowledgement not having been withdrawn) that the new GCAP Shares will be admitted to trading on the London Stock Exchange's main market for listed securities.
- The Offer will result in those shareholders that are currently shareholders in GHG owning 16.15% of GCAP's issued share capital, post-completion of the Offer (based on the existing ordinary share capital of GHG and the issued share capital GCAP).
- The Offer Document and Form of Acceptance will include full details of the Offer and expected timetable. It is expected that the Offer Document will be despatched to GHG shareholders as soon as practicable, and within 28 days of the 2.7 announcement.
- The Prospectus will include full details of the new GCAP Shares to be exchanged under the terms of the Offer. The Prospectus will be despatched to GHG shareholders on the same day as the Offer Document.

# Indicative Timeline

