

London, 4 June 2014

## Bank of Georgia's real estate subsidiary announces issuance of its debut bonds in Georgia

Bank of Georgia Holdings PLC ("BGH"), the holding company of JSC Bank of Georgia ("the Bank"), Georgia's leading bank, announces the successful closing of the US\$5 million 1-year bond placement by JSC m2 ("m2"), its wholly-owned subsidiary managed by JSC m2 Real Estate, another wholly owned subsidiary of the Bank ("m2RE"). This was m2's first ever bond offering in Georgia. The bond was issued at par and carries a coupon rate of 9.5%\* payable upon maturity. The placement lasted three weeks and left US\$3 million demand unmet.

m2 also intends to launch second bond offering by mid June 2014.

"We are delighted to have completed this landmark transaction, which was met with great interest from both international and local investors. The proceeds will be used to finance our housing projects and offer apartments in the country where demand for housing remains robust. I would like to also note that this transaction marks successful diversification of our funding sources, as previous real estate projects carried out by m2RE, were primarily funded by international financial institutions. We are looking forward to launching our next project that will be financed by this inaugural bond placement," commented **Irakli Burdiladze**, Chairman of m2.

"I am pleased to note that Bank of Georgia group continues to be at the forefront of Georgia's still nascent corporate bond market. The strong demand for m2 issued securities in Georgia reflects the strength of m2 brand has built over the past four years. The demand for m2 bonds was primarily driven from private banking and mass affluent client base. We believe offering the new instrument (which is 400 bps higher than deposits rates currently offered by our competitors) to high-end retail clients will be the key competitive advantage to strengthen our position in this segment. I would like to congratulate entire team that worked on this important transaction, which quite pleasingly, provides an opportunity for our clients and investors to benefit from our housing development projects, which yield IRR of approximately 40%", commented **Irakli Gilauri**, CEO of Bank of Georgia

For inquiries please contact BG Capital by Friday, 6 June 2014 via email at [st@bgcap.ge](mailto:st@bgcap.ge). Investment Management/Private Banking clients can contact their Private Banker or email to [wm@bog.ge](mailto:wm@bog.ge)

\*Coupon rate of 9.025 % p.a. after 5% withholding tax applied to individuals

### **About m2 and m2 Real Estate** [www.m2.ge](http://www.m2.ge)

*The Bank's wholly-owned subsidiaries m2 and m2 Real Estate develop residential property on real estate assets previously reposed by the Bank, outsource the construction and architectural works while focusing on project management and sales. The real estate business is in place to meet the unsatisfied demand for housing while stimulating the Bank's mortgage lending business. m2 Real Estate is nearing the completion of its second housing project of a 522 apartment building with a total buildable area of 63,247 square meters and has recently commenced construction of another two residential projects.*

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### **About Bank of Georgia Holdings PLC**

Bank of Georgia Holdings PLC is a UK-incorporated holding company of Bank of Georgia. Bank of Georgia is the leading Georgian bank, based on total assets (with a 34.1% market share), total loans (with a 31.7% market share) and client deposits (with a 30.2% market share) as of 31 March 2014, all data based on standalone financial information filed by banks in Georgia with the National Bank of Georgia. The Bank offers a broad range of corporate banking, retail banking, wealth management, brokerage and insurance services to its clients.

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

Standard & Poor's	'BB-/B'
FitchRatings	'BB-/B'
Moody's	'B1/NP' (FC) & 'Ba3/NP' (LC)

For further information, please visit [www.bgh.co.uk](http://www.bgh.co.uk), [www.bog.ge/ir](http://www.bog.ge/ir) or contact:

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