

## OFFER FOR GEORGIA HEALTHCARE GROUP PLC

### *THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION*

*Not for release, publication or distribution, in whole or in part, in or into any jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction. In particular, this announcement should not be released, published, distributed, forwarded or transmitted, in whole or in part, in, into or from any Restricted Jurisdiction, including the US.*

*The following announcement is an advertisement and not a prospectus or prospectus equivalent document and investors should not make any investment decision in relation to Georgia Capital PLC shares except on the basis of the information in the Offer Document and the Prospectus which are proposed to be published in due course.*

**19 May 2020**

## **RECOMMENDED FINAL SHARE EXCHANGE OFFER**

**for**

**GEORGIA HEALTHCARE GROUP PLC**

**by**

**GEORGIA CAPITAL PLC**

### **Summary**

The board of directors of Georgia Capital PLC (“GCAP”) and the Independent Directors of Georgia Healthcare Group PLC (“GHG”) are pleased to announce that they have reached agreement on the terms of a recommended share exchange offer for GHG, to be made by GCAP for the entire issued or to be issued share capital of GHG not already owned by GCAP.

Under the terms of the Offer, GHG Shareholders will receive one GCAP Share for every 5 GHG Shares held.

The Offer represents:

- a premium of approximately 9.40% to the volume weighted average price of GHG Shares, based on the volume weighted average prices of GHG and GCAP for the three-month period ended on 18 May 2020 (being the last business day before this announcement); and
- a premium of approximately 15.17% to the volume weighted average price of GHG Shares, based on the volume weighted average prices of GHG and GCAP for the six-month period ended on 18 May 2020 (being the last business day before this announcement).

The terms of the Offer are final and therefore, in accordance with the Code, GCAP will not be permitted to increase the terms of the Offer.

The Offer, if accepted in full, will result in GHG Shareholders owning approximately 16.15% of GCAP’s enlarged issued share capital post-completion of the Offer (based on the existing issued ordinary share capital of GHG and the issued share capital of GCAP).

Should the Offer be declared wholly unconditional but the squeeze out threshold not be reached, GCAP has no intention to acquire any interest in, or make a second offer for, any GHG shares

on more favourable terms than the Offer for a period of 12 months from the date on which the Offer is declared wholly unconditional.

On 17 December 2019 GCAP acquired 17,892,911 GHG Shares as a result of GCAP's exchange offer of one GCAP share for every 5.22 GHG Shares held at that time (the "Exchange Offer"). Shareholders in GHG holding in aggregate 40,894,166 GHG Shares submitted their shares for exchange in the 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 the Exchange Offer, and GCAP's prior holding of GHG Shares, GCAP currently holds 93,011,414 GHG Shares representing approximately 70.63% of the existing issued ordinary share capital of GHG.

The Offer represents a clear vote of confidence in GHG, its management and its strategy, and will create a larger combined entity with enhanced share liquidity and better access to capital.

Additionally, the Offer allows GHG Shareholders to migrate with minimal share price disruption to a significantly more liquid stock while retaining exposure to GHG and the Georgian healthcare sector.

It also further diversifies GCAP's private portfolio and sources for dividend inflows by adding at least three new businesses (hospitals, retail pharmacy and medical insurance and outpatient) to its portfolio of private assets, and is expected to result in savings in operating expenses for GHG, stemming from annual premium market listing related expenses, while also further enhancing management's focus on business activities.

Since its initial stock market listing in November 2015, GHG has made significant progress in institutionalising a significant nationwide healthcare business across the entire Georgian healthcare market. GHG has a clear strategy, and a very strong management team that has executed that strategy and delivered consistent operating performance improvements over the last few years. There has been a significant investment programme in people, assets and capabilities across all areas of the business, which has created unparalleled franchise strength in the hospitals and clinics businesses; the pharmacy and distribution business; and the medical insurance business.

During 2019, the major part of GHG's recent capital investment programme was completed and the GHG Group delivered good progress in each business segment to deliver earnings momentum, strong cash generation and an improved return on capital invested. Investment requirements have reduced and the GHG Group has started to reduce debt levels. Dividend payments were initiated in 2019, reflecting the confidence in the GHG Group's free cash generation. As a result, the Independent Directors believe that GHG has substantially delivered on the GHG Group's growth and profitability ambitions.

The progress has not however been reflected in GHG's stock market valuation over the last couple of years. The Independent Directors believe that there is a mismatch between the intrinsic value of GHG and its equity valuation, and that the mismatch has partly been created by GHG's limited free float and share liquidity, particularly following the substantial shareholder participation in the Exchange Offer, which was significantly oversubscribed and therefore take up had to be scaled back. GHG's residual free float now totals approximately 36 million shares, which as at the date of this announcement equates to a value of approximately £31 million, and had the oversubscription of the Exchange Offer not been scaled back, GCAP would now own approximately 92% of GHG (calculated on the basis of GCAP's existing holding and shares in public hands at the time of the Exchange Offer).

While GHG has a clear strategy, and continues to make good progress, the Independent Directors believe that the proposed Offer by GCAP represents an opportunity for GHG's

shareholders to benefit, over time, from the greater liquidity in GCAP stock. This belief has been reinforced by the overwhelming level of shareholder participation in the Exchange Offer.

The all-share nature of the Offer has also been a consideration for the Independent Directors, as this will enable GHG Shareholders to continue benefiting from their current exposure to the Georgian healthcare market, as GCAP shareholders. Assuming full acceptance of the Offer, GHG is expected to be approximately 31% of GCAP's business value (calculated on the basis of pro forma net asset value as at 31 December 2019) following the completion of the Offer.

The Independent Directors note that:

- GCAP's management team has a proven track record of building and supporting the growth of many businesses in Georgia;
- Many of the businesses currently owned by GCAP have benefited from GCAP's access to investment capital, and its strategy of continuing to support businesses over time, through all stages of their development;
- GCAP has a strong reputation, both locally and internationally, for high standards of corporate governance;
- GCAP has a strong understanding of the wider Georgian regulatory, legislative, macroeconomic and regional operating environments;
- GCAP has a strong track record of returning value to its shareholders, via its share buyback programme;
- the Offer represents a premium of approximately 9.40% to the volume weighted average price of GHG Shares, based on the volume weighted average prices of GHG and GCAP for the three-month period ended on 18 May 2020 (being the last business day before this announcement);
- the Offer represents a premium of approximately 15.17% to the volume weighted average price of GHG Shares, based on the volume weighted average prices of GHG and GCAP for the six-month period ended on 18 May 2020 (being the last business day before this announcement); and
- as GHG's majority shareholder the management team of GCAP has demonstrated a significant understanding of the business and the Georgian healthcare environment.

Accordingly, following careful consideration of these factors, the Independent Directors intend to unanimously recommend that GHG Shareholders accept the Offer.

GCAP has received irrevocable undertakings to accept the Offer (including from the Independent Directors of GHG) in respect of 4,155,200 GHG Shares representing, in aggregate, approximately 3.16% of the existing issued ordinary share capital of GHG. Further details in respect of such irrevocable undertakings are set out in Paragraph 6 and Appendix 3.

The Independent Directors, who have been so advised by Investec Bank plc ("Investec") as to the financial terms of the Offer, consider the terms of the Offer to be fair and reasonable. Accordingly, the Independent Directors intend to unanimously recommend that GHG Shareholders accept the Offer as they have irrevocably undertaken to do in respect of their own GHG Shares (representing approximately 0.39% of the issued ordinary share capital of GHG). In providing advice to the Independent Directors, Investec has taken into account the commercial assessments of the Independent Directors.

The Offer constitutes a Class 1 transaction for GCAP for the purposes of the Listing Rules. Accordingly, the Offer will be conditional (among other matters) on the approval of GCAP's shareholders at the GCAP General Meeting.

GCAP's directors consider the Offer to be in the best interests of GCAP and its shareholders as a whole and unanimously intend to recommend that GCAP's shareholders vote in favour of the GCAP Resolutions to be proposed at the GCAP General Meeting which will be convened in connection with the Offer, as all GCAP directors who hold GCAP shares intend to do in respect of their own holdings of, in aggregate, 812,140 GCAP Shares representing approximately 2.02% of the existing issued ordinary share capital of GCAP on 18 May 2020, being the last business day before the date of this Announcement.

GCAP's directors have received financial advice from Numis in relation to the Offer. In providing its advice, Numis has relied upon the commercial assessments of GCAP's directors.

It is expected that the Prospectus, containing information about the GCAP shares to be issued in connection with the Offer, will be published at or around the same time as the Offer Document is published. It is also expected that the Circular, containing details of the Offer and notice of the GCAP General Meeting, will be posted to GCAP's shareholders at or around the same time as the Offer Document and the Prospectus are published.

GCAP has today released its trading update for the period to 31 March 2020. GHG has also today released its trading update for the period to 31 March 2020.

Commenting on the Offer, Irakli Gilauri, the Chair and Chief Executive Officer of GCAP said:

*I am pleased to announce the Offer for Georgia Healthcare Group Shares. The board believes Georgia Healthcare Group represents an attractive and unique opportunity to participate in the continued profitable growth of the healthcare sector in Georgia. We believe an investment in Georgia Capital is an attractive way for Georgia Healthcare Group investors to retain exposure to the Georgian healthcare sector, while also gaining exposure to the wider Georgian economy and having the opportunity to participate in further growth and share in the significant benefits of an enlarged Georgia Capital.*

Commenting on the Offer, Bill Huyett, Chair of GHG said:

*Georgia Healthcare Group's performance in creating and growing a profitable, cash-generating healthcare enterprise across important segments of the Georgian healthcare market has not been reflected in Georgia Healthcare Group's stock market valuation over the last couple of years. While Georgia Healthcare Group has a clear value-creation strategy, and continues to deliver sound operational performance, the Independent Directors believe that the proposed acquisition by Georgia Capital represents an opportunity for Georgia Healthcare Group's shareholders to benefit, over time, from the greater liquidity in Georgia Capital stock. This belief has been reinforced by the overwhelming level of shareholder participation in the Exchange Offer in November 2019.*

*The all-share nature of the Offer has also been a consideration for the Independent Directors, as this will enable Georgia Healthcare Group Shareholders to continue benefiting from their current exposure to the Georgian healthcare market, as Georgia Capital shareholders. Georgia Capital's management team has a deep understanding of Georgia Healthcare Group and a proven track record of building and supporting the growth of many businesses in Georgia.*

*After careful consideration, the Independent Directors intend to unanimously recommend that Georgia Healthcare Group Shareholders accept the Offer.*

**This summary should be read in conjunction with, and is subject to, the full text of the attached announcement (including its Appendices). The Offer will be subject to the Conditions and certain further terms set out in Appendix 1 and to the full terms and conditions to be set out in the Offer Document. Appendix 2 contains the sources and bases of certain information contained in this summary and the following announcement. Appendix 3 contains details of the irrevocable undertakings received by Georgia Capital PLC. Appendix 4 contains the definitions of certain terms used in this summary and the following announcement.**

Details of an investor/analyst conference call to be held today, on 19 May 2020 at 16:00 UK / 17:00 CET / 11:00 U.S Eastern Time, are available on the GCAP Group's website: <https://georgiacapital.ge/ir/news>.

This announcement is being made on behalf of GCAP by Nino Rekhviashvili, Head of Investor Relations.

### **Enquiries**

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Freshfields Bruckhaus Deringer LLP is acting as legal adviser to Georgia Capital PLC in connection with the Offer. Baker & McKenzie LLP is acting as legal adviser to Georgia Healthcare Group PLC in connection with the Offer.

## **Further information**

*This announcement is not intended to and does not constitute, or form part of, an offer, invitation or the solicitation of an offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of any securities, or the solicitation of any vote or approval in any jurisdiction, pursuant to the Offer or otherwise, nor shall there be any sale, issuance or transfer of securities of Georgia Healthcare Group PLC ("GHG") in any jurisdiction in contravention of applicable law. The Offer will be made solely by means of the Offer Document and (in respect of GHG Shares held in certificated form) the acceptance forms accompanying the Offer Document, which will, together, contain the full terms and conditions of the Offer including details of how it may be accepted. Georgia Capital PLC ("GCAP") will also prepare the Prospectus in connection with the Offer, as further detailed below.*

*GCAP will prepare the Circular to be distributed to its shareholders and will also publish the Prospectus containing information on the New GCAP Shares. GCAP urges GHG Shareholders to read the Offer Document and the Prospectus carefully when they become available because they will contain important information in relation to the Offer, the New GCAP Shares and the Combined Group. GCAP urges its shareholders to read the Prospectus and the Circular carefully when they become available. Any vote in respect of resolutions to be proposed at the GCAP General Meeting to approve the Offer or related matters, should be made only on the basis of the information contained in the Offer Document, the Prospectus and the Circular.*

*This announcement does not constitute a prospectus or prospectus equivalent document.*

*Please be aware that addresses, electronic addresses and certain other information provided by GHG Shareholders, persons with information rights and other relevant persons for the receipt of communications from GHG may be provided to GCAP during the offer period as required under Section 4 of Appendix 4 of the Code to comply with Rule 2.11.*

*Investec Bank plc, which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority, is acting for GHG and no one else in connection with the above and will not be responsible to anyone other than GHG for providing the protections offered to clients of Investec nor for giving advice in relation to the subject matter of this announcement or any other matters referred to in this announcement.*

*Numis Securities Limited, which is authorised and regulated in the United Kingdom by the FCA, is acting as Financial Adviser exclusively for GCAP and no one else in connection with the matters set out in this announcement and will not regard any other person as its client in relation to the matters in this announcement and will not 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.*

## **Overseas jurisdictions**

*The availability of the Offer to GHG Shareholders who are not resident in and citizens of the UK may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens. Persons who are not resident in the UK should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdictions. Further details in relation to Overseas Shareholders will be contained in the Offer Document.*

*The release, publication or distribution of this announcement in or into jurisdictions other than the UK, including the US, may be restricted by law and therefore any persons who are subject to the law of any jurisdiction other than the UK should inform themselves about, and observe, any applicable requirements. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent*

*permitted by applicable law, the companies and persons involved in the Offer disclaim any responsibility or liability for the violation of such restrictions by any person. This announcement has been prepared for the purposes of complying with English law and the Code 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 of jurisdictions outside of England.*

*The Offer will not be made, directly or indirectly, in, into or from any Restricted Jurisdiction, including the US, or any other jurisdiction where to do so would violate the laws in that jurisdiction. Accordingly, copies of this announcement and formal documentation relating to the Offer will not be and must not be, mailed or otherwise forwarded, distributed or sent in, into or from any Restricted Jurisdiction or any other jurisdiction where to do so would violate the laws of that jurisdiction.*

*Further details in relation to GHG Shareholders in overseas jurisdictions will be contained in the Offer Document.*

### **Notice to US GHG Shareholders**

*This announcement is not intended to, and does not, constitute or form part of any offer or invitation to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the offer or otherwise. The Offer will be made solely through the Offer Document, which will contain the full terms and conditions of the Offer, including details of how the Offer may be accepted. Any acceptance or other response to the Offer should be made only on the basis of the information in the Offer Document.*

*The Offer relates to the shares of a UK company and is subject to UK procedural and disclosure requirements that are different from certain of those of the US. Any financial statements or other financial information included in this announcement may have been prepared in accordance with non-US accounting standards that may not be comparable to the financial statements of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the US. It may be difficult for US holders of shares to enforce their rights and any claims they may have arising under the US federal securities laws in connection with the Offer, since GCAP and GHG are located in countries other than the US, and some or all of their officers and directors may be residents of countries other than the United States. US holders of shares in GCAP or GHG may not be able to sue GCAP, GHG or their respective officers or directors in a non-US court for violations of US securities laws. Further, it may be difficult to compel GCAP, GHG and their respective affiliates to subject themselves to the jurisdiction or judgment of a US court.*

*It is intended that the Offer will be implemented by way of a takeover offer under English law. Accordingly, the Offer will be made in the US pursuant to Section 14(e) and Regulation 14E under the US Exchange Act as a “Tier II” tender offer, and otherwise in accordance with the requirements of the Code. Accordingly, the Offer will be subject to disclosure and other procedural requirements, including with respect to withdrawal rights, offer timetable, settlement procedures and timing of payments that may be different from those applicable under US domestic tender offer procedures and law. A person who receives New GCAP Shares pursuant to the Offer may not resell such securities without registration under the US Securities Act or without an applicable exemption from registration or unless in a transaction not subject to registration (including a transaction that satisfies the applicable requirements of Regulation S under the US Securities Act).*

*This announcement does not constitute an offer of securities for sale in the US. Securities may not be offered or sold in the United States absent registration or an exemption from registration. GCAP does not intend to make a public offering of securities in the US, but if undertaken any*

*such public offering would need to be made by means of a prospectus that would contain detailed information about the company and management, as well as financial statements. No offer to acquire securities or to exchange securities for other securities has been made, or will be made, directly or indirectly, in or into, or by use of the mails, any means or instrumentality of interstate or foreign commerce or any facilities of a national securities exchange of, the US or any other country in which such offer may not be made other than (i) in accordance with the US Securities Act, as amended, or the securities laws of such other country, as the case may be, or (ii) pursuant to an available exemption from such requirements. In particular, New GCAP Shares will only be made available in the United States to qualified institutional buyers (as defined in Rule 144A under the US Securities Act) or accredited investors (as defined in Rule 501(a) under the US Securities Act) in transactions that are exempt from the registration requirements of the US Securities Act. Such shareholders will be required to make such acknowledgements and representations to, and agreements with, GCAP as GCAP may require to establish that they are entitled to receive New GCAP Shares.*

*Nothing in this announcement shall be deemed an acknowledgement that any SEC filing is required or that an offer requiring registration under the US Securities Act may ever occur in connection with the Offer.*

*The New GCAP Shares have not been, and will not be, registered under the securities laws of any state or jurisdiction in the United States and, accordingly, will only be issued to the extent that exemptions from the registration or qualification requirements of state “blue sky” securities laws are available, or such registration or qualification requirements have been complied with.*

*The receipt of GCAP Shares pursuant to the Offer by a US GHG Shareholder should qualify as a tax-free reorganization under section 368(a)(1)(B) of the US Internal Revenue Code of 1986, as amended provided that (i) following completion of the Offer, GCAP owns at least 80% of the voting power of all voting equity securities of GHG and at least 80% of each other class of equity security of GHG and (ii) GCAP has not and does not, in connection with the Offer, acquire any equity security for consideration other than GCAP voting stock. Assuming the receipt of GCAP Shares pursuant to the Offer by a US GHG Shareholder should qualify as a tax-free reorganization, for US federal income tax purposes, a US GHG Shareholder (i) should not recognise any income, gain or loss upon the receipt of GCAP Shares, (ii) should have an adjusted tax basis in the GCAP Shares equal to such US GHG Shareholder’s adjusted tax basis of the GHG Shares surrendered in exchange for the GCAP Shares and (iii) should have a holding period for the GCAP Shares that includes the period during which the US GHG Shareholder held the GHG Shares in respect of which the GCAP Shares have been received. A US Holder that acquired GHG Shares at different times and at different prices will be required to calculate a separate tax basis and holding period for each block of GHG Shares and then allocate that basis separately to the corresponding number of GCAP Shares received in the Offer. A US GHG Shareholder will recognise gain or loss on any fractional entitlements for which such US GHG Shareholder receives cash. If the receipt of GCAP Shares pursuant to the Offer by a US GHG Shareholder does not qualify as a tax-free reorganization, a US GHG Shareholder generally would recognise gain or loss on the receipt of GCAP Shares. Each US GHG Shareholder is urged to consult his or her independent professional advisor immediately regarding the US federal income tax consequences of acceptance of the Offer.*

*In accordance with normal UK practice and pursuant to Rule 14e-5(b) of the US Exchange Act, GCAP or its nominees, or its brokers (acting as agents), may from time to time make certain purchases of, or arrangements to purchase, GHG Shares outside the United States, other than pursuant to the Offer, before or during the period in which the Offer remains open for acceptance. Also, in accordance with Rule 14e-5(b) of the US Exchange Act, Numis will continue to act as an exempt principal trader in GHG Shares on the London Stock Exchange. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Any information about such purchases will be disclosed as*



required in the UK, will be reported to a Regulatory Information Service and will be available on the London Stock Exchange website, [www.londonstockexchange.com](http://www.londonstockexchange.com).

### **Forward looking statements**

*This announcement (including information incorporated by reference in this announcement), oral statements made regarding the Offer, and other information published by GCAP and GHG 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 the management of GCAP and GHG 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 this announcement include statements relating to the expected effects of the Offer on GCAP and GHG, the expected timing and scope of the Offer 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 and GHG believe that the expectations reflected in such forward-looking statements are reasonable, GCAP and GHG 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 the 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 GHG, nor any of their 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), neither GCAP or GHG is under any obligation, and GCAP and GHG expressly disclaim any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.*

### **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 GHG Share or GCAP Share for the current or future financial years would necessarily match or exceed the respective historical published earning per GHG Share or GCAP Share or to mean that the enlarged group’s earnings in the first 12 months following the Offer, or in any subsequent period, would necessarily match or be greater than those of GCAP or GHG for the relevant preceding financial period or any other period.*

### **Dealing disclosure requirements**

*Under Rule 8.3(a) of the Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the Offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10<sup>th</sup> business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10<sup>th</sup> business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the Offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.*

*Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the Offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the Offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.*

*If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of a Offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.*

*Opening Position Disclosures must also be made by the Offeree company and by any offeror and Dealing Disclosures must also be made by the Offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).*

*Details of the GHG and GCAP companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk), including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.*

### **Publication on website and hard copies**

*A copy of this announcement and the documents required to be published by Rule 26 of the Code will be made available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on GCAP's website at [www.georgiacapital.ge](http://www.georgiacapital.ge) and GHG's website at [www.ghg.com.ge](http://www.ghg.com.ge). For the avoidance of doubt, the contents of those websites are not incorporated into and do not form part of this announcement.*

*GCAP Shareholders and GHG Shareholders may request a hard copy of this announcement by contacting Computershare during business hours on +44 (0) 370 702 0176 (for GCAP Shareholders) or +44 (0) 370 703 1186 (for GHG Shareholders) or by submitting a request in*

*writing to Registrar at Computershare Investor Services, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ. If you have received this announcement in electronic form, copies of this announcement and any document or information incorporated by reference into this document will not be provided unless such a request is made.*

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19 May 2020

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**By**

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**1. Introduction**

The board of directors of Georgia Capital PLC (“GCAP”) and the Independent Directors of Georgia Healthcare Group PLC (“GHG”) are pleased to announce that they have reached agreement on the terms of a recommended share exchange offer for GHG, to be made by GCAP for the entire issued or to be issued share capital of GHG not already owned by GCAP.

**2. The Offer**

Under the terms of the Offer, which will be subject to the Conditions and further terms set out in Appendix 1 to this announcement and to be set out in the Offer Document, GHG Shareholders will be entitled to receive:

**For every 5 GHG Shares**

**One New GCAP Share**

If, after the date of this announcement, any dividend and/or other distribution and/or other return of capital is declared, made or paid or becomes payable in respect of the GHG Shares, GCAP reserves the right to reduce the number of New GCAP Shares that GHG Shareholders will receive under the terms of the Offer at such date by an amount up to the amount of such dividend and/or distribution and/or return of capital.

The Offer represents:

- a premium of approximately 9.40% to the volume weighted average price of GHG Shares, based on the volume weighted average prices of GHG and GCAP for the three-month period ended on 18 May 2020 (being the last business day before this announcement); and
- a premium of approximately 15.17% to the volume weighted average price of GHG Shares, based on the volume weighted average prices of GHG and GCAP for the six-

month period ended on 18 May 2020 (being the last business day before this announcement).

The terms of the Offer are final and therefore, in accordance with the Code, GCAP will not be permitted to increase the terms of the Offer.

The Offer, if accepted in full, will result in GHG Shareholders owning approximately 16.15% of GCAP's enlarged issued share capital post-completion of the Offer (based on the existing issued ordinary share capital of GHG and the issued share capital of GCAP).

Should the Offer be declared wholly unconditional but the squeeze out threshold not be reached, GCAP has no intention to acquire any interest in, or make a second offer for, any GHG shares on more favourable terms than the Offer for a period of 12 months from the date on which the Offer is declared wholly unconditional.

The New GCAP Shares will be issued credited as fully paid and will rank *pari passu* in all respects with GCAP Shares in issue at the time the New GCAP Shares are issued pursuant to the Offer, including the right to receive and retain dividends and other distributions declared, made or paid by reference to a record date falling on or after the date of completion of the Offer. Application will be made to the FCA and to the London Stock Exchange for the New GCAP Shares to be admitted to the premium segment of the Official List of the FCA and to trading on London Stock Exchange's main market for listed securities

### **3. Background to and reasons for the Offer**

On 17 December 2019 GCAP acquired 17,892,911 GHG Shares as a result of GCAP's exchange offer of one GCAP share for every 5.22 GHG Shares held at that time (the "Exchange Offer"). Shareholders in GHG holding in aggregate 40,894,166 GHG Shares submitted their shares for exchange in the 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 the Exchange Offer, and GCAP's prior holding of GHG Shares, GCAP currently holds 93,011,414 GHG Shares representing approximately 70.63% of the existing issued ordinary share capital of GHG.

The Offer represents a clear vote of confidence in GHG, its management and its strategy, and will create a larger combined entity with enhanced share liquidity and better access to capital. It will allow GHG Shareholders to migrate with minimal share price disruption to a significantly more liquid stock while retaining exposure to GHG and the Georgian healthcare sector.

The Offer further diversifies GCAP's private portfolio and sources for dividend inflows by adding at least three new businesses (hospitals, retail pharmacy and medical insurance and outpatient) to its portfolio of private assets, and is expected to result in savings in operating expenses for GHG, stemming from annual premium market listing related expenses, while also further enhancing 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.

If successful, 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. The addition of 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 GCAP will also increase the ability of the GCAP Group to capitalise on and expand the pipeline of new investment opportunities.

#### **4. Recommendation**

The Independent Directors, who have been so advised by Investec as to the financial terms of the Offer, consider the terms of the Offer to be fair and reasonable. Accordingly, the Independent Directors intend to unanimously recommend that GHG Shareholders accept the Offer as they have irrevocably undertaken to do in respect of their own GHG Shares (representing approximately 0.39% of the issued ordinary share capital of GHG). In providing advice to the Independent Directors, Investec has taken into account the commercial assessments of the Independent Directors.

Investec has given and not withdrawn its consent to the inclusion in this announcement of reference to its advice to the Independent Directors in the form and context in which they appear.

#### **5. Reasons for the recommendation by the Independent Directors**

Since its initial stock market listing in November 2015, GHG has made significant progress in institutionalising a significant nationwide healthcare business across the entire Georgian healthcare market. GHG has a clear strategy, and a very strong management team that has executed that strategy and delivered consistent operating performance improvements over the last few years. There has been a significant investment programme in people, assets and capabilities across all areas of the business which has created unparalleled franchise strength in the hospitals and clinics businesses; the pharmacy and distribution business; and the medical insurance business.

During 2019, the major part of GHG's recent capital investment programme was completed and the GHG Group delivered good progress in each business segment to deliver earnings momentum, strong cash generation and an improved return on capital invested. Investment requirements have reduced and the GHG Group has started to reduce debt levels. Dividend payments were initiated in 2019, reflecting the confidence in the GHG Group's free cash generation. As a result, the Independent Directors believe that GHG has substantially delivered on the GHG Group's growth and profitability ambitions.

The progress has not however been reflected in GHG's stock market valuation over the last couple of years. The Independent Directors believe that there is a mismatch between the intrinsic value of GHG and its equity valuation, and that the mismatch has partly been created by GHG's limited free float and share liquidity, particularly following the substantial shareholder participation in the Exchange Offer, which was significantly oversubscribed and therefore take up had to be scaled back. GHG's residual free float now totals approximately 36 million shares, which as at the date of this announcement equates to a value of approximately £31 million, and had the oversubscription of the Exchange Offer not been scaled back, GCAP would now own approximately 92% of GHG (calculated on the basis of GCAP's existing holding and shares in public hands at the time of the Exchange Offer).

While GHG has a clear strategy, and continues to make good progress, the Independent Directors believe that the proposed Offer by GCAP represents an opportunity for GHG Shareholders to benefit, over time, from the greater liquidity in GCAP stock. This belief has been reinforced by the overwhelming level of shareholder participation in the Exchange Offer.

The all-share nature of the Offer has also been a consideration for the Independent Directors, as this will enable GHG Shareholders to continue benefiting from their current exposure to the Georgian healthcare market, as GCAP Shareholders. Assuming full acceptance of the Offer,

GHG is expected to be approximately 31% of GCAP's business value (calculated on the basis of pro forma net asset value as at 31 December 2019) following the completion of the Offer.

The Independent Directors note that:

- GCAP's management team has a proven track record of building and supporting the growth of many businesses in Georgia;
- Many of the businesses currently owned by GCAP have benefited from GCAP's access to investment capital, and its strategy of continuing to support businesses over time, through all stages of their development;
- GCAP has a strong reputation, both locally and internationally, for high standards of corporate governance;
- GCAP has a strong understanding of the wider Georgian regulatory, legislative, macroeconomic and regional operating environments;
- GCAP has a strong track record of returning value to its shareholders, via its share buyback programme;
- the Offer represents a premium of approximately 9.40% to the volume weighted average price of GHG Shares, based on the volume weighted average prices of GHG and GCAP for the three-month period ended on 18 May 2020 (being the last business day before this announcement);
- the Offer represents a premium of approximately 15.17% to the volume weighted average price of GHG Shares, based on the volume weighted average prices of GHG and GCAP for the six-month period ended on 18 May 2020 (being the last business day before this announcement); and
- as GHG's majority shareholder, the management team of GCAP has demonstrated a significant understanding of the business and the Georgian healthcare environment.

Accordingly, following careful consideration of these factors, the Independent Directors intend to unanimously recommend that GHG Shareholders accept the Offer.

## 6. Irrevocable Undertakings

GCAP has received irrevocable undertakings to accept the Offer (including from the Independent Directors of GHG) in respect of 4,155,200 GHG Shares, representing approximately 3.16% of the existing issued ordinary share capital of GHG.

The undertakings include undertakings to accept the Offer from:

- the Independent Directors of GHG are in respect of their entire holdings amounting to 518,170 GHG Shares representing approximately 0.39% of GHG's existing issued ordinary share capital;
- the other directors of GHG: Irakli Gilauri and David Morrison, in respect of 297,149 GHG Shares, representing approximately 0.23% of the existing issued ordinary share capital of GHG; and
- the following members of GHG's senior management: Irakli Gogia, Giorgi Mindiashvili, Enriko Beridze and Misha Abramidze in respect of 1,128,432 GHG

Shares, representing approximately 0.86% of the existing issued ordinary share capital of GHG.

These undertakings will cease to be binding only if the Offer lapses or is withdrawn or the Offer Document is not posted in accordance with the Code and remain binding in the event that a higher competing offer for GHG is made.

These undertakings also include undertakings to accept the Offer should it become wholly unconditional from the Trustee in respect of 2,211,449 GHG Shares held by the Trust (as adjusted under the ordinary course of operation of the Trust) representing approximately 1.68% of GHG's existing issued ordinary share capital as at the date of this announcement. These undertakings will cease to be binding only if the Offer lapses or is withdrawn or the Offer Document is not posted in accordance with the Code and remain binding in the event that a higher competing offer for GHG is made.

In total therefore, GCAP has received irrevocable undertakings to accept the Offer in respect of 4,155,200 GHG Shares representing approximately 3.16% of GHG's issued ordinary share capital.

Further details of these irrevocable undertakings are set out in Appendix 3 to this announcement.

## 7. **Information relating to GCAP**

GCAP is a platform for buying, building, developing and selling businesses in Georgia. GCAP has capitalised on the fast-growing Georgian economy over the last decade through its robust corporate governance, access to capital and strong management. GCAP seeks to capture growth opportunities in the sectors in which it currently operates and drive the development of new structurally attractive, high-growth businesses in Georgia, which it intends to add either by acquiring businesses in their early development stage or by establishing greenfield businesses, often consolidating fragmented or underdeveloped markets. GCAP actively manages its portfolio companies to maturity, setting the strategy and business plan of each business and driving its execution. Once GCAP has successfully developed a business, the GCAP Group acts as an advisor for the management of mature companies and actively manages its portfolio to determine each company's optimal owner. GCAP will normally seek to monetise its investment either through trade sale, initial public offering or fund structure over a five to 10 year period from initial investment. GCAP manages its portfolio companies individually and does not focus on achieving intergroup synergies. GCAP 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.

GCAP currently manages nine private businesses:

### *Private Late Stage Portfolio*

- Water Utility (24.0% of portfolio as of 31 March 2020) is a regulated monopoly in Tbilisi and the surrounding area, where it provides water and wastewater services to up to 1.4 million residents representing more than one-third of Georgia's population and up to 36,000 legal entities. Water Utility also operates hydro power plants ("**HPPs**") with total installed capacity of 149 megawatts ("**MW**"). On average, half of generated power is used by the business for water supply purposes at regulated electricity tariff, while the excess amount is sold to third parties.
- Housing Development (2.2% of portfolio as of 31 March 2020) is a leading real estate developer in the US\$1.6 billion Georgian real estate market with three business lines:



a) a residential development arm targeting mass-market customers by offering affordable, high-quality and comfortable housing; b) a construction arm engaging in construction contracts for other businesses as well as third parties and c) franchise platform for development of third-party land plots with fee sharing arrangements. The business has also recently started a new distressed asset management arm in order to develop distressed development projects.

- Property and Casualty Insurance (P&C Insurance) (7.8% of portfolio as of 31 March 2020) is a leading player in the local property and casualty insurance market with a 29% market share based on gross earned premiums as of 31 December 2019. P&C Insurance offers a wide range of insurance products to Georgian corporates and retail through five business lines: motor, property, credit life, liability and other insurance services.

#### *Private Early Stage Portfolio*

- Renewable Energy (8.4% of portfolio as of 31 March 2020) is a platform for development of hydro power plants and wind power plants across Georgia. Following the buyout of the 34.4% minority shareholder on 25 February 2020, GCAP's renewable energy business consists of its wholly-owned 50 MW Mestiachala HPPs and wholly-owned Hydrolea HPPs and Qartli wind farm (with 41 MW installed capacity in aggregate). In addition, the business has a pipeline of approximately 350 MW renewable energy projects in the medium term.
- Hospitality and Commercial Real Estate (12.1% of portfolio as of 31 March 2020) is comprised of: a) rent-earning commercial assets with targeted 10% yield and b) a hotel development business across Georgia targeting more than 1,000 rooms. The hotel development business has confirmed 1,222 rooms, of which 273 are operational and 949 are in the pipeline. The targeted hotel portfolio comprises approximately 630 internationally branded hotel rooms and approximately 592 hotels rooms under the business's own brands developed by Amber Group. However, in light of the COVID-19 outbreak, the two operational hotels are closed and rented to the government for quarantine, and construction of new hotels have been put on hold until there is more certainty regarding the effects of COVID-19 on the business landscape and the Georgian economy.
- Beverages (4.2% of portfolio as of 31 March 2020) combines three business lines: a wine business, a beer business and a distribution business. The wine business produces and sells wine locally and exports to 17 countries. The beer business produces and sells beer and carbonated soft drinks mainly locally and owns a 10-year exclusive license from Heineken (effective from 2015) to produce and sell Heineken beer brands in Georgia. The beer business has the leading beer portfolio in terms of brand equity in Georgia.
- Education (3.1% of portfolio as of 31 March 2020) – GCAP has identified opportunities in what is currently a very fragmented private K-12 (from kindergarten to 12th grade) school education market and plans to build a diversified business model combining premium, mid-level and affordable school segments. The education business currently combines three school partnerships across premium, mid-level and affordable segments that provide a pathway to the targeted 27,000 learners by 2025.

#### *Pipeline Portfolio*

- Auto Service (0.8% of portfolio as of 31 March 2020) – The auto services industry is currently a very fragmented market with approximately GEL2.8 billion annual revenues. GCAP aims to build a diversified business model with a digital platform

combining different auto-related services: car services and parts, secondary car trading, car insurance and periodic technical inspection (PTI).

- Digital Services (0.5% of portfolio as of 31 March 2020) – GCAP has entered the digital sector by acquiring a 60% equity stake in Redberry, a leading Georgian digital marketing agency. The acquisition of this attractive service business complements the GCAP Group's existing portfolio as well as provides an opportunity to enhance digital capabilities across its portfolio companies.

In addition to the private businesses, GCAP has two public investments (London Stock Exchange premium-listed Georgian companies): (i) Georgia Healthcare Group PLC, (70.6% equity stake, prior to the Offer), a UK incorporated holding company of the largest healthcare services provider, the largest pharmaceuticals retailer and wholesaler and the largest medical insurance provider in Georgia and (ii) Bank of Georgia Group PLC, (19.9% equity stake), a leading universal bank in Georgia. The stake in Bank of Georgia Group PLC is held as a listed investment and is considered by GCAP to be a liquid, tradeable asset on the GCAP Group's balance sheet that could be readily converted into cash as and when GCAP decides to monetise the asset. The holding does not form part of the GCAP Group's long-term revenue-generating business portfolio. Following completion of the Offer, GCAP's stake in GHG will be categorised under its Private Late Stage Portfolio companies.

## 8. Information relating to GHG

GHG is the largest and the only fully integrated healthcare services provider in the fast-growing, predominantly privately-owned Georgian healthcare ecosystem with an aggregate annual market value of approximately GEL3.8 billion. GHG comprises five business lines: hospitals, clinics, pharmacy and distribution, medical insurance and diagnostics. Each business line has its own chief operating officer reporting to the GHG CEO, pursuing value creation through revenue growth, EPS growth and asset productivity (ROIC). GHG targets the population of the entire country and beyond through its vertically integrated network of 18 referral hospitals, 34 clinics, 296 pharmacies and the largest diagnostics laboratory in Georgia, as at 31 December 2019. GHG is the market leader in the country on each operating segment as at 31 December 2019: the largest healthcare services provider accounting for more than 23% of total hospital bed capacity; the largest pharmaceuticals retailer and wholesaler in terms of both, revenue (approximately 32% market share) and number of bills issued (28.8 million); the largest medical insurer with a 32% market share based on the third quarter of 2019 net insurance premiums and with approximately 236,000 insured individuals, according to the Insurance State Supervision Service of Georgia.

### *Hospitals*

GHG is the largest healthcare services provider in Georgia, with 21% market share by referral beds. The business operates 18 referral hospitals, 16 of which are general hospitals and two are speciality hospitals, with a total of 2,967 beds. These hospitals are located in Tbilisi and major regional cities and provide secondary or tertiary-level outpatient and inpatient diagnostic, surgical and treatment services. Hospitals generated GEL289 million net revenue in the year ended 31 December 2019, comprising 28% of GHG's total revenue and 49% of GHG's total EBITDA. Of this amount, 32% was generated from private medical insurance companies and out-of-pocket payments by individual customers and 68% was generated from state-funded healthcare programmes.

### *Clinics*

GHG's clinics business incorporates 15 polyclinics and 19 community clinics. Community clinics are located in regional towns and municipalities, and provide outpatient and inpatient diagnostic, basic surgical and treatment services to the local population. Polyclinics are located in Tbilisi and major regional cities and provide basic and full-scale outpatient diagnostic and treatment services. By adding approximately 47,000 patients in 2019, the business became the

market leader by number of registered patients in Tbilisi. At the end of 2018, GHG also entered the dental market and started to launch dental clinics within its polyclinics. Clinics generated GEL44 million net revenue in the year ended 31 December 2019, comprising 4% of GHG's total revenue and 6% of GHG's total EBITDA.

### ***Pharmacy and distribution***

GHG is the largest pharmaceuticals retailer and wholesaler in Georgia, with approximately 32% market share by revenue as of 31 December 2019. GHG has two pharmacy brands: GPC for the higher-end customer segment and Pharmadepot for the mass retail segment. GHG's 296 pharmacies are located in Tbilisi and other major regional cities. Pharmaceutical products generated GEL615 million revenue in the year ended 31 December 2019, comprising 59% of GHG's total revenue and 42% of GHG's total EBITDA.

### ***Medical insurance***

GHG is the largest medical insurance provider in Georgia offering a variety of medical insurance products via a wide distribution network. GHG had approximately 236,000 medical insurance customers as at 31 December 2019. Medical insurance generated GEL75 million of total revenue in the year ended 31 December 2019 comprising 8% of GHG's total revenue and an insignificant percentage of GHG's EBITDA. All of this revenue was generated by private medical insurance customers.

### ***Diagnostics***

GHG operates largest diagnostics laboratory in Georgia and Caucasus region. In addition to basic laboratory tests, the new laboratory allows GHG to offer complex tests for oncology and molecular lab, some of which have never been available in Georgia. Diagnostics generated GEL5 million of total revenue in the year ended 31 December 2019 (first year of its operations) comprising 1% of GHG's total revenue and an insignificant percentage of GHG's EBITDA.

## **9. Management, employees and locations**

GHG is the only integrated healthcare provider in the region with excellent visibility of and presence in the entire Georgian healthcare ecosystem. Through a focus on continuously improving the quality of care and services for patients and customers in Georgia, it has developed into the leading provider touching more than one million Georgians per annum, enabling access to affordable quality care. It has been playing a vital role in Georgia's healthcare system – both when it comes to providing universal health coverage, and when dedicated resources and expertise are required in response to crises, most recently, the COVID-19 pandemic. Crystallising value from this position through leveraging on the existing infrastructure, people, competencies and client base, and managing customers on an integrated level will be the main goal for GHG in the coming years.

Prior to the Offer, GHG's management had disclosed that GHG plans to create shareholder value and achieve its strategic goals thanks to its improved cash flow generation and disciplined capital allocation strategy, which mainly focuses on balance sheet deleveraging, exercising value accretive minority buyouts and allocating resources to high ROIC-generating investments. GHG has a proven track record of delivering its key objectives.

In addition to this, to achieve its long-term growth GHG has been capitalising on the main advantage of its business model – the unique ability to manage customers on an integrated level. Enhancing digital channels and developing a fully cohesive health information system (the "HIS") helps GHG deliver better care to its customers and manage quality and operations.

Having completed an intensive three-year capital expenditure programme, GHG's management planned to focus on improving its operational, quality and financial performance and delivering profitable growth by developing new projects and benefiting from the organic growth of its

existing businesses. From an operational performance perspective, GHG has been focusing on improving the capacity utilisation of healthcare facilities, exercising various asset optimisation measures, such as the disposal or transformation of unused and low ROIC-generating assets, driving efficiency across healthcare facilities through service process automation and the full roll-out of HIS.

GCAP has a strong track record of supporting and developing the companies in which it invests, and has a portfolio oversight approach that enables investee companies to grow with ready access to investment capital and high standards of governance and transparency. GCAP has no intention to make changes to the operations and strategy of GHG, in particular as further described below:

- GCAP has no intention to make changes to GHG's strategic plans described above.
- GCAP does not intend to make changes to the GHG Group's management teams, which have demonstrated excellent track record and ability to execute over recent years.
- GCAP has no intention to make changes to the locations of GHG's places of business, including the location of its headquarters and headquarter functions.
- GCAP does not intend to make changes to GHG's business lines, operations and functions. GHG's management will continue to develop new projects as described above as well as focus on the organic growth of its businesses. GHG's management will continue to focus on improving the quality, operational capacity utilisation of healthcare facilities, exercising various asset portfolio optimisation measures, such as the disposal or transformation of unused and low ROIC-generating assets, driving efficiency across healthcare facilities through service process automation and the full roll-out of HIS.
- GCAP has no intention to make changes to the continued employment of the employees and management of the GHG Group, including any material changes in the conditions of employment or the balance of the skills and functions of the employees and management. GHG continues to grow a new generation of doctors and nurses, while building robust clinical quality management processes. Its medium-term goals remain knowledge and expertise advancement through education and professional development of physicians and nurses.
- GCAP has no intention to make changes to the existing employer contributions into GHG's employee pension schemes (including with regard to current arrangements for the funding of any scheme deficit), the accrual of benefits for existing members, and the admission of new members.
- GCAP does not plan to redeploy GHG's fixed assets other than as outlined above as part of GHG's existing strategy.
- Owing to the nature of its business, GHG does not conduct significant research and development activities but, to the extent any such activities are currently undertaken, GCAP does not expect to make any changes.

The Offer is not expected to impact the existing management or employees of the GCAP Group, or locations of the GCAP Group's places of business (including the headquarters and headquarter functions).

## 10. GHG Share Schemes

GHG operates the GHG Share Schemes under which nil-cost options have been granted to GHG employees. Nil-cost options are granted under the GHG Share Schemes without performance conditions and vest in tranches annually. The GHG Share Schemes are administered by the Trustee. The maximum number of GHG Shares subject to options as at the date of this announcement is 2,094,726 and the Trust holds 2,211,449 GHG Shares in respect of these options. The GHG Share Schemes do not use newly issued shares but instead the Trustee purchases GHG Shares in the market in order to satisfy options.

Given the fact that GCAP already owns over 70% of the share capital of GHG, the change of control provisions and the rollover provisions in the GHG Share Schemes would not apply. GHG has therefore made a recommendation to the Trustee that the Trustee amend the GHG Share Schemes so that in the event that the Offer becomes wholly unconditional, all outstanding options over GHG Shares will be rolled over into options over GCAP Shares based on the exchange rate offered to GHG Shareholders under the Offer. The Trustee has agreed to make these changes.

Award Holders with outstanding options under the GHG Share Schemes will be contacted regarding the effect of the Offer on their outstanding options and provided with further details concerning the proposals which GCAP will make to the Award Holders.

## 11. Disclosure of interests in GHG relevant securities

Except for the irrevocable undertakings referred to in paragraph 0 above, as at close of business on 18 May 2020 (being the latest practicable date prior to the date of this announcement), save as disclosed below, neither GCAP, nor any of the directors of GCAP or any member of the GCAP Group, nor, so far as the directors of GCAP are aware, any person acting in concert with GCAP for the purposes of the Offer had any interest in, right to subscribe for, or had borrowed or lent any GHG Shares or securities convertible or exchangeable into GHG Shares, nor did any such person have any short position (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to take delivery, or any dealing arrangement of the kind referred to in Note 11 of the definition of acting in concert in the Code, in relation to GHG Shares or in relation to any securities convertible or exchangeable into GHG Shares.

As at close of business on 18 May 2020 (being the latest practicable date prior to the date of this announcement), the following directors of GCAP hold interests in GHG Shares in the following proportions:

<b>Director</b>	<b>Number of GHG Shares</b>	<b>Percentage of issued ordinary share capital of GHG</b>
David Morrison	65,583	0.05%
Irakli Gilauri	231,566	0.18%
Kim Bradley	10,687	0.01%

## 12. Offer-related Arrangements

GCAP and GHG have entered into a confidentiality agreement dated 1 May 2020 pursuant to which each of GCAP and GHG have undertaken, amongst other things, to: (a) keep confidential information relating to the Offer and the other party and not to disclose such information to third parties (other than certain permitted parties) unless required by law or regulation; and (b) use the confidential information for the sole purpose of evaluating, negotiating, advising on or implementing the potential Offer. These confidentiality obligations remain in force until the earlier of completion of the Offer or 2 years from date of NDA.

## 13. Shareholder approval

The Offer constitutes a Class 1 transaction for GCAP for the purposes of the Listing Rules. Accordingly, the Offer will be conditional on the approval of GCAP's shareholders at the GCAP General Meeting.

GCAP's directors consider the Offer to be in the best interests of GCAP and its shareholders as a whole and unanimously intend to recommend that GCAP's shareholders vote in favour of the GCAP Resolutions to be proposed at the GCAP General Meeting which will be convened in connection with the Offer, as all GCAP directors who hold GCAP shares intend to do in respect of their own holdings of, in aggregate, 812,140 GCAP Shares representing approximately 2.02% of the existing issued ordinary share capital of GCAP on 18 May 2020, being the last Business Day before the date of this announcement.

GCAP's directors have received financial advice from Numis in relation to the Offer. In providing its advice, Numis has relied upon the commercial assessments of GCAP's directors.

Numis has given and not withdrawn its consent to the inclusion in this announcement of reference to its advice to GCAP's directors in the form and context in which they appear.

## 14. Delisting and compulsory acquisition

If the Offer becomes or is declared unconditional in all respects, with sufficient acceptances having been received, GCAP intends to procure that GHG will make an application for the cancellation of the listing of the GHG Shares on the Official List and for the cancellation of trading of the GHG Shares on the London Stock Exchange's main market for listed securities.

It is anticipated that cancellation of listing on the Official List and admission to trading on the London Stock Exchange will become effective no earlier than the date that is 20 business days after GCAP has acquired or agreed to acquire shares from independent GHG Shareholders that represent a majority of the voting rights attaching to the GHG Shares held by independent shareholders on the date of this announcement.

The Offer Document will set out details of the expected last day of dealings in GHG Shares on the main market of the London Stock Exchange.

GHG Shareholders should note that the cancellation of GHG's listing would significantly reduce the liquidity and marketability of any GHG Shares not assented to the Offer at that time.

If GCAP receives acceptances under the Offer in respect of, or otherwise acquires, 90% or more of the GHG Shares to which the Offer relates, GCAP will exercise its rights pursuant to the provisions of Chapter 3 of Part 28 of the Companies Act to acquire compulsorily the remaining GHG Shares in respect of which the Offer has not been accepted.

It is also intended that, following the Offer becoming or being declared unconditional in all respects and GHG having been delisted, GHG will be re-registered as a private company under the relevant provisions of the Companies Act.

For the avoidance of doubt, in respect of the Offer, GHG has agreed to waive the restriction under the Relationship Agreement on GCAP taking any action that is likely to result in the cancellation of GHG's listing on the premium listing segment of the Official List or trading on the London Stock Exchange's main market for listed securities.

#### **15. Overseas Shareholders**

The availability of the Offer or the distribution of this announcement to GHG Shareholders who are not resident in the United Kingdom or the United States may be affected by the laws of the relevant jurisdiction. Such persons should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdiction. GHG Shareholders who are in any doubt regarding such matters should consult an appropriate independent professional adviser in the relevant jurisdiction without delay.

This announcement does not constitute an offer for sale of any securities or an offer or an invitation to purchase any securities. GHG Shareholders are advised to read carefully the Offer Document and the Prospectus once they have been published.

#### **16. Fractional entitlements**

Fractions of New GCAP Shares will not be issued to persons accepting the Offer. Fractional entitlements to New GCAP Shares will be aggregated and sold in the market as soon as practicable following completion of the Offer and the net proceeds of such sale will then be paid in cash to the relevant GHG Shareholders in accordance with their fractional entitlements (rounded down to the nearest penny). However, individual entitlements of less than GBP5.00 will not be paid to the relevant GHG Shareholders, but will be retained for the benefit of GCAP.

#### **17. Documents published on a website**

Copies of the following documents will, by no later than 12 noon (London time) on 20 May 2020, be published on GHG's website at [www.ghg.com.ge](http://www.ghg.com.ge) and GCAP's website at [www.georgiacapital.ge](http://www.georgiacapital.ge) until the end of the Offer:

- This Announcement
- The Confidentiality Agreement referred to at Paragraph 12
- The irrevocable undertakings referred to at Paragraph 6 and Appendix 3

#### **18. General**

The Offer Document and Form of Acceptance will include full details of the Offer and the expected timetable for, and specify the actions to be taken by GHG Shareholders in connection with, the Offer. It is expected that the Offer Document will be despatched to GHG Shareholders as soon as practicable, and in any event, within 28 days of this announcement (or such later date as may be agreed with the Panel). GHG Shareholders attention is also drawn to the Prospectus, which is expected to be published on the same date.

The Offer will be subject to the Conditions and certain further terms set out in Appendix I and the further terms and conditions set out in the Offer Document when issued.

The New GCAP Shares have not been, and will not be, admitted to on any stock exchange other than the London Stock Exchange and have not been, and will not be, registered under the US Securities Act or under any laws of any state, district or other jurisdiction outside the United Kingdom.

GCAP reserves the right to elect, with the consent of GHG and the Panel, to implement the acquisition of the GHG Shares by way of a scheme of arrangement under Part 26 of the Companies Act. In such event, the scheme of arrangement will be implemented on substantially the same terms, so far as applicable, as those which would apply to the Offer, subject to appropriate amendments (including to statutory voting requirements) to reflect the change in method of implementing the Offer.

The bases and sources of certain financial information contained in this announcement are set out in Appendix 2. Certain terms used in this announcement are defined in Appendix 4.

Details of an investor/analyst conference call to be held today, on 19 May 2020 at 16:00 UK / 17:00 CET / 11:00 U.S Eastern Time, are available on GCAP's website: <https://georgiacapital.ge/ir/news>.

This announcement is being made on behalf of GCAP by Nino Rekhviashvili, Head of Investor Relations.

#### **Enquiries**

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Freshfields Bruckhaus Deringer LLP is acting as legal adviser to Georgia Capital PLC in connection with the Offer. Baker & McKenzie LLP is acting as legal adviser to Georgia Healthcare Group PLC in connection with the Offer.

### **Further information**

*This announcement is not intended to and does not constitute, or form part of, an offer, invitation or the solicitation of an offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of any securities, or the solicitation of any vote or approval in any jurisdiction, pursuant to the Offer or otherwise, nor shall there be any sale, issuance or transfer of securities of Georgia Healthcare Group PLC ("GHG") in any jurisdiction in contravention of applicable law. The Offer will be made solely by means of the Offer Document and (in respect of GHG Shares held in certificated form) the acceptance forms accompanying the Offer Document, which will, together, contain the full terms and conditions of the Offer including details of how it may be accepted. Georgia Capital PLC ("GCAP") will also prepare the Prospectus in connection with the Offer, as further detailed below.*

*GCAP will prepare the Circular to be distributed to its shareholders and will also publish the Prospectus containing information on the New GCAP Shares. GCAP urges GHG Shareholders to read the Offer Document and the Prospectus carefully when they become available because they will contain important information in relation to the Offer, the New GCAP Shares and the Combined Group. GCAP urges its shareholders to read the Prospectus and the Circular carefully when they become available. Any vote in respect of resolutions to be proposed at the GCAP General Meeting to approve the Offer or related matters, should be made only on the basis of the information contained in the Offer Document, the Prospectus and the Circular.*

*This announcement does not constitute a prospectus or prospectus equivalent document.*

*Please be aware that addresses, electronic addresses and certain other information provided by GHG Shareholders, persons with information rights and other relevant persons for the receipt of communications from GHG may be provided to GCAP during the offer period as required under Section 4 of Appendix 4 of the Code to comply with Rule 2.11.*

*Investec Bank plc, which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority, is acting for GHG and no one else in connection with the above and will not be responsible to anyone other than GHG for providing the protections offered to clients of Investec nor for giving advice in relation to the subject matter of this announcement or any other matters referred to in this announcement.*

*Numis Securities Limited, which is authorised and regulated in the United Kingdom by the FCA, is acting as Financial Adviser exclusively for GCAP and no one else in connection with the matters set out in this announcement and will not regard any other person as its client in relation to the matters in this announcement and will not 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.*

### **Overseas jurisdictions**

*The availability of the Offer to GHG Shareholders who are not resident in and citizens of the UK may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens. Persons who are not resident in the UK should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdictions. Further details in relation to Overseas Shareholders will be contained in the Offer Document.*

*The release, publication or distribution of this announcement in or into jurisdictions other than the UK, including the US, may be restricted by law and therefore any persons who are subject to the law of any jurisdiction other than the UK should inform themselves about, and observe, any applicable requirements. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Offer disclaim any responsibility or liability for the violation of such restrictions by any person. This announcement has been prepared for the purposes of complying with English law and the Code 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 of jurisdictions outside of England.*

*The Offer will not be made, directly or indirectly, in, into or from any Restricted Jurisdiction, including the US, or any other jurisdiction where to do so would violate the laws in that jurisdiction. Accordingly, copies of this announcement and formal documentation relating to the Offer will not be and must not be, mailed or otherwise forwarded, distributed or sent in, into or from any Restricted Jurisdiction or any other jurisdiction where to do so would violate the laws of that jurisdiction.*

*Further details in relation to GHG Shareholders in overseas jurisdictions will be contained in the Offer Document.*

#### **Notice to US GHG Shareholders**

*This announcement is not intended to, and does not, constitute or form part of any offer or invitation to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the offer or otherwise. The Offer will be made solely through the Offer Document, which will contain the full terms and conditions of the Offer, including details of how the Offer may be accepted. Any acceptance or other response to the Offer should be made only on the basis of the information in the Offer Document.*

*The Offer relates to the shares of a UK company and is subject to UK procedural and disclosure requirements that are different from certain of those of the US. Any financial statements or other financial information included in this announcement may have been prepared in accordance with non-US accounting standards that may not be comparable to the financial statements of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the US. It may be difficult for US holders of shares to enforce their rights and any claims they may have arising under the US federal securities laws in connection with the Offer, since GCAP and GHG are located in countries other than the US, and some or all of their officers and directors may be residents of countries other than the United States. US holders of shares in GCAP or GHG may not be able to sue GCAP, GHG or their respective officers or directors in a non-US court for violations of US securities laws. Further, it may be difficult to compel GCAP, GHG and their respective affiliates to subject themselves to the jurisdiction or judgment of a US court.*

*It is intended that the Offer will be implemented by way of a takeover offer under English law. Accordingly, the Offer will be made in the US pursuant to Section 14(e) and Regulation 14E under the US Exchange Act as a “Tier II” tender offer, and otherwise in accordance with the requirements of the Code. Accordingly, the Offer will be subject to disclosure and other procedural requirements, including with respect to withdrawal rights, offer timetable, settlement procedures and timing of payments that may be different from those applicable under US domestic tender offer procedures and law. A person who receives New GCAP Shares pursuant to the Offer may not resell such securities without registration under the US Securities Act or without an applicable exemption from registration or unless in a transaction not subject*

*to registration (including a transaction that satisfies the applicable requirements of Regulation S under the US Securities Act).*

*This announcement does not constitute an offer of securities for sale in the US. Securities may not be offered or sold in the United States absent registration or an exemption from registration. GCAP does not intend to make a public offering of securities in the US, but if undertaken any such public offering would need to be made by means of a prospectus that would contain detailed information about the company and management, as well as financial statements. No offer to acquire securities or to exchange securities for other securities has been made, or will be made, directly or indirectly, in or into, or by use of the mails, any means or instrumentality of interstate or foreign commerce or any facilities of a national securities exchange of, the US or any other country in which such offer may not be made other than (i) in accordance with the US Securities Act, as amended, or the securities laws of such other country, as the case may be, or (ii) pursuant to an available exemption from such requirements. In particular, New GCAP Shares will only be made available in the United States to qualified institutional buyers (as defined in Rule 144A under the US Securities Act) or accredited investors (as defined in Rule 501(a) under the US Securities Act) in transactions that are exempt from the registration requirements of the US Securities Act. Such shareholders will be required to make such acknowledgements and representations to, and agreements with, GCAP as GCAP may require to establish that they are entitled to receive New GCAP Shares.*

*Nothing in this announcement shall be deemed an acknowledgement that any SEC filing is required or that an offer requiring registration under the US Securities Act may ever occur in connection with the Offer.*

*The New GCAP Shares have not been, and will not be, registered under the securities laws of any state or jurisdiction in the United States and, accordingly, will only be issued to the extent that exemptions from the registration or qualification requirements of state “blue sky” securities laws are available, or such registration or qualification requirements have been complied with.*

*The receipt of GCAP Shares pursuant to the Offer by a US GHG Shareholder should qualify as a tax-free reorganization under section 368(a)(1)(B) of the US Internal Revenue Code of 1986, as amended provided that (i) following completion of the Offer, GCAP owns at least 80% of the voting power of all voting equity securities of GHG and at least 80% of each other class of equity security of GHG and (ii) GCAP has not and does not, in connection with the Offer, acquire any equity security for consideration other than GCAP voting stock. Assuming the receipt of GCAP Shares pursuant to the Offer by a US GHG Shareholder should qualify as a tax-free reorganization, for US federal income tax purposes, a US GHG Shareholder (i) should not recognise any income, gain or loss upon the receipt of GCAP Shares, (ii) should have an adjusted tax basis in the GCAP Shares equal to such US GHG Shareholder’s adjusted tax basis of the GHG Shares surrendered in exchange for the GCAP Shares and (iii) should have a holding period for the GCAP Shares that includes the period during which the US GHG Shareholder held the GHG Shares in respect of which the GCAP Shares have been received. A US Holder that acquired GHG Shares at different times and at different prices will be required to calculate a separate tax basis and holding period for each block of GHG Shares and then allocate that basis separately to the corresponding number of GCAP Shares received in the Offer. A US GHG Shareholder will recognise gain or loss on any fractional entitlements for which such US GHG Shareholder receives cash. If the receipt of GCAP Shares pursuant to the Offer by a US GHG Shareholder does not qualify as a tax-free reorganization, a US GHG Shareholder generally would recognise gain or loss on the receipt of GCAP Shares. Each US GHG Shareholder is urged to consult his or her independent professional advisor immediately regarding the US federal income tax consequences of acceptance of the Offer.*

*In accordance with normal UK practice and pursuant to Rule 14e-5(b) of the US Exchange Act, GCAP or its nominees, or its brokers (acting as agents), may from time to time make*

certain purchases of, or arrangements to purchase, GHG Shares outside the United States, other than pursuant to the Offer, before or during the period in which the Offer remains open for acceptance. Also, in accordance with Rule 14e-5(b) of the US Exchange Act, Numis will continue to act as an exempt principal trader in GHG Shares on the London Stock Exchange. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Any information about such purchases will be disclosed as required in the UK, will be reported to a Regulatory Information Service and will be available on the London Stock Exchange website, [www.londonstockexchange.com](http://www.londonstockexchange.com).

### **Forward looking statements**

This announcement (including information incorporated by reference in this announcement), oral statements made regarding the Offer, and other information published by GCAP and GHG 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 the management of GCAP and GHG 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 this announcement include statements relating to the expected effects of the Offer on GCAP and GHG, the expected timing and scope of the Offer 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 and GHG believe that the expectations reflected in such forward-looking statements are reasonable, GCAP and GHG 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 the 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 GHG, nor any of their 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), neither GCAP or GHG is under any obligation, and GCAP and GHG expressly disclaim any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

### **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 GHG Share or GCAP Share for the current or future financial years would necessarily match or exceed the respective historical published earning per GHG Share or GCAP Share or to mean that the enlarged group’s earnings in the first 12 months following the

*Offer, or in any subsequent period, would necessarily match or be greater than those of GCAP or GHG for the relevant preceding financial period or any other period.*

### ***Dealing disclosure requirements***

*Under Rule 8.3(a) of the Code, any person who is interested in 1% or more of any class of relevant securities of an Offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the Offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10<sup>th</sup> business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10<sup>th</sup> business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the Offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.*

*Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the Offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the Offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the Offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.*

*If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of a Offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.*

*Opening Position Disclosures must also be made by the Offeree company and by any offeror and Dealing Disclosures must also be made by the Offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).*

*Details of the GHG and GCAP companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk), including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.*

### ***Publication on website and hard copies***

*A copy of this announcement and the documents required to be published by Rule 26 of the Code will be made available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on GCAP's website at [www.georgiacapital.ge](http://www.georgiacapital.ge) and GHG's website at [www.ghg.com.ge](http://www.ghg.com.ge). For the avoidance of doubt, the contents of those websites are not incorporated into and do not form part of this announcement.*

*GCAP Shareholders and GHG Shareholders may request a hard copy of this announcement by contacting Computershare during business hours on +44 (0) 370 702 0176 (for GCAP Shareholders) or +44 (0) 370 703 1186 (for GHG Shareholders) or by submitting a request in writing to Registrar at Computershare Investor Services, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ. If you have received this announcement in electronic form, copies of this announcement and any document or information incorporated by reference into this document will not be provided unless such a request is made.*

**APPENDIX 1**

**CONDITIONS AND CERTAIN FURTHER TERMS**

**OF THE OFFER**

**A. CONDITIONS OF THE OFFER**

The Offer will be subject to the following conditions (“Conditions”):

- (a) valid acceptances being received (and not, where permitted, withdrawn) by not later than 1.00 p.m. (London time) on the first closing date of the Offer (or such later time(s) and/or date(s) as GCAP may, subject to the rules of the Code, decide) in respect of more than 50% in nominal value of the GHG Shares held by independent shareholders of GHG and that represent more than 50% of the voting rights carried by the GHG Shares held by the independent shareholders of GHG, provided that this condition will not be satisfied unless GCAP and/or any of its wholly-owned subsidiaries shall have acquired or agreed to acquire pursuant to the Offer such GHG Shares including for this purpose (to the extent, if any, required by the Panel) any voting rights attaching to GHG Shares that are unconditionally allotted or issued before the Offer becomes or is declared unconditional as to acceptances, whether pursuant to the exercise of any outstanding subscription rights or conversion rights or otherwise. For the purpose of this condition:
  - (i) GHG Shares which have been unconditionally allotted but not issued shall be deemed to carry the voting rights which they will carry upon issue; and
  - (ii) valid acceptances shall be deemed to have been received in respect of GHG Shares which are treated for the purposes of the Companies Act as having been acquired or contracted to be acquired by GCAP by virtue of acceptances of the Offer; and
  - (iii) the expression "independent shareholders" shall be construed in accordance with the Listing Rules and shall mean independent shareholders as at 19 May 2020;
- (b) the GCAP Resolutions to approve and implement the Offer being duly passed at a general meeting of GCAP (or at any adjournment of that meeting);
- (c) (i) the FCA having acknowledged to GCAP or its agent (and such acknowledgement not having been withdrawn) that the application for the admission of the New GCAP Shares to the Official List with a premium listing has been approved and (after satisfaction of any conditions to which such approval is expressed to be subject (“listing conditions”)) admission will become effective as soon as a dealing notice has been issued by the FCA and any listing conditions have been satisfied; and (ii) the London Stock Exchange having acknowledged to GCAP or its agent (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;
- (d) no Third Party (as defined below) having intervened and there not continuing to be outstanding any statute, regulation or order of any Third Party in each case which is or is likely to be material in the context of the Wider GCAP Group or Wider GHG Group or the Offer which would or might reasonably be expected to:
  - (i) make the Offer, its implementation or the acquisition or proposed acquisition by GCAP or any member of the Wider GCAP Group of any shares or other

securities in, or control or management of, GHG or any member of the Wider GHG Group void, illegal or unenforceable in any jurisdiction, or otherwise directly or indirectly restrain, prevent, prohibit, restrict or delay the same or impose additional conditions or obligations with respect to the Offer or such acquisition, or otherwise impede, challenge or interfere with the Offer or such acquisition, or require amendment to the terms of the Offer or the acquisition or proposed acquisition of any GHG Shares or the acquisition of control or management of GHG or the Wider GHG Group by GCAP or any member of the GCAP Group;

- (ii) limit or delay, or impose any limitations on, the ability of any member of the Wider GCAP Group or any member of the Wider GHG Group to acquire or to hold or to exercise effectively, directly or indirectly, all or any rights of ownership in respect of shares or other securities in, or to exercise voting or management control over, any member of the Wider GHG Group or any member of the Wider GCAP Group;
- (iii) require, prevent or delay the divestiture or alter the terms envisaged for any proposed divestiture by any member of the Wider GCAP Group of any shares or other securities in GHG;
- (iv) require, prevent or delay the divestiture or alter the terms envisaged for any proposed divestiture by any member of the Wider GCAP Group or by any member of the Wider GHG Group of all or any portion of their respective businesses, assets or properties or limit the ability of any of them to conduct any of their respective businesses or to own or control any of their respective assets or properties or any part thereof;
- (v) except pursuant to Part 28 of the Companies Act, require any member of the Wider GCAP Group or of the Wider GHG Group to acquire, or to offer to acquire, any shares or other securities (or the equivalent) in any member of either group owned by any third party;
- (vi) limit the ability of any member of the Wider GCAP Group or of the Wider GHG Group to conduct or integrate or co-ordinate its business, or any part of it, with the businesses or any part of the businesses of any other member of the Wider GCAP Group or of the Wider GHG Group;
- (vii) result in any member of the Wider GHG Group or the Wider GCAP Group ceasing to be able to carry on business under any name under which it presently does so; or
- (viii) otherwise adversely affect any or all of the business, assets, profits, financial or trading position or prospects of any member of the Wider GHG Group or of the Wider GCAP Group,

and all applicable waiting and other time periods during which any Third Party could intervene under the laws of any relevant jurisdiction having expired, lapsed or been terminated;

- (e) since 31 December 2019 and except as Disclosed, there being no provision of any arrangement, agreement, licence, permit, franchise or other instrument to which any member of the Wider GHG Group is a party, or by or to which any such member or any of its assets is or are or may be bound, entitled or subject or any circumstance, which, in each case as a consequence of the Offer or the acquisition or proposed acquisition of any shares or other securities in, or control of, GHG or any other member



of the Wider GHG Group by any member of the Wider GCAP Group or otherwise, could or might reasonably be expected to result in, in each case to an extent which is material in the context of the Wider GHG Group taken as a whole or the Wider GCAP Group taken as a whole:

- (i) any monies borrowed by or any other indebtedness or liabilities (actual or contingent) of, or any grant available to, any member of the Wider GHG Group being or becoming repayable or capable of being declared repayable immediately or prior to its stated maturity date or repayment date or the ability of any member of the Wider GHG Group to borrow monies or incur any indebtedness being withdrawn or inhibited or becoming capable of being withdrawn or inhibited;
- (ii) the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property, assets or interests of any member of the Wider GHG Group or any such mortgage, charge or other security interest (wherever created, arising or having arisen) becoming enforceable;
- (iii) any such arrangement, agreement, licence, permit, franchise or instrument, or the rights, liabilities, obligations or interests of any member of the Wider GHG Group thereunder, being, or becoming capable of being, terminated or adversely modified or affected or any adverse action being taken or any obligation or liability arising thereunder;
- (iv) any asset or interest of any member of the Wider GHG Group being or falling to be disposed of or charged or ceasing to be available to any member of the Wider GHG Group or any right arising under which any such asset or interest could be required to be disposed of or could cease to be available to any member of the Wider GHG Group otherwise than in the ordinary course of business;
- (v) any member of the Wider GHG Group ceasing to be able to carry on business under any name under which it presently does so;
- (vi) the creation of liabilities (actual or contingent) by any member of the Wider GHG Group other than in the ordinary course of business;
- (vii) the rights, liabilities, obligations or interests of any member of the Wider GHG Group under any such arrangement, agreement, licence, permit, franchise or other instrument or the interests or business of any such member in or with any other person, firm, company or body (or any arrangement or arrangements relating to any such interests or business) being terminated or adversely modified or affected; or
- (viii) the financial or trading position or the prospects or the value of any member of the Wider GHG Group being prejudiced or adversely affected,

and no event having occurred which, under any provision of any such arrangement, agreement, licence, permit or other instrument, would be reasonably likely to result in any of the events or circumstances which are referred to in paragraphs (i) to (viii) of this condition (e);

- (f) since 31 December 2019 and except as Disclosed no member of the Wider GHG Group having:

- (i) issued or agreed to issue, or authorised the issue of, additional shares of any class, or securities convertible into or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares or convertible securities or transferred or sold any shares out of treasury, other than as between GHG and wholly-owned subsidiaries of GHG;
- (ii) purchased or redeemed or repaid any of its own shares or other securities or reduced or made any other change to any part of its share capital;
- (iii) recommended, declared, paid or made any dividend or other distribution whether payable in cash or otherwise or made any bonus issue (other than to GHG or a wholly-owned subsidiary of GHG);
- (iv) made or authorised any change in its loan capital to an extent which is material in the context of the Wider GHG Group as a whole;
- (v) (other than any acquisition or disposal in the ordinary course of business or a transaction between GHG and a wholly-owned subsidiary of GHG or between such wholly-owned subsidiaries) merged with, demerged or acquired any body corporate, partnership or business or acquired or disposed of or transferred, mortgaged, charged or created any security interest over any assets or any right, title or interest in any assets (including shares in any undertaking and trade investments) or authorised the same;
- (vi) issued or authorised the issue of, or made any change in or to, any debentures or (except in the ordinary course of business or except as between GHG and its wholly-owned subsidiaries or between such wholly-owned subsidiaries) incurred or increased any indebtedness or liability (actual or contingent);
- (vii) entered into, varied, or authorised any agreement, transaction, arrangement or commitment (whether in respect of capital expenditure or otherwise) which:
  - (A) is of a long term, onerous or unusual nature or magnitude or which could involve an obligation of such nature or magnitude; or
  - (B) could restrict the business of any member of the Wider GHG Group in a way which is material in the context of the Wider GHG Group; or
  - (C) is other than in the ordinary course of business,
- (viii) entered into, implemented, effected or authorised any merger, demerger, reconstruction, amalgamation, scheme, commitment or other transaction or arrangement in respect of itself or another member of the Wider GHG Group;
- (ix) entered into or varied the terms of, any contract, agreement or arrangement with any of the directors or senior executives of any member of the Wider GHG Group;
- (x) taken any corporate action or had any legal proceedings instituted or threatened against it or petition presented or order made for its winding up (voluntarily or otherwise), dissolution or reorganisation or for the appointment of a receiver, administrator, administrative receiver, trustee or similar officer of all or any material part of its assets and revenues or any analogous proceedings in any jurisdiction or appointed any analogous person in any jurisdiction;

- (xi) been unable, or admitted in writing that it is unable, to pay its debts or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business;
  - (xii) waived or compromised any claim, otherwise than in the ordinary course of business;
  - (xiii) made any alteration to its memorandum or articles of association;
  - (xiv) made or agreed or consented to (other than as may be agreed with GCAP in connection with the Offer):
    - (A) any change:
      - (I) to the terms of the trust deeds constituting the pension scheme(s) established for its directors, employees or their dependants; or
      - (II) the contributions payable to any such scheme(s) or to the benefits which accrue or to the pensions which are payable thereunder; or
      - (III) the basis on which qualification for, or accrual or entitlement to such benefits or pensions are calculated or determined; or
      - (IV) the basis upon which the liabilities (including pensions) or such pension schemes are funded, valued or made, or
    - (B) any change to the trustees including the appointment of a trust corporation;
  - (xv) (other than as may be agreed with GCAP in connection with the Offer) proposed, agreed to provide or modified the terms of any share option scheme, incentive scheme or other benefit relating to the employment or termination of employment of any person employed by the Wider GHG Group; or
  - (xvi) entered into any agreement, commitment or arrangement or passed any resolution or made any offer (which remains open for acceptance) or proposed or announced any intention with respect to any of the transactions, matters or events referred to in this condition (f);
- (g) since 31 December 2019 and except as Disclosed:
- (i) there having been no adverse change or deterioration in the business, assets, financial or trading positions or profit or prospects of any member of the Wider GHG Group to an extent which is material to the Wider GHG Group take as a whole or in the context of the Offer;
  - (ii) no contingent or other liability of any member of the Wider GHG Group having arisen or become apparent or increased to an extent which is material to the Wider GHG Group take as a whole or in the context of the Offer;
  - (iii) no litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the Wider GHG Group is or may become a party

(whether as plaintiff, defendant or otherwise) having been threatened, announced, implemented or instituted by or against or remaining outstanding against or in respect of any member of the Wider GHG Group to an extent which is material to the Wider GHG Group take as a whole or in the context of the Offer;

- (iv) (other than as a result of the Offer) no enquiry or investigation by, or complaint or reference to, any Third Party having been threatened, announced, implemented, instituted by or against or remaining outstanding against or in respect of any member of the Wider GHG Group;
  - (v) other than with the consent of GCAP, no action having been taken or proposed by any member of the Wider GHG Group, or having been approved by GHG Shareholders or consented to by the Panel, which falls or would fall within or under Rule 21.1 of the Code or which otherwise is or would be materially inconsistent with the implementation by GCAP of the Offer on the basis contemplated as at the date of this announcement; and
  - (vi) no member of the wider GHG Group having conducted its business in breach of any applicable laws and regulations;
- (h) save as Disclosed, GCAP not having discovered:
- (i) that any financial or business or other information concerning the Wider GHG Group disclosed at any time by or on behalf of any member of the Wider GHG Group, whether publicly, to any member of the Wider GCAP Group or to any of their advisers or otherwise, is misleading or contains any misrepresentation of fact or omits to state a fact necessary to make any information contained therein not misleading and which was not subsequently corrected before 19 May 2020 by disclosure either publicly or otherwise to GCAP or its professional advisers;
  - (ii) that any member of the Wider GHG Group is subject to any liability (actual or contingent) which is not Disclosed; or
  - (iii) any information which affects the import of any information disclosed at any time by or on behalf of any member of the Wider GHG Group;
- (i) save as Disclosed, GCAP not having discovered:
- (i) that any past or present member of the Wider GHG Group has not complied with any applicable legislation or regulations of any jurisdiction with regard to the use, treatment, handling, storage, transport, release, disposal, discharge, spillage, leak or emission of any waste or hazardous substance or any substance likely to impair the environment or harm human health, or otherwise relating to environmental matters or the health and safety of any person, or that there has otherwise been any such use, treatment, handling, storage, transport, release, disposal, discharge, spillage, leak or emission (whether or not this constituted a non-compliance by any person with any legislation or regulations and wherever the same may have taken place) which, in any case, would be likely to give rise to any liability (whether actual or contingent) or cost on the part of any member of the Wider GHG Group;
  - (ii) that there is, or is likely to be, any liability, whether actual or contingent, to make good, repair, reinstate or clean up any property now or previously owned, occupied or made use of by any past or present member of the Wider GHG

Group or any other property or any controlled waters under any environmental legislation, regulation, notice, circular, order or other lawful requirement of any relevant authority or third party or otherwise; or

- (iii) that circumstances exist whereby a person or class of persons would be likely to have a claim in respect of any product or process of manufacture or materials used therein now or previously manufactured, sold or carried out by any past or present member of the Wider GHG Group.

For the purpose of these Conditions:

- (a) “Third Party” means any central bank, government, government department or governmental, quasi-governmental, supranational, statutory, regulatory, environmental or investigative body, authority (including any national or supranational antitrust or merger control authority), court, trade agency, association, institution or professional or environmental body or any other person or body whatsoever in any relevant jurisdiction, including, for the avoidance of doubt, the Panel; and
- (b) a Third Party shall be regarded as having “intervened” if it has decided to take, institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference or made, proposed or enacted any statute, regulation, decision or order or taken any measures or other steps or required any action to be taken or information to be provided or otherwise having done anything and “intervene” shall be construed accordingly;
- (c) “Authorisations” means authorisations, orders, grants, recognitions, determinations, certificates, confirmations, consents, licences, clearances, provisions and approvals, in each case, of a Third Party.

## **B. WAIVER AND INVOCATION OF THE CONDITIONS**

GCAP reserves the right in its sole discretion to waive (in whole or in part) all or any of the above Conditions, except the Conditions A(a), A(b) and A(c), which cannot be waived. Each of the Conditions must be fulfilled, be determined by GCAP to be or remain satisfied or (if capable of waiver) be waived by midnight on the 21<sup>st</sup> day after the later of the first closing date of the Offer and the date on which Condition A(a) is fulfilled (or in each case such later date as GCAP may, with the consent of the Panel, decide), failing which the Offer will lapse.

GCAP shall be under no obligation to waive (if capable of waiver), to determine to be or remain satisfied or to treat as fulfilled any of the Conditions by a date earlier than the latest date specified above for the fulfilment of that Condition, notwithstanding that the other Conditions may at such earlier date have been waived or fulfilled and that there are, at such earlier date, no circumstances indicating that any Condition may not be capable of fulfilment.

The Offer will lapse if:

- (i) the acquisition of GHG by GCAP is referred to the Chair of the Competition and Markets Authority for the constitution of a group under Schedule 4 to the Enterprise and Regulatory Reform Act 2013; or
- (ii) the European Commission either initiates proceedings under Article 6(1)I of Council Regulation (EC) No. 139/2004 (the “Regulation”) or makes a referral to a competent authority of the United Kingdom under Article 9(1) of the Regulation and there is then a reference to the Chair of the Competition and Markets Authority for the constitution of a group under Schedule 4 to the Enterprise and Regulatory Reform Act 2013,

in each case before the later of 1.00 p.m. (London time) on the first closing date of the Offer and the date when the Offer becomes or is declared unconditional as to acceptances.

If the Offer lapses it will cease to be capable of further acceptance. GHG Shareholders who have accepted the Offer and GCAP shall then cease to be bound by acceptances delivered on or before the date on which the Offer lapses.

Each of the Conditions shall be regarded as a separate Condition and shall not be limited by reference to any other Condition.

### **C. CERTAIN FURTHER TERMS OF THE OFFER**

Under Rule 13.5(a) of the Code, GCAP may not invoke a Condition to the Offer so as to cause the Offer not to proceed, to lapse or to be withdrawn unless the circumstances which give rise to the right to invoke the Condition are of material significance to GCAP in the context of the Offer. Condition A(a) is not subject to this provision of the Code.

GHG Shares will be acquired by GCAP fully paid and free from all liens, equitable interests, charges, encumbrances, rights of pre-emption and other third party rights of any nature whatsoever and together with all rights attaching to them as at the date of this announcement or subsequently attaching or accruing to them, including the right to receive and retain, in full, all dividends and other distributions (if any) declared, made, paid or payable, or any other return of capital made, on or after the date of this announcement.

If, on or after the date of this announcement, any dividend and/or other distribution and/or other return of capital is declared, made or paid or becomes payable in respect of the GHG Shares, GCAP reserves the right (without prejudice to any right of GCAP to invoke Condition A(g)(iii) in Part A of this Appendix 1), to reduce the number of New GCAP Shares that GHG Shareholders will receive by an amount up to the amount of such dividend and/or distribution and/or return of capital, in which case any reference in this announcement or in the Offer Document to the number of New GCAP Shares which GHG Shareholders would receive under the terms of the Offer will be deemed to be a reference to the number so reduced. To the extent that any such dividend and/or distribution and/or other return of capital is declared, made or paid or is payable and it is: (i) transferred pursuant to the Offer on a basis which entitles GCAP to receive the dividend or distribution and to retain it; or (ii) cancelled, the consideration payable under the terms of the Offer will not be subject to change in accordance with this paragraph. Any exercise by GCAP of its rights referred to in this paragraph shall be the subject of an announcement and, for the avoidance of doubt, shall not be regarded as constituting any revision or variation of the Offer.

Fractions of New GCAP Shares will not be issued to persons accepting the Offer. Fractional entitlements to New GCAP Shares will be aggregated and sold in the market as soon as practicable following completion of the Offer and the net proceeds of such sale will then be paid in cash to the relevant GHG Shareholders in accordance with their fractional entitlements (rounded down to the nearest penny). However, individual entitlements of less than GBP5.00 will not be paid to the relevant GHG Shareholders, but will be retained for the benefit of GCAP.

The Offer will be subject, inter alia, to the Conditions and certain further terms which are set out in this Appendix 1 and those terms which will be set out in the Offer Document and such further terms as may be required to comply with the Listing Rules and the provisions of the Code.

The availability of the Offer to persons not resident in the United Kingdom may be affected by the laws of the relevant jurisdiction. 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. Further information in relation to Overseas Shareholders will be contained in the Offer Document.

This announcement and any rights and liabilities arising hereunder, the Offer and any acceptances will be governed by English law and be subject to the jurisdiction of the English courts. The Offer will be subject to the applicable requirements of the Code, the Panel, the London Stock Exchange and the FCA.

## **APPENDIX 2**

### **BASES AND SOURCES**

- (a) All references to GCAP Shares are to GCAP ordinary shares of one penny each. All references to GHG Shares are to GHG ordinary shares of one penny each.
- (b) The value attributed to the existing issued and to be issued share capital of GHG is based upon the 131,681,820 GHG Shares in issue on 18 May 2020 including the 2,211,449 GHG Shares which are held by the Trust and are the subject of options granted under the GHG Share Schemes.
- (c) For the purposes of the financial comparisons contained in this announcement, no account has been taken of any liability to taxation or the treatment of fractions under the Offer.
- (d) Unless otherwise stated, the financial information on GCAP is extracted (without material adjustment) from GCAP's Annual Report and Accounts for the year ended 31 December 2019, from the announcement of GCAP's interim results for the three months ended 31 March 2020 and from GCAP's internal records.
- (e) Unless otherwise stated, the financial information on GHG is extracted (without material adjustment) from GHG's Annual Report and Accounts for the year ended 31 December 2019, from the announcement of GHG's interim results for the three months ended 31 March 2020 and from GHG's internal records.
- (f) The market prices of the GCAP Shares and GHG Shares are the closing middle market quotations as derived from the Daily Official List.
- (g) The volume weighted average prices of a GCAP Share and of a GHG Share are derived from data provided by Thomson Reuters Datastream and refer to trading on the London Stock Exchange only.



## APPENDIX 3

### DETAILS OF IRREVOCABLE UNDERTAKINGS

The following holders of GHG Shares have given irrevocable undertakings to accept the Offer:

<b>Name</b>	<b>Number of GHG Shares</b>	<b>Percentage of issued ordinary share capital of GHG</b>
Trust	2,211,449	1.68
Nikoloz Gamkrelidze	370,293	0.28
Bill Huyett	60,000	0.05
Ingeborg Oie	46,677	0.04
Mike Anderson	11,500	0.01
Tim Elsigood	14,700	0.01
Fabian Blank	15,000	0.01
Enriko Beridze	808,625	0.61
Irakli Gogia	73,584	0.06
Giorgi Mindiashvili	76,744	0.06
Mikheil Abramidze	169,479	0.13
Irakli Gilauri	231,566	0.18
David Morrison	65,583	0.05

(1) The irrevocables given by Nikoloz Gamkrelidze, Irakli Gogia, Enriko Beridze, Giorgi Mindiashvili, and Mikheil Abramidze were each given in respect of both GHG Shares held by them as well as their respective nil-cost options over GHG Shares awarded to them under the GHG Share Plans, being in the case of the latter and as required by note 3 to rule 2.10 of the Code, 1,080,562 for Nikoloz Gamkrelidze, 257,482 for Irakli Gogia, 119,182 for Enriko Beridze, 143,444 for Giorgi Mindiashvili and 95,514 for Mikheil Abramidze. As noted at paragraph 10 of the announcement, the Trust is currently holding sufficient GHG Shares to cover all of these nil cost options and has provided an irrevocable undertaking to GCAP in respect of these, and the other, GHG Shares held by the Trust. As a result, the nil-cost options described in this note (1) have not been included in the calculations for the percentage of GHG Shares over which GCAP has obtained irrevocable undertakings in order to avoid double counting when taking into account the GHG Shares covered by the irrevocable undertaking given by the Trust.

(2) Each of Enriko Beridze and Mikheil Abramidze are holders of separate restricted share awards awarded outside of the GHG Share Plans and these restricted share awards are covered by their respective irrevocable undertakings. These awards were made in connection with GHG's acquisition of part of its pharmaceuticals business. These restricted share awards are covered by issued shares, and for the purposes of note 3 to rule 2.10 of the Code each of Enriko Beridze and Mikheil Abramidze hold 123,975 and 58,594 restricted share awards, respectively. No additional GHG Shares will be issued to satisfy these restricted share awards. Accordingly, these restricted share awards have been included in the calculations for the percentage of GHG Shares for which GCAP has obtained irrevocable undertakings.

## APPENDIX 4

### DEFINITIONS

The following definitions apply throughout this announcement unless the context requires otherwise.

“£”, “Sterling”, “pence” or “p”	the lawful currency of the UK
“associate”	has the meaning given in section 988 of the Companies Act
“Award Holders”	individuals with outstanding nil-cost options granted under the GHG Share Schemes
“Code”	the City Code on Takeovers and Mergers
“Companies Act”	the Companies Act 2006, as amended from time to time
“Conditions”	the conditions of the Offer set out in Appendix 1
“Daily Official List”	the daily official list of the FCA
“Dealing Disclosure”	an announcement pursuant to Rule 8 of the Code containing details of dealings in relevant securities of a party to an offer
"Disclosed"	the information disclosed by or on behalf of GHG: (i) in its annual report and accounts for the year ended 31 December 2019; (ii) in this announcement; (iii) in any other announcement to a Regulatory Information Service on or prior to the date of this announcement; (iv) in filings made with, and made publicly available online by, the Registrar of Companies within the last year; (v) on GHG's website at <a href="http://www.ghg.com.ge">www.ghg.com.ge</a> ; or (vi) disclosed in writing between 15 April 2020 and the date of this announcement to GCAP or their advisors (acting in their capacity as such)
“Exchange Offer”	the share exchange offer by GCAP of one GCAP share for every 5 GHG Shares which was announced on 18 November 2019 and closed on 17 December 2019
“FCA”	the Financial Conduct Authority
“GCAP”	Georgia Capital PLC
“GCAP General Meeting”	the general meeting of GCAP to be convened in connection with the Offer, notice of which will be sent to GCAP Shareholders, including any adjournment thereof
“GCAP Group”	GCAP and its subsidiaries and subsidiary undertakings

“GCAP Resolutions”	such shareholder resolutions of GCAP as are required by the Listing Rules or the Companies Act to approve, implement and effect the Offer, including, if required, a resolution or resolutions to authorise the creation and allotment of GCAP Shares pursuant to the Offer;
“GHG”	Georgia Healthcare Group PLC
“GHG Group”	GHG and its subsidiary undertakings
“GHG Shareholders”	the registered holders of GHG Shares from time to time
“GHG Share Schemes”	the JSC GHG Executive Incentive Plan 2015 and the JSC Georgia Healthcare Executive Incentive Plan 2019
“GHG Shares”	includes: <ul style="list-style-type: none"> <li>(i) the existing unconditionally allotted or issued and fully paid ordinary shares of one penny each in the capital of GHG; and</li> <li>(ii) any further ordinary shares of one penny each in the capital of GHG which are unconditionally allotted or issued and fully paid before the date on which the Offer closes or on such earlier date as GCAP (subject to the Code) may determine not being earlier than the date on which the Offer becomes or is declared unconditional as to acceptances,</li> </ul> <p>but excludes in each case any shares held as treasury shares on such date as GCAP may determine before the date on which the Offer closes (which may be a date which is different to the date referred to in (ii)).</p>
“Independent Directors”	Bill Huyett, Nick Gamkrelidze, Fabian Blank, Mike Anderson, Tim Elsigood, Ingeborg Øie and Jacques Richer, each of whom is a director of GHG
“independent shareholders”	shall be construed in accordance with the Listing Rules and shall mean independent shareholders as at 19 May 2020
“Investec”	Investec Bank plc
“Listing Rules”	the rules and regulations made by the FCA under the Financial Services and Markets Act 2000, and contained in the FCA’s publication of the same name
“London Stock Exchange”	London Stock Exchange plc
“New GCAP Shares”	the new GCAP Shares which are to be issued pursuant to the Offer
“Numis”	Numis Securities Limited
“Offer”	the recommended share exchange offer to be made by or on behalf of GCAP to acquire the GHG Shares to which

	the Offer relates on the terms and subject to the conditions to be set out in the Offer Document, including where the context so requires, any subsequent revision, variation, extension or renewal of such offer
“Offer Document”	the offer document to be sent to (among others) GHG Shareholders containing and setting out, among other things, the full terms and conditions of the Offer
“Official List”	the official list of the FCA
“Overseas Shareholders”	GHG Shareholders who are resident in, ordinarily resident in, or citizens of, jurisdictions outside the United Kingdom and United States.
“Panel”	the Panel on Takeovers and Mergers
"Prospectus"	means the Prospectus for the purposes of Regulation 2017/1129 to be published in connection with the issue of the New GCAP Shares
“Registrar of Companies”	the Registrar of Companies in England and Wales
“Regulatory Information Service”	any information service authorised from time to time by the FCA for the purpose of disseminating regulatory announcements
“Relationship Agreement”	the relationship agreement between GCAP and GHG dated 29 May 2018
“Restricted Jurisdiction”	any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if information concerning the Offer is sent or made available to GHG Shareholders in that jurisdiction, including in the US and any state or jurisdiction in the US
“Substantial Interest”	a direct or indirect interest in 20% or more of the voting equity capital of an undertaking
“to which the Offer relates”	shall be construed in accordance with Chapter 3 of Part 28 of the Companies Act
“treasury shares”	any GHG Shares held by GHG as treasury shares
“Trust”	the JSC Georgia Healthcare Group Employee Benefit Trust
“Trustee”	Sanne Fiduciary Services Limited as trustee of the Trust
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“UK Listing Authority”	the FCA acting in its capacity as the competent authority for listing under the Financial Services and Markets Act 2000

“United States of America”, “United States” or “US”	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
“US Exchange Act”	the United States Securities Exchange Act of 1934 as amended, and the rules and regulations promulgated thereunder
“Wider GCAP Group”	GCAP and the subsidiaries and subsidiary undertakings of GCAP and associated undertakings (including any joint venture, partnership, firm or company in which any member of the GCAP Group is interested or any undertaking in which GCAP and such undertakings (aggregating their interests) have a Substantial Interest, but excluding GHG or any member of the GHG Group
“Wider GHG Group”	GHG and the subsidiaries and subsidiary undertakings of GHG and associated undertakings (including any joint venture, partnership, firm or company in which any member of the GHG Group is interested or any undertaking in which GHG and such undertakings (aggregating their interests) have a Substantial Interest

For the purposes of this announcement, “subsidiary”, “subsidiary undertaking”, “undertaking”, “associated undertaking” have the meanings given by the Companies Act.

References to an enactment include references to that enactment as amended, replaced, consolidated or re-enacted by or under any other enactment before or after the date of this announcement. All references to time in this announcement are to London time unless otherwise stated.