

London, 2 January 2018

*Regulator sets new tariffs for BGEO Group's water utility business*

BGEO Group PLC (the “**Group**” or “**BGEO**”), announces that Georgian National Energy and Water Supply Regulatory Commission (“**GNERC**”), the independent body that regulates the Group’s utility and energy business - Georgia Global Utility (“**GGU**” or the “**Company**”), has approved new tariffs for water supply and sanitation (“**WSS**”) services. The tariffs have been updated according to the new methodology adopted by GNERC in August 2017, which is based on international best practice and represents a hybrid method of “cost plus” and “incentive based” methodologies, where revenue is determined based on a company’s Regulatory Asset Base (RAB). The return on investment, referred to as WACC in the methodology, for the first regulatory period, defined as three years in the methodology, is set at 15.99% (up from 13.54% in 2017).

The new WSS tariffs have been set for a three year regulatory period, effective from 1 January 2018. The WSS tariffs in Tbilisi have increased by 23.8% for residential customers and decreased by 0.4% for legal entities. The increase in residential tariffs is the first step towards gradually unifying the WSS tariffs for all customers.

*Irakli Gilauri*, BGEO CEO commented: “GGU plans to invest at least GEL 200 million over the next three years, and I am very pleased to see that GNERC has supported the Company’s investment plans to upgrade existing water utility infrastructure and develop substantial new infrastructure, that will significantly improve the provision of water supply and sanitation services to our customers. The new WSS tariffs will also allow the Company to further reduce water losses.”

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

**About BGEO Group PLC**

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

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

**Investment Business:** Currently representing up to 20% of the Group’s profit, will comprise the Group’s stakes in Georgia Healthcare Group PLC (“Healthcare Business” or “GHG”) – an LSE (London Stock Exchange PLC) premium-listed company, Georgia Global Utilities (“Utility and Energy Business” or “GGU”), m<sup>2</sup> Real Estate (“Real Estate Business” or “m<sup>2</sup>”), Teliani Valley (“Beverage Business” or “Teliani”) and Aldagi (“Property and Casualty Insurance Business” or Aldagi). Georgia’s fast-growing economy provides opportunities in a number of underdeveloped local markets and the Investment Business will target to capture growth opportunities in the Georgian corporate sector.

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

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

Fitch Ratings  
Moody’s

‘BB-/B’  
B1/NP (FC) & B1/NP (LC)

Fitch Ratings  
Moody’s

‘BB-/B’  
‘Ba3/NP’ (FC) & ‘Ba2/NP’ (LC)

For further information, please visit [www.bgeo.com](http://www.bgeo.com) or contact:

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