

Georgia Healthcare

Possible offer by Georgia Capital PLC

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Georgia Healthcare Group PLC
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THIS IS AN ANNOUNCEMENT UNDER RULE 2.4 OF THE CITY CODE ON TAKEOVERS AND MERGERS (THE "CODE") AND IS NOT AN ANNOUNCEMENT OF A FIRM INTENTION TO MAKE AN OFFER UNDER RULE 2.7 OF THE CODE AND THERE CAN BE NO CERTAINTY THAT AN OFFER WILL BE MADE EVEN IF THE PRE-CONDITION REFERRED TO BELOW IS SATISFIED OR WAIVED.

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF THE MARKET ABUSE REGULATION (EU) 596/2014.

Georgia Healthcare Group PLC (LSE: GHG)

("GHG" or "the Company")

Possible offer by Georgia Capital PLC for Georgia Healthcare Group PLC

GHG and Georgia Capital PLC ("**GCAP**") announce that they are in discussions with respect to an all share offer by GCAP for the issued and to be issued share capital of GHG not already held by GCAP, to be implemented by way of a takeover offer, where GHG shareholders would receive 1 share in GCAP for every 5.22 shares of GHG held ("**Possible Offer**"), the same exchange ratio as offered by GCAP to GHG shareholders in November 2019, an exchange facility ("**Exchange Facility**") that was substantially oversubscribed.

It is a pre-condition of the Possible Offer that the independent directors of GHG ("**Independent Directors**") will unanimously recommend the Possible Offer should it proceed. The Independent Directors consider GHG to be undervalued by the market, but recognise the substantial shareholder participation in the recent Exchange Facility; GHG's limited free float and share liquidity, and the nature of the all share Possible Offer which would allow existing shareholders of GHG to continue benefiting from exposure to Georgian healthcare, as GCAP shareholders. Therefore, in these circumstances, and having considered the terms of the Possible Offer carefully, the Independent Directors have confirmed to GCAP that, if it makes an offer on these terms, they intend to recommend that GHG shareholders accept that offer ("**Offer**").

While the above pre-condition may be waived, there can be no certainty that any Offer will be made, even if it is satisfied or waived. If an Offer is made, in addition to the terms and conditions that are typical for a transaction of this nature, it will be a condition of any Offer that GCAP shareholders approve the Offer in a general meeting. A further announcement will be made in due course.

As a consequence of this announcement an "*offer period*" has now commenced in respect of GHG in accordance with the rules of the Code. The attention of GHG and GCAP shareholders is drawn to the disclosure requirements of Rule 8 of the Code, which are summarised below.

The Independent Directors note that, on 18 November 2019, GCAP announced (in accordance with Rule 2.8 of the Code) that it did not intend to make an offer for GHG within six months of the date of that announcement except in certain circumstances, which included with the agreement of the GHG board. As a result of that announcement, GCAP was subject to the restrictions imposed by Rule 2.8 of the Code for a period of six months, save in the event that the Board of GHG agreed to them being set aside. The six month period prescribed by Rule 2.8 of the Code ends on 19 May 2020 (the "**Restricted Period**"). The Independent Directors confirm that they have agreed to the restrictions imposed on GCAP by Rule 2.8 of the Code being set aside to enable the discussions regarding the Possible Offer to take place.

In accordance with Paragraph 3 of Practice Statement 28, published by the Panel Executive entitled "Rules 2.8 and 35.1 - Entering Into Talks During a Restricted Period", until such time as the Restricted Period has expired, GCAP is not required by Rule 2.6(a) of the Code to specify a deadline by which GCAP must either announce a firm intention to make an offer in accordance with Rule 2.7 of the Code or to announce it does not intend to make an Offer. This is because GCAP is still subject to the restrictions imposed by Rule 2.8 of the Code until the end of the Restricted Period and, as a result, GHG is able to terminate the discussions with GCAP any time, at which point the restrictions set out in Rule 2.8 would be re-imposed on GCAP for the remainder of the Restricted Period and GHG would announce the same. However, if, at the expiry of the Restricted Period, discussions between the parties are still ongoing and GCAP has not announced (i) its firm intention to make an offer in accordance with Rule 2.7 of the Code, or, (ii) that it does not intend to make an Offer, then the Independent Directors, in accordance with the Code, will announce the date and time by which it must do so, which will be 5.00 pm on the 28th day following the end of the Restricted Period, being 16 June 2020.

In accordance with Rule 2.9 of the Code, GHG confirms that, as at the close of business on 14 April 2020, it has 131,681,820 ordinary shares of one pence each in issue and admitted to trading on Main Market of the London Stock Exchange under the UK ISIN code GB00BYSS4K11.

In accordance with Rule 2.9 of the Code, GCAP confirms that, as at the close of business on 14 April 2020, it has 40,169,775 ordinary shares of one pence each in issue and admitted to trading on Main Market of the London Stock Exchange under the UK ISIN code GB00BF4HYV08.

For the purposes of Rule 2.5(a) of the Code, GCAP has reserved the right to make an offer on less favourable terms than those set out in this announcement with the agreement or recommendation of the Independent Directors. Shareholders should note that whilst GHG has no current plans to declare a dividend, if it does do so before any Offer becomes or is declared wholly unconditional, GCAP reserves the right to adjust the exchange ratio accordingly.

This announcement has been made with the consent of GCAP.

Person releasing this announcement on behalf of GHG: Ketevan Kalandarishvili, Head of Investor Relations and Funding

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Investec Bank plc ("Investec"), which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority ("FCA") 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 ("Numis"), 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.

Disclosure requirements of the Takeover Code (the "Code")

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 (i.e. GHG) and (ii) any securities exchange offeror(s) (i.e. GCAP). 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 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th 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 an 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 offeree and offeror 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, 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

In accordance with Rule 26.1 of the Code, a copy of this announcement will be made available on the GHG's website www.ghg.com.ge by no later than 12 noon on 16 April 2020.

For the avoidance of doubt, the content of the website referred to above is not incorporated into and does not form part of this announcement.

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