

SHAREHOLDER CIRCULAR

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser who is duly authorised under the Financial Services and Markets Act 2000, as amended (“FSMA”) if you are in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

If you have disposed of all of your Shares in the Company, please pass on this document (and the enclosed Form of Proxy) as soon as possible to the purchaser or transferee or to the stockbroker or other agent through whom you made the disposal for onward transmission to the purchaser or transferee.

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The attention of any Shareholder or other recipient of this document who is resident or a citizen of any country other than the United Kingdom is drawn to the section entitled “Shareholders outside the United Kingdom” in Part II of this document.

AFI DEVELOPMENT PLC
(incorporated in Cyprus with registered number HE118198)

Notice of Annual General Meeting and Proposals relating to a Bonus Issue of new B Ordinary Shares and admission of B Ordinary Shares to the Official List of the UKLA and trading on the London Stock Exchange’s main market for listed securities

Notice of the Annual General Meeting to be held at the offices of Chrysses Demetriades & Co LLC, 284 Arch. Makarios III Ave., Fortuna Court, Block B, 3105 Limassol, Cyprus on 21 May 2010 at 10:00 a.m. is set out at the end of this document. The Proposals described in this document are conditional upon Shareholder approval of the Resolutions at the Annual General Meeting. Shareholders are requested to complete and return their Form(s) of Proxy.

To be valid, Forms of Proxy for use at the Annual General Meeting must be completed and returned in accordance with the instructions printed thereon to the Company’s Secretary, Emerald Secretarial Ltd at Omiros & Araouzos Tower, 25 Olympion Street, 3035 Limassol, Cyprus, or delivered by hand during office hours to the same address as soon as possible and in any event so as to arrive not later than 48 hours before the time appointed for the Annual General Meeting.

This document does not constitute an offer to sell or the solicitation of an offer to buy any security. None of the securities referred to in this document shall be sold, issued or transferred in any jurisdiction in contravention of applicable law.

The B Ordinary Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (“**Securities Act**”) or any state securities laws and may not be offered or sold within the United States (as defined in Regulation S under the Securities Act) unless registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available.

Nothing in this document comprises, or shall be deemed to comprise, investment, legal or tax advice. You should consult your own counsel, accountant and other advisers for legal, tax, business, financial and related advice. Defined terms used in this document shall have the meanings ascribed to them in *Part III – Definitions*.

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PART I

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Record Date	5 p.m. on 11 May 2010
Latest time and date for receipt of Forms of Proxy	10:00 a.m. on 19 May 2010
Annual General Meeting	21 May 2010
Expected date of Admission and issue of B Ordinary Shares to Shareholders	24 May 2010

Notes:

- (1) The dates set out in the Expected Timetable of Principal Events may be adjusted by the Company, in which event details of the new dates will be notified to Shareholders.
- (2) All references to time in this document are to time in London.

PART II

LETTER FROM THE CHAIRMAN

AFI DEVELOPMENT PLC

(incorporated in Cyprus with registered number HE118198)

Directors:

Lev Leviev (Chairman)
Alexander Khaldey
Avraham Barzilay
Izzy Cohen
Avinadav Grinshpon
Christakis Klerides
Moshe Amit
John Porter

Registered Office:

Omiros & Araouzos Tower
25 Olympion Street
3035 Limassol
Cyprus

26 April 2010

To Shareholders

Dear Sir or Madam

1. Introduction

Today the Board announced that it will convene its Annual General Meeting to be held on 21 May 2010. The formal notice of the meeting, particulars of the resolutions on which Shareholders can vote and details of the administrative arrangements relating to the Annual General Meeting are set out in this document.

In January 2010, the Board instructed management to review the possibility of seeking a premium listing on the Official List of the UK Listing Authority and to trading on the main market of the London Stock Exchange for its Ordinary Shares, and to review whether such a listing could more fully reflect the Company's objectives and its potential future growth. It was concluded that the Company should seek a premium listing because, among other things, it was felt that the Company should go beyond the minimum regulatory standards required for its current GDR listing and meet the higher standards of corporate governance and disclosure demanded from a Company with a premium listing. In addition, the Company believes the heightened standards may in the long term increase the liquidity of its securities and enhance capital raising opportunities. Furthermore, this objective is supported by the Israeli Securities Authority as part of the debt restructuring of the Company's majority shareholder, Africa Israel Investments Ltd. ("Africa Israel"), which includes the exchange of certain of Africa Israel's outstanding bonds for global depositary receipts representing approximately 17.7 per cent. of the Company's Ordinary Shares owned by Africa Israel.

Accordingly, the Board will propose, at the Annual General Meeting, certain resolutions to the Shareholders which, if approved, will enable the Company to seek a premium listing of a new class of ordinary shares on the London Stock Exchange.

The purpose of this document is to provide you with details and to explain the Proposals and also to set out the reasons why the Board is recommending that you vote in favour of the Resolutions to be proposed at the Annual General Meeting of the Company.

2. The Proposals

The Company proposes to re-designate the Company's existing Ordinary Shares as "A Ordinary Shares" and create a new class of ordinary shares, the "B Ordinary Shares". A Shareholder holding Existing Ordinary Shares (a "Qualifying Shareholder") will receive **one** B Ordinary Share for every **one** Ordinary Share held on such date. The B Ordinary Shares will be issued by way of a bonus issue (the "Bonus Issue") to Qualifying Shareholders and will be issued on and conditional on Admission. In the event that Admission does not occur, the B Ordinary Shares will not be created and there will be no issue of B Ordinary Shares by the Company, and the Company's Ordinary Shares will not be re-designated into A Ordinary Shares.

In the event that the Bonus Issue is approved, the A Ordinary Shares and the B Ordinary Shares will be separate classes of securities and will therefore confer different rights and restrictions on the holders. A summary of the principal differences between the A Ordinary Shares and the B Ordinary Shares is set out in the Appendix.

On or about the date hereof, the Company has 523,847,020 global depositary receipts ("GDRs") outstanding representing Ordinary Shares deposited with the Bank of New York, resulting from the Company's initial public offering in 2007 and the conversion of its shareholders' shares into GDRs in April 2010. The Company has entered into an agreement with the Bank of New York Mellon ("BNY") pursuant to which BNY has been appointed to facilitate its GDR programme until 2014. Obtaining a premium listing of the Existing Ordinary Shares would require the Company to terminate its agreement with BNY, which would result in the Company incurring material financial penalties. The Board considers that such termination would not therefore be in the best interests of Shareholders. As a result, the issue of B Ordinary Shares is being proposed as a Bonus Issue to holders of Existing Ordinary Shares, so that the B Ordinary Shares can be the subject of a premium listing. This will achieve the Company's desire for a premium listing whilst keeping the GDR programme in effect.

Based on the 523,847,027 Ordinary Shares in issue on 23 April 2010, being the last practicable date prior to the publication of this document, and assuming that no further Ordinary Shares will be repurchased or issued prior to Admission, a total of 523,847,027 B Ordinary Shares will be issued pursuant to the Bonus Issue. It is proposed that the Board be authorised to capitalise up to the sum of US\$523,847,027, being part of the amount standing to the credit of the share premium account of the Company, and apply such sum in paying up in full the B Ordinary Shares.

The Company intends to apply to the UK Listing Authority and to the London Stock Exchange respectively for all of the B Ordinary Shares to be (i) listed and admitted to the Official List and (ii) admitted to trading on the London Stock Exchange's main market for listed securities. The Prospectus, which is expected to be published on or about 24 May 2010, will set out relevant information relating to the premium listing and Admission in accordance with the Prospectus Rules.

The last day BNY will accept votes from holders of GDRs to be counted at the AGM will be 5 p.m. on 11 May 2010.

The Bonus Issue will be conditional on Shareholders approving Resolutions 13, 14, 15 and 16 to be proposed at the Annual General Meeting.

If passed, such Resolutions will, in each case conditional on Admission, *inter alia*:

- Approve the adoption of the New Articles in replacement of the existing Articles. The New Articles provide for the rights attaching to the B Ordinary Shares, amend the rights attaching to the A Ordinary Shares and make some minor technical changes to reflect the proposed premium listing on the London Stock Exchange. Details of the changes to the Articles are set out in further detail in the explanatory notes set out in the Appendix to this document.

- Increase the Company's authorised share capital from US\$1,000,000 to US\$2,000,000 (representing an increase of 100 per cent. of the Company's authorised share capital) by the creation of 1,000,000,000 new Ordinary Shares.
- Redesignate the existing 523,847,027 issued Ordinary Shares of US\$0.001 each already issued and held by the existing Shareholders of the Company as A Ordinary Shares.
- Redesignate 100,000,000 authorised but unissued Ordinary Shares as A Ordinary Shares.
- Redesignate the remaining 1,376,152,973 authorised but unissued Ordinary Shares as B Ordinary Shares.
- Capitalise out of the monies standing to the credit of the Company's share premium account, an amount of US\$523,847.027 and apply such amount to pay up in full 523,847,027 unissued B Ordinary Shares to be allotted and issued pursuant to the Bonus Issue.

The Resolutions also authorise the Board to allot the B Ordinary Shares pursuant to the Bonus Issue, as well as renewing the Company's general authority to allot shares.

3. Admission and dealings

The B Ordinary Shares will be in registered form and may be issued either in certificated or uncertificated form. No temporary documents of title will be issued.

Application will be made to the UK Listing Authority and to the London Stock Exchange respectively for all of the B Ordinary Shares to be: (i) listed and admitted to the Official List; and (ii) admitted to trading on the London Stock Exchange's main market for listed securities. No application has been made or is currently intended to be made for the B Ordinary Shares to be admitted to listing or dealt with on any other exchange. It is expected that the Prospectus will be published on or about 24 May 2010 and will set out further information relating to the Company which is relevant to the proposed premium listing on the London Stock Exchange.

It is proposed that, with effect from Admission, B Ordinary Shares may be delivered, held and settled in dematerialised form through CREST. Pursuant to a method approved by Euroclear under which transactions in foreign securities may be settled through CREST, the Depositary will issue Depositary Interests representing entitlements to the B Ordinary Shares. The Depositary Interests will be independent securities constituted under English law which may be held and transferred through CREST. The Depositary will hold the B Ordinary Shares on trust for the holders of the Depositary Interests.

B Ordinary Shares will be transferred to an account for the Depositary to their nominated custodian and the Depositary will pass onto the holders of the Depositary Interests any cash or other benefits received by it as holder of B Ordinary Shares. Holders of Depositary Interests will also receive notices of meetings of holders of B Ordinary Shares and other notices issued by the Company to its Shareholders.

The Depositary Interests will have the same ISIN as the underlying B Ordinary Shares and will not require a separate application for Admission. Participation in CREST is voluntary and Shareholders who wish to hold their B Ordinary Shares in certificated form may do so. They will not, however, be able to settle their B Ordinary Shares through CREST.

It is expected that Admission will occur and that dealings will commence on 24 May 2010 in respect of the B Ordinary Shares.

4. Taxation

The following statements are intended only as a general guide to the main Cypriot and United Kingdom tax consequences which will apply to holders of the B Ordinary Shares. It does not purport to be a comprehensive analysis of all the tax consequences applicable to all types of holders of B Ordinary Shares and is based on current law and practice which may be subject to change. Any person who is in any doubt as to their tax position, or who is subject to taxation in any jurisdiction should seek professional advice immediately.

(a) United Kingdom taxation

For the purpose of United Kingdom taxation of chargeable gains a Shareholder's holding of Existing Ordinary Shares and his holding of B Ordinary Shares (received pursuant to the Bonus Issue) will be treated as the same asset, deemed acquired at the time he acquired his Existing Ordinary Shares. There will be no addition to the base cost of his aggregate holding. If, following the Bonus Issue, he sells all or any Ordinary Shares he may, depending on the circumstances, incur a liability to taxation on any chargeable gain realised.

Generally, no stamp duty or stamp duty reserve tax will be payable on the issue of the B Ordinary Shares pursuant to the Bonus Issue.

(b) Cypriot taxation

For the purposes of Cypriot taxation the issue and distribution of B Ordinary Shares to Shareholders holding Existing Ordinary Shares (such issue and distribution being pursuant to the Bonus Issue and created through the capitalisation of monies standing to the credit of the Company's share premium account) will not give rise to any taxation either on the Company or on the Shareholders themselves.

There is no stamp duty payable on the issue of the B Ordinary Shares pursuant to the Bonus Issue except for capital duty at the rate of 0.6% on the amount of any increase in the authorised share capital of the Company which, in this case, will be increased from US\$1,000,000 to US\$2,000,000.

5. Shareholders outside the United Kingdom and Cyprus

Shareholders who are not resident in the United Kingdom or Cyprus or who are citizens, residents or nationals of other countries should consult their professional advisers to ascertain whether the Bonus Issue and/or any of the Proposals will be subject to any restrictions or require compliance with any formalities imposed by the laws or regulations of, or any body or authority located in, the jurisdiction in which they are resident or to which they are subject. In particular, it is the responsibility of any Shareholder not resident in the United Kingdom or Cyprus or a citizen, resident or national of another country wishing to receive B Ordinary Shares pursuant to the Bonus Issue to satisfy himself as to full observance of the laws of each relevant jurisdiction in connection therewith, including the obtaining of any government, exchange control or other consents which may be required, or the compliance with other necessary formalities needing to be observed and the payment of any issue or other taxes or duties in such jurisdiction.

The distribution of this document in certain jurisdictions may be restricted by law. Persons into whose possession this document comes should inform themselves about and observe any such restrictions. Neither this document nor any other document issued or to be issued by or on behalf of the Company in connection with the Proposals constitutes an invitation, offer or other action on the part of the Company in any jurisdiction within which such invitation, offer or other action is unlawful.

In the event that the Company is advised that it would or might be in breach of legal or regulatory requirements in any jurisdiction, or the Company would or might be required to make filings or take any other action in any jurisdiction as a result of its issuing B Ordinary Shares to Shareholders who have registered addresses in any overseas jurisdiction or who are citizens, residents or nationals of

other countries, it is proposed that the B Ordinary Shares to which such Shareholders are entitled be allotted to such Shareholders but be issued to a nominee as directed by such Shareholder.

6. Annual General Meeting

The Proposals are conditional on, amongst other things, the approval by Shareholders of the Resolutions to be proposed at the Annual General Meeting of the Company which has been convened for 21 May 2010.

The formal notice convening the Annual General Meeting is set out at Part IV of this document. Explanatory notes relating to the Resolutions are set out at the Appendix to this document.

The Board is recommending that all Shareholders vote in favour of all Resolutions to be proposed at the Annual General Meeting.

All Shareholders are entitled to attend and vote at the Annual General Meeting. In accordance with the Articles, all Shareholders present in person or by proxy shall, upon a show of hands have one vote and upon a poll shall have one vote in respect of every Share held. In order to ensure that a quorum is present at the Annual General Meeting, it is necessary for at least two members to be present in person or by proxy and who hold, in the aggregate, at least 20 per cent, of the voting rights in the issued share capital of the Company.

7. Action to be taken

Shareholders are asked to complete and return the Form of Proxy in accordance with the instructions printed thereon to the Company's Secretary, Emerald Secretarial Ltd at Omiros & Araouzos Tower, 25 Olympion Street, 3035 Limassol, Cyprus, or deliver them by hand during office hours to the same address so as to be received as soon as possible and by no later than 10:00 a.m. on 19 May 2010.

Shareholders are requested to complete and return a Form of Proxy whether or not they wish to attend the Annual General Meeting, although Shareholders may nevertheless attend the Annual General Meeting even if they do not complete and return a form of proxy.

Shareholders are not required to take any action if they do not wish to vote on the Resolutions.

8. Recommendation of the Board of Directors

The Board considers that the Proposals are in the best interest of the Company and its Shareholders as a whole. Accordingly, the Board unanimously recommends Shareholders to vote in favour of the Resolutions to be considered at the Annual General Meeting.

Yours faithfully

[Lev Leviev]

Mr Lev Leviev

Chairman

PART III

DEFINITIONS

In this document the words and expressions listed below have the meanings set out opposite them, except where the context otherwise requires:

A Ordinary Share	The Existing Ordinary Shares that are to be designated A Ordinary Shares conditional upon Admission
Admission	the admission of all the issued B Ordinary Shares of the Company to listing on the Official List becoming effective in accordance with the Listing Rules and admission to trading having been granted and becoming effective on the London Stock Exchange's regulated market for listed securities
Annual General Meeting	the annual general meeting of the Company convened for 21 May 2010 at 10:00 a.m., or any adjournment thereof
Articles	the articles of association of the Company, as amended from time to time
B Ordinary Shares	the new B Ordinary Shares of US\$0.001 each to be issued if the Proposals are passed at the Annual General Meeting
Board	the board of directors of the Company or any duly constituted committee thereof
Bonus Issue	the issue to Qualifying Shareholders of B Ordinary Shares on the basis of one B Ordinary Share for every one Existing Ordinary Share
Chairman	the Chairman of the Board
Company	AFI Development PLC
Depository	The Capita Group Plc
Depository Interest or DI	a dematerialised depository interest which represents an entitlement to B Ordinary Shares that can be settled electronically through and held in CREST, as issued by the Depository which holds the underlying securities on trust, further details of which will be set out in the Prospectus
Euroclear	Euroclear UK & Ireland Limited, the operator of CREST
Existing Ordinary Shares	the Ordinary Shares in issue as of 5 p.m. London time on the day that is one business day prior to Admission

FSA or Financial Services Authority	the Financial Services Authority
FSMA	the Financial Services and Markets Act 2000, as amended
Form of Proxy	the form of proxy provided with this document for use in connection with the Annual General Meeting
GDRs	the global depositary receipts issued by the Company from time to time
Listing Rules	the rules and regulations made by the UK Listing Authority pursuant to Part VI of FSMA and forming part of the FSA's Handbook of rules and guidance, as amended from time to time
London Stock Exchange	London Stock Exchange plc
New Articles	the articles of association of the Company which will be adopted if Resolution 14 set out in the Notice of Annual General Meeting is passed at the Annual General Meeting and becomes unconditional
Notice of Annual General Meeting	the notice of Annual General Meeting as set out at the end of this document
Official List	the official list of the UK Listing Authority
Ordinary Shares	the ordinary shares of the Company of US\$0.001
Proposals	the proposals described in this document for the Bonus Issue, share issuance authorities, the changes to the Articles and all ancillary matters
Prospectus	the prospectus proposed to be published by the Company on or around 24 May 2010
Prospectus Rules	the prospectus rules of the FSA published under section 73A(4) of FSMA
Qualifying Shareholders	Shareholders whose names are entered on the Register as of 5 p.m. London time on the day that is one business day prior to Admission
Register	the register of members of the Company
Resolutions	the resolutions to be proposed at the Annual General Meeting, details of which are contained in the Notice of Annual General Meeting
Shares	the Existing Ordinary Shares and/or the B Ordinary Shares, as the context requires
Shareholder	a holder of Ordinary Shares

UK Listing Authority	the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of FSMA
UK or United Kingdom	the United Kingdom of Great Britain and Northern Ireland
United States	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia and all other areas subject to its jurisdiction
US\$	the lawful currency of the United States

PART IV

NOTICE OF ANNUAL GENERAL MEETING

AFI DEVELOPMENT PLC

(incorporated in Cyprus with registered number HE118198)

Notice is hereby given that an Annual General Meeting (the “**Meeting**”) of AFI Development PLC (the “**Company**”) is hereby convened to be held on the 21st day of May 2010 at 10:00 am at the offices of Chrysses Demetriades & Co LLC, 284 Arch. Makarios III Ave., Fortuna Court, Block B, 3105 Limassol, Cyprus for the transaction of the following business:

ORDINARY BUSINESS

1. THAT the accounts for the financial year ended 31 December 2009, together with the directors’ and auditors’ reports thereon, be received.
2. THAT Mr Lev Leviev be re-elected as a director of the Company.
3. THAT Mr Alexander Khaldey be re-elected as a director of the Company.
4. THAT Mr Avraham Barzilay be re-elected as a director of the Company.
5. THAT Mr Izzy Cohen be re-elected as a director of the Company.
6. THAT Mr Avinadav Grinshpon be re-elected as a director of the Company.
7. THAT Mr Christakis Klerides be re-elected as a director of the Company.
8. THAT Mr Moshe Amit be re-elected as a director of the Company.
9. THAT Mr John Porter be re-elected as a director of the Company.
10. THAT on the recommendation of the Board, remuneration in a non-executive capacity be fixed at US\$50,000 per year plus US\$3,500 for each meeting of the Board for each independent director.
11. THAT KPMG Limited be re-appointed as auditors of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.
12. THAT the Board be authorised to set the remuneration of the Auditors.

SPECIAL BUSINESS

To consider and, if thought fit, pass resolutions 13 and 15 to 17 as ordinary resolutions and resolutions 14, 18 and 19 as special resolutions.

13. THAT, conditional on Admission, the authorised share capital of the Company be and is hereby increased from US\$1,000,000 divided into 1,000,000,000 shares of US\$0.001 each to US\$2,000,000 divided into 2,000,000,000 shares of US\$0.001 each by the creation of 1,000,000,000 new shares of nominal value of US\$0.001 each to rank *pari passu* with the existing shares in the capital of the Company.
14. THAT, conditional on Admission, the articles of association produced to the Meeting and signed by the Chairman of the Meeting for the purposes of identification be adopted as the articles of association of the Company in substitution for the existing articles of association of the Company.

15. THAT, conditional on Admission, the 523,847,027 shares of US\$0.001 each already issued and held by the existing shareholders of the Company be and are hereby designated as A Ordinary Shares, that 100,000,000 unissued shares forming part of the authorised share capital of the Company be and are hereby designated as A Ordinary Shares and that the remaining 1,376,152,973 unissued shares forming part of the authorised share capital of the Company be and are hereby designated as B Ordinary Shares.
16. THAT, conditional on Admission, following recommendation of the Board to the effect that it is desirable to capitalise out of the monies standing to the credit of the Company's share premium account, an amount of US\$523,847.027 and that such amount be and is hereby capitalised on condition that it shall not be distributed in cash to the Company's shareholders but shall be applied in paying up in full 523,847,027 unissued B Ordinary Shares of the Company to be allotted and distributed as bonus shares, credited as fully paid up, to and amongst the shareholders of the Company holding shares on the date hereof in the same proportions in which such shareholders would have been entitled thereto if distributed by way of dividend and that the directors shall, subject to Admission, give effect to such resolution.
17. THAT the Board be and are hereby generally and unconditionally authorised for the purposes of section 60B of the Companies Law, Cap. 113 of Cyprus (the "**Law**") to exercise all the powers of the Company to allot relevant securities (within the meaning of section 60B(2) of the Law): (i) conditional on Admission, pursuant to the Bonus Issue up to a maximum nominal amount of US\$523,847.027; and (ii) in addition to the authority referred to in (i) of this Resolution, up to a maximum nominal amount of US\$104,769.05 in respect of each class of share. This authority shall expire at the conclusion of the next Annual General Meeting of the Company, save that the Company may before such expiry make any offer or agreement which would or might require relevant securities to be allotted after such expiry and the Board may allot relevant securities in pursuance of any such offer or agreement as if the authority conferred hereby had not expired.
18. THAT subject to the passing of Resolution 17 set out in this Notice of Annual General Meeting, the Board be and are hereby generally and unconditionally empowered to allot equity securities (as defined in section 60B of the Companies Law, Cap. 113 of Cyprus (the "**Law**")) whether for cash pursuant to the authority conferred by Resolution 17 or otherwise in the case of treasury shares (as defined in section 57A of the Law), in each case as if section 60B of the Law did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities for cash up to a maximum nominal amount of US\$20,953.81 in respect of each class of share. This power shall expire at the conclusion of the next Annual General Meeting of the Company, unless previously renewed, varied or revoked by the Company in general meeting, save that the Company may before such expiry make any offer or enter into any agreement which would or might require equity securities to be allotted, or treasury shares sold, after such expiry and the Board may allot equity securities or sell treasury shares in pursuance of any such offer or agreement as if the power conferred hereby had not expired.
19. THAT in accordance with the Companies Law, Cap. 113 of Cyprus (the "**Law**") the Company be and is hereby generally and unconditionally authorised for the purposes of section 57A of the Law to make market purchases (within the meaning of section 57A of the Law) of the Company's shares on such terms and in such manner as the Board may from time to time determine, and where such shares are held as treasury shares, the Company may use them for the purposes set out in sections 57A to 57F of the Law, including for the purpose of its employee share schemes, provided that: (i) the maximum number of the Company's shares hereby authorised to be acquired is 104,769 in any class of share; (ii) the minimum price which may be paid for any such share is US\$0.001 (exclusive of expenses); (iii) the maximum price which may be paid for any such share will not exceed the higher of (a) 5 per cent. above the middle market quotation (as derived from the Official List) for the 5 consecutive dealing days ending on the dealing day immediately preceding the date on which the purchase is made and (b) the higher of the price quoted for (y) the last independent trade

of, or (z) the highest current independent bid for, any number of shares on the trading venue where the purchase is carried out; and (iv) any purchase of shares will be made in the market for cash at prices below the prevailing net asset value per share (as determined by the Board); and (v) the authority hereby conferred shall, unless previously revoked or varied, expire at the conclusion of the next Annual General Meeting of the Company to be held in 2011 save in relation to purchases of shares the contract for which was concluded before the expiry of this authority and which will or may be executed wholly or partly after such expiry.

Date: 26 April 2010

Registered office: Omiros & Araouzos Tower
25 Olympion Street
3035 Limassol
Cyprus

Notes:

- (i) A member entitled to attend and vote at the Meeting convened by the above Notice is entitled to appoint one or more proxies to exercise all or any of the rights of the member to attend and speak and vote in his place. A proxy need not be a member of the Company.
- (ii) To appoint a proxy you may use the Form of Proxy enclosed with this Notice of Annual General Meeting. To be valid, the Form of Proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of the same, must be completed and returned in accordance with the instructions printed thereon to the Company's Secretary, Emerald Secretarial Ltd at Omiros & Araouzos Tower, 25 Olympion Street, 3035 Limassol, Cyprus, or delivered by hand during office hours to the same address as soon as possible and in any event by 10:00 a.m. on 19 May 2010.
- (iii) Completion of the Form of Proxy will not prevent you from attending and voting in person.
- (iv) In the case of joint holders, the vote of the senior holder who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
- (v) As at 23 April 2010, being the last business day prior to the printing of this Notice, the Company's unissued capital consisted of 476,152,973 Ordinary Shares carrying one vote each. Therefore, the total voting rights in the Company as at 26 April 2010 are 523,847,027.
- (vi) The proposed new Articles of Association are available for inspection at the offices of Chrysses Demetriades & Co LLC, 284 Arch. Makarios III Ave., Fortuna Court, Block B, 3105 Limassol, Cyprus during normal business hours on any weekday (Saturdays, Sundays and public holidays excluded) from the date of this Notice until the conclusion of the Annual General Meeting and will be available for inspection at the place of the Annual General Meeting for at least 15 minutes prior to and during the Meeting.

APPENDIX

EXPLANATORY NOTES TO CERTAIN RESOLUTIONS

Report and Accounts (Resolution 1)

The Board must present the accounts to the Meeting.

This resolution is proposed as an ordinary resolution.

Re-election of directors (Resolutions 2 to 9)

The Company's Articles of Association require that each director retire at least every three years and that all newly appointed directors retire at the first Annual General Meeting following their appointment.

Notwithstanding the provisions in the Company's Articles of Association, at this Meeting Messrs Lev Leviev, Alexander Khaldey, Avraham Barzilay, Izzy Cohen, Avinadav Grinshpon, Christakis Klerides, Moshe Amit and John Porter will retire and stand for re-election or election as directors. Having considered the performance of and contribution made by each of the directors standing for re-election the Board remains satisfied that the performance of each of the relevant directors continues to be effective and to demonstrate commitment to the role and, as such, recommends their re-election.

These resolutions are proposed as ordinary resolutions.

Reappointment and remuneration of auditors (Resolutions 11 and 12)

Resolutions 11 and 12 propose the reappointment of KPMG LLP as auditors of the Company and authorise the Board to set their remuneration.

This resolution is proposed as an ordinary resolution.

New Articles of Association (Resolution 14)

The Company is proposing to adopt new articles of association which will: (i) reflect the creation of a new class of B Ordinary Shares; (ii) set out new rights attaching to the A Ordinary Shares and the B Ordinary Shares; (iii) entitle the Company to purchase its own shares (iv) increase the authorised share capital of the Company; (v) disqualify a person from holding the office of director if such person is physically or mentally incapable; (vi) allow shares in uncertificated form to be effected by a relevant system including CREST; (vii) allow the depository to hold shares on trust for those individuals who have elected to hold shares in the company in uncertificated form through depository interests; and (viii) reflect the proposed premium listing.

- *Voting rights: Both the A Ordinary Shares and the B Ordinary Shares will entitle a holder thereof the right to receive notice of and to attend, speak and vote at all general meetings of the Company. However, only holders of B Ordinary Shares will be entitled to vote on any matter in relation to which shareholder approval is required by the Listing Rules. Holders of A Ordinary Shares will not be entitled to vote in relation to any such matter(s), unless they are required to do so under Cypriot law, in which case the approval of both holders of A Ordinary Shares and holders of B Ordinary Shares, voting separately as a class, will be necessary. The approval of any such matter by holders of A Ordinary Shares will be conditional on the approval of the matter by holders of B Ordinary Shares and vice-versa.*
- *Dividends: The A Ordinary Shares and the B Ordinary Shares will rank pari passu in relation to dividends.*

- *Liquidation preference: In the event of winding up of the Company the holders of the A Ordinary Shares shall be entitled to receive, in priority to the holders of the B Ordinary Shares, the nominal value of their shares. If after such payment there remains any amount distributable to the members of the Company there shall be paid to the holders of B Ordinary Shares the nominal value of their shares and the surplus, if any, shall be distributed to the holders of the A Ordinary Shares and the B Ordinary Shares pro-rata.*
- *Pre-emption: In the event that the Company proposes to issue new shares of any class, such shares would be required to be offered to holders of A Ordinary Shares and holders of B Ordinary Shares taken together, pro-rata to their existing holdings, prior to being offered to third parties.*
- *Ability to purchase own shares: The Company shall be entitled, subject to the provisions of section 57A to 57F of the Companies Law, Cap. 113 of Cyprus (the “Law”), to purchase its own shares or otherwise acquire any right or interest in its own shares and to act and deal in respect of such shares or such right or interest in the manner and on the terms and conditions set out in the Law.*

This Resolution is proposed as a special resolution

Directors’ authority to allot securities (Resolution 17)

The Board may only allot Ordinary Shares or grant rights over Ordinary Shares if authorised to do so by shareholders. This resolution seeks to grant authority to the Board to allot the Bonus Shares and further unissued share capital of the Company and will expire at the conclusion of the next Annual General Meeting of the Company in 2011. Other than in respect of the Bonus Shares, there is no present intention of exercising this further authority, which would give the Board the authority to allot relevant securities, in addition to the Bonus Shares, up to an aggregate nominal value of US\$104,769.05, approximately one-tenth of the Company’s issued ordinary share capital as at 26 April 2010.

This resolution is proposed as an ordinary resolution.

Disapplication of pre-emption rights (Resolution 18)

Under section 60B of the Companies Law, Cap. 113 of Cyprus (the “Law”), if the Board wishes to allot any of the unissued shares or grant rights over shares or sell treasury shares for cash (other than pursuant to an employee share scheme) they must in the first instance offer them to existing shareholders in proportion to their holdings. There may be occasions, however, when the Board will need the flexibility to finance business opportunities by the issue of equity securities without a pre-emptive offer to existing shareholders. This cannot be done under the Law unless the shareholders have first waived their pre-emption rights. Resolution 18 asks the shareholders to do this and the authority generally will be limited to the issue of shares for cash up to a maximum aggregate nominal value of US\$20,953.81 (which includes the sale on a non pre-emptive basis of any shares held in treasury), which is equivalent to approximately 2 per cent of the Company’s issued ordinary share capital as at 26 April 2010. Shareholders will note that this Resolution also relates to treasury shares.

If given, the authority will expire at the conclusion of the next Annual General Meeting of the Company in 2011.

This Resolution is proposed as a special resolution

Authority to purchase own shares (Resolution 19)

In certain circumstances, it may be advantageous for the Company to purchase its own shares and Resolution 19 seeks the authority from shareholders to continue to do so. The Board will continue to exercise this power only when, in the light of market conditions prevailing at the time, they believe

that the effect of such purchases will be to increase earnings per share and is in the best interests of shareholders generally. Other investment opportunities, appropriate gearing levels and the overall position of the Company will be taken into account when exercising this authority. Save to the extent purchased pursuant to the Law, any shares purchased in this way will be cancelled and the number of shares in issue will be reduced accordingly. The Company may hold in treasury any of its own shares that it purchases pursuant to the Law and the authority conferred by this Resolution. This gives the Company the ability to re-issue treasury shares quickly and cost-effectively and provides the Company with greater flexibility in the management of its capital base. It also gives the Company the opportunity to satisfy employee share scheme awards with treasury shares. Once held in treasury, the Company is not entitled to exercise any rights, including the right to attend and vote at meetings in respect of the shares. Further, no dividend or other distribution of the Company's assets may be made to the Company in respect of the treasury shares.

The resolution specifies the maximum number of shares that may be acquired (approximately 10 per cent of the Company's issued ordinary share capital as at 26 April 2010) and the maximum and minimum prices at which they may be bought. If given, this authority will expire at the conclusion of the next annual general meeting of the Company in 2011.

The Board intends to seek renewal of this power at subsequent annual general meetings.

This resolution is proposed as a special resolution.