

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt about this document or the action you should take, you are recommended to seek your own financial advice from your stockbroker, bank manager, solicitor, accountant or other independent adviser authorised under the UK Financial Services and Markets Act 2000 (as amended).

If you have sold or otherwise transferred all of your ordinary shares in AFI Development PLC, please forward this document, together with the accompanying documents as soon as possible to the purchaser or transferee, or to the stockbroker, bank manager or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee.

Your attention is drawn to AFI Development PLC's Annual Report and Accounts for the year ended 31 December 2014, as on the Company's website at <http://www.afi-development.com/en/investor-relations/reports-presentations>.

AFI DEVELOPMENT PLC

(incorporated and registered in Cyprus under company number HE 118198)



Notice of Annual General Meeting

Notice of the Annual General Meeting of the Company to be held at the offices of Fuamari Secretarial Limited at 6 Spyrou Kyprianou Av., 3070 Limassol Cyprus on 21 October 2015 at 2 p.m. EEST is set out at the end of this document.

Holders of A ordinary shares are requested to complete and return the Form of Proxy enclosed with this document as soon as possible but in any event, to be valid, so as to be received by the Company Secretary, Fuamari Secretarial Limited, no later than 3 p.m. EEST on 19 October 2015. Holders of B ordinary shares are requested to complete and return the Form of Proxy enclosed with this document as soon as possible but in any event, to be valid, so as to be received by the Company's registrars, Capita Asset Services, no later than 3 p.m. EEST on 19 October 2015.

The return of the Form of Proxy will not preclude a member from attending and voting at the Annual General Meeting in person should he or she subsequently decide to do so.

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**DIRECTORS, SECRETARY AND REGISTERED OFFICE OF
AFI DEVELOPMENT PLC**

Directors

Mr. Lev Leviev	Executive Chairman
Mr. Mark Groysman	Executive Director
Mr. Avraham Noach Novogrocki	Non-Executive Director
Mr. Christakis Klerides	Non-Executive Senior Independent Director
Mr. Moshe Amit	Non-Executive Independent Director
Mr. Panayiotis Demetriou	Non-Executive Independent Director
Mr. John Robert Camber Porter	Non-Executive Independent Director

**Secretaries and Registered
Office** Fuamari Secretarial Limited (Company Secretary)
165 Spyrou Araouzou
Lordos Waterfront Building
Office 505
3035 Limassol
Cyprus

LETTER FROM THE CHAIRMAN

AFI DEVELOPMENT PLC

(incorporated and registered in Cyprus under company number HE 118198)

Registered office:
165 Spyrou Araouzou
Lordos Waterfront Building
3035 Limassol
Cyprus

18 September 2015

Dear Shareholder,

Annual General Meeting of AFI Development PLC (the “Company”)

I am pleased to be writing to you with details of our Annual General Meeting (“AGM”) which we are holding at the offices of Fuamari Secretarial Limited in Limassol, Cyprus at 2 p.m. EEST on 21 October 2015. The notice convening the AGM is set out on page 6 of this document.

If you would like to vote on the resolutions but cannot attend the AGM, please complete the relevant Form of Proxy enclosed with this document and, if you are a holder of A ordinary shares, return it to the Company Secretary, Fuamari Secretarial Ltd., or if you are a holder of B ordinary shares, return it to our registrars, Capita Asset Services, as soon as possible. The Forms of Proxy must be received by no later than 3 p.m. EEST on 19 October 2015. Holders of Depository Interests will have received a Form of Direction instead of a Form of Proxy. The Form of Direction should be completed and returned to Capita Asset Services no later than 5 p.m. (UK Time) on 16 October 2015.

Explanatory notes on all the business to be considered at this year’s AGM appear on pages 8 to 9 of this document. Resolutions 1 to 8 below seek the necessary shareholder approvals by way of ordinary resolution.

In summary, the shareholder authority sought includes:

- Consideration and adoption of the financial statements for the year ended 31 December 2014;
- re-election of the directors of the Company;
- re-appointment of KPMG Limited as auditors of the Company; and
- renewal of the Directors’ authority to grant options and other rights to subscribe for shares, pursuant to an employee share scheme, or allot unissued ordinary shares.

Please note that starting from this year's AGM the Company introduces a separate independent shareholders' voting procedure required by the UK Listing Rule 9.2.2E: for holders of B ordinary shares and Depositary Interests, re-election of the independent directors (Resolutions 4-6) should be approved by an additional vote of independent shareholders, as defined in the UK Listing Rules ("Independent Shareholders").

Recommendation

The Directors consider that all the proposals to be considered at the AGM are in the best interests of the Company and its members as a whole and are most likely to promote the success of the Company for the benefit of its members as a whole. The Directors unanimously recommend that you vote in favour of all of the proposed resolutions, as they intend to do so in respect of their own beneficial shareholdings (if any).

Action to be taken

Shareholders will find enclosed with this document Forms of Proxy for use in connection with the AGM. Shareholders, whether or not they propose to attend the AGM in person, are requested to complete, sign and return the applicable enclosed Form of Proxy, in accordance with the instructions printed thereon, so as to be received by the Company Secretary, Fuamari Secretarial Ltd., in the case of shareholders holding A ordinary shares, or by the Company's registrars, Capita Asset Services, in the case of shareholders holding B ordinary shares, as soon as possible and, in any event, by not later than 3 p.m. EEST on 19 October 2015. Completion and return of a Form of Proxy will not preclude Shareholders from attending and voting at the AGM in person if they wish to do so. Holders of Depositary Interests will have received a Form of Direction instead of a Form of Proxy. Independent Shareholders holding B ordinary shares/Depositary Interests should complete two Forms of Proxy/Forms of Direction, one being the general form and the other – for separate voting on the re-appointment of independent directors. Both Forms of Direction should be completed and returned to Capita Asset Services no later than 5 p.m. (UK Time) on 16 October 2015. If you are a holder of Depositary Interests and wish to attend and vote at the AGM you must bring to the AGM a Letter of Corporate Representation validly executed on behalf of the Depository, Capita IRG Trustees Limited. A Letter of Corporate Representation can be obtained on request from the Depository.

Yours faithfully

Lev Leviev
Chairman

AFI DEVELOPMENT PLC

(incorporated and registered in Cyprus under company number HE 118198)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of AFI Development PLC (the “**Company**”) will be held at the offices of Fuamari Secretarial Limited at 6 Spyrou Kyprianou Av., 3070 Limassol Cyprus at 2 p.m. EEST on 21 October 2015 to consider and, if thought fit, pass the following resolutions, which will be proposed as ordinary resolutions.

1. THAT the financial statements for the year ended 31 December 2014, together with the reports of the Directors and auditors thereon, be received and adopted.
2. THAT Lev Leviev be re-elected as a Director and Executive Chairman of the Company.
3. THAT Avraham Noach Novogrocki be re-elected as a Non-Executive Director of the Company.
4. THAT Christakis Klerides be re-elected as Non-Executive Senior Independent Director of the Company.
5. THAT Moshe Amit be re-elected as a Non-Executive Independent Director of the Company.
6. THAT Panayiotis Demetriou be re-elected as a Non-Executive Independent Director of the Company.
7. THAT KPMG Limited be reappointed as auditors of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company and that the Directors be authorised to agree their remuneration.
8. THAT the Directors be and are hereby generally and unconditionally authorised, in accordance with Articles 10-12 and the terms of any resolution creating new shares, to exercise any power of the Company to allot and grant options or rights to subscribe for or to convert securities into shares of the Company, pursuant to an employee share scheme, up to a maximum nominal amount of USD 104,769.41; such authority to expire on the earlier of the conclusion of the Company’s next annual general meeting and 30 November 2016 but, in each case, so that the Company may make offers and enter into agreements during the relevant period which would, or might, require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after the authority ends and the Directors may allot shares or grant rights to subscribe for or convert securities into share under any such offer or agreement as if the authority had not ended.

By Order of the Board

Fuamari Secretarial Limited
Company Secretary
AFI Development PLC

18 September 2015

Registered Office:
AFI Development PLC
165 Spyrou Araouzou
Office 505
Lordos Waterfront Building
3035 Limassol
Cyprus

EXPLANATORY NOTES ON THE RESOLUTIONS

Resolutions 1 to 8 are ordinary resolutions and will be passed if more than 50 per cent. of the votes cast are in favour.

Report and Accounts (Resolution 1)

The Directors must present the Directors' report, the audited annual accounts of the Company and the independent auditor's report to the shareholders at the AGM.

Re-election and election of Directors (Resolutions 2 to 6)

Resolutions from 2 to 6 deal with the re-election of Lev Leviev, Avraham Novogrocki, Christakis Klerides, Moshe Amit and Panayiotis Demetriou.

In order to reduce the overall Board of Directors expenses, the Directors propose to reduce the number of independent non-executive directors to three. The Directors also propose not to re-elect Mr Mark Groysman as the Executive Director of AFI Development Plc: Mr Groysman will concentrate on the management of the business in Russia as the General Manager of AFI RUS LLC, the Company's main operating subsidiary.

Under the Company's Articles of Association, all directors are required to retire and submit themselves for re-election at an annual general meeting of no more than three years from their appointment or, where applicable, most recent re-election. The directors will therefore retire and offer themselves for re-election. Brief biographical details on the directors appear on pages 28-29 of the 2014 Annual Report and Accounts and on the Company's website at www.afi-development.com.

Resolutions from 4 to 6 deal with the re-election of independent directors. In accordance with the UK Listing Rules and the Company's Articles of Association, these resolutions must be voted on separately by the Independent Shareholders holding B ordinary shares (including those holding Depositary Interests), in addition to the general voting by all shareholders.

Lev Leviev, Executive Chairman of the Board

Mr Leviev has served as the Chairman of the Board of Directors since 1 January 2008. On 21 November 2012 he became Executive Chairman. Mr Leviev holds a 48.13% stake in Africa Israel Investments Ltd. and also serves as its Chairman. He is also the owner and the President of the LLD Diamonds Ltd Group and President of the Federation of Jewish Communities in Russia and CIS.

Avraham Noach Novogrocki, Non-Executive Director

Mr Novogrocki joined the Board of Directors of AFI Development in August 2012. Mr Novogrocki is the CEO of Africa Israel Investments Ltd., major shareholder of AFI Development PLC. Prior to assuming the CEO role, Mr Novogrocki served as CEO of Africa Israel Investments subsidiaries, namely Africa Israel Industries Ltd. (from 2008 to 2012) and Packer Steel Industries Ltd. (from 2007 to 2012), as well as Deputy CEO and CFO of Africa Israel Industries Ltd. In total, Mr. Novogrocki has been working in the Africa Israel Group for 15 years. Mr Novogrocki holds MBA and BA in Economics and Business Administration degrees of Bar-Ilan University, Israel.

Christakis Klerides, Senior Independent Non-Executive Director

Mr Klerides is the senior independent non-executive director and is chairman of the Audit Committee. Mr Klerides was the Minister of Finance of Cyprus from March 1999 to February 2003 and currently provides finance and business consultancy services through his family-owned company, CMK

Eurofinance Consultants Limited. Mr Klerides is a Fellow of the Chartered Association of Certified Accountants.

Moshe Amit, Independent Non-Executive Director

Mr Amit serves as an independent non-executive director and is chairman of the Nomination Committee. He is also Chairman of the Board of Directors of Excellence Investment Ltd and holds board memberships at a number of companies, including Delek Group Ltd, Isracard Ltd and Hapoalim Capital Markets – Investment Bank Ltd. For more than 40 years Mr Amit worked at Bank Hapoalim, one of the major Israeli banking institutions. Mr Amit holds a banking management diploma from the Israeli Banking Association Institute and a Bachelor degree in political science and sociology from Bar-Ilan University, Israel.

Panayiotis Demetriou, Independent Non-Executive Director

Mr Demetriou serves as an independent non-executive director and is chairman of the Remuneration Committee. He is trained as a lawyer in both Cyprus and England (Barrister at Law). Mr Demetriou is a former Member of Cyprus Parliament and of the European Parliament as well as an Honorary Member of the Parliamentary Assembly of the Council of Europe. He currently provides legal services through the Law Office Panayiotis Demetriou & Associates LLC.

Reappointment and remuneration of Auditors (Resolution 7)

Resolution 7 proposes the reappointment of KPMG Limited as Auditors of the Company and authorises the Directors to set their remuneration.

Directors' authority to allot and grant options or rights to subscribe for or to convert securities into shares of the Company, pursuant to an employee share scheme (Resolution 8)

This resolution seeks to give director's general authority to allot shares in the Company or grant options or rights to subscribe for, or convert any security into, shares in the Company, pursuant to an employee share scheme, and will expire at the conclusion of the next annual general meeting of the Company held in 2016 or, if earlier, the close of business on 30 November 2016.

If passed, Resolution 8 would give the Directors authority to allot shares or grant options or rights to subscribe for, or convert any security into, shares in the Company up to an aggregate nominal value of USD 104,769.41 representing approximately 10% (ten per cent) of the Company's existing issued share capital and calculated as at 17 September 2015 (being the latest practicable date prior to publication of this notice).

EXPLANATORY NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

Entitlement to attend and vote

1. The right to attend and vote at the AGM is determined by reference to the register of members. Only those members registered on the Company's register of members at 6.00 p.m. on 17 September 2015 (or, if the AGM is adjourned, at 6.00 p.m. on the day two days prior to the adjourned AGM), shall be entitled to attend and vote at the AGM. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the AGM.

In accordance with the Company's Articles of Association, the holders of A Ordinary Shares and the holders of B Ordinary shares shall vote as separate classes.

Publication of information in advance of AGM

2. A copy of this notice of annual general meeting and other information regarding the AGM, including information, which the Company is required to publish in advance of the AGM, can be accessed at <http://www.afi-development.com/en/investor-relations/reports-presentations>.

Attending in person

3. In order to facilitate these arrangements, please arrive at the AGM venue in good time. You will be given instructions on how to complete your poll card/vote on a show of hands at the meeting.

Right to ask questions

4. At the AGM the Company must cause to be answered any question that a member attending the AGM asks relating to the business being dealt with at the AGM. However, no such answer need be given where (a) answering the question would interfere unduly with the preparation for the AGM or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the AGM that the question is answered.

Appointment of proxies

5. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a proxy form and believe that you should have one, or if you require additional forms, please contact the Company Secretary, Fuamari Secretarial Limited, if you are a holder of A ordinary shares, or the Company's registrars, Capita Asset Services, if you are a holder of B ordinary shares.
6. To be valid, a duly completed proxy form, together with any power of attorney or other authority under which it is signed or a notarially certified copy of such power or authority, must be received by post or (during normal business hours only) by hand at the Company Secretary, Fuamari Secretarial Limited, in the case of holders of A ordinary shares, or at the Company's registrars, Capita Asset Services in the case of holders of B ordinary shares, no later than 3 p.m. EEST on 19 October 2015 (or not less than 48 hours before the time fixed for any adjourned meeting, excluding any part of a day that is not a working day). Holders of

Depository Interests should complete and return the Form of Direction enclosed with their Notice of Annual General Meeting to Capita Asset Service by no later than 5 p.m. (UK Time) on 16 October 2015.

7. Holders of Depository Interests can instruct Capita IRG Trustees Limited, the Depository, or amend an instruction to a previously submitted direction, via the CREST system. The CREST message must be received by the issuer's agent RA10 by 5 p.m. (UK Time) on 16 October 2015. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Issuer's agent is able to retrieve the message. CREST Personal Members or other CREST sponsored members, and those CREST Members who have appointed voting service provider(s) should contact their CREST sponsor or voting service provider(s) for assistance with instructing Capita IRG Trustees Limited via CREST. For further information on CREST procedures, limitations and system timings please refer to the CREST Manual. We may treat as invalid a direction appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001. In any case your Form of Direction must be received by the Company's registrars no later than 5 p.m. (UK Time) on 16 October 2015.
8. Appointment of a proxy does not preclude you from attending the AGM and voting in person. If you have appointed a proxy and attend the AGM in person, your proxy appointment will automatically be terminated.
9. Unless voting instructions are indicated on the proxy form, a proxy may vote or withhold his vote as he thinks fit on the resolutions or on any other business including amendments to resolutions) which may come before the meeting. A vote withheld is not a vote in law and will not be counted in the calculation of the proportion of votes for or against a resolution.
10. A member must inform the Company in writing of any termination of the authority of a proxy.

Corporate representatives

11. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares. If you are a holder of Depository Interests and wish to attend and vote at the AGM you must bring to the AGM a Letter of Corporate Representation validly executed on behalf of the Depository, Capita IRG Trustees Limited. A Letter of Corporate Representation can be obtained on request from the Depository.

Issued shares and total voting rights

12. As at 5 p.m. on 17 September 2015, being the last day prior to publication of this notice, the Company's issued share capital comprised 523,847,027 A ordinary shares and 523,847,027 B ordinary shares each of US\$0.001 each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 5 p.m. on 17 September 2015 is 1,047,694,054. It should be noted that in accordance with the Company's Articles of Association, the holders of A Ordinary Shares and the holders of B Ordinary shares shall vote as separate classes.

Communication

13. Except as provided above, members who have general queries about the AGM should use the following means of communication (no other methods of communication will be accepted): email to the Company Secretary at: ca@realaw.net.

14. You may not use any electronic address provided either in this AGM notice or any related documents (including the Chairman's letter and proxy form) to communicate for any purposes other than those expressly stated.