

**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 2015, as on the Company's website at <http://www.afi-development.com/en/investor-relations/reports-presentations>.**

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## **AFI DEVELOPMENT PLC**

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



### **Notice of Annual General Meeting**

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Notice of the Annual General Meeting of the Company to be held at the offices of Fuamari Secretarial Limited at 165 Spyrou Araouzou, Lordos Waterfront Building, 3035 Limassol Cyprus on 26 October 2016 at 3 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 25 October 2016. 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 Registrars, no later than 12p.m (UK time) on 21 October 2016.

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. Moshe Amit	Non-Executive Independent Director
Mr. Panayiotis Demetriou	Senior Non-Executive Independent Director

<b>Secretaries and Registered Office</b>	Fuamari Secretarial Limited (Company Secretary) 165 Spyrou Araouzou Lordos Waterfront Building Office 505 3035 Limassol Cyprus
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## 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

27 September 2016

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 3 p.m. EEST on 26 October 2016. 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 Limited, or if you are a holder of B ordinary shares, return it to our registrars, Capita Registrars, as soon as possible. The Forms of Proxy must be received by no later than 12p.m. (UK time) on 21 October 2016. 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 Registrars no later than 12p.m. (UK time) on 20 October 2016.

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 7 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 2015;
- 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; and

- reduction of the minimum number of directors required in the Articles of Association from five to three (by amending the Articles of Association).

Please note that the Company will be holding a separate independent shareholders' voting as required by the UK Listing Rule 9.2.2E: for holders of B ordinary shares and Depository Interests, re-election of the independent directors (Resolutions 3-4) 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 Limited, in the case of shareholders holding A ordinary shares, or by the Company's registrars, Capita Registrars, in the case of shareholders holding B ordinary shares, as soon as possible and, in any event, by not later than 12p.m. EEST on 21 October 2016. 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 Depository Interests will have received a Form of Direction instead of a Form of Proxy.

Independent Shareholders holding B ordinary shares/Depository 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 Registrars no later than 12p.m. (UK Time) on 20 October 2016. 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.

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 165 Spyrou Araouzou, Lordos Waterfront Building, 3035, Limassol Cyprus at 3 p.m. EEST on 26 October 2016 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 2015, 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 Moshe Amit be re-elected as a Non-Executive Independent Director of the Company.
4. THAT Panayiotis Demetriou be re-elected as a Non-Executive Independent Director of the Company.
5. 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.
6. 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 1,047,694.05; such authority to expire on the earlier of the conclusion of the Company’s next annual general meeting and 30 November 2017 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.
7. THAT the minimum number of directors in Article 107 of the Company Articles of Association is amended from five to three.

By Order of the Board

Fuamari Secretarial Limited  
Company Secretary  
AFI Development PLC

27 September 2016

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

## **EXPLANATORY NOTES ON THE RESOLUTIONS**

**Resolutions 1 to 7 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 4)**

Resolutions from 2 to 4 deal with the re-election of Lev Leviev, Moshe Amit and Panayiotis Demetriou.

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 26-28 of the 2016 Annual Report and Accounts and on the Company's website at [www.afi-development.com](http://www.afi-development.com).

Resolutions from 3 to 4 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 Depository 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 controls 64.88% of the issued share capital of AFI Development Plc. 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.

#### **Panayiotis Demetriou, Senior 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.

#### **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.

### **Reappointment and remuneration of Auditors (Resolution 5)**

Resolution 5 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 6)**

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 2017 or, if earlier, the close of business on 30 November 2017.

If passed, Resolution 6 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 1,047,694.05 representing approximately 10% (ten per cent) of the Company's existing issued share capital and calculated as at 26 September 2016 (being the latest practicable date prior to publication of this notice).

**Reduction of the minimum number of directors required under the Articles of Association of the Company from five to three (Resolution 7)**

This resolution seeks to make an amendment in the Articles of Association of the Company to reduce the minimum number of directors in the Company from five to three. This corresponds to the current number of directors and will help to reduce the overall expenses of the Board of Directors.

If the resolution is passed, the Article 107 of the Company Articles of Association will be amended as follows:

“The minimum number of the Directors shall be three and there shall be no limitation as to the maximum number.”

## 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 close of business on 26 September 2016 (or, if the AGM is adjourned, at close of business 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 Registrars, 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 Registrars in the case of holders of B ordinary shares, no later than 12p.m. (UK time) on 21 October 2016 (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 Registrars by no later than 12p.m. (UK Time) on 20 October 2016.

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 12p.m. (UK Time) on 20 October 2016. 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 12p.m. (UK Time) on 20 October 2016.
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 26 September 2016, 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 26 September 2016 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](mailto: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.