Domino's

DP Eurasia N.V.

Prospectus

28 June 2017

This document constitutes a prospectus (the "**Prospectus**") relating to DP Eurasia N.V. (the "**Company**") and its consolidated subsidiaries and subsidiary undertakings (together with the Company, the "**Group**") and has been prepared in accordance with Chapter 5.1 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) and the rules promulgated thereunder (the "**Dutch Financial Supervision Act**"). This Prospectus has been approved by and filed with the Dutch Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*) (the "**AFM**") and will be made generally available in accordance with the relevant provisions of the Dutch Financial Supervision Act. The Company has requested that the AFM provide the competent authority in the United Kingdom, the UK Listing Authority (as defined below), with a certificate of approval attesting that this Prospectus has been drawn up in accordance with the Prospectus Directive (Directive 2003/71/EC).

Prior to the Offer, there has been no public market for the Shares (as defined below). The Offer comprises an offer to institutional investors outside the United States in reliance on Regulation S and in the United States only to persons reasonably believed to be qualified institutional buyers ("**QIBs**"), as defined in, and in reliance on Rule 144A ("**Rule 144A**") under the US Securities Act of 1933, as amended (the "**US Securities Act**") or another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. Application has been made to the Financial Conduct Authority (the "**FCA**") in its capacity as the UK competent authority under the Financial Services and Markets Act 2000, as amended (the "**FSMA**") (the "**UK Listing Authority**") for all of the ordinary shares, with a nominal value of €0.12 each, of the Company (the "**Shares**") issued and to be issued in connection with the Offer to be admitted to the premium listing segment of the Official List maintained by the FCA, and to London Stock Exchange plc (the "**London Stock Exchange**") for all of the Shares to be admitted to trading on the main market of the London Stock Exchange for listed securities (together, "**Admission**"). Subject to acceleration or extension of the timetable for the Offer (as defined herein), conditional dealings in the Shares are expected to commence on the London Stock Exchange on 28 June 2017. It is expected that Admission will become effective, and that unconditional dealings in the Shares will commence on 3 July 2017. Dealings on the London Stock Exchange before Admission will only be settled if Admission takes place. **All dealings before the commencement of unconditional dealings will be of no effect if Admission does not take place and such dealings will be at the sole risk of the parties concerned. No application is currently intended to be made for the Shares to be admitted to listing or trading or dealt with on any other exchange.**

Investing in the Shares involves certain risks. Prospective investors should read the entire document, and all documents incorporated by reference, in their entirety. In particular, your attention is drawn to the "*Risk Factors*" in Part 1 for a discussion of certain risks and other factors that should be considered prior to any investment in the Shares. You should not rely solely on information summarised in the "*Summary Information*".

DP EURASIA N.V.

(a public limited liability company (naamloze vennootschap) incorporated under the laws of the Netherlands with its statutory seat (statutaire zetel) in Amsterdam, the Netherlands)

Offer of 85,250,000 Shares with a nominal value of €0.12 per Share and admission to the premium listing segment of the Official List and to trading on the London Stock Exchange
Price per Share of £2.00 (the "Offer Price")

Sponsor, Global Co-ordinator and Joint Bookrunner

Morgan Stanley

Joint Bookrunner

Citi

ORDINARY SHARE CAPITAL IMMEDIATELY FOLLOWING ADMISSION

Issued and fully paid up

Shares	Number	Nominal Value
€17,444,690	145,372,414	€0.12

In connection with the Offer, Morgan Stanley (as defined herein), as Stabilising Manager (as defined herein), or any of its agents, may (but will be under no obligation to), to the extent permitted by applicable law, over-allot Shares or effect other stabilisation transactions with a view to supporting the market price of the Shares at a higher level than that which might otherwise prevail in the open market. Such transactions, if entered into, may be effected on any securities market, over-the-counter market, stock exchange or otherwise and may be undertaken at any time during the period commencing on the date of the commencement of conditional dealings of the Shares on the London Stock Exchange and ending no later than 30 calendar days thereafter. However, there will be no obligation on the Stabilising Manager or any of its agents to effect stabilising transactions and there is no assurance that stabilising transactions will be undertaken. Such stabilisation, if commenced, may be discontinued at any time without prior notice. Except as required by law or regulation, neither the Stabilising Manager nor any of its agents intends to disclose the extent of any over-allotments made and/or stabilisation transactions conducted in relation to the Offer.

The Shares subject to the Offer shall comprise (i) an issue by the Company of 10,372,414 new Shares (the "**New Shares**"), (ii) the sale by Fides Food Systems Coöperatief U.A. ("**Fides Food Systems**") and Vision Lovemark Coöperatief U.A. ("**Vision Lovemark**" and, together with Fides Food Systems, the "**Selling Shareholders**") of 63,758,021 existing Shares (the "**Existing Shares**") and (iii) the sale of Over-allotment Shares (as defined below). The Company will not receive any proceeds from the sale of the Existing Shares, all of which will be received by the Selling Shareholders, or Over-allotment Shares, all of which will be received by Fides Food Systems. The New Shares will, upon Admission, rank equally in all respects with the Shares in issue prior to Admission, including the right to receive all dividends or other distributions declared, made or paid on the Shares after Admissions. The Shares subject to the Offer are not being made generally available to the public in conjunction with the Offer.

In connection with the Offer, the Stabilising Manager may, for stabilisation purposes, over-allot Shares up to a maximum of 15% of the total number of Offer Shares comprised in the Offer (excluding any Shares sold pursuant to the Over-allotment Option (as defined herein)). For the purposes of allowing the Stabilising Manager to cover short positions resulting from any such over-allotments and/or from sales of Shares effected by it during the stabilising period, Fides Food Systems has granted the Stabilising Manager the Over-allotment Option, pursuant to which the Stabilising Manager may purchase or procure purchasers for additional Shares up to a maximum of 15% of the total number of Offer Shares comprised in the Offer (excluding any Shares sold pursuant to the Over-allotment Option) (the "**Over-allotment Shares**") at the Offer Price, with any remaining short positions resulting from such over-allotments to be covered by purchases of Shares in the open market by the Stabilising Manager. The Over-allotment Option will be exercisable in whole or in part, upon notice by the Stabilising Manager, at any time on or before the 30th calendar day after the commencement of conditional dealings of the Shares on the London Stock Exchange. Any Over-allotment Shares made available pursuant to the Over-allotment Option will rank pari passu in all respects with the other Shares, including for all dividends and other distributions declared, made or paid on the Shares, will be purchased on the same terms and conditions as the Offer Shares comprised in the Offer (other than the Over-allotment Shares) and will form a single class for all purposes with the other Shares.

Subject to acceleration or extension of the timetable for the Offer, payment in pounds sterling for, and issue and delivery of, the Offer Shares ("**Settlement**") is expected to take place on or around 3 July 2017 ("**Settlement Date**"). If Settlement does not take place on the Settlement Date as planned or at all, the Offer may be withdrawn, in which case all subscriptions for Offer Shares will be disregarded, any allotments made will be deemed not to have been made and any subscription payments made will be returned without interest or other compensation and transactions in the Offer Shares on the London Stock Exchange may be annulled. Any dealings in Offer Shares prior to Settlement are at the sole risk of the parties concerned. The Company, the Selling Shareholders and the Underwriters do not accept any responsibility or liability towards any person as a result of the withdrawal of the Offer or the (related) annulment of any transaction in Offer Shares.

Each of Morgan Stanley & Co. International plc ("**Morgan Stanley**") and Citigroup Global Markets Limited ("**Citigroup**", together the "**Underwriters**") is acting exclusively for the Company and the Selling Shareholders and no one else in connection with the Offer. Neither of the Underwriters will regard any other person (whether or not a recipient of this Prospectus) as a client in relation to the Offer and will not be responsible to anyone other than the Company and the Selling Shareholders for providing the protections afforded to their respective clients or for the giving of advice in relation to the Offer or any transaction, matter, or arrangement referred to in this Prospectus. Apart from the responsibilities and liabilities, if any, which may be imposed on the Underwriters by the FSMA, the Dutch Financial Supervision Act or the regulatory regimes established thereunder, neither of the Underwriters nor any of their respective affiliates accepts any responsibility whatsoever for, or makes any representation or warranty, express or implied, as to the contents of

this Prospectus or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Shares or the Offer and nothing in this Prospectus will be relied upon as a promise or representation in this respect, whether or not to the past or future. The Underwriters and each of their respective affiliates each accordingly disclaim all and any liability whether arising in tort, contract or otherwise (save as referred to above) which they might otherwise have in respect of this Prospectus or any such statement. No representation or warranty, express or implied, is made by either of the Underwriters or any of their respective affiliates as to the accuracy, completeness or sufficiency of the information set out in this Prospectus.

Notice to overseas Shareholders

The Shares have not been, and will not be, registered under the US Securities Act or under the applicable securities laws of any state of the United States and, subject to certain exceptions, may not be offered or sold within the United States except to persons reasonably believed to be QIBs, as defined in, and in reliance on Rule 144A or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. Prospective investors are hereby notified that the sellers of the Offer Shares may be relying on the exemption from the provisions of Section 5 of the US Securities Act provided by Rule 144A. In addition, until 40 days after the commencement of the Offer, an offer or sale of any of the Offer Shares within the United States by any dealer (whether or not participating in the Offer) may violate the registration requirements of the US Securities Act if the offer or sale is made otherwise than in accordance with Rule 144A.

THE OFFER SHARES OFFERED BY THIS PROSPECTUS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE "**SEC**") OR ANY OTHER US FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY, NOR HAVE ANY SUCH AUTHORITIES CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

No actions have been taken to allow a public offering of the Offer Shares under the applicable securities laws of any jurisdiction, including Australia, Canada, Japan, the Russian Federation, South Africa or the United States. Subject to certain exceptions, the Offer Shares may not be offered or sold in, or to or for the account or benefit of, any national, resident or citizen of Australia, Canada, Japan, the Russian Federation, South Africa or the United States. This Prospectus does not constitute an offer of, or the solicitation of an offer to subscribe for or purchase, any of the Offer Shares to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

In the event that the Company is required to publish a supplementary prospectus pursuant to the Dutch Financial Supervision Act and/or the FSMA, investors will have a statutory right to withdraw their acceptance to buy Shares in the Offer before the end of the period of two clear business days beginning with the first business day after the date on which the supplementary prospectus is published. If the application is not withdrawn within the stipulated period, any offer to apply for Shares in the Offer will remain valid and binding. Details of how to withdraw an application will be made available if a supplementary prospectus is published.

This Prospectus is dated: 28 June 2017

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SUMMARY INFORMATION

Summaries are made up of disclosure requirements known as "**Elements**". These Elements are numbered in sections A to E (A.1 to E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case, a short description of the Element is included in the summary with the mention of "not applicable".

Section A—Introduction and warnings

Annexes and Element		Disclosure
A.1	Introduction	This summary should be read as an introduction to the full text of this Prospectus. Any decision to invest in the Offer Shares should be based on consideration of this Prospectus as a whole by the investor. Where a claim relating to the information contained in this Prospectus is brought before a court in a member state of the European Economic Area ("**EEA**"), the claimant may, under the national legislation of the EEA state in which the claim is brought, be required to bear the cost of translating this Prospectus before legal proceedings are initiated. Civil liability attaches to DP Eurasia N.V. (the "**Company**") and its directors, who are responsible for this summary including any translation thereof, but only if this summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in such securities.
A.2	Subsequent resale of securities or final placement of securities through financial intermediaries	Not applicable. The Company is not engaging any financial intermediaries for any resale of securities or final placement of securities after publication of the Prospectus.

Section B—Company and any guarantor

Annex and Element		Disclosure requirement
B.1	Legal and commercial name of the Company	The Company's legal and commercial name is DP Eurasia N.V.
B.2	Domicile and legal form of the Company	The Company is a public limited liability company (*naamloze vennootschap*) incorporated under the laws of the Netherlands on 18 October 2016 with company number 67090753 and with its statutory seat (*statutaire zetel*) in Amsterdam, the Netherlands. The Company's registered office and principal place of business is at Herikerbergweg 238, Luna Arena, 1101 CM Amsterdam, the Netherlands. The principal legislation under which the Company operates is the Dutch Civil Code (*Burgerlijk Wetboek*).
B.3	Operations and principal activities	The Company (together with its subsidiaries, the "**Group**") is the exclusive master franchisee in Turkey, Russia, Azerbaijan and Georgia of the

Annex and Element		Disclosure requirement
		Domino's Pizza brand ("**Domino's Pizza**") owned by Domino's Pizza, Inc. ("**DP Inc**."), one of the world's leading home delivery pizza brands. The Group offers pizza delivery and takeaway/eat-in facilities at its 571 stores (as at 31 March 2017). Having opened its first store in Istanbul in 1996, today it is the largest pizza delivery company in Turkey in terms of system sales and number of stores, and the third largest in Russia, in terms of number of stores based on the Group's estimates of its competition. The Group enjoys the highest top-of-mind recognition in the Turkish delivery market based on a survey conducted by Ipsos in October 2016. The Group operates through its owned stores ("**corporate stores**") and through franchised stores (together, the "**system stores**"). As of 31 March 2017, 37% of the Group's system stores were corporate stores, principally located in densely populated cities, and 63% were franchised stores. Since the Group's acquisition by Turkish Private Equity Fund II L.P. ("**TPEF II**"), a fund advised by Turk Ventures Advisory Limited ("**Turkven**"), and Mr. Aslan Saranga (the "**Chief Executive Officer**") in 2010, the Group has rapidly expanded opening (on a net basis) an average of 68 system stores per year (from 2011 to 2016). As of 31 March 2017, the Group operated 488 system stores in Turkey (of which 347 were franchised), 76 in Russia (of which five were franchised), four in Azerbaijan (all of which were franchised) and three in Georgia (all of which were franchised). The Group intends to continue to rapidly expand its store network in the future. The Group offers globally recognised pizza products at a range of price points and adapted to local tastes. It also offers complementary products such as chicken, other side dishes and desserts, some of which have been developed by the Group's innovation centre in Istanbul and subsequently adopted by other master franchisees of DP Inc. around the world. To achieve consistent quality of its products, competitive supplier prices and timely delivery of items to its system stores, the Group centralises its supply and procurement function. The Group owns and operates five commissaries which manufacture the pizza dough and supply system stores in Turkey and Russia with all ingredients and materials required for the preparation and delivery of the store products. In Azerbaijan and Georgia, local distribution centres owned by the sub-franchisees are supplied by the Group's commissaries in Turkey with dough mix and other supplies. Deliveries from the Group commissaries to the system stores and local distribution centres are outsourced to dedicated third party logistics providers and typically take place twice a week. The Group operates two distribution channels: delivery and takeaway/eat-in, which in 2016 accounted for approximately 63% and 37% of the Group's system sales, respectively. Supported by one of its key customer value propositions—the 30-minute delivery guarantee—delivery is the Group's core distribution channel with the highest associated system sales. The takeaway/eat-in distribution channel features competitive pricing relative to delivery due to competition with other fast-food providers and has been enhanced by the roll-out of innovative new store design to improve the customer experience. The Group uses a single store format for new store openings and refits. The store eat-in area features limited seating capacity and, therefore, relatively modest floor space (in comparison with other sub-segments of the fast-food market which require larger restaurant seating areas as part of their customer dining experience).

<table>
<tr><th colspan="2">Annex and Element</th><th>Disclosure requirement</th></tr>
<tr><td></td><td></td><td>
The following table sets out the Group's revenue, revenue growth, system sales and system sales growth for the three months ended 31 March 2017 and 2016 and the years ended 31 December 2016, 2015 and 2014:

<table>
<tr><th></th><th colspan="2">For the three months ended 31 March</th><th colspan="3">For the year ended 31 December</th></tr>
<tr><th></th><th>2017</th><th>2016</th><th>2016</th><th>2015</th><th>2014</th></tr>
<tr><td></td><td colspan="2">(unaudited)</td><td></td><td></td><td></td></tr>
<tr><td>Revenue (in millions of TRY)</td><td>145.4</td><td>107.4</td><td>451.1</td><td>375.0</td><td>319.2</td></tr>
<tr><td>Revenue growth</td><td>35.4%</td><td>—</td><td>20.3%</td><td>17.5%</td><td>—</td></tr>
<tr><td></td><td colspan="5">(unaudited)</td></tr>
<tr><td>System sales (in millions of TRY)[(1)]</td><td>198.9</td><td>159.6</td><td>647.4</td><td>543.2</td><td>470.3</td></tr>
<tr><td>System sales growth</td><td>24.6%</td><td>19.7%</td><td>19.2%</td><td>15.5%</td><td>22.1%</td></tr>
</table>

(1) System sales are sales generated by the Group's corporate and franchised stores to external customers and do not represent revenue of the Group
</td></tr>
<tr><td>B.4a</td><td>Significant recent trends</td><td>
The Group operates within the quick-service restaurant/fast-food segment, and the pizza sub-segment of the out-of-home dining ("OHD") market. The Group believes that the OHD market continues to provide significant growth opportunities. As a leading player in delivery, the Group also competes with non-fast-food OHD market participants active in the channel.

The Group is the largest pizza delivery company in Turkey in terms of system sales and number of stores and the third largest in Russia, by number of stores, based on the Group's estimates of its competition. As at 31 March 2017, the Group's store network in Turkey was approximately four times larger than the next largest chained competitor in the pizza sub-segment, and larger than the next seven chained pizza competitors combined. According to Euromonitor International, the Group has grown its market share in Turkey (as measured by the Group's system sales in chained pizza) from approximately 35% in 2010 to approximately 51% in 2016. In addition, there has been a general growth trend of the OHD market in Turkey and Russia given their current underdeveloped status compared to other markets such as the United Kingdom and the United States, with 1.8 outlets in Turkey per one thousand persons and 0.8 outlets in Russia per one thousand persons, compared to 2.5 outlets in the United Kingdom and 2.1 outlets in the United States as of 2015, according to Euromonitor International and EIU. This creates significant growth potential.

The Group believes the above trends will continue to drive the Group's growth and market growth in the pizza delivery market generally, particularly in the context of the following matters, developments and trends of the Group in all of the jurisdictions in which it operates:

• broad appeal, adaptability to local markets and growth potential trend of the chained pizza market;

• within this underpenetrated and expanding OHD sector, the Group is well-positioned to take advantage of an increasing share of the fast-food segment, pizza sub-segment and the delivery channel in which it primarily competes;

• attractive price points, consistent value-for-money offering and high brand recognition of restaurant chains have contributed to significant growth trend in the fast-food segment, including during economic downturns, demonstrating resilience in the Group's addressable markets;
</td></tr>
</table>

Annex and Element		Disclosure requirement
		• the development of the delivery distribution channel in Turkey and Russia has contributed to the growth trend of the OHD market in both countries. This is characterised by a growing number of OHD outlets, improving logistical infrastructure and rising Internet penetration and online ordering; • ability to offer competitive prices is rooted in the purchasing power the Group has with its suppliers through economies of scale, thereby enhancing its ability to lower its cost of goods and capitalise on the trend for value-for-money product alternatives; • advantages of scale, including greater purchasing power and operating leverage, allow chained players to achieve higher cost efficiency, thereby improving the economic viability of roll-out in lower density areas, investment into online capabilities and nationwide marketing. Since 31 March 2017, the Group's business has generally continued in line with the first quarter of 2017. The Group's performance has continued to be driven by like-for-like sales growth at both corporate and franchised stores, as well as expansion of the corporate and franchised store networks in accordance with the Group's expansion and growth plans. The Group's year to date like-for-like system sales growth through the week ended 21 May 2017 was 6.3% and 30.1% for Turkey and Russia, respectively. In addition to the growth in revenue from the Group's corporate stores, franchise and royalty revenue has increased in line with the increase in franchised store numbers and franchised store like-for-like system sales growth. The Group generally has maintained a consistent pricing policy since 31 March 2017, and operating expenses have also remained generally consistent with the trends observed in the three months ended 31 March 2017. Inventory levels have also been consistent with 31 March 2017 levels. Borrowings as at 30 April 2017 had increased as compared to 31 March 2017, reflecting the weekend effect, with 30 April 2017 falling on a Sunday. The Group intends to open approximately 30 net new stores across Turkey, Azerbaijan and Georgia and approximately 40 net new stores in Russia during 2017. The new stores are expected to be split evenly between corporate and franchised stores across Russia. The Group currently targets high single digit like-for-like growth and low to mid-teens like-for-like growth in its system sales in Turkey and Russia, respectively, in the mid-term.
B.5	Group description	As at the date of the Prospectus, the Company is wholly owned by Fides Food Systems Coöperatief U.A. and Vision Lovemark Coöperatief U.A. (the "**Selling Shareholders**") in the following proportion: Fides Food Systems Coöperatief U.A. holds 90% of the Shares and Vision Lovemark Coöperatief U.A. holds ten per cent. of the Shares. The Company is the parent company of the Group, which includes six direct and indirect subsidiaries of the Company. The Company has two direct wholly owned subsidiaries, Fides Food Systems B.V. and Fidesrus B.V., both of which are private limited liability companies incorporated in the Netherlands. Fides Food Systems B.V. is the holding company for the Turkish, Azerbaijan and Georgian business and has a direct wholly owned subsidiary, Fides Grup Gıda Üretim ve Restaurant İşletmeciliği A.Ş ("**Turkish TopCo**"), which itself wholly owns Pizza Restaurantları A.Ş. ("**Turkish OpCo**"), both of which are joint stock companies registered and incorporated in Turkey.

Annex and Element		Disclosure requirement
		Fidesrus B.V. is the holding company for the Russian business and has a direct wholly owned subsidiary, Fides LLC ("**Russian TopCo**"), which itself owns Pizza Restaurants LLC ("**Russian OpCo**"), both of which are private limited liability companies registered and incorporated in Russia.
B.6	Notifiable interests	In so far as it is known to the Company as at 27 June 2017 (being the latest practicable date prior to the publication of this Prospectus) (and assuming no exercise of the Over-allotment Option), the following persons will, on Admission, be interested in three per cent. or more of the Company's issued ordinary share capital are set out in this table:

Name	Immediately prior to publication of the Prospectus		Immediately following Admission, assuming no exercise of the Over-allotment Option	
	Number of Shares	Share capital %	Number of Shares	Share capital %
Fides Food Systems Coöperatief U.A.[2]	4,079,466	90	63,856,784[1]	43.9
Vision Lovemark Coöperatief U.A.[3]	453,274	10	7,106,310[1]	4.9

Notes:

(1) The number of Shares immediately following Admission takes into account (i) the additional Shares to be issued by the Company to Fides Food Systems Coöperatief U.A. and Vision Lovemark Coöperatief U.A. at Admission as part of a share capital reorganisation of the Group in preparation for the Offer in the following amounts (which represent the same percentage proportion as their respective interests in the Company immediately prior to publication of the Prospectus): (a) 117,420,534 Shares to Fides Food Systems Coöperatief U.A. and (b) 13,046,726 Shares to Vision Lovemark Coöperatief U.A. which will be paid up by debiting the Company's share premium reserve by €15,656,071.20, (ii) the Shares to be sold by each of Fides Food Systems Coöperatief U.A. and Vision Lovemark Coöperatief U.A. to the chief executive officer of the Russian operations of the Group and (iii) the Shares to be sold by Fides Food Systems Coöperatief U.A. to the two independent non-executive directors of the Company.

(2) Fides Food Systems Coöperatief U.A. is wholly owned by TPEF II which is a fund advised by Turkven

(3) Vision Lovemark Coöperatief U.A. is wholly owned by Mr. Aslan Saranga (the Chief Executive Officer)

On 28 June 2017, the Company entered into a relationship agreement with Fides Food Systems Coöperatief U.A. (the "**Relationship Agreement**") which, conditional upon Admission, regulates the on-going relationship between the Company, on the one hand, and Fides Food Systems Coöperatief U.A. and its associates, on the other. The principal purpose of the Relationship Agreement is to ensure that the Group is capable of carrying on its business independently of Fides Food Systems Coöperatief U.A. and TPEF II and that transactions and arrangements with Fides Food Systems Coöperatief U.A. or TPEF II (including any transactions and arrangements with any member of the Group) are at arm's length and on normal commercial terms.

Other than the interests of Fides Food Systems Coöperatief U.A., the Company is not aware of any person who, immediately following Admission, will directly or indirectly, jointly or severally, exercise control over the Company. At Admission, all of the Shares will have the same voting rights.

Annex and Element		Disclosure requirement
B.7	Key financial information	The selected combined and consolidated financial information set out below has been extracted without material adjustment from the financial information relating to the Group included in Section B of Appendix 1 "*Historical Financial Information*" and Appendix 2 "*Unaudited Interim Financial Information*" of this Prospectus.

Statement of comprehensive income data

	For the three months ended 31 March		For the year ended 31 December		
	2017	2016	2016	2015	2014
	(unaudited)				
	(in millions of TRY)				
Revenue	145.4	107.4	451.1	375.0	319.2
Cost of sales	(91.4)	(67.8)	(279.6)	(248.4)	(208.2)
Gross profit	**54.0**	**39.6**	**171.5**	**126.6**	**110.9**
General administrative expenses	(23.8)	(18.9)	(68.9)	(60.2)	(54.2)
Marketing and selling expenses	(21.3)	(15.0)	(61.3)	(57.2)	(53.1)
Other operating income/ (expense)	1.3	0.1	0.5	(3.7)	(1.3)
Operating profit	**10.2**	**5.7**	**41.8**	**5.5**	**2.3**
Finance income	4.3	1.7	13.4	1.1	2.0
Financial expense	(5.8)	(3.6)	(17.0)	(25.1)	(18.4)
Profit/(loss) before income tax	**8.7**	**3.9**	**38.3**	**(18.5)**	**(14.1)**
Tax expense	**(3.2)**	**(1.5)**	**(9.0)**	**(4.4)**	**(1.9)**
—Income tax expense	(3.0)	(1.1)	(7.3)	(7.3)	(2.1)
—Deferred tax (expense)/ income	(0.2)	(0.4)	(1.7)	2.9	0.3
Profit/(loss) for the year	**5.5**	**2.4**	**29.3**	**(22.9)**	**(15.9)**
Total comprehensive income/ (loss)	**(0.8)**	**0.6**	**11.2**	**(20.9)**	**(4.9)**

Annex and Element		Disclosure requirement

Statement of financial position data

	As at 31 March 2017	As at 31 December		
	2017	2016	2015	2014
	(unaudited)			
	(in millions of TRY)			
Property and equipment	101.0	97.8	71.7	67.3
Intangible assets	35.0	34.0	33.4	31.9
Goodwill	43.6	43.6	43.6	43.6
Trade receivables	11.0	9.6	7.4	4.3
Other non-current assets	27.6	26.0	2.6	2.0
Non-current assets	**218.2**	**211.0**	**158.6**	**149.0**
Cash and cash equivalents	21.3	19.5	13.5	11.0
Trade and other receivables	41.9	54.7	33.7	26.0
Inventories	46.2	42.0	34.8	21.6
Other current assets	20.3	22.0	15.1	8.5
Due from related parties	1.3	1.3	1.4	—
Current assets	**131.0**	**139.5**	**98.5**	**67.1**
Financial liabilities	119.6	118.9	73.5	39.8
Trade and other payables	33.5	39.4	42.1	37.6
Due to related parties	—	0.4	0.4	—
Current income tax liabilities	3.0	2.3	2.6	0.7
Provisions	2.8	4.5	4.0	2.6
Other current liabilities	40.9	38.9	37.3	17.0
Current liabilities	**199.8**	**204.4**	**160.0**	**97.8**
Financial liabilities	82.6	80.6	50.2	50.0
Non-current liabilities	**88.9**	**86.7**	**54.6**	**58.1**
Total equity	**60.5**	**59.5**	**42.6**	**60.2**

Statement of cash flow data

	For the three months ended 31 March		For the year ended 31 December		
	2017	2016	2016	2015	2014
	(unaudited)				
	(in millions of TRY)				
Cash flows generated from/(used in) operating activities	21.8	(18.6)	1.9	21.1	21.4
Cash flows used in investing activities	(8.5)	(5.5)	(42.9)	(33.7)	(30.7)
Cash flows generated from/(used in) financing activities	(12.0)	41.9	47.0	14.6	7.1
Net increase/(decrease) in cash and cash equivalents	1.8	18.3	6.0	2.5	(3.0)
Cash and cash equivalents at the beginning of the period	19.5	13.5	13.5	11.0	14.0
Cash and cash equivalents at the end of the period	21.3	31.8	19.5	13.5	11.0

Annex and Element		Disclosure requirement

Non-IFRS financial measures

The following tables present financial information relating to the Group's combined and consolidated financial and trading positions. They exclude amounts that are included in, or include amounts that are excluded from, the most directly comparable measures calculated and presented in accordance with IFRS, or are calculated using financial measures that are not calculated in accordance with IFRS. These non-IFRS measures are not a substitute for the equivalent measures calculated and presented in accordance with IFRS or those calculated financial measures that are calculated in accordance with IFRS. The non-IFRS measures presented below may not be directly comparable to similarly-titled measures used by other companies including competitors of the Group.

EBITDA and Adjusted EBITDA[1]

Turkey segment

	For the three months ended 31 March		For the year ended 31 December		
	2017	2016	2016	2015	2014
	(unaudited)				
	(in millions of TRY)				
Operating profit/(loss)	9.2	6.6	44.2	19.7	12.7
Plus: Depreciation and amortisation expenses	6.6	5.9	21.6	22.6	18.5
EBITDA	**15.8**	**12.5**	**65.8**	**42.3**	**31.2**
Non-recurring (income)/expenses per Group management					
IPO costs	0.1	—	0.6	—	—
Severance costs	—	—	—	0.4	—
Share-based incentives	1.8	2.6	5.7	3.2	2.8
Adjusted EBITDA	**17.8**	**15.2**	**72.0**	**46.0**	**34.0**

Russia segment

	For the three months ended 31 March		For the year ended 31 December		
	2017	2016	2016	2015	2014
	(unaudited)				
	(in millions of TRY)				
Operating profit/(loss)	0.9	(0.9)	(2.3)	(14.2)	(10.3)
Plus: Depreciation and amortisation expenses	2.7	0.9	5.1	2.0	1.1
EBITDA	**3.6**	**0.0**	**2.8**	**(12.2)**	**(9.2)**
Non-recurring (income)/expenses per Group management					
IPO costs	—	0.1	0.4	—	—
Severance costs	—	—	—	0.3	0.3
Adjusted EBITDA	**3.6**	**0.1**	**3.1**	**(11.8)**	**(9.0)**

Annex and Element		Disclosure requirement

The Group

	For the three months ended 31 March		For the year ended 31 December		
	2017	2016	2016	2015	2014
	(unaudited)				
	(in millions of TRY)				
Operating profit/(loss)	10.2	5.7	41.8	5.5	2.3
Plus: Depreciation and amortisation expenses	9.3	6.8	26.7	24.6	19.6
EBITDA	**19.5**	**12.6**	**68.5**	**30.2**	**21.9**
Non-recurring (income)/expenses per Group Management					
IPO costs	0.1	0.1	0.9	—	—
Severance costs	—	—	—	0.7	0.3
Share-based incentives	1.8	2.6	5.7	3.2	2.8
Adjusted EBITDA	**21.4**	**15.3**	**75.1**	**34.1**	**25.0**

(1) EBITDA, Adjusted EBITDA and non-recurring (income)/expenses per Group Management are not defined by IFRS. Adjusted EBITDA excludes income and expenses which are not part of the normal course of business and are non-recurring items consisting of restructuring costs and IPO-related expenses. Management uses this measurement basis to focus on core trading activities of the business segments and to assist it in evaluating underlying business performance

Adjusted net income[1]

	For the three months ended 31 March		For the year ended 31 December		
	2017	2016	2016	2015	2014
	(unaudited)				
	(in millions of TRY)				
Net income	5.5	2.4	29.3	(22.9)	(15.9)
Non-recurring and non-trade (income)/expenses per Group management					
IPO costs	0.1	0.1	0.9	—	—
Severance costs	—	—	—	0.7	0.3
Share-based incentives	1.8	2.6	5.7	3.2	2.8
Tax effect	(0.0)	—	(0.2)	(0.1)	(0.1)
Adjusted net income	**7.4**	**5.2**	**35.8**	**(19.1)**	**(12.9)**

(1) Adjusted net income and non-recurring and non-trade (income)/expenses per Group Management are not defined by IFRS. Adjusted net income excludes income and expenses which are not part of the normal course of business and are non-recurring items. Management uses this measurement basis to focus on core trading activities of the business segments, and to assist it in evaluating underlying business performance

Annex and Element		Disclosure requirement

Selected operational data[1]

	For the three months ended 31 March		For the year ended 31 December		
	2017	**2016**	**2016**	**2015**	**2014**
	(unaudited) (in millions of TRY unless otherwise indicated)				
System sales of the Group[2]					
Turkey	154.3	145.2	565.5	507.5	450.4
Russia	43.8	14.0	76.4	31.9	19.9
Total[3]	**198.9**	**159.6**	**647.4**	**543.2**	**470.3**
Online system sales[4]					
Turkey	45.2	33.4	145.4	118.5	86.3
Russia	17.2	4.3	24.9	6.2	—
Total[3]	**62.4**	**37.6**	**170.3**	**124.7**	**86.3**
Delivery online system sales[5] **as a share of delivery system sales**[6] **of the Group**					
Turkey	45.5%	37.3%	41.0%	33.8%	28.0%
Russia	60.9%	46.3%	52.5%	33.5%	—
Total[3]	**48.9%**	**38.2%**	**42.4%**	**33.8%**	**26.9%**
Like-for-like growth[7] **of the Group**					
System sales					
Turkey	3.5%	7.7%	7.0%	4.7%	6.0%
Russia (calculated in RUB)	32.1%	68.0%	41.6%	32.7%	45.4%
Online system sales					
Turkey	33.6%	18.0%	18.8%	30.4%	19.4%
Russia (calculated in RUB)	81.4%	280.1%	140.7%	—	—

(1) The selected operational data has not been extracted from Appendix 1 "*Historical Financial Information*"

(2) System sales are sales generated by the Group's corporate and franchised stores to external customers and do not represent revenue of the Group

(3) This includes data for Azerbaijan and Georgia with respect to 2015, 2016 and the three months ended 31 March 2017

(4) Online system sales are system sales of the Group generated through its online ordering channel

(5) Delivery online system sales are the Group's online system sales generated through its delivery distribution channel

(6) Delivery system sales are system sales of the Group generated through its delivery distribution channel

(7) Like-for-like growth is a comparison of sales between two periods that compares system sales of existing system stores. The Group's system stores that are included in like-for-like system sales comparisons are those the Group considers to be mature operations. The Group considers mature stores to be those stores that have operated for at least 52 weeks preceding the beginning of the first month of the period used in the like-for-like comparisons for a certain reporting period, assuming the relevant system store has not subsequently closed or been "split" (which involves the Group opening an additional store within the same map of an existing store or in an overlapping area). The number of system stores in the Group like-for-like category in Turkey as of 31 December 2016, 2015 and 2014 was 417, 366 and 288, respectively, and was 446 and 400 as of 31 March 2017 and 2016, respectively. The number of system stores in the Group like-for-like category in Russia as of 31 December 2016, 2015 and 2014 was 16, 12 and 13, respectively, and was 39 and 18 as of 31 March 2017 and 2016, respectively

B.8	Key pro forma financial information	Not applicable. No pro forma financial information has been included in the Prospectus.
B.9	Profit forecast or estimate	Not applicable. No profit forecast or estimate has been included in the Prospectus.

Annex and Element		Disclosure requirement
B.10	A description of the nature of any qualifications in the audit report on the historical financial information	Not applicable. There are no qualifications to the audit report on the historical financial information.
B.11	Explanation if there is insufficient working capital	Not applicable. In the opinion of the Company, the working capital available to the Group is sufficient for the Group's present requirements, that is, for at least 12 months following the date of this Prospectus. For the avoidance of doubt, the Company has included in this assessment the net proceeds from the subscription of the New Shares in the amount of £17,713,604.

Section C—Shares

Annexes and Element		Disclosure requirement
C.1	Type and class of securities	The Shares are ordinary shares in registered form. When admitted to trading, the Shares will be registered with ISIN number NL0012328801 and SEDOL number BZ12PK4 and will trade on the London Stock Exchange under the ticker symbol "DPEU". The Shares will, on Admission, comprise the entire issued share capital of the Company.
C.2	Currency of the issue of securities	The denomination of the Shares is euro (€) and they will trade in sterling (£).
C.3	Issued share capital	As at the date of this Prospectus, the issued share capital of the Company is €543,928.80 comprising 4,532,740 Shares of €0.12 each all of which were fully paid or credited as fully paid. Immediately following Admission, the issued share capital of the Company will be €17,444,690, comprising 145,372,414 Shares of €0.12 each, all of which will be fully paid or credited as fully paid.
C.4	Description of the rights attaching to the securities	Based on Dutch law and the Company's articles of association (as they shall read as of the date of Admission), the principal rights attached to the Shares are: • dividend rights; • voting rights: holders of Shares (the "**Shareholders**", and each a "**Shareholder**") are entitled to cast one vote at the general meeting of Shareholders per Share held; and • pre-emptive rights to subscribe on a pro rata basis for any issuance of new Shares or upon a grant of rights to subscribe for Shares, which rights can be, and in practice are, limited or excluded when Shares are issued. The rights of the holders of Offer Shares offered and sold in the Offer will rank pari passu with each other and with all other Shareholders with respect to voting rights and distributions. There are no restrictions on voting rights. Should, for any reason, the Company be dissolved and liquidated, the balance of the Company's remaining equity, if any, after payment of debts

Annexes and Element		Disclosure requirement
		and liquidation costs will be distributed to the Shareholders in proportion to the number of Shares that each Shareholder owns.
C.5	Restrictions on the free transferability of the Shares	There are no restrictions on the free transferability of the Shares.
C.6	Admission	Prior to the Admission, there has been no public market for the Shares. Application has been made to the FCA for all of the Shares, issued and to be issued, to be admitted to the premium listing segment of the Official List of the FCA and to the London Stock Exchange for such Shares to be 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 Shares to be admitted to trading on any other exchange.
C.7	Dividends and dividend policy	The Group does not expect to declare any dividends in 2017. In future years, the Group will consider the pay out of dividends, taking into account the amount of profits, the need for cash for capital expenditure and further expansion and its debt profile. As such, while the Group's policy is to eventually pay out dividends in the appropriate circumstances, there is no immediate prospect of dividends being paid out, nor can there be any assurance as to when and in what amount any dividends may be eventually paid out.

Section D—Risks

Annexes Element		Disclosure
D.1	Key information on the key risks that are specific to the Company and its industry	The following is a summary of selected key risks that relate to the Company and its business and industry. • The Group's business is dependent on its master franchise agreements with Domino's Pizza International Franchising Inc. ("**DPIF**") and, prior to the assignment to DPIF in 2012, Domino's Pizza Overseas Franchising B.V. ("**DPOF**" and with DPIF, the "**Master Franchisors**") (the "**Master Franchise Agreements**"), the termination of which would materially adversely affect the Group's business, results of operations, financial condition, cash flows and prospects. • The Group's operations and growth strategy depend to a significant degree on the success of its sub-franchisees, and the Group is subject to a variety of additional risks associated with its sub-franchisees. • The Group's growth strategy depends in part on opening profitable new system stores. • The Group's infrastructure and internal systems may not be adequate to support the Group's planned growth and strategy. • The Group's business has grown rapidly in the past few years and there can be no assurance that it will continue to grow at the same pace in the future. • The Group's marketing initiatives may not be successful, and the Group's new products, advertising campaigns and store designs and refurbishments may not generate increased sales or profits. • The Domino's Pizza brand and the Group's reputation are critical to its business.

Annexes	Element	Disclosure
		• Competition from other pizza chains and fast-food restaurant chains may adversely affect the Group's business. • The fast-food restaurant market is affected by consumer preferences and perceptions, and changes in these preferences and perceptions may reduce the demand for the Group's products. • Increased costs of food and other supplies could decrease the Group's operating margins or cause the Group to limit or otherwise modify its product variety. • The Group relies on third party suppliers and service providers and it may face shortages or interruptions in the supply of raw materials, ingredients and complementary products. • The system stores rely on the timely manufacture and delivery of pizza dough by the Group's commissaries. • The Group's business depends on its ability to deliver products to its customers on time and safely. • If the Group is unable to secure new property on favourable terms or to renew its existing leases, it may not be able to implement or continue to implement its growth strategy. • The implementation of IFRS 16 ("*Leases*") may have a significant impact on the Group's accounts. • Labour shortages or increased labour costs would negatively affect the Group's business. • The Group relies heavily on information technology and may face security breaches or failures. • Following Admission, Fides Food Systems, will retain significant interests in, and will continue to be able to exercise substantial influence over the Group and their interests may differ from or conflict with those of other shareholders. • The Group's inability to satisfy its debt service obligations or maintain its financial ratios would adversely affect its financial condition and results of operations.
D.2	Key risks relating to the Group's Countries of Operations	• Turkey, Russia, Georgia and Azerbaijan are emerging market economies and are likely to continue to be negatively affected by uncertainty regarding the global macroeconomic environment. • Economic conditions in the Company's jurisdictions of operations could have a material and adverse effect on the Group's business, financial condition, results of operations and prospects. • Political developments in Turkey, Russia and the other jurisdictions in which the Group operates may negatively affect the Group's business, results of operations, financial condition, cash flows and prospects. • The countries in which the Group operates are subject to internal and external unrest and the threat of future terrorist acts. • Earthquakes and other natural or man-made disasters could adversely affect the Group's business, financial condition and results of operations. • Economic sanctions, such as the current Russian ban prohibiting the import of certain foodstuffs from Western countries, could adversely affect the Group's business.

Annexes Element		Disclosure
		• Repeated tax audits and extension of liability beyond the limitation period may result in additional tax liabilities.
D.3	Key risks relating to the Offer and the Shares	• There is no existing market for the Shares and an active trading market may not develop or be sustained. • The market price of the Shares may prove to be volatile and may be subject to fluctuations, including significant decreases. • Investors' rights as shareholders will be governed by Dutch law and may differ in some respects from the rights of shareholders under the laws of other countries. • Any offer for the Shares will be subject to the shared jurisdiction of the UK Takeover Panel and the AFM.

Section E—Offer

Annex and Element		Disclosure
E.1	Net proceeds and expenses of the Offer	The net proceeds receivable by the Company from the issue of New Shares in the Offer will be approximately £17.7 million after deduction of underwriting commissions and other fees and expenses in connection with the Offer. The estimated expenses of the Offer (plus any applicable VAT) payable by the Company are approximately £3.03 million (assuming that the Over-allotment Option is not exercised). In addition, for stabilisation purposes, a further 11,119,565 Shares (the "**Over-allotment Shares**") are being made available by Fides Foods Systems pursuant to an over-allotment option (the "**Over-allotment Option**") to cover short positions arising from over-allotments made (if any) in connection with the Offer. The Company will not receive any portion of the proceeds resulting from the sale of the Existing Shares by the Selling Shareholders or the Over-allotment Shares by Fides Foods Systems pursuant to any exercise of the Over-allotment Option. The gross proceeds receivable by the Selling Shareholders from the sale of Existing Shares in the Offer will be approximately £127.5 million (assuming that the Over-allotment Option is not exercised). No expenses will be charged to investors in connection with the Offer or Admission by the Company or the Selling Shareholders. It is not envisaged that any shareholders, officers, directors or employees of the Group will subscribe or acquire any Shares in the Offer.
E.2a	Reasons for the Offer and use of proceeds	The Group believes that Admission will: • further enhance the Group's profile and brand recognition; • provide the Group access to a wider range of capital-raising options which may be of use in the future; and • provide the Selling Shareholders with a partial realisation of their investment in the Group. The Company intends to use the net proceeds it receives from the issue of New Shares in the Offer for general corporate purposes to support the Group's working capital needs from time to time and, in particular, to fund the planned roll-out of corporate stores in Russia. The Company currently

Annex and Element		Disclosure
		expects to use the majority of such net proceeds for general corporate purposes. The Company expects to allocate the currency equivalent of approximately RUB400 million of such net proceeds to the planned Russian corporate store roll-out in 2017 and 2018. The Group uses cash flow from its operations and from banking facilities to support its liquidity requirements and expects to use the remaining net proceeds it receives from the issue of New Shares to supplement these requirements as and when needed.
E.3	Terms and conditions of the Offer	The Offer comprises an offer of: (i) 10,372,414 New Shares to be issued by the Company raising primary proceeds of approximately £17.7 million (net of underwriting commissions, other estimated Offer-related fees and expenses and VAT of approximately £3.03 million); (ii) 63,758,021 Existing Shares to be sold by the Selling Shareholders and (iii) up to a maximum of 11,119,565 Over-allotment Shares, raising aggregate gross proceeds of approximately £127.5 million (assuming no exercise of the Over-allotment Option). Under the Offer, all Offer Shares will be sold at the Offer Price, which will be determined by the Company and the Selling Shareholders, in consultation with the Underwriters, after the end of the bookbuilding period. A number of factors will be considered in deciding the Offer Price and the basis of allocation under the Offer, including the level and nature of demand for Offer Shares and the objective of encouraging the development of an orderly after-market in the Shares. The Offer comprises an offer to institutional investors in the United Kingdom and elsewhere outside the United States in reliance on Regulation S and in the United States only to QIBs in reliance on Rule 144A or another exemption from, or transaction not subject to, the registration requirements of the US Securities Act. Admission is expected to become effective, and unconditional dealings in the Shares are expected to commence on the London Stock Exchange, at or about 8.00 a.m. on 3 July 2017. It is expected that dealings in the Shares will commence on a conditional basis on the London Stock Exchange at or about 8.00 a.m. on 28 June 2017. The earliest date for settlement of such dealings will be 3 July 2017. All dealings in Shares prior to the commencement of unconditional dealings will be on a "when issued or delivered basis", will be of no effect if Admission does not take place, and will be at the sole risk of the parties concerned. Settlement of the Offer is subject to the satisfaction of conditions contained in the Underwriting Agreement which are customary for transactions of this type, including Admission becoming effective by no later than 8.00 a.m. on 3 July 2017 or such later time and/or date as certain of the parties to the Underwriting Agreement may agree and on the Underwriting Agreement not having been terminated prior to Admission. None of the Offer Shares may be offered for subscription, sale or purchase or be delivered, or be subscribed, sold or delivered, and this Prospectus and any other offering material in relation to the Shares may not be circulated, in any jurisdiction where to do so would breach any securities laws or regulations of any such jurisdiction or give rise to an obligation to obtain any consent, approval or permission, or to make any application, filing or registration.
E.4	Material interests to the Offer	There is no interest, including any conflicting interest, that is material to the Offer.

Annex and Element		Disclosure
E.5	Selling Shareholders and Lock-ups	The Selling Shareholders are: • Fides Food Systems Coöperatief U.A.; and • Vision Lovemark Coöperatief U.A. Each of the Company, the Selling Shareholders, Mr. Aslan Saranga Mr. Peter Williams, Mr. Thomas Singer and Mr. Güvenç Dönmez have agreed, save for the exceptions set out below and other than pursuant to the Offer, not to issue, offer, sell, issue options in respect of, contract to sell or otherwise dispose of, directly or indirectly, any securities of the Company that are substantially similar to the Shares or related securities during a period of 180 days, with respect to the Company and Fides Food Systems Coöperatief U.A., and 365 days, with respect to Vision Lovemark Coöperatief U.A., Mr. Aslan Saranga, Mr. Peter Williams, Mr. Thomas Singer and Mr. Güvenç Dönmez, in each case from (but not including) the date of Admission without the prior written consent of the Underwriters (which is exercisable at the Underwriters' absolute discretion). With respect to the Company, the lock-up restrictions do not apply to the issue by the Company of any Shares upon the exercise of an option, or the grant of any option, under its share incentive schemes. With respect to the Selling Shareholders, Mr. Aslan Saranga Mr. Peter Williams, Mr. Thomas Singer and Mr. Güvenç Dönmez, the lock-up restrictions do not apply to (i) the sale of the Offer Shares (including Over-allotment Shares) in the Offer and/or under the Share Lending Agreement; (ii) any sale or transfer of Shares approved in writing by Morgan Stanley; (iii) an acceptance of a full or partial public takeover bid in respect of the Shares; (iv) the transfer of all issued Shares pursuant to a legal merger or demerger or similar business combination with a third party; (v) a gift to a family member, to any person or persons acting in the capacity of trustee or trustees of a trust created by such individual or by the trustee or trustees of such trust to any person beneficially interested under that trust; (vi) a sale of any Shares which have been acquired following Admission including any acquired in or at the time of the Offer (subject to certain exceptions); (vii) a transfer of rights to new Shares to be issued by way of a rights issue to fund its or his take-up of the balance of its or his rights; and (viii) a transfer to or by personal representatives of an individual who dies during the lock-up period; and (ix) the sale or transfer of Shares to a holding company, in the case of the Selling Shareholders, or to a subsidiary undertaking provided that the transferee undertakes to comply with the lock-up restrictions.
E.6	Dilution resulting from the Offer and subscriptions for New Shares	10,372,414 New Shares will be issued pursuant to the Offer. The Existing Shares will represent 92.9% of the total issued Shares immediately following Admission.
E.7	Estimated expenses charged to the investor by the Company or the Selling Shareholders	Not applicable. No commissions, fees or expenses will be charged to investors by the Company or the Selling Shareholders in respect of the Offer Shares (including the Over-allotment Shares).

PART 1

RISK FACTORS

Any investment in the Shares is subject to a number of risks. Prior to investing in the Shares, prospective investors should carefully consider risk factors associated with any investment in the Shares, the Group's business and the industry in which it operates, together with all other information contained in this Prospectus including, in particular, the risk factors described below. The following factors constitute the material risks faced by the Group and the industry in which the Group operates. Additional risks and uncertainties relating to the Group that are not currently known to the Company, or that it currently deems immaterial, may also have an adverse effect on the Group's business, financial condition and/or results of operations. If this occurs the price of the Shares may decline and investors could lose all or part of their investment. Investors should consider carefully whether an investment in the Shares is suitable for them in light of the information in this Prospectus and their personal circumstances.

The Group's business is dependent on its Master Franchise Agreements, the termination of which would materially adversely affect the Group's business, results of operations, financial condition, cash flows and prospects

The Group is dependent on the agreements that it has entered into with the Master Franchisors. These agreements are in respect of the operation and development of Domino's Pizza stores in Turkey, Russia, Azerbaijan and Georgia pursuant to the Domino's Pizza system and network comprising the global master franchisor, DP Inc., and multiple US and international franchisees (the "**Domino's System**"). These agreements provide, amongst other things, the Group with the exclusive right to develop, own, operate and sub-franchise Domino's System stores and to use and sub-license the use of the Domino's System and the associated trademarks in the operation of stores in the designated regions. In addition, with respect to each corporate store opened by the Group, the Group has entered into a store franchise agreement with the relevant Master Franchisor in respect of the operation of that store in the area and for the period set out therein. Accordingly, the Group's ability to continue operating in its current capacity is dependent on its compliance with the terms of these agreements and their renewal following their initial terms.

The initial term of each Master Franchise Agreement expires on the earlier of (i) May 2032, May 2030, May 2032 and May 2032, with respect to Turkey, Russia, Azerbaijan and Georgia, respectively, and (ii) the date upon which all store franchise agreements entered into pursuant to such Master Franchise Agreements (whether in relation to corporate stores operated by the Group or franchised stores operated by its sub franchisees) will expire or be terminated. Each Master Franchise Agreement contains an option of the Group to renew for an additional 15 years provided that (i) the Group is not in breach of that agreement or any store franchise agreements and (ii) it agrees the terms of a new development plan within the relevant country. As a result, the Group's ability to renew the Master Franchise Agreements is dependent upon the good standing of the Group with respect to its contractual relationships with the Master Franchisors (including under the store franchise agreements) and its ability to agree a revised development plan in the relevant country.

Each Master Franchise Agreement contains payment obligations of the Group and each Master Franchise Agreement and store franchise agreement contains operational conditions which the Group must meet. See paragraph 11.4 of Part 14 "*Additional Information—Material contracts—Master Franchise Agreements*". The Group is also responsible for the compliance of its sub-franchisees with legal and regulatory requirements imposed on them in their capacity as sub-franchisees. While the Group considers that it has had, and continues to have, a good working relationship with the Master Franchisors, in the past there have been instances of non-compliance by the Group of which the Master Franchisors were made aware and to which they consented. For example, in 2013, as a result of the Group focusing on improving the operation of the stores it acquired in Russia and developing its understanding of the Russian market, the Group did not achieve its development target by four system stores in Russia. Although the relevant Master Franchisor consented to this reduced target, and the Group exceeded its cumulative target with respect to Russia by 25 system stores as at the end of 2016, there can be no assurance that the Master Franchisors would grant any consent for non-compliance in the future. In addition, a breach of a store franchise agreement could constitute a breach of the related Master Franchise Agreement and may lead to a termination thereof. Although the Group has never received a notice of breach from the Master Franchisors, if the Group is unable to comply with its commitments under the Master Franchise Agreements, the Master Franchisors have the right to terminate the Master Franchise Agreements.

Upon the expiration or termination for breach of any of the Master Franchise Agreements, the Master Franchisors may require that the Group immediately cease its operations under such agreement or transfer such operations to the Master Franchisors. The expiration or termination of any of the Master Franchise Agreements

would materially adversely affect the Group's business, results of operations, financial condition, cash flows and prospects.

The Group's operations and growth strategy depend to a significant degree on the success of its sub-franchisees, and the Group is subject to a variety of additional risks associated with its sub-franchisees

A substantial portion of the Group's revenue is generated from the sale of supplies to, royalties generated by and marketing and other fees charged to, its franchised stores. Accordingly, the Group is reliant on the performance of sub-franchisees in successfully opening and operating franchised stores and paying for supplies, royalties and other fees to the Group on a timely basis. The Group's franchise system subjects it to a number of risks, any one of which may impact its ability to collect such payments from its sub-franchisees, may prejudice the Group's relations with the Master Franchisors, may harm the goodwill associated with the Domino's Pizza brand and the Group's reputation and may materially adversely affect its business, results of operations, financial condition, cash flows and prospects.

Failure of sub-franchisees to make payments to the Group. Sub-franchisees make a range of payments to the Group. The Group in turn is required to make a similar range of payments to the Master Franchisors with respect to franchised stores. Please see paragraph 10 of Part 6 "*The Business—Master Franchisors, corporate stores and franchised stores*" for a description of these payments. For example, the Group's sub-franchisee in Georgia has accumulated arrears to the Group of approximately US$429,000 as of 31 March 2017, though such amount can be offset in part by pre-payments made by the same sub-franchisee in connection with opening new stores and supply payments are now also collected in advance. The failure of sub-franchisees to make payments to the Group in a timely manner or at all could result in the Group terminating the relevant sub-franchise agreement, and could materially affect the Group's business, results of operations, financial condition, cash flows and prospects.

Sub-franchisee independence. Sub-franchisees are independent operators, and their employees are not the Group's employees. Accordingly, their actions are substantially outside of the Group's control. Although the Group has developed criteria to evaluate and screen prospective sub-franchisees and places emphasis on encouraging home-grown sub-franchisees who have previously worked and trained within the Group, the Group cannot be certain that its sub-franchisees will have the business acumen or financial resources necessary to operate successful franchises. Moreover, sub-franchisees may not successfully operate franchised stores in a manner consistent with the Group's standards, requirements or strategy, or may not hire and adequately train qualified managers and other store personnel or may not have the financial resources to renovate stores consistent with the Group's strategy. From time to time sub-franchisees may disagree with or resist elements of the Group's strategy including new pricing initiatives or investments in their stores such as remodelling or may otherwise put pressure on the Group to change or abandon certain policies or procedures. The failure of the Group's sub-franchisees to operate their franchises successfully or in line with the Group's strategy and standards, including actions taken by their employees, could have a material adverse effect on the Group's reputation, its relations with the Master Franchisors, brand and ability to attract prospective sub-franchisees and, consequently, the Group's business, results of operations, financial condition, cash flows and prospects.

Non-renewal of a store franchise agreement with sub-franchisees. Upon expiration of a store franchise agreement, the sub-franchisee may, or may not, elect to renew the store franchise agreement for an additional five years. Such election, however, is contingent on the sub-franchisee's execution of the then current form of store franchise agreement (which may include increased royalty payments, advertising fees and other costs) and the satisfaction of any conditions (including modernisation of the restaurant and related operations) that the Group or the store franchise agreement may impose. If a sub-franchisee is unable or unwilling to satisfy any of the foregoing conditions, the Group may not be entitled to waive such requirements as a result of obligations imposed on it in the Master Franchise Agreements, in which event the store franchise agreement will terminate upon expiration of the term.

Sub-franchisee insurance. The store franchise agreements require each sub-franchisee to maintain certain insurance types including property and traffic insurance or any other insurance required under applicable law. Although the Group monitors compliance on franchised store opening, sub-franchisees may fail to renew policies initially subscribed. Any uninsured loss could have a material and adverse effect on a sub-franchisee's ability to satisfy obligations under the store franchise agreement, including the ability to make royalty payments, and, consequently, on the Group's business, results of operations, financial condition, cash flows and prospects.

Product liability exposure. The Group requires sub-franchisees to comply with health and safety regulations. Sub-franchisees may receive or produce defective food or beverage products, which may materially adversely

affect the Domino's Pizza brand and the Group's business and reputation. In addition, a sub-franchisee's failure to comply with health and safety regulations, including requirements relating to food quality or preparation, could subject them, and possibly the Group, to litigation. Any litigation, including the imposition of fines or damage awards, could adversely affect the ability of a sub-franchisee to make royalty payments, or could generate negative publicity, or otherwise adversely affect the Group.

The Group's growth strategy depends in part on opening profitable new system stores

The Group's growth strategy includes opening a significant number of new system stores (both corporate and franchised) and operating those system stores on a profitable basis (see paragraph 3 of Part 6 "*The Business—Strategy*"). The Group directly operates and manages staff in its corporate stores, whereas its franchised stores are operated by its sub-franchisees who pay the Group a percentage royalty fee based on store sales, further amounts as a contribution to marketing and other supplies and services provided.

The Group seeks to identify key geographical areas where it can enter or expand taking into account numerous factors such as the location of its current system stores (if any), demographics, out-of-home dining ("**OHD**") expenditure, household income and fast-food restaurant penetration. The Group's analysis may not prove accurate and the areas may not evolve in the future as it expects. Opening new system stores in new areas presents a number of challenges, in particular:

- obtaining and training sub-franchisees and personnel and the availability of adequately experienced sub-franchisees;
- unfamiliarity with local real estate markets and demographics;
- delays or problems in securing required governmental or local authority permits and approvals;
- competitive and economic conditions that differ from those the Group anticipated;
- creating customer awareness of stores in a new area;
- consumer tastes and discretionary spending patterns that are different or more difficult to predict or satisfy than in the Group's existing markets; and
- in relation to areas outside of the Group's existing territories (i.e. outside of Turkey, Russia, Azerbaijan and Georgia), the requirement to be granted new master franchise rights by the Master Franchisors for such new territories and/or countries or, in all likelihood, consent to a change of control with respect to any acquired existing master franchise in such new territories and/or countries.

The Group is also exposed to the risk of not achieving its growth strategy (see paragraph 3 of Part 6 *"The Business—Strategy—Store network growth*") as a result of the failure of its sub-franchisees, particularly where it is reliant on the development plan obligations of sub-franchisees. Under its agreements with its sub-franchisees in Azerbaijan and Georgia, the Group has engaged sub-franchisees to manage the system store roll-out in such countries. There can be no assurance that the Group will continue to achieve its growth targets with or without the cooperation of sub-franchisees, going forward.

Due to population density in certain areas, and as part of the Group's growth strategy, the Group intends to open new system stores in areas where it has existing system stores. Opening new system stores in close proximity with the Group's existing system stores may have a negative effect on the system sales of existing system stores. Market saturation may become significant in the future and could adversely affect its system store sales growth. Expanding existing markets involves particular challenges including the following: existing store franchise agreements with sub-franchisees which limit franchised store development in an existing area; and inability of sub-franchisees to respond to requests to cover multiple franchised stores in an existing area. Any failure on the Group's part to recognise or respond to these challenges may materially adversely affect the success of the Group's growth strategy and the Group's business, results of operations, financial condition, cash flows and prospects.

The Group's ability, and that of its sub-franchisees, to operate new system stores profitably and increase revenue in existing and new markets will depend on many additional factors. Some of these factors are beyond the Group's control, and that of its sub-franchisees, including:

- general economic conditions, which can affect system store traffic, local labour costs and prices the Group pays for the food and other supplies it uses;
- difficulties obtaining or maintaining adequate relationships with distributors or suppliers in new markets;
- increases in prices for commodities;

- competition from fast-food restaurant and pizza delivery sectors;
- changes in government regulation; and
- other unanticipated increases in costs, any of which could give rise to greater expenses and reduced profitability.

The Group's ability to increase its revenue in line with its growth strategy depends in part on its ability to successfully implement its strategic growth initiatives. It is possible such initiatives will not be successful, the Group's new system stores do not perform as planned or close and that the Group will not achieve its target sales or that sales growth could be negative, which may materially affect the Group's business, results of operations, financial condition, cash flows and prospects. The Group is also required to achieve a minimum growth target as required by the Master Franchise Agreements (see paragraph 11.4 of Part 14 "*Additional Information—Material contracts—Master Franchise Agreements*" for a description of these targets). Although these targets are lower than those envisaged by the Group's growth strategy (see paragraph 3 of Part 6 "*The Business—Strategy—Store network growth*"), the Group is exposed to the risk that failure to achieve these targets as a result of the risks described above would result in a breach of the relevant Master Franchise Agreements (see "*—The Group's business is dependent on its Master Franchise Agreements, the termination of which would materially adversely affect the Group's business, results of operations, financial condition, cash flows and prospects*").

The Group's infrastructure and internal systems may not be adequate to support the Group's planned growth and strategy

The Group's existing internal systems and controls, distribution and delivery networks and information technology systems may not be adequate to support its planned expansion. The Group's ability to manage its growth effectively will require it to continue to enhance these systems, procedures and controls and to locate, hire, train and retain management and operating personnel. The Group may not be able to respond on a timely basis to all of the changing demands that its planned expansion will impose on management and on the Group's existing infrastructure, or the Group may prove unable to hire or retain the necessary management and operating personnel. Not meeting these demands could cause the Group to operate its existing business less effectively, which in turn could cause deterioration in the Group's financial performance. If the Group experiences a decline in financial performance, it may decrease the number of or discontinue store openings or limit the growth of its franchise system, or it may decide to close stores that it is unable to operate in a profitable manner.

The Group and its sub-franchisees are required to make capital investments to renovate system stores. As the Group's existing system stores mature, the Group requires capital expenditures for the refurbishment of existing stores to remain competitive and maintain the value of the Domino's Pizza brand. The Group intends to use cash flows from operations and debt facilities for these capital expenditures. However, if cash flows from operations prove insufficient, the Group would need to increase borrowings or otherwise obtain the necessary funds. If the Group is not able to obtain the necessary funds or if the costs of opening new system stores or renovations of existing stores exceed budgeted amounts, the Group could be required to delay, significantly curtail or eliminate planned store openings or renovations, which could have a material adverse effect on the business, results of operations, financial condition, cash flows and prospects.

The Group's business has grown rapidly in the past few years and there can be no assurance that it will continue to grow at the same pace in the future

The Group has grown its system stores from one store in 1996 to 571 stores as at 31 March 2017. From 2011 to 2016, the Group has opened an average of 68 system stores per year on a net basis. The Group's ability to continue its growth strategy involves a number of risks, and there can be no certainty that the Group will be able to open new stores in the future at the levels it has achieved in prior periods or in a cost efficient manner. The scheduled level of new store openings may be adversely affected by many factors, some of which are beyond the Group's control (see "*—The Group's growth strategy depends in part on opening profitable new system stores*"), as well as the availability and cost of suitable store locations for development; the Group's ability to compete successfully for suitable store sites and the availability of adequate financing; fit-out costs; any labour shortages or disputes experienced by outside contractors. In the past each Master Franchise Agreement required the pre-approval of the relevant Master Franchisor with respect to store openings and the engagement of new sub-franchisees. Although the revised Master Franchise Agreements now allow new stores to be opened and new sub-franchisees to be engaged by the Group without the consent of the Master Franchisors, the Master Franchisors are entitled to require consent to be sought if the Group is, at any time, in

breach under the related Master Franchise Agreement. The Group is exposed to the risk that, if in breach under a Master Franchise Agreement, the relevant Master Franchisor is entitled to require that the Group operates on this more restrictive basis, which could cause a slowdown in the rate of store openings.

A slowdown in the rate of new store opening may result in a decline in the rate of growth of the Group's system sales. In addition, there can be no assurance that comparable sales of the Group's existing stores will grow at a rate sufficient to compensate for any decline in the growth of the Group's new store openings. These factors, amongst others, may affect the Group's ability to continue its current expansion strategy in the future which could adversely affect the Group's business, results of operations, financial condition, cash flows and prospects.

The Group's marketing initiatives may not be successful, and the Group's new products, advertising campaigns and store designs and refurbishments may not generate increased sales or profits

The Group incurs significant costs in marketing efforts. In the three months ended 31 March 2017 and the years ended 31 December 2016, 2015, 2014, the Group's marketing and advertising expenses amount to 5.8%, 4.8%, 5.9% and 6.3%, respectively, of the Group's system sales. The Group also spends significant time and resources in innovating products and refurbishing and updating its system stores with the goal of increasing brand loyalty and attracting and retaining customers. However, these initiatives may not be successful in generating higher sales. In the past each Master Franchise Agreement required the pre-approval of the relevant Master Franchisor with respect to the Group's advertising campaigns. Although the revised Master Franchise Agreements now allow the Group to implement its campaigns without first seeking consent, the Master Franchisors are entitled to require consent to be sought if the Group is, at any time, in breach under the related Master Franchise Agreement. The Group's marketing initiatives are exposed to the risk that, if in breach under a Master Franchise Agreement, the relevant Master Franchisor is entitled to require that the Group operates on this more restrictive basis, which could impact the effectiveness of its promotions. Additionally, many of the Group's competitors are, and many of the Group's potential competitors may be, larger and may have greater financial, marketing and other resources, devote greater resources to the marketing and sale of their products, generate greater international brand recognition or adopt more aggressive pricing policies than the Group is able to. Should the Group's advertising, promotions, new products and store designs and remodels be less effective than those of the Group's competitors for any reason, there could be a material adverse effect on the Group's business, results of operations, financial condition, cash flows and prospects.

The Domino's Pizza brand and the Group's reputation are critical to its business

The Group's reputation and the quality of the Domino's Pizza brand are critical to its business and success and the Group's business could be negatively affected if either of them is harmed. The Group believes that it has built its reputation on the high quality of its products and the convenience of its offering, its commitment to customers, its strong employee culture and the atmosphere and design of its stores. The Group must protect and grow the value of the Domino's Pizza brand in order for it to continue to be successful. Any negative incident that affects consumer loyalty to the brand could significantly reduce its value and damage the Group's business.

The Group may be adversely affected by any negative publicity, regardless of its accuracy, including with respect to:

- food safety concerns, including food tampering or contamination;
- incidents of food-borne illness;
- the quality of the ingredients and food products the Group uses;
- employee or customer injury, including driver accidents causing serious injury;
- security breaches of confidential customer or employee information;
- employment-related claims relating to alleged employment discrimination, wage and hour violations, labour standards or healthcare and benefit issues;
- government or industry findings concerning the Group's stores, stores operated by other food-service providers or suppliers across the food industry; or
- the Domino's Pizza brand being affected globally for reasons outside of the Group's control.

These risks may increase due to actions by each of the Group's sub-franchisees and suppliers, which are outside of the Group's control. While the Group tries to ensure that its sub-franchisees and suppliers maintain

the quality of the Domino's Pizza brand and branded products, sub-franchisees or suppliers may take actions that adversely affect the Group's reputation.

There has been a marked increase in the use of social media platforms and similar outlets, including weblogs (blogs) and other forms of Internet-based communications that provide individuals with access to a broad audience of consumers and other interested persons. Many social media platforms immediately publish content from subscribers and participants, often without filters or checks on accuracy of the content. Information posted may be adverse to the Group's interests or may be inaccurate, each of which may harm the Group's performance, prospects or business. The harm may be immediate, and the Group may have no opportunity for redress or correction. The risks associated with any such negative publicity or incorrect information cannot be completely eliminated or mitigated and may materially harm the Group's reputation, which could materially affect its business, results of operations, financial condition, cash flows and prospects.

Competition from other pizza chains and fast-food restaurant chains may adversely affect the Group's business

The OHD market and the fast-food restaurant sector are intensely competitive, particularly with respect to food quality, price, service, convenience and concept. These factors are often affected by changes in:

- consumer tastes and trends;
- health or dietary preferences;
- national, regional or local economic conditions;
- levels of disposable income and purchasing power; and
- demographic trends.

The Group competes against international chains, as well as many national, regional and local businesses in the pizza delivery, pizza takeaway/eat-in and fast-food restaurant sectors not only for customers, but also for management and store employees, suitable real estate sites and qualified sub-franchisees. Increased presence and competition from aggregators (which provide a food ordering and delivery platform by offering access to multiple delivery restaurants through a single online portal) supplying food ordering platforms could lead to an increased level of competition for the Group, as they improve access to delivery food options for consumers. In addition, in Turkey, the Group currently offers its products through *Yemeksepeti*, an aggregator; termination of this arrangement could reduce the Group's sales and/or increase the competition that it faces from aggregators in the pizza delivery market.

This competition can put downward pressure on product prices and demand for the Group's products as well as upward pressure on wages and rents, resulting in reduced profitability. The Group's competitors could open additional stores in Turkey, where the Group has significant concentration, or in any other market in which the Group is present, or where the Group intends to develop its operations. If the Group is unable to maintain its competitive position, it could lose market share, suffer reduced profitability and find itself unable to take advantage of new business opportunities, any of which would have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and prospects.

The Group's ability to compete depends in part on the quality and innovation of its products and services. In particular, the Group's competitive position depends increasingly on the attractiveness and reliability of its online presence, including the timely introduction and market acceptance of the online services it offers compared to those of its competitors. The Group's competitors develop online marketing, communications, social networking and other online services to enhance users' online experience. If the Group's online infrastructure and services do not compete effectively with its competitors' online platforms, the Group's business, results of operations, financial conditions, cash flows and prospects could be materially and adversely affected.

The fast-food restaurant market is affected by consumer preferences and perceptions, and changes in these preferences and perceptions may reduce the demand for the Group's products

Food service businesses are affected by changes in consumer tastes, national, regional and local economic conditions and demographic trends. For instance, if prevailing health or dietary preferences cause consumers to avoid pizza and other products offered by the Group in favour of foods that are perceived to be healthier, the Group's business and operating results would be harmed. Moreover, because the Group is primarily dependent on a single product, if consumer demand for pizza should decrease, the Group's business would suffer more than if the Group had a more diversified menu, as many other food service businesses do. In addition, any

deterioration of relations between the United States, on the one hand, and Turkey or Russia (see "—*Risks relating to the Group's countries of operations—Deterioration of Russia's relations with Turkey and other countries could negatively affect the Group's business directly or, as a result of its impact on the Russian economy generally, indirectly*"), on the other, to the extent that the Group is perceived as a US or US-linked business, could have an adverse effect on customer sentiment towards the Group's products in these countries. Any such changes could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and prospects.

Increased costs of food and other supplies could decrease the Group's operating margins or cause the Group to limit or otherwise modify its product variety

The Group's profitability depends in part on its ability to manage changes in the price and availability of food and other commodities, including among other things, dairy, meat, poultry, flour and cardboard. Prices may be affected by market movements, seasonality, increased competition, the general risk of inflation, shortages or interruptions in supply due to the weather, disease or other conditions beyond the Group's control. These events, combined with other more general economic and demographic conditions, could impact the Group's pricing and negatively affect the Group's system sales, the Group's commissary sales and operating margins.

The Group seeks to partially offset inflation and other changes in the costs of core raw materials by applying efficient purchasing practices, productivity improvements, greater economies of scale and by gradually increasing certain product prices. From time to time, competitive and macroeconomic conditions could make additional product price increases impracticable. The Group does not currently hedge its commodity risks and there can be no assurance that future cost increases can be offset by increased product prices or that increased prices can be absorbed by the Group and sub-franchisees or that increased product prices will be fully absorbed by the Group's customers without any resulting change to the visit frequencies or their purchasing patterns.

The Group's ability to respond to increased costs by raising prices or implementing alternative processes or products will depend on its ability to anticipate and react to such increases and other more general economic and demographic conditions, as well as the responses of its competitors and customers. All of these things may be difficult to predict and beyond the Group's control. In this manner, increased costs could materially adversely affect the Group's business, results of operations, financial condition, cash flows and prospects.

The Group relies on third party suppliers and service providers and it may face shortages or interruptions in the supply of raw materials, ingredients or complementary products

The Group's business and that of its sub-franchisees is dependent on frequent deliveries from third party suppliers of raw materials, ingredients and complementary products that meet the Group's specifications. Suppliers may fail to provide necessary products on a timely basis or to the agreed upon standard, may discontinue or limit their products or may seek to charge the Group higher prices. Shortages or interruptions from suppliers may be caused by unanticipated demand, problems in production or distribution, inclement weather or other conditions. The Group has prepared alternative supply options in the event of a disruption in its principal suppliers' operations, and it has emergency plans in place in the event of a disruption of operations at its commissaries or those of its suppliers. However, it may be difficult for the Group to adapt to such contingencies and if the Group needed to arrange for an alternative supplier, there may be disruptions. All of the above could adversely affect the availability, quality and cost of the Group's products or negatively affect the experience of the Group's customers.

Moreover, the Group's policy is to centralise the production of its proprietary pizza dough and the supply of raw materials, pizza topping ingredients and complementary products for its corporate and franchised stores. This centralising policy means that the supply of the Group's corporate and franchised stores depends on a small number of suppliers. The Group owns and operates five commissaries which manufacture the pizza dough and supply system stores in Turkey and Russia with all the ingredients and materials required for the preparation and delivery of the store products. In Azerbaijan and Georgia, local distribution centres owned by the sub-franchisees are supplied by the Group's commissaries in Turkey with dough mix and other supplies. Deliveries from the Group's commissaries to the system stores and local distribution centres are outsourced to dedicated third party logistics providers. The concentration of certain of the Group's suppliers and delivery companies, and the concentration of supplies from the Group's commissaries, significantly increases the Group's reliance on each of them, which would increase the effects of any shortages or interruptions in the supply of raw materials, ingredients and complementary products. Consequently, an interruption to the operation of, or delivery from, the Group's commissaries or the Group's suppliers' production facilities could materially adversely affect the Group's business, results of operations, financial condition, cash flows and prospects.

The system stores rely on the timely manufacture and delivery of pizza dough by the Group's commissaries

The Group's central production of its proprietary pizza dough in Turkey and Russia and its proprietary pizza dough blend in Azerbaijan and Georgia is key to the Group's ability to maintain consistency of product throughout the Group's system stores. A failure in the Group's manufacturing of food items could impact the frequency of deliveries to stores or the quality of produce delivered, which would be likely to impact on the ability of stores to service customers in a manner consistent with the Group's customer value proposition or service customers at all. As a result, a failure in the Group's manufacturing processes could materially adversely affect the Group's business, results of operations, financial condition, cash flows and prospects.

The Group's business depends on its ability to deliver products to its customers on time and safely

The Group's business is subject to risks associated with delivery services for its products. In 2016, 62.6% of the Group's system sales were derived from its delivery distribution channel. The Group's operations therefore depend on its fleet of road vehicles and delivery drivers. As of 31 December 2016, the Group leased 875 motorbikes in Turkey and 98 motorbikes and 555 cars in Russia, which it used for deliveries from its corporate stores. These vehicles, and their drivers, could be, and have been in the past, involved in accidents causing injuries and property damage. Any such accidents expose the Group to financial liabilities and costs as well as affect the Group's reputation and brand. In addition, as part of the Group's sales strategy, it guarantees the delivery of an order in a maximum of 30 minutes. Failure to meet such standards and its delivery targets, may also affect the Group's reputation and brand. The 30-minute delivery sales strategy requires it to monitor under-served areas and potentially add additional delivery staff across its network to meet the additional demand. Furthermore, the Group's operations are subject to the state of general road networks which are less developed in some of the countries, or certain areas in those countries, in which it operates. If the Group is not able to maintain its vehicle fleet or employ qualified delivery drivers in sufficient number, it may be unable to implement these measures as well as maintain or improve its standards of delivery to customers. If the Group is unable to meet and maintain its standards of delivery, and it suffers reputational harm as a result of any of these factors, it may adversely affect the Group's business, results of operations, financial condition, cash flows and prospects.

If the Group is unable to secure new property on favourable terms or to renew its existing leases, it may not be able to implement or continue to implement its growth strategy

The Group leases its headquarters, commissaries and system stores. Its ability to negotiate or renegotiate financially acceptable lease terms for its new and existing sites may be adversely affected in the property rental market, such as decreases in available sites, increases in market rents or competition for attractive sites from other fast-food restaurants and commercial enterprises such as retailers and office space operators.

The lease agreements of most of its system stores provide an initial term of five years, generally allowing the Group to terminate the lease early without penalty as long as due notice is given. As of 31 December 2016, the Group's total future rent payments amounted to TRY27.7 million (including TRY10.3 million due within a year). If the Group's business does not generate sufficient cash flow from operating activities, and sufficient funds are not otherwise available to it from borrowings under its credit facilities or other sources, the Group may not be able to service its lease expenses, which would materially affect the Group's business, results of operations, financial condition, cash flows and prospects.

In the case of franchised stores in Turkey, the Group typically signs a lease with a landlord and then sub-leases the stores to its sub-franchisees (typically for an initial five year period). The Group sub-leases approximately 81% of its franchised stores as at 31 March 2017. The Group is obliged to continue making payments on the underlying lease even if its sub-franchisee ceases to make the payments due to the Group under the terms of the sub-lease.

In addition, the Group may, at the end of the lease term and any renewal period for a system store, be unable to renew the lease or to do so without substantial additional cost. For example, as per Turkish law, a lease may be terminated by the landlord without cause if the relevant lease agreement is renewed for an additional ten years following its initial lease period. Furthermore, in Turkey, as the Group does not register its lease agreements with the relevant land registry, if the leased property is purchased by a third party, the new landlord may request termination of the lease agreement by initiating a lawsuit and proving that it requires such property for its own needs. As a result, the Group may close or relocate system stores, which requires cooperation with the sub-franchisee (where the store is franchised) and could subject the Group to construction and operational costs and risks. As a result, the Group may experience an impact on its existing customer base and displacement of some of its employees, and may incur costs associated with the development of new premises, adjustments to

its supply chains and marketing and other costs relating to the establishment of the Group's business in new premises or, as the case may be, a new area. In addition, the operating results generated at a relocated store may be less favourable than at the existing store.

The Group's business requires the acquisition of lease interests in buildings in Moscow. Under Russian law, transactions involving real estate may be challenged on many grounds, including where the lessor did not have the right to lease the premises and/or ceases to be the registered owner of the premises, or where a lessee fails to register leases of over one year in the United State Register of Rights to and Transactions with Real Property. With respect to certain leases of the Group's corporate stores in Moscow, the Group cannot determine underlying historic ownership of premises or if it has failed to register long-term leases. As a result, defects in any of the Group's previous real estate leasing transactions, including lack of evidence of title by the lessor or failure to register a lease where required, may lead to the invalidation of such transaction or the inability of the Group to automatically renew those lease agreements upon expiry of the lease term, respectively.

The risks associated with leasing all of the Group's property may have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and prospects.

The implementation of IFRS 16 ("Leases") may have a significant impact on the Group's financial statements

The International Accounting Standards Board issued IFRS 16 ("*Leases*") in January 2016, which will become effective from 1 January 2019. Although as of the date of this Prospectus, the EU has not yet adopted IFRS 16, the Group is considering the changes required by IFRS 16 and expects to comply with such requirements by the time IFRS 16 comes into effect. The Group is currently analysing the potential impact of the first-time application of this standard on its consolidated financial statements. In particular, IFRS 16, if and when it becomes mandatory or is otherwise adopted by the Group, will impact the Group's accounting for those of the Group's leases that are currently accounted for as operating leases. These include leases of premises for the Group's corporate stores as well as the Group's headquarters and commissaries. In accordance with currently applicable IFRS, the Group expenses payments made under the Group's operating leases in the Group's combined and consolidated statement of comprehensive income on an as-incurred basis and do not reflect any asset or liability in respect of such leases in its combined and consolidated statement of financial position. Following application by the Group of IFRS 16 (which the Group expects as of 1 January 2019), the Group will be required to recognise assets and liabilities in respect of the Group's operating leases on its combined and consolidated statement of financial position. While the Group currently intends to reflect operating lease expenses as a separate line item on its combined and consolidated statement of comprehensive income following the Group's implementation of IFRS 16, the Group is currently not otherwise able to estimate the impact of the adoption of IFRS 16 on its financial statements.

Labour shortages or increased labour costs would negatively affect the Group's business

Labour is a significant component in the cost of operating the Group's corporate stores. If the Group faces labour shortages or increased labour costs because of increases in competition for employees, employee turnover, employee benefits costs or changes in employment law requirements in the countries in which the Group operates, its operating expenses could increase and the Group's growth and profitability could be adversely affected.

The minimum wage in the countries in which the Group operates may be raised in the future, which could increase the Group's labour costs. The Group may be unable to increase its product prices in order to pass increased labour costs on to its customers, in which case the Group's profitability would be negatively affected.

In addition, the Group's success depends in part upon the Group's ability to attract, motivate and retain a sufficient number of well-qualified store operators, management personnel and other employees. Qualified individuals needed to fill these positions can be in short supply in some geographic areas. Moreover, fast-food restaurants (including those of the Group) have traditionally experienced relatively high employee turnover rates. Although the Group has not yet experienced any significant problems in recruiting employees, if the Group is unable to recruit and retain such individuals, the planned openings of new corporate stores may be delayed or existing corporate stores may experience higher employee turnover. Competition for these employees could require the Group to pay higher wages, which could also result in higher labour costs. These factors could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and prospects.

The Group relies heavily on information technology and may face security breaches or failures

The Group relies heavily, and is increasingly reliant as part of its online strategy, on information systems, including for online ordering platforms, point-of-sale processing in its system stores, management of its supply chain, accounting, payment of obligations, collection of cash, processing of credit and debit card transactions and other processes and procedures. The Group generated 42.4% and 33.8% of its total delivery system sales from online orders in 2016 and 2015, respectively. The Group operates and manages each of its operations in Turkey, Azerbaijan and Georgia (the "**Turkish Operations**") and its operations in Russia (the "**Russian Operations**"), including their respective franchises, through two separate information technology management systems as described in paragraph 14 of Part 6 "*The Business—Information technology*". Furthermore, the Group's growth strategy relies on the development and improvement of its customer-facing information technology services such as its websites and mobile applications, which can be affected by the failure of these systems to operate effectively due to a variety of factors, such as maintenance problems, upgrades and transitions to new platforms. The Group's operations also depend upon the Group's ability to protect its computer equipment and systems against damage from physical theft, fire, power loss, telecommunications failure or other catastrophic events, as well as from internal and external security breaches, viruses and other disruptive problems. The failure to adequately protect these systems and/or breaches in security could result in interruptions to or delays in the Group's business and customer service and reduce efficiency in the Group's operations.

Although the Group has employed significant resources to develop its security measures against breaches, its cybersecurity measures may not detect or prevent all attempts to compromise the Group's systems. Breaches of the Group's cybersecurity measures could result in unauthorised access to the Group's systems, misappropriation of information or data, including personal information, deletion or modification of user information, or a denial-of-service or other interruption to the Group's business operations. As techniques used to obtain unauthorised access to or sabotage systems change frequently and may not be known until launched against the Group or the Group's third party service providers, the Group may be unable to anticipate, or implement adequate measures to protect against, these attacks.

The Group has been, and is likely to be, subject to cyber attacks. If the Group is unable to avert these attacks and there is a security breach, the Group could be subject to significant loss of data, legal and financial liability and its reputation could be harmed and it could sustain substantial revenue loss from lost sales and customer dissatisfaction. The Group could also face fines and legal claims or proceedings, including regulatory investigations and actions, or liability for failure to comply with privacy and information security laws. The Group may not have the resources or technical sophistication to anticipate or prevent rapidly evolving types of cyber-attacks. Cyber-attacks may target the Group, the Group's third party service providers or the communication infrastructure on which the Group depends. Actual or anticipated attacks and risks may cause the Group to incur significantly higher costs, including costs to deploy additional personnel and network protection technologies, train employees and engage third party experts and consultants. Information technology failures, whether or not due to the actions of third parties, could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and prospects.

The Group depends on key members of its Senior Management

The Group's successful implementation of its strategy is dependent on its ability to recruit, retain and motivate high-quality senior management ("**Senior Management**" and each a "**Senior Manager**") and other personnel with extensive knowledge in the fast-food restaurant industry. The loss of the services of any of the Group's Senior Managers could have a material adverse effect on its business plans, product development, growth strategy, marketing and other plans, as the Group may not be able to find suitable individuals to replace such personnel on a timely basis, without incurring increased costs, or at all, which could materially adversely affect the Group's business, results of operations, financial condition, cash flows and prospects.

Food-related illnesses may negatively affect the Group's business

The Group can give no assurance that its internal controls and training will be fully effective in maintaining adequate food health and safety standards, or that sub-franchisees of the Group will fully adhere to and implement the Group's standard controls and procedures in order to prevent contamination of its food products. Incidents or reports of foodborne illness or other food safety issues, food contamination or tampering, employee hygiene and cleanliness failures or improper employee conduct at the Group's system stores or commissaries could lead to product liability or other claims. The Group cannot guarantee that all products will be properly maintained during transport throughout the supply chain and that the Group's employees will identify all products that may be spoiled and should not be used in the Group's system stores. New illnesses resistant to the

Group's current precautions may develop in the future, or diseases with long incubation periods could arise, that could give rise to claims or allegations on a retroactive basis. One or more instances of foodborne illness in one of the Group's corporate or franchised stores could negatively affect sales at all of the Group's system stores if highly publicised, especially due to the high geographic concentration of many of the Group's system stores. This risk exists even if it were later determined that the illness was wrongly attributed to one of the Group's system stores. If the Group's customers become ill from foodborne illnesses, it could be forced to temporarily close some system stores and may be subject to regulatory fines and rectification costs and may incur higher food safety costs in the future. Accordingly, such incidents or reports could materially negatively affect the Domino's Pizza brand and the Group's reputation, as well as its business, results of operations, financial condition, cash flows and prospects. Similar incidents or reports occurring at fast-food restaurants unrelated to the Group could likewise create negative publicity, which could negatively impact consumer sentiment towards the Group and the fast-food sector generally.

Following Admission, Fides Food Systems will retain significant interests in, and will continue to be able to exercise substantial influence over the Group and their interests may differ from or conflict with those of other shareholders

Following the Offering, Fides Food Systems will hold approximately 36.3% of the Company's issued share capital, assuming the Over-allotment Option is exercised in full. In addition, for so long as Fides Food Systems (and/or any of its associates, when taken together) hold voting rights over 30% or more of the Company's issued share capital, it shall be entitled to nominate three non-executive directors to the Board, for so long as it (and/or any of its associates, when taken together) hold voting rights over 20% or more, but less than 30%, of the Company's issued share capital, it shall be entitled to nominate two non-executive directors to the Board and for so long as it (and/or any of its associates, when taken together) hold voting rights over ten per cent. or more, but less than 20%, of the Company's issued share capital, it shall be entitled to nominate one non-executive director to the Board. The Company has entered into the Relationship Agreement with Fides Food Systems to ensure that the Group is capable of carrying on its business independently of Fides Food Systems and TPEF II. Nevertheless, by virtue of the level of its voting power, Fides Food Systems will be able to exercise substantial influence over certain matters requiring the approval of shareholders (the "**Shareholders**", and each a "**Shareholder**"), such as the appointment of directors (the "**Directors**") to the Board, the distribution of dividends, the amendment of the Company's articles of association (the "**Articles of Association**"), or any proposed capital increases and approval of certain business decisions. The interests of Fides Food Systems may not always be aligned with those of the other Shareholders. Fides Food Systems will have sufficient voting power, on Admission, to, amongst other things, prevent, delay or deter a change of control of the Company, which could deprive Shareholders of an opportunity to earn a premium for the resale of their Shares over the then prevailing market price. There could also be a conflict between the interests of Fides Food Systems and the interests of other Shareholders with respect to, for example, dividend policy. In addition, Fides Food Systems (and its affiliates) are prohibited from having any direct or indirect interest in any capacity in any other fast-food delivery business or a business primarily engaged in sit-down, delivery or carry-out pizza, as set out in the Master Franchise Agreements. For additional information about the Company's relationship with Fides Food Systems and TPEF II, please see paragraph 1.1 of Part 14 "*Additional Information—History—History of members of the Group*".

The Company's ability to pay dividends will depend upon its ability to maintain its financial ratios, its freely distributable reserves and distributions by its subsidiaries

The Company is primarily a holding Company, and operates through its subsidiaries. As a result, its financial condition depends almost entirely on the financial condition of its subsidiaries. The Company is dependent on dividends and other payments, including loans and management fees from its subsidiaries to generate the funds necessary to meet its financial obligations, the re-payment of principal and interest on the Company's borrowings and, although there is no immediate prospect of dividends being paid out.

Under Dutch law, the Company may make distributions to Shareholders and other persons entitled to distributable profits only up to the amount of the part of the Company's net assets which exceeds the nominal value of the issued share capital of the Company and its reserves which must be maintained by virtue of the law and by the Articles of Association. The Company's subsidiaries own effectively all of the Group's assets and conduct all of the Group's operations. Consequently, the Company's ability to pay dividends to Shareholders is dependent on the generation of cash flow by its subsidiaries and their ability to make cash available to the Company, by dividend or otherwise.

Such ability to make cash available is restricted by the financial ratios and covenants contained in the Group's outstanding euro denominated term and revolving facilities loan agreement dated 22 July 2010 between Turkish OpCo and Türkiye İş Bankası A.Ş. (the "**Facilities Agreement**"), which matures in September 2018 with no automatic extension right. Under the Facilities Agreement, Turkish OpCo is required to ensure that prior to the payment of any distribution there is (i) no continuing default, (ii) the then current budget of the Group anticipates a distribution being made and (iii) the debt service cover ratio (measured annually) is greater than or equal to 1.25:1. As at 31 December 2016, this debt service cover ratio was 9.1:1 (which reflects the fact that uncommitted facilities are not taken into account for the purposes of the debt service covenant under the Facilities Agreement). If Turkish OpCo is unable to meet these requirements, it may be restricted from making cash available to the Company. Each subsidiary's ability to pay dividends will also depend on the law of the jurisdiction in which such subsidiary is incorporated. In addition, payment of dividends from the Company's Turkish subsidiary to the Company is subject to Turkish withholding tax at a rate of ten per cent. In the event that the Company does not receive distributions from its subsidiaries, its ability to pay dividends would be limited.

In addition, payments of dividends by a Russian entity to non-resident legal entities, including the Company, are subject to Russian income tax withholding at a rate of 15%. Such Russian withholding tax may generally be subject to reduction pursuant to the terms of an applicable double tax treaty between the Russian Federation and the country of tax residence of a non-resident investor provided that the non-resident investor is entitled to benefit and the Russian treaty clearance procedures or other conditions, as described below, are satisfied. The Russia-Netherlands double tax treaty of 16 December 1996 envisages a reduced five per cent. withholding tax rate on dividends payable by a Russian entity to a Dutch tax resident which is the beneficial owner of the relevant dividends, provided that the latter directly holds not less than 25% in that Russian subsidiary and has contributed not less than €75,000. The Group believes that its investment in its Russian subsidiary owned by Fidesrus B.V., satisfies these "minimum investment" criteria for the application of the reduced rate.

Starting from 1 January 2015 there is an explicit requirement in the Tax Code of the Russian Federation (the "**Russian Tax Code**"), that in order to benefit from the applicable double tax treaty, the person claiming such benefit must be the beneficial owner of the relevant income. Starting from 1 January 2017, in addition to a certificate of tax residency, the Russian Tax Code requires that the tax agent obtain a confirmation from the non-resident investor-legal entity that it is the beneficial owner of the relevant income (being a Dutch subsidiary of the Company, with respect to dividend income receivable from its Russian Operations). There has been no guidance on the form of such confirmation yet. Due to the introduction of these changes, there can be no assurance that treaty relief at source will be available in practice.

Failure to comply with existing regulations, or increased regulation of the Group's operations, could result in substantial additional costs or administrative penalties

The Group's operations at its headquarters and in its system stores and commissaries are subject to regulation by various governmental and municipal entities and agencies, in connection with obtaining and renewing various licenses and permits, and with respect to various quality, distribution and other standards. New requirements imposed by these authorities may be costly and time consuming and may result in delays in the commencement or continuation of operations.

In addition, the Group may be subject to inspections by governmental and municipal authorities monitoring the conformity of its products with Turkish, Russian, Azerbaijani and Georgian food safety regulations. The Group's failure to comply with any of the relevant requirements may result in the imposition of administrative fines or sanctions by such authorities, including requirements that the Group ceases certain business activities, which may restrict the Group's ability to conduct its operations or to do so profitably. Moreover, compliance with, or any violation of, current and future laws or regulations could require the Group to make material expenditures or otherwise have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and prospects.

The Group's costs of compliance with health, safety and environmental laws may increase and failure to comply with existing and new health, safety and environmental laws could adversely affect its results of operations

The Group's operations are subject to health, safety and environmental regulations. Such regulations cover a wide variety of matters, including, without limitation, handling and storage of food products, waste management, obligations in relation to packaging waste and air emissions.

Health, safety and environmental regulations where the Group operates may become more stringent, and the scope and extent of new regulations, including their effect on the Group's operations cannot be predicted with any certainty. In case of any change in health, safety or environmental regulations, we may be required to incur significant costs to comply with new standards. The Group could also be subject to substantial liability and other regulatory consequences in the event that a health or environmental hazard was discovered at any of the Group's sites, or if any of the Group's operations result in contamination of the environment.

Failure by the Group to comply with existing and new regulations in respect of its operations may result in fines, penalties, closure of facilities and/or litigation which could adversely affect the Group's business, results of operations, financial condition, cash flows and prospects.

The Group may be unable to maintain the required level of insurance cover on acceptable terms or at an acceptable cost and physical damage to the Group's facilities could result in material losses in excess of insurance proceeds

The Group's insurance policies may not be adequate to provide protection from liabilities that arise in the conduct of business. This could include the Group's system stores and commissaries suffering physical damage from fire, floods, earthquakes, burglary, fraud or other causes, resulting in losses which may not be fully compensated by insurance. In addition, certain types of risks (such as wars and terrorist acts) may be uninsurable, or the cost of insurance may be prohibitive when compared to the risk. Furthermore, the Group may not be able to obtain similar levels of insurance on reasonable terms, or at all. The occurrence of a severe fire, flood, earthquake or other similar hazardous event in or around any of the cities in which the Group's system stores and commissaries are located could cause damage in excess of the Group's insurance coverage and could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and prospects.

A failure by the Master Franchisors and/or Group to protect their intellectual property rights, including their brand images, could harm the Group's results of operations

The profitability of the Group's business depends on consumers' perception of the strength of the brands managed by the Master Franchisors or the Group. The Master Franchisors grant a license to the Group to use the Domino's System, together with the right to use and sub-license the use of the business names, trade and service marks and commercial symbols in connection with the operation of the system stores, including the trademark "DOMINO'S PIZZA". The Group relies on intellectual property rights owned by DP Inc. and relies on DP Inc. to protect such rights.

Additionally, the Group creates its own products and the intellectual property rights of such products belong to the Group.

Although DP Inc. and the Group has registered or is in the process of registering each of its trademarks and logos that distinguish its products for trademark protection in Turkey, Russia and other relevant jurisdictions, the actions taken by DP Inc. and/or the Group may be inadequate to prevent imitation of the Domino's Pizza brand or the Group's own products and concepts by others.

In Russia, to ensure the validity of the Group's contractual arrangements and continued legal right of the Group to use the intellectual property rights of the Domino's Pizza brand, the Group must properly execute and register all contractual documentation with the Russian Patent and Trademark Office.

Whereas, the Russian MFA is registered, and the Group does not believe that the store franchise agreements with respect to the Group's corporate stores in Russia require registration (please see Part 8 "*Regulatory Overview—Russian Operations—Regulation of intellectual property*"), the Group has not yet finalised registration of the store franchise agreements between it, on the one hand, and each sub-franchisee on the other, with respect to its five franchised stores. As a result, under Russian law, the parties thereto may consider the rights not fully granted. Also, without such registration, the Group is exposed to a greater risk that its relationship with its five sub-franchisees in Russia could be challenged on the basis of the related store franchise agreements not qualifying for the exemption on vertical agreements, which applies to franchise relationships (please see "*—Risks relating to the Group's countries of operations—Weaknesses relating to the Russian legal system and Russian law create an uncertain environment for business activity*").

Any failure of the Master Franchisors to protect their proprietary rights or the Group's failure to protect their local brands could harm their respective brand images, which could adversely affect the Group's business, results of operations, financial condition, cash flows and prospects.

The Group's inability to satisfy its debt service obligations or maintain its financial ratios would adversely affect its financial condition and results of operations

The Group borrows principally to fund its working capital and to make capital investments for store refurbishments. If the Group does not generate sufficient cash flow, it may be unable to service interest payments, repay principal or comply with other requirements of its financing arrangements, rendering borrowings (subject to various grace periods) under its committed loan facilities (being the Facilities Agreement and the bank borrowings of the Group's Russian Operations capable of being accelerated. In addition, a decline in the Group's EBITDA, as defined in the Facilities Agreement, may result in a breach of the leverage ratios specified in that agreement, thereby causing an event of default with the result that the lender could enforce its security and take possession of the Group's secured assets. Any cross-default provisions would magnify the effect of an individual default, which could result in a substantial loss for the Group.

The Group's indebtedness could:

- require the Group to dedicate much of its cash flow to servicing repayments, thus reducing the availability of cash flow to fund its business operations;
- limit the Group's ability to obtain additional financing;
- increase the Group's vulnerability to adverse economic and industry conditions; and
- limit the Group's flexibility in planning for, or reacting to changes in its business, in the fast-food restaurant industry, and in the economy generally,

any of which would negatively impact the Group's business, result of operations, financial condition and future prospects.

In addition, the Group has a number of uncommitted loan facilities with a range of Turkish banks, which are callable at their request. Although the Group has not received any call requests nor been declined any drawdown requests during the period under review, there can be no assurance that any cancellation of such facilities in the medium term (following the expiry of the 12 month period beginning on the date of Admission), would not result in the Group being required to seek alternative sources of liquidity. As at 31 March 2017, of the Group's bank borrowings of TRY190.3 million, 58% was under committed lines.

This risk factor does not in any way prejudice or qualify the working capital statement set out in paragraph 15 of Part 14 "*Additional Information—Working capital*" as it is only a risk outside the 12 month period to which the working capital statement relates.

The Group faces risk of litigation from customers, sub-franchisees, employees and others in the ordinary course of business, which diverts financial and management resources.

Claims of illness or injury relating to food quality or food handling are common in the food service industry. In addition, class action lawsuits have been filed, and may continue to be filed, against various fast-food restaurants alleging, among other things, that fast-food restaurants have engaged in deceptive advertising, sales and promotions which encourage obesity. Further, the Group may be subject to employee, sub-franchisee and other claims in the future based on, among other things, discrimination, harassment, wrongful termination, wages and overtime compensation as well as rest break and meal break issues. Such claims and disputes may divert management resources, create adverse publicity and could lead to an adverse judgment against the Group, which could adversely affect the Group's business, results of operations, financial condition, cash flows and prospects.

Exchange rate fluctuations could have an adverse effect on the Group

The Group's results of operations and financial condition have been, and will continue to be, affected by changes in the value of the Turkish lira (the Group's presentation currency) against the Russian rouble or euro and between the euro and the Russian rouble, because a portion of the Group's revenue and costs is linked to these currencies. For the three months ended 31 March 2017 and the year ended 31 December 2016, the Group derived 30.3% and 17.2%, respectively, of its revenue from Russia; the Group expects that this share will continue to increase in the future as the Group expands in Russia. Differences in the exchange rates between the functional currencies of the Group's subsidiaries, namely the Russian rouble and the Turkish lira, arising in connection with the translation of these amounts into Turkish lira at the relevant statement of financial position date, are reflected as other comprehensive income and, accordingly, reflected in the Group's consolidated statement of changes in equity. Particularly as the Group expands its system stores outside of Turkey, and thus

the scale of its activities denominated other than in Turkish lira, fluctuations in current exchange rates could adversely affect the Group's business, financial condition, results of operations and prospects.

As at 31 March 2017, of the Group's bank borrowings, TRY131.9 million, 69.3% or €33.7 million was denominated in euro. The Turkish lira appreciated against the euro by four per cent. in 2014 but depreciated by 11% in 2015 and depreciated by a further 14% in 2016 and five per cent. in the first three months of 2017, according to the Central Bank of Turkey (the "**Central Bank**"). The Russian rouble depreciated against the euro by 34% in 2014 and 14% in 2015 and then appreciated by 25% in 2016 and five per cent. in the first three months of 2017, according to the Central Bank of the Russian Federation. Depreciation of the Turkish lira and/or Russian rouble against the euro tends to increase the amount of the Group's euro-denominated indebtedness when expressed in Turkish lira, whereas an appreciation in the value of the Turkish lira or Russian rouble tends to decrease the value of the Group's euro-denominated indebtedness in Turkish lira terms. The Group recognises foreign exchange gains and losses in its consolidated statement of comprehensive income in connection with its assets and liabilities (primarily its borrowings in euro) that are denominated in currencies other than the functional currency of the relevant Group entity, which is the Turkish lira for the Group's Turkish operations and the Russian rouble for its Russian operations, in connection with appreciation or depreciation of the Turkish lira or Russian rouble (as the case may be) against such currencies. Please see Part 10 "*Operating and Financial Review—Key factors affecting the Group's results of operations—Foreign exchange variations*". Continued fluctuations of the Turkish lira and/or the Russian rouble against the euro, and/or Russian rouble against the Turkish lira, could adversely affect the Group's business, results of operations, financial condition, cash flows and prospects.

RISKS RELATING TO THE GROUP'S COUNTRIES OF OPERATIONS

Turkey, Russia, Georgia and Azerbaijan are emerging market economies and are likely to continue to be, negatively affected by uncertainty regarding the global macroeconomic environment

The Group's operations are located in Turkey, Russia, Azerbaijan and Georgia, which are generally categorised as emerging markets. Emerging markets are generally subject to greater risk of being perceived negatively by investors based upon external events than more-developed markets, and financial turmoil in any emerging market (or global markets generally) could disrupt the business environment of the jurisdictions in which the Group operates. Moreover, financial turmoil in one or more emerging market(s) tends to adversely affect prices for securities in other emerging market countries as investors move their money to countries that are perceived to be more stable and economically developed. Emerging economies are also subject to rapid and significant change, and accordingly the information set out in this Prospectus may become outdated relatively quickly.

In addition, financial or political turmoil in one emerging market country tends to adversely affect prices in credit, equity and foreign exchange markets in other emerging market countries, as investors move their money to more stable and developed markets. As it has happened in the past, financial problems or an increase in the perceived risks associated with investing in emerging economies could adversely affect levels of foreign investment into Turkey, Russia, Azerbaijan and Georgia and adversely affect their economies. In addition, during such periods, companies that operate in emerging markets can face severe liquidity constraints as foreign funding sources are withdrawn. Thus, even if the Turkish, Russian, Azerbaijani and Georgian economies remain relatively stable, financial turmoil in any other emerging market country could adversely affect the Group's access to funding, which may adversely affect its ability to pursue its expansion plans, and/or the value of an investment in the Shares.

Economic growth in Europe has been weak in recent years, and many European economies continue to face structural challenges, including high levels of unemployment and structural debt levels. In the United States, the tightening monetary policies implemented by the United States Federal Reserve Board starting in December 2015 have increased levels of uncertainty for global economic recovery. Markets, including Turkey, experienced volatility in 2015 amid concerns that the level of foreign investment inflows would decline substantially as the liquidity-tightening measures started in the United States. In addition, the United Kingdom held a referendum on 23 June 2016, in which a majority voted for the United Kingdom to exit the European Union ("**Brexit**"). The effects of Brexit will depend on any agreements the United Kingdom makes to retain access to the European Union markets either during the transitional period or on a permanent basis. Brexit could adversely affect European or worldwide economic markets and contribute to instability in global financial and foreign exchange markets, including volatility in the value of the euro. Any of these effects of Brexit could contribute to the uncertainty and/or increase instability in the economic and financial markets worldwide. Continuing economic uncertainty may adversely affect the Group's customers.

Economic conditions in our jurisdictions of operations could have a material and adverse effect on the Group business, financial condition, results of operations and prospects

The economy in each of the jurisdictions in which the Group operates has undergone a transformation from a highly protected and regulated system and, in the case of Russia, Georgia and Azerbaijan, a centrally-planned system, to a more open market system. While generally making significant progress, these economies continue to exhibit macroeconomic imbalances, such as balance of payment deficits, substantial budget deficits, high rates of inflation, high nominal and real rates of interest and, in some cases, considerable level of unemployment. Moreover, these economies remain vulnerable to external and internal shocks, including potential domestic political uncertainty and changing investor sentiment due to monetary policy changes in developed countries, particularly in the United States, the United Kingdom and Europe more generally.

Reflecting these considerations, GDP growth, inflation and macroeconomic conditions more generally can be volatile. For example, in Turkey GDP growth was 8.5% in 2013, 5.2% in 2014, 6.1% in 2015 and 2.9% in 2016 (Source: IMF). Consumer price inflation was 8.2%, 8.8% and 8.5% in 2014, 2015 and 2016, respectively (Source: IMF). In Russia, GDP growth was 0.7% in 2014, (2.8)% in 2015 and (0.2)% in 2016, respectively, while consumer price inflation was 11.4%, 12.9% and 5.4% in 2014, 2015 and 2016, respectively, and is forecast to be 4.4% in 2017 (according to IMF). High and sustained inflation could lead to market instability, new financial crises, reductions in consumer purchasing power and the erosion of consumer confidence. Certain of the Group's costs such as rent, as well as payroll costs, are sensitive to rises in inflation, and the Group may be unable to raise prices sufficiently to cover such costs and to maintain or increase its profit margins. Furthermore, even if the Group is able to increase prices to cover such increased costs, such price increases may result in decreased demand for the Group's products and a decrease in sales, which could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and prospects.

There can be no assurance that the economies in the countries in which we operate will be able to remain economically stable during any periods of regional or global economic weakness. Negative economic developments in any or all of the jurisdictions in which the Group operates could materially and adversely affect the Group's business strategies and as a result the Group's business, results of operations, financial condition, cash flows and prospects.

In addition, Turkey has exhibited a consistently high current account deficit, amounting to 4.7%, 3.7% and 3.8% of gross domestic product as at 31 December 2014, 2015 and 2016, respectively (Source: IMF). This relatively high current account deficit reflects both Turkey's longstanding structural economic problems and current macroeconomic environment and market conditions. Structural economic problems include dependence on imported energy and a high proportion of imports for manufacturing and domestic consumption, an inflexible labour market, a low savings rate and the shadow economy. More generally, continued growth in domestic demand and capital outflows could cause the current account deficit to increase, which may result in a sudden and significant adjustment in the value of the Turkish lira, with potential inflationary consequences. To date, Turkey's current account deficit has been funded largely through short-term foreign capital borrowings and foreign portfolio investments. Increased uncertainty in the global financial markets could make it more difficult for Turkey to finance its current account deficit, leading to increased volatility in the Turkish economy.

Political developments in Turkey, Russia and the other jurisdictions in which the Group operates may negatively affect the Group's business, results of operations, financial condition, cash flows and prospects

The countries in which the Group operates, and in particular Turkey and Russia, have from time to time experienced episodes of domestic political instability, and/or uncertainty as to future policy trends, legislative and regulatory policies.

Turkey

Turkey has been a parliamentary democracy since 1923. Unstable coalition governments have been common and, since the establishment of the parliamentary system, Turkey has had over 60 governments, with political disagreements frequently resulting in early elections. Furthermore, the Turkish military establishment has historically played a significant role in Turkish government and politics, intervening in the political process in 1960, 1971 and 1980.

On 15 July 2016, the Turkish Government was subject to an attempted coup by certain elements of the Turkish armed forces. The Turkish Government and the Turkish security forces (including the Turkish army) took control of the situation in a short period of time and the ruling government remained in control. Following the coup attempt, there have been arrests of thousands of individuals, including senior members of the military, police and judiciary, as well as restrictions of media outlets, suspension, dismissal, travel bans and legal

proceedings against police officers, public employees and the business community. The on-going investigations following the failed coup attempt and state of emergency may contribute to uncertainty about the Turkish political landscape. There might be further arrests and actions taken by the Turkish Government in relation to these investigations, including changes in policies and laws.

On 20 July 2016, the Turkish Government declared a ninety-day state of emergency, entitling the Turkish Government to exercise additional powers. Under Article 120 of the Turkish Constitution, in the event of serious indications of widespread acts of violence aimed at the destruction of the free democratic order, a state of emergency may be declared in one or more regions of, or throughout, the country for a period not exceeding six months; however, this period may be extended, provided that such extensions do not exceed four-month in each case. The state of emergency was further extended in October 2016, January 2017 and April 2017, in each case by an additional three months, and is currently expected to remain effective until 19 July 2017. Any resulting real or perceived instability in the Turkish Government and political environment in Turkey may adversely affect the business climate in Turkey and the Turkish economy.

On 16 April 2017, Turkey held a referendum on significant proposed amendments to the Turkish constitution. In particular, the referendum question was whether to approve amendments to the Turkish constitution which would result in replacing the existing parliamentary system of government with an executive presidency and a presidential system. The amendments were approved by a narrow majority of 51% of voters and are expected to be implemented gradually by November 2019.

As of the date of this Prospectus, a portion of the amendments have already come into force. Accordingly, (a) the President will not have to be impartial and can be a member of a political party, (b) military courts can no longer be established except for cases of military personnel committing crimes in situations of war, (c) the number of Constitutional Court members is to be decreased from 17 to 15, and (d) the President will have increased powers over the selection of members of the Board of Judges and Prosecutors (currently the Supreme Board of Judges and Prosecutors (*Hakimler ve Savcılar Yüksek Kurulu*)).

Upon election of the President and the Members of Parliament (expected to be on 3 November 2019, or earlier if the Parliament decides to hold an election prior to that date), on the date the President takes office, the implementation of the amendments will be completed, and as a result: (a) the current parliamentary system will be transformed into a presidential one, (b) the President will be entitled to be the head of a political party and to appoint the cabinet, (c) the office of the prime minister will be abolished, and (d) the parliament's right to interpellate (i.e., the right to submit questions requesting explanation regarding an act or a policy) the cabinet members will be annulled. It is unclear, as of the date of this Prospectus, what impact such structure might have on Turkish Government institutions and Turkey's international relations, including with the EU. However, despite the results of the referendum, Turkish politics are expected to remain volatile, and the impact both on domestic conditions in Turkey and the impact on Turkey's international relations, including the EU, remain uncertain.

On 25 April 2017, the Parliamentary Assembly of the Council of Europe voted to restart monitoring Turkey in connection with human rights, the rule of law and the state of democracy. This decision might result in (or contribute to) a deterioration of the relationship between Turkey and the EU.

On 20 July 2016, S&P downgraded Turkey's sovereign credit rating to "BB" from "BB+", and assigned its outlook as "negative", citing, among other reasons, the polarisation of Turkey's political landscape, and on 23 September 2016, Moody's downgraded Turkey's sovereign credit rating to "Ba1" from "Baa3" with stable outlook. On 27 January 2017, Fitch downgraded Turkey's sovereign credit rating to sub-investment grade in line with the ratings of S&P and Moody's. On 27 January 2017, S&P revised its outlook for Turkey's sovereign credit rating from "stable" to "negative" and affirmed its credit rating at "BB". On 17 March 2017, Moody's revised its outlook for Turkey's sovereign credit rating from "stable" to "negative". Following the constitutional referendum in Turkey, on 18 April 2017 Fitch issued a statement noting that while the outcome of the referendum reflected a political shift negative for credit ratings, it could facilitate credit-positive economic reforms. On 19 April 2017 Moody's issued a report stating that the ability of the Turkish Government to implement structural reforms may be limited by focus on the political agenda. The events surrounding any future elections could contribute to the volatility of Turkish financial markets and/or have an adverse effect on the investors' perception of Turkey, including the independence of Turkey's institutions and Turkey's ability to adopt macroeconomic reforms, support economic growth and manage domestic social conditions. If new political developments emerge that are considered to further contribute to political instability in Turkey, investor confidence in companies with operations in Turkey could decline and the value of the Shares could be reduced as a result.

Russian Federation

While the political situation in the Russian Federation has been relatively stable since 2000, future policy and regulation may be less predictable than in less volatile markets. Any future political instability could result in a worsening overall economic situation, including capital flight and a slowdown of investment and business activity. In addition, any change in the Russian Government or its programme of reform or lack of consensus between the Russian President, the Prime Minister, the Russian Government, the Parliament and powerful economic groups could lead to political instability and a deterioration in Russia's investment climate that could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and prospects.

According to some commentators, politically motivated actions, including claims brought by the Russian authorities against several major Russian companies, have called into question the security of property and contractual rights, progress of the market and political reforms, the independence of the judiciary and the certainty of legislation. This has, in turn, resulted in significant fluctuations in the market price of Russian securities and contributed to the negative impact on foreign investments in the Russian economy. Any similar actions by the Russian authorities which result in a further negative effect on investor confidence in Russia's business and legal environment could have a further material adverse effect on prices of securities in companies that have operations or assets in Russia, including the Shares.

Russia is a federative state consisting of 85 constituent entities, or "subjects". The Russian Constitution reserves some governmental powers for the Russian Government, some for the subjects and some for areas of joint competence. In addition, eight "federal districts" *(federal'nye okruga),* which are overseen by a plenipotentiary representative of the President, supplement the country's federal system. The delineation of authority among and within the subjects is, in many instances, unclear and contested, particularly with respect to the division of tax revenue and authority over regulatory matters. Subjects have enacted conflicting laws in areas such as privatisation, land ownership and licensing. For these reasons, the Russian political system is vulnerable to tension and conflict between federal, subject and local authorities. This tension creates uncertainties in the operating environment in Russia, which may prevent the Group from carrying out its business strategy effectively, especially as it expands into new areas of operation in Russia.

The countries in which the Group operates are subject to internal and external unrest and the threat of future terrorist acts

Turkey is located in a region that has been subject to on-going political and security concerns. In the recent past, Turkey has been subject to an increasing number of attacks by various terrorist groups, including bombings in Istanbul and Ankara as well as other Turkish cities, which have resulted in a number of fatalities and casualties. On 28 June 2016, a significant attack on Istanbul Ataturk Airport was suspected to have been carried out by the Islamic State of Iraq and the Levant (also known as ISIL) and an attack on Reina nightclub in Istanbul on 31 December 2016, which resulted in 39 fatalities, was also believed to have been carried by ISIL. Turkey has also experienced problems with domestic terrorist and ethnic separatist groups including the People's Congress of Kurdistan, known as PKK. Such incidents have had, and could continue to have, a material adverse effect on the Turkish economy, including as a result of the reduced revenue from tourism. This, in turn, could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and prospects.

Political unrest in countries close to Turkey, including in Syria, Jordan, Bahrain, Tunisia and Egypt has historically been one of the potential risks associated with an investment in Turkish securities. Regional instability has also resulted in an influx of displaced persons in Turkey, which is expected to increase. Such political unrest may affect Turkey's relationships with its neighbours, have political implications in Turkey or have a negative impact on the Turkish economy, including on both financial markets and the real economy. In addition, certain sectors of the Turkish economy, such as construction, iron and steel, have operations in the Middle East and North Africa and may experience material negative effects from instability in those countries, which could have a material adverse effect on the Group's prospects, business, financial condition and results of operations. The on-going conflicts in Iraq and Syria have had a negative impact on Turkey. Elevated levels of conflict have arisen in Iraq and Syria as ISIL seized control of key Iraqi cities, which has caused a significant displacement of people into Turkey, which may have adverse effects on the Turkish economy.

In Russia, ethnic, religious, historical and other divisions have on occasion given rise to tensions and, in certain cases, military conflict. Should such tensions or conflict recur, such tensions and conflicts may limit the Group's ability to expand its operations into certain areas of Russia. Moreover, various acts of terrorism have from time to time been committed within the Russian Federation. The risks or uncertainty associated with these

events or potential events could materially and adversely affect the investment environment and overall consumer and entrepreneurial confidence in the Russian Federation, which in turn could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and prospects.

Earthquakes and other natural or man-made disasters could adversely affect the Group's business, financial condition and results of operations

Almost all of Turkey is classified as a high-risk earthquake zone by seismologists. A significant portion of Turkey's population and most of its economic resources are located in the first-degree earthquake risk zone, as are the Group's system stores and its commissaries. A severe earthquake in or around any of the cities in which the Group's system stores and commissaries are located could adversely affect one or more of their facilities, therefore causing an interruption in the Group's services in that area. The Group maintains insurance policies covering earthquake damages. However, in the event of major earthquakes, effects from the direct impact of such events on the Group and its employees, as well as measures that could be taken by the Turkish Government (such as the imposition of taxes to raise revenue for rebuilding), may have a material adverse effect on the Group.

The Group could also be affected by other natural or man-made disasters, such as heavy storms, floods, fires and other catastrophes. Furthermore, over the past several years, changing climatic conditions have added to the inherent unpredictability and frequency of natural disasters in certain parts of the world, and have created additional uncertainty as to future trends and exposure. The occurrence of a severe catastrophic event could damage the Group's operations or harm the economy of the relevant country, reducing demand for the Group's products by its customers and impairing the Group's ability to procure supplies and to deliver products to its customers. Moreover, the Group's insurance policies may not compensate it adequately, or at all, for the damage that these events cause. Any or all of these developments could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and prospects.

Economic sanctions such as the current Russian ban prohibiting the import of certain foodstuffs from Western countries, could adversely affect the Group's business

The political instability and conflict in Ukraine, heightened levels of tension between Russia and other states. The imposition by the United States, the European Union and other jurisdictions and authorities of sanctions and other restrictive measures, and the imposition by Russia of sanctions, including import and travel restrictions, has had in the past, and may continue to have in the future, an adverse effect on the Russian economy.

The United States, the European Union and a number of other jurisdictions and authorities have imposed sanctions on a number of Russian officials and individuals, former Ukrainian officials, and several Russian companies and banks with the consequence that entities and individuals in the United States and European Union cannot do business with them or provide funds or economic resources to them, with assets in the relevant sanctioning jurisdictions subject to seizure and the individuals to visa bans. In addition, the United States and the European Union have applied "sectoral" sanctions, whose principal consequences are that several leading Russian banks have been restricted from accessing international capital markets. These sanctions have adversely affected the Russian economy and Russia's financial markets, increased the cost of capital and capital outflows, and worsened the investment climate in Russia. If Russia were barred from using the international SWIFT payment system, ordinary banking services in Russia and cross-border trade would be disrupted. An introduction of sanctions targeting a broader segment of the Russian economy could interfere with the Group's operations, which would have a material adverse effect on the Group's ability to conduct business with suppliers, agents and other third parties.

In August 2014, in response to economic sanctions imposed against Russia, the Russian Government imposed a ban on certain food imports from certain countries that had imposed sanctions on Russia: the member states of the European Union, Norway, the United States, Canada and Australia and, since August 2015, Albania, Iceland, Liechtenstein, Montenegro and Ukraine. The ban prohibits the import from these countries to Russia of various food stuffs including beef, pork, poultry, fish, milk and dairy products, vegetables, fruits and nuts. The ban was initially scheduled to expire in August 2015, but has been extended to the end of 2017 (and could be further extended). In addition, following the destruction of a Russian military aircraft by the Turkish armed forces, in late 2015 the Russian Federation imposed certain restrictions on imports from Turkey (since partially lifted). Please see "*—Deterioration of Russia's relations with Turkey and other countries could negatively affect the Group's business directly or, as a result of its impact on the Russian economy generally, indirectly.*"

While the Group has to date generally been able to alter its purchasing practices to adapt to the measures taken by the Russian Federation and has been able to establish other suppliers to replace the banned imports, for example, by approving alternative products with the Master Franchisors from domestic suppliers, the Group may not be able to react to other challenges in the future. Sanctions may escalate so as to include more foreign states from which imports are prohibited and/or more product categories (whether food or non-food). In addition, additional limitations or changes in the manner in which the restrictions are implemented could have a material and adverse effect on the Group's business, results of operations, financial condition, cash flows and prospects.

Any non-compliance with United States, European Union and other sanctions programmes could expose the Group to significant fines and penalties and to enforcement measures, which in turn could adversely impact the Group's business, results of operations, financial condition, cash flows and prospects.

Deterioration of Russia's relations with Turkey and other countries could negatively affect the Group's business directly or, as a result of its impact on the Russian economy generally, indirectly

The Group's operations are based in Turkey and Russia, and the Group's Russian Operations are managed by Turkish nationals in Moscow. Russia's role in the Syrian crisis and its support for the government of Syria headed by President Bashar al-Assad has from time to time resulted in political tensions between Russia and Turkey. Continued Russian military support for the Syrian Government contributed to a deterioration in relations with Turkey. On 24 November 2015, a Turkish fighter jet shot down a Russian military aircraft near the Turkish-Syrian border. The incident resulted in political tension, and Russia imposed certain economic sanctions on Turkey. This led to a decrease in export-import and investment activity between the countries and an escalation of geopolitical tensions. In protest, Russia restricted the import of Turkish fruit and vegetables, poultry and salt, the sale of Turkish charter holidays to Russian citizens and projects with Turkish construction firms in Russia. The majority of the Group's sales are generated by the Group's Turkish Operations. Although the restrictions have since been lifted, there can be no certainty that the relationship between the countries will not worsen in the future. New initiatives or sanctions aimed at Turkey, or Turkish nationals, could have an adverse effect on the Group's ability to manage its Russian Operations and, to the extent perceived as a Turkish business, have an adverse effect on customer sentiment towards its Russian Operations each of which could have an adverse effect of the Group's business, results of operations, financial condition, cash flows and prospects.

Since September 2015, when direct Russian military support for the Syrian Government increased, Russian military jets have been carrying out bombing missions on various anti-government rebel forces. According to press reports, Russian planes have carried out such missions not only against ISIL (which is also under attack by US-led forces) but also against the rebel forces generally supported by Western countries. Western governments have generally called for the immediate departure of President Assad, a position which Russia rejects. Concern has been expressed that these uncoordinated military missions of Russia, the United States and other forces in Syria could lead to an accidental confrontation. In addition to the crisis on the Turkish-Syrian border, Russian military spokesmen have also recently stated that Russian volunteers might become involved in combat on the ground in Syria, further escalating the role of Russia in the conflict and heightening tensions. United States and European Union officials have stated that they do not view increased Russian military support of the Syrian Government as helpful in resolving the on-going Syrian conflict.

The United States, the European Union and a number of other jurisdictions and authorities have imposed economic sanctions against various Syrian Government officials and other Syrian nationals in light of the current conflict in Syria. A continued or increased Russian role in the Syrian conflict could lead to further sanctions against Russia, including economic sanctions, and may be an additional factor in an overall deterioration in relations between Russia and other countries. Accordingly, the Syrian crisis, and Russia's support for the Syrian Government, could lead to international sanctions or other countermeasures by Western countries against Russia, and consequently have an adverse effect on the Group's business, financial condition, results of operations and prospects.

In addition, Russia has in the past engaged in military activities in and armed conflict with Georgia, particularly in 2008, and has established military bases in and continues to occupy the regions of Abkhazia and South Ossetia. Further conflict between Russia and Georgia, or the imposition of economic sanctions or other steps, could materially and adversely affect the Group's operations and strategy in Georgia.

Crime and corruption or social instability could adversely affect the Group's business

From time to time, there are reports of high levels of corruption in the jurisdictions in which the Group operates, including the bribing of officials for the purpose of initiating investigations by government agencies. Corruption and other illegal activities could disrupt the Group's ability to conduct business effectively, and claims that the Group was were involved in such corruption or illegal activities could generate negative publicity, either of which could harm the Group's business and the Domino's Pizza brand.

In addition, rising unemployment, forced unpaid leave, wages in arrears and weakening economies have in some cases in the past led to and could in the future lead to labour and social unrest. Such labour and social unrest could disrupt ordinary business operations, which also could materially adversely affect the Group's business, results of operations, financial condition, cash flows and prospects.

Weaknesses relating to the Russian legal system and Russian law create an uncertain environment for business activity

The Russian Federation is still developing the legal framework required by a market economy. The Group's Russian Operations are subject to the rules of federal laws and decrees, orders and regulations issued by the President, the Russian Government, the federal ministries and regulatory authorities, which are, in turn, complemented by regional and local rules and regulations. These legal norms at times overlap or contradict one another. Several fundamental Russian laws have only become effective within the past five to ten years, and many have recently been amended. The recent nature of many Russian laws and the rapid evolution of the Russian legal system places the enforceability and underlying constitutionality of laws in doubt and result in ambiguities, inconsistencies and anomalies.

In addition, Russian antimonopoly law exempts "vertical" franchising agreements from many antimonopoly restrictions and prohibitions. In order for a franchising agreement to benefit from this exemption, it must be qualified as a "vertical" agreement under which one party purchases a product sold or offered by the other party. The Group believes that its franchising arrangements qualify for such exemption however, without judicial or regulatory precedent to support this, a franchising agreement could be interpreted by relevant Russian authorities as not falling within the exemption since the Master Franchisors do not sell products to the Group. If certain provisions of the Master Franchise Agreements are considered by the Russian antimonopoly authority as restrictive of competition in Russia, the antimonopoly authority has the right to (a) issue an order to amend the agreement to exclude the restrictive provisions; (b) impose a fine based on the annual turnover of both parties to the agreement; and (c) initiate a court case to consider the restrictive provisions invalid.

The Russian judicial system may also be subject to economic and political influences. In addition, under Russian legislation, judicial precedents generally have no binding effect on subsequent decisions and are not recognised as a source of law. However, in practice, courts usually consider judicial precedents in their decisions. Enforcement of court judgments can in practice be very difficult and time-consuming in Russia. Additionally, court claims are sometimes used in furtherance of political and commercial aims. All of these factors can make judicial decisions in Russia difficult to predict and make effective redress problematic in certain instances. All of these weaknesses could affect the Group's ability to enforce its rights under contracts, or to defend against claims by others under Russian jurisdiction, which in turn could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and prospects.

Unlawful or arbitrary government action may have an adverse effect on the Group's business

Governmental authorities have a high degree of discretion in Russia and Turkey and have in the past exercised their discretion arbitrarily, without due process or prior notice, and sometimes in a manner contrary to law. Moreover, the Russian Government also has the power, in certain circumstances, by regulation or governmental act, to interfere with the performance of, nullify or possibly terminate contracts. Unlawful or arbitrary governmental actions have reportedly included withdrawal of licences, sudden and unexpected tax audits, criminal prosecutions and civil actions. Unlawful or arbitrary governmental action, if directed at the Group, could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and prospects.

Russian legal entities may be forced into liquidation on the basis of formal non-compliance with certain requirements of Russian law

Certain provisions of Russian law may allow a court to order liquidation of a Russian legal entity on the basis of its formal non-compliance with certain requirements during formation, re-organisation or operation. There have been cases in the past in which formal deficiencies in the establishment process of a Russian legal entity

or non-compliance with provisions of Russian law have been used by Russian courts as a basis for the liquidation of that entity. Some Russian courts, in deciding whether to order the liquidation of a company, have looked beyond the fact that the company failed to comply fully with all applicable legal requirements and have taken into account other factors, such as the financial standing of the company and its ability to meet its tax obligations, as well as the economic and social consequences of its liquidation.

Russian regulations related to limited liability companies provide that if a company's net asset value is lower than the amount of its charter capital at the end of the year following its second consecutive financial year, and then at the end of each subsequent financial year, the company is required to adopt a decision to increase the net asset value at least to the level of the charter capital amount or to decrease its charter capital accordingly; if the net asset value appears to be lower than the statutory minimum charter capital, the company shall be liquidated. In certain cases failure to comply with the regulations could lead to the risk of involuntary liquidation of the company. As at 31 March 2017, of the members of the Group, Russian OpCo had negative net assets. If the Group fails to achieve its expected results and consequently an involuntary liquidation or claims for early repayment of obligations were to occur in respect of any of the Group's subsidiaries in Russia, the Group would be forced to reorganise its operations conducted through such subsidiaries, which could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and prospects.

The Russian taxation system is relatively underdeveloped

Russian tax laws, regulations and court practice are subject to frequent change, varying interpretations and inconsistent and selective enforcement. Different interpretations of tax regulations exist both among and within government bodies at the federal, regional and local levels which creates uncertainties and inconsistent enforcement. The current practice is that private clarifications to specific taxpayers' queries with respect to particular situations issued by the Russian Ministry of Finance are not binding on the Russian tax authorities and there can be no assurance that the Russian tax authorities will not take positions contrary to those set out in such clarifications. During the past several years the Russian tax authorities have shown a tendency to take more assertive positions in their interpretation of tax legislation which has led to an increased number of material tax assessments issued by them as a result of tax audits. In practice, the Russian tax authorities generally interpret the tax laws in ways that do not favour taxpayers. In some instances the Russian tax authorities have applied new interpretations of tax laws retroactively. There is no established precedent or consistent court practice in respect of these issues. For instance, the Russian tax authorities have started specifically targeting structures that they perceive as aimed at abusing double tax treaty relief, especially where the recipient of Russian source income is argued not to be a beneficial owner of such income. In a number of cases such approach has been supported by courts. Furthermore, in the absence of binding precedent, court rulings on tax or other related matters by different courts relating to the same or similar circumstances may also be inconsistent or contradictory. Taxpayers often have to resort to court proceedings to defend their position against the tax authorities.

The Russian Government has for a number of years engaged in a process of reforming the tax system by redrafting parts of the Russian Tax Code. For example, recent changes have reduced the corporate tax rate to 20%, the personal income tax rate for Russian tax resident individuals to 13%, and the general rate of VAT to 18%. Since 2013, the Group's Russian operations have applied a reduced VAT rate of ten per cent. (as compared to a standard rate of 18%) with respect to the sale of pizza products in accordance with prevailing market practice among its known competitors. Given the previous ambiguity of the related Russian tax legislation in not explicitly listing pizza among the "bread and bakery products" subject to the reduced ten per cent. VAT, tax authorities have tried to challenge such practice from time to time. The number of relevant court cases (none of them directed at the Group's Russian operations) has significantly decreased with court decisions resulting in favourable outcomes for the tax payers and such ambiguity has since been clarified in favour of the tax payer from 2017 onwards. In addition, Russian OpCo has obtained certificates of conformity related to the "cakes, pies, and doughnuts" sub-category under the "bread and bakery products" subject to the ten per cent. VAT rate. In order to benefit from relevant Russian double tax treaties, starting from 1 January 2017, in addition to a certificate of tax residency, the Russian Tax Code requires the tax agent to obtain a confirmation from the non-resident that it is the beneficial owner of the relevant income. If DPIF do not complete all required formalities under the Russian Tax Code to demonstrate that they are the beneficial owner of the royalty fee income under the Russian MFA, the Russian tax authorities could challenge the application of the Russia-US double tax treaty to reduce the rate of withholding on such fee income. With effect from 1 January 2017, collection and administration of the obligatory social security charges payable to the Russian state pension, social security and medical insurance funds was reassigned to the Federal Tax Service of the Russian Federation. From 2017 through to 2019, a basic social security charge of 30% applies to annual

salaries within certain limits and an additional ten per cent. on annual salary in excess of those limits. New Russian transfer pricing legislation took effect on 1 January 2012. Starting from 2014, the property tax on certain real estate (including business centres, offices, shopping centres and retail outlets) is paid on their cadastral value, rather than net book value, and since 2016 the maximum tax rate applicable to real estate taxable at cadastral value is two per cent.

Other recent legislation has introduced concepts such as controlled foreign companies, corporate tax residency and beneficial ownership. In addition, in September 2016, a draft law introducing country-by-country reporting ("**CbCR**") requirements was published, the provisions of which are generally in line with the Organisation for Economic Co-operation and Development ("**OECD**") recommendations within the Base Erosion and Profit Shifting initiative. The proposed legislation (which remains under consideration and has not yet been submitted to Russian parliament) would require multinational corporate enterprise groups with consolidated revenue over certain thresholds to submit annual CbCR on revenue (including separate data on independent and related entities), profits, taxes, number of employees, assets, and other items, broken down by the jurisdictions where they have a presence and Russia. CbCR will need to be submitted for financial years starting from 1 January 2017, with reports for prior years submitted on a voluntary basis.

The Ministry of Finance in its "Main Directions of Russian Tax policy for 2017 and the Planning Period of 2018 and 2019" outlined a number of initiatives. Among others, the following changes were put in force as a legislative implementation of those initiatives:

- Starting from 2017 and continuing through 2020, the amount of loss carried forward will be limited to 50% of the tax base for the relevant period. Starting from 2021, recognition of the entire amount of losses should become possible again. With that, the 10-year limitation period is currently abolished (which means that losses incurred since 2007 will be carried forward until fully utilised).
- Starting from 1 October 2017, the penalties for overdue tax payments are increased. For individual entrepreneurs and legal entities, the penalty rate would be 1/300 of the Central Bank of Russia's key rate per day during the first 30 days of delay, and would then double to 1/150 of the key rate. Thus, based on the current Central Bank of Russia's key rate (ten per cent.), the penalty for tax payment delays would cost companies around 23% per annum.
- Starting from 2017 any guarantees between Russian non-banking organisations, as well as interest-free loans between Russian related parties will not be treated as controlled transactions under domestic transfer pricing regulations.

Other initiatives of the Ministry of Finance, such as acceding to the OECD Multilateral Agreement for amending double tax treaties, and automatic information exchange with foreign tax authorities are also expected to be adopted in the near time.

Despite intention declared by the Russian Government to reduce the overall tax burden in recent years, there is a possibility that the Russian Federation would impose arbitrary or onerous taxes and penalties in the future, which could materially adversely affect the Group's business, results of operations, financial condition, cash flows and prospects.

The Russian tax authorities are increasingly taking a "substance over form" approach. Russian tax legislation is becoming increasingly technical and complex. Certain new revenue raising measures have been introduced lately, and it is expected that additional such measures may be introduced. These measures may be arbitrary or include the introduction of onerous taxes. The introduction of new tax or amended tax regulations, or the interpretation and application of new or existing measures, may affect the Group's overall tax efficiency and may result in significant additional taxes becoming payable. Additional tax exposures could materially adversely affect the Group's business, results of operations, financial condition, cash flows and prospects.

Increased application of the concept of unjustified tax benefit

In October 2006, the Plenum of the Supreme Arbitration Court of the Russian Federation issued Ruling No. 53, formulating a concept of "unjustified tax benefit", which is defined in the Ruling by reference to specific examples of such tax benefits (e.g., tax benefits obtained as a result of a transaction that has no reasonable business purpose), which may lead to the disallowance of their application. There is a growing practice on the interpretation of this concept by the tax authorities or the courts and it is apparent that the tax authorities actively seek to apply this concept when challenging tax positions taken by taxpayers. The tax authorities have actively sought to apply this concept when challenging tax positions taken by taxpayers in court, and this trend is anticipated to continue in the future. Although the intention of this Ruling was to combat tax law abuses, the tax authorities have started applying the "unjustified tax benefit" concept in a broader sense than may have

been intended by the Supreme Arbitration Court. Court rulings on such cases to date have been both in favour of taxpayers and tax authorities, but it is not possible to determine which direction the court practice will take in the future in this respect.

The Russian thin capitalisation rules allow for different interpretations, which may affect the Group's business, results of operations, financial condition or prospects

Russian tax legislation includes thin capitalisation rules which limit the amount of interest that could be deducted by the Russian subsidiaries of the Company for corporate income tax purposes on "controlled" debts. In accordance with amendments to the Russian thin capitalisation rules coming into effect starting from 2017, a controlled debt is defined as a loan or other indebtedness (i) obtained by a Russian company from a foreign related person which (a) owns, directly or indirectly, more than 25% of such Russian company's share capital; or (b) owns a share in such Russian company's capital through a chain of entities, in which each subsequent person directly owns more than 50% of the previous entity; (ii) obtained by a Russian company from another company affiliated (including by means of common ownership as defined by the Russian Tax Code) to such foreign related person; or (iii) that is guaranteed or otherwise secured by such foreign parent or its affiliates. The deductibility of interest is restricted to the extent that the controlled debt of a Russian company exceeds its net assets by more than three times. Interest on excess debt is non-deductible and treated as a dividend subject to withholding tax.

One of the Group's Turkish subsidiaries provides a suretyship of certain borrowings by Russian OpCo, the Group's Russian subsidiary. Accordingly, these arrangements may be subject to the thin capitalisation rules.

Application of the thin capitalisation rules could materially and adversely affect the Group's business, results of operations, financial condition, cash flows and prospects.

Repeated tax audits and extension of liability beyond the limitation period may result in additional tax liabilities

Generally, taxpayers are subject to tax audits for a period of three calendar years immediately preceding the year in which the decision to conduct an audit is taken. The tax authorities are entitled to conduct tax audits for the year in which the decision to conduct the audit is taken and the three calendar years immediately preceding that year. However, the fact that a particular tax period has been reviewed does not automatically rule out the possibility of an additional review of the same period by the same or a superior tax authority (where such audit is carried out in connection with the restructuring/liquidation of a taxpayer, or as a result of filing by such taxpayer of an amended tax return decreasing the tax payable, or by a superior tax authority for the purpose of reviewing the work of lower-level tax authorities). In addition, on 14 July 2005, the Constitutional Court issued a decision that allows the statute of limitations for tax penalties to be extended beyond the three-year term set forth in the Russian Tax Code if a court determines that a taxpayer has obstructed or hindered a field tax audit. Moreover, the first part of the Russian Tax Code provides for the extension of the three year statute of limitations for tax liabilities if the actions of the taxpayer create insurmountable obstacles for the tax audit. Because none of the relevant terms is defined in Russian laws, the tax authorities may have broad discretion to argue that a taxpayer has "obstructed" or "hindered" or "created insurmountable obstacles" in respect of an inspection, effectively linking any difficulty experienced in the course of their tax audit with obstruction by the taxpayer and use that as a basis to seek tax adjustments and penalties beyond the three-year term. Therefore, the statute of limitations is not entirely effective.

Tax audits or inspections may result in additional costs to the Group, in particular if the relevant tax authorities conclude that the Group did not satisfy its tax obligations in any given year. Such audits or inspections may also impose additional burdens on the Group by diverting management resources. The outcome of these audits or inspections could materially adversely affect the Group's business, results of operations, financial condition, cash flows and prospects.

The Group believes that it has provided adequately for tax liabilities based on its interpretation of applicable Russian tax legislation, official pronouncements and court decisions. There can be no assurance, however, that the interpretations of the relevant tax authorities will not differ from the Group's interpretation.

Russian transfer pricing rules may subject the Group's transfer prices to challenge by the Russian tax authorities

The transfer pricing rules contained in the Russian Tax Code ("**TP**") are to a great extent aligned with the international transfer pricing principles developed by OECD. According to these rules, transactions of the companies of the Group may fall into the scope of "controlled transactions" if they are performed with Russian

related companies (under certain thresholds and conditions), non-Russian related companies (with no thresholds) or non-Russian companies that are resident in certain offshore zones (currently under certain thresholds). The Russian TP rules require taxpayers annually notify the tax authorities of "controlled transactions". Taxpayers could also be required to present to the Russian tax authorities TP documentation related to "controlled transactions" upon their request.

The Russian TP rules may have a potential impact on the Group's tax costs arising from the pricing mechanisms used in controlled transactions and, in particular, transactions with related parties in and outside of the Russian Federation. The Russian tax authorities will be entitled to accrue additional tax liabilities if prices of the "controlled transactions" differ from those which independent counterparties in similar conditions would have applied. The Russian tax authorities have conducted a number of TP audits and accrued additional taxes to the relevant taxpayers. Moreover, in certain instances the Russian tax authorities have applied the TP rules and methods in cases, where the rules have formally not been applicable, claiming additional tax charges calculated using the TP rules, but based on other tax concepts (e.g. unjustified tax benefit, lack of economic justification of expenses, etc.).

As a result, due to the uncertainties in the interpretations of TP legislation, no assurance can be given that the tax authorities will not challenge the prices applied by the Group and make adjustments, which could affect the Group's tax position. Unless such tax adjustments are successfully contested in court, the Group could become liable for increases in its taxes payable. The Russian TP law, including the possible tax adjustments outlined above, could materially adversely affect the Group's business, results of operations, financial condition, cash flows and prospects.

RISKS RELATING TO THE SHARES

There is no existing market for the Shares and an active trading market may not develop or be sustained

Prior to Admission, there has been no public trading market for the Shares. Although the Company has applied to the UK Listing Authority for Admission to the premium segment of the Official List and has applied to the London Stock Exchange for Admission to trading on its main market for listed securities, the Company can give no assurance that an active trading market for the Shares will develop or, if developed, can be sustained following the closing of the Offer. If an active trading market is not developed or maintained, the liquidity and trading price of the Shares could be adversely affected and investors may have difficulty selling their Shares.

The market price of the Shares may prove to be volatile and may be subject to fluctuations, including significant decreases

Publicly traded securities from time to time experience significant price and volume fluctuations that may be unrelated to the operating performance of the companies that have issued them. In addition, the market price of the Shares may prove to be highly volatile. The market price of the Shares may fluctuate significantly in response to a number of factors, many of which are beyond the Group's control, including, without limitation, those referred to in these "*Risk Factors*", changes in general market conditions or changes in sentiment in the stock market regarding the Shares or securities similar to them. Stock markets have from time to time experienced significant price and volume fluctuations that have affected the market prices for securities and which may be unrelated to the Company's operating performance and prospects. Events that could adversely affect the market price of the Shares include:

- variations in the Group's operating results;
- changes in financial estimates by industry participants or securities analysts;
- changes in market valuation of similar companies; announcements by the Group of significant contracts, acquisitions, strategic alliances, joint ventures, capital commitments, new initiatives or new products;
- additions or departures of key personnel;
- any shortfall in revenue or net income or any increase in losses from levels expected by market commentators;
- unfavourable press or social media commentary;
- future issues or sales of Shares;
- stock market price and volume fluctuations; and

- changes in the political, economic or social conditions in Turkey, Russia, Azerbaijan, Georgia and other geographic markets in which the Company may operate in the future.

Any of these events could result in a material decline in the price of the Shares and could result in subscribers for the Shares losing their entire investment in the Shares.

Investors' rights as shareholders will be governed by Dutch law and may differ in some respects from the rights of shareholders under the laws of other countries

The Company is a public limited liability company incorporated under the laws of the Netherlands. The rights of the Shareholders will be governed by the Articles of Association as they will be read on the date of Admission, as amended from time to time, and by Dutch law. These rights may differ in some respects from the rights of shareholders in corporations organised outside of the Netherlands. Please see paragraph 3 of Part 14 "*Additional Information—Articles of Association*" and paragraph 12 of Part 14 "*Additional Information—Legal considerations of the Netherlands, the United Kingdom and the European Union*" for a summary of the Articles of Association as in force following Admission and applicable Dutch law. In addition, it may be difficult for investors to prevail in a claim against the Company under, or to enforce liabilities predicated upon, the securities laws of jurisdictions outside of the Netherlands. Please see Part 2 "*Presentation of Financial and Other Information—Enforcement of civil liabilities*".

Any offer for the Shares will be subject to the shared jurisdiction of the UK Takeover Panel and the AFM

Any offer for the Shares will be subject to both the UK Takeover Code and the Dutch public offer rules as contained in the Dutch Financial Supervision Act and the related Decree on public offers (*Besluit Openbare Biedingen Wft*) (the "**Dutch Public Offer Rules**"). Since the Company is incorporated in the Netherlands and the Shares will be admitted to trading in the UK, the UK Takeover Code will apply in respect of consideration and procedural matters and the Dutch Public Offer Rules will apply in relation to matters relating to information to be provided to trade unions and employees and company law matters, including the convening of a shareholders meeting in the event of a public offer. There can be no certainty as to how the interplay of the UK Takeover Code and the Dutch Public Offer Rules will operate in practice, and Shareholders may be adversely affected in the event that a takeover offer is made for the Company.

Depositary Interest Holders must rely on the Depositary to exercise their rights

Holders of the dematerialised Depositary interests in respect of Shares ("**Depositary Interests**" or "**DIs**") issued by the Depositary have substantially the same rights as those attaching to the underlying Shares as if the holder of a Depositary Interest were named in the Company's shareholders' register itself except that the holder must rely on the Depositary or any custodian to either exercise those rights for their benefit or authorise them to exercise those rights for their own benefit.

Holders of Depositary Interests ("**Depositary Interest Holders**") do not have the rights that Dutch law and the Articles of Association confer on Shareholders, such as voting rights. In respect of the Shares underlying the Depositary Interests those rights vest in the Depositary or any custodian. Consequently, if the Depositary Interest Holders want to exercise any of those rights they must rely on the Depositary or any custodian to either exercise those rights for their benefit or authorise them to exercise those rights for their own benefit. Pursuant to the Deed Poll pursuant to which the Depositary Interests are created, the Depositary and any custodian must pass on to, and so far as they are reasonably able, exercise on behalf of the relevant Depositary Interest Holders all rights and entitlements that they receive or are entitled to in respect of the underlying Shares and that are capable of being passed on or exercised. However, there can be no assurance that all such rights and entitlements will at all times be duly and timely passed on or exercised. Please see paragraph 10 of Part 12 "*The Offer—CREST*" for more details on the Depositary Interests, the Depositary Agreement and the Deed Poll.

Future sales of Shares, or the possibility of future sales, could depress the market price of the Shares

Following Admission, the Selling Shareholders will continue to own approximately 48.8% of the Shares, or approximately 41.2% if the Over-allotment Option is exercised in full. Any sales of substantial amounts of Shares in the public market, or the perception that such sales might occur, could result in a material adverse effect on the market price of the Shares and could impair the Group's ability to raise capital through the sale of additional equity securities. The Company is unable to predict whether substantial amounts of Shares will be sold in the open market following the termination or waiver of the lock-up restrictions put in place in connection with the Offer. In particular, there can be no assurance that after the restrictions expire, or prior to

such time if any such restrictions are waived, the Selling Shareholders will not reduce their holdings of the Shares.

Certain shareholders may not be able to exercise pre-emptive rights and as a result may experience substantial dilution upon future issuances of Shares

Shareholders generally will have a pre-emptive right with respect to any issue of Shares or the granting of rights to subscribe for Shares, unless explicitly provided otherwise in a resolution by the general meeting of Shareholders (the "**General Meeting**") or, to the extent it is designated by the General Meeting or the Articles of Association for this purpose, by a resolution of the Board. On 12 June 2017, the Board was designated by the General Meeting as the corporate body competent to limit or exclude pre-emptive rights in respect of part of the Shares. Please see paragraph 3.11 of Part 14 "*Additional Information—Articles of Association—Issue of Shares*". However, certain holders of Shares outside the Netherlands may not be able to exercise pre-emptive rights unless local securities laws have been complied with. In particular, shareholders in the United States may not be entitled to exercise these rights unless either the Shares and any other securities that are offered and sold are registered under the US Securities Act, or the Shares and such other securities are offered pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. There can be no assurance that the Company will file any such registration statement or that an exemption to the registration requirements of the Securities Act will be available.

Overseas shareholders may be subject to exchange rate risk

The Shares are, and any dividends to be paid in respect of them will be, denominated in pounds sterling. An investment in the Shares by an investor whose principal currency is not pounds sterling exposes the investor to foreign currency exchange rate risk. Any depreciation of pounds sterling in relation to such foreign currency will reduce the value of the investment in the Shares or any dividends in foreign currency terms.

Following Brexit the main market of the London Stock Exchange may cease to be a regulated market which may affect trading of the Shares, the ability of the Company to raise capital and the rights of shareholders

Following Brexit, it is unclear whether the main market of the London Stock Exchange, to which the Company has applied for admission of the Shares, will continue to be a regulated market for the purposes of Directive 2004/39/EC on markets in financial instruments or whether an agreement will be reached with the European Union with respect to the treatment of such market on a transitional or permanent basis. It is too early to predict the impact of Brexit on the trading market for the Shares, but it is possible that if no agreement is reached with the European Union certain commonality of procedures recognised by the AFM, and the regulatory authorities of the members of the European Union generally, on the one hand, and the UK Listing Authority, on the other, may be affected or terminated. If no agreement is reached, there can be no assurance whether the procedure for the mutual recognition of prospectuses under the Prospectus Directive would continue, which may affect the efficiency with which the Company can raise capital by offering Shares to the public in the European Union. The rights of shareholders in the Company under Directive 2004/25/EC on takeover bids may be adversely affected to the extent that agreement is not reached on the sharing of jurisdiction between the UK Takeover Code and the Dutch Public Offer Rules which could mean that a takeover of the Company is implemented without a bidder being required to offer the investor protection currently granted to Shareholders (please see paragraph 12.4 of Part 14 "*Additional Information—Legal considerations of the Netherlands, the United Kingdom and the European Union—Public offer rules*"). Although it is too early to predict the outcome of the negotiations around Brexit, no assurance can be given around the interplay between regulation in the United Kingdom and the European Union and any adverse changes to such interplay could adversely affect Shareholders' rights and ultimately trading in the Shares.

PART 2

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

General

Investors should rely only on the information in this Prospectus. No person has been authorised to give any information or to make any representations in connection with the Offer, other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Company, the Directors, the Selling Shareholders or either of the Underwriters. No representation or warranty, express or implied, is made by either of the Underwriters or any selling agent as to the accuracy or completeness of such information, and nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation by either of the Underwriters or any selling agent as to the past, present or future. Without prejudice to any obligation of the Company to publish a supplement to this Prospectus pursuant to the Dutch Financial Supervision Act and/or the FSMA, neither the delivery of this Prospectus nor any subscription or sale of Offer Shares pursuant to the Offer shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Company or the Group taken as a whole since the date of this Prospectus or that the information contained herein is correct as of any time subsequent to its date.

The Company will update the information provided in this Prospectus by means of a supplement hereto if a significant new factor that may affect the evaluation by prospective investors of the Offer occurs prior to Admission or if this Prospectus contains any mistake or substantial inaccuracy. The Prospectus and any supplement thereto will be subject to approval by the AFM and will be made public in accordance with the relevant rules under the Dutch Financial Supervision Act. If a supplement to this Prospectus is published prior to Admission, investors shall have the right to withdraw their applications for Offer Shares made prior to the publication of the supplement. Such withdrawal must be made within the time limits and in the manner set out in any such supplement (which shall not be shorter than two clear business days after publication of the supplement).

The contents of this Prospectus are not to be construed as legal, financial, business or tax advice. Each prospective investor should consult his or its own lawyer, financial adviser or tax adviser for legal, financial or tax advice. In making an investment decision, each investor must rely on their own examination, analysis and enquiry of the Group and the terms of the Offer, including the merits and risks involved.

This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Company, the Directors, the Selling Shareholders or either of the Underwriters or any of their representatives that any recipient of this Prospectus should subscribe for or purchase the Offer Shares. Prior to making any decision as to whether to purchase Offer Shares, prospective investors should read this Prospectus. Investors should ensure that they read the whole of this Prospectus and not just rely on key information or information summarised within it. In making an investment decision, prospective investors must rely upon their own examination of the Company and the terms of this Prospectus, including the risks involved.

Investors who subscribe for or purchase Offer Shares in the Offer will be deemed to have acknowledged that: (i) they have not relied on either of the Underwriters or any person affiliated with either of them in connection with any investigation of the accuracy of any information contained in this Prospectus or their investment decision; and (ii) they have relied on the information contained in this Prospectus, and no person has been authorised to give any information or to make any representation concerning the Group or the Shares (other than as contained in this Prospectus) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company, the Directors, the Selling Shareholders or any of the Underwriters.

None of the Company, the Directors, the Selling Shareholders or either of the Underwriters or any of their representatives is making any representation to any offeree, subscriber or purchaser of the Offer Shares regarding the legality of an investment by such offeree, subscriber or purchaser.

In connection with the Offer, the Underwriters and any of their respective affiliates, acting as investors for their own accounts, may subscribe for and/or acquire Shares and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such Shares and other securities of the Company or related investments in connection with the Offer or otherwise. Accordingly, references in this Prospectus to the Offer Shares being issued, offered, subscribed, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or, subscription, acquisition, dealing or placing by, the Underwriters and any of their affiliates

acting as investors for their own accounts. Neither of the Underwriters intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

Responsibility statement

The Company accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Company (which has taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect the import of such information.

Information not contained in this Prospectus

No person has been authorised to give any information or make any representation other than those contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been so authorised. Neither the delivery of this Prospectus nor any subscription or sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this Prospectus or that the information in this Prospectus is correct as of any time subsequent to the date hereof.

Presentation of financial information

The Company's combined and consolidated financial information as of 31 March 2017 and for the three months ended 31 March 2017 and 2016 (the "**Interim Financial Information**") and the Company's combined and consolidated financial information as of and for the years ended 31 December 2016, 2015 and 2014 (the "**Annual Financial Information**") included in this Prospectus have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**EU-IFRS**"). EU-IFRS differs in certain aspects from International Financial Reporting Standards as issued by the International Accounting Standards Board ("**IFRS**"). The significant EU-IFRS accounting policies applied in the financial information of the Company are applied consistently in the financial information in this Prospectus. The financial results as of and for the three months ended 31 March 2017 are not necessarily indicative of the results as of and for the full year ending 31 December 2017 or for any other interim period or financial year.

The Company's financial year runs from 1 January to 31 December in each year. The financial information included herein (the "**Financial Information**" consists of the Annual Financial Information, as set out in Appendix 1 "*Historical Financial Information*" and the Interim Financial Information as set out in Appendix 2 "*Unaudited Interim Financial Information*".

Non-IFRS financial measures

This Prospectus includes certain measures that are not measures defined by IFRS, namely, EBITDA, Adjusted EBITDA, non-recurring income/expense, Net Debt, adjusted Net Debt and adjusted Net Income/(Loss). Information regarding EBITDA, Adjusted EBITDA, non-recurring income/expense, Net Debt, adjusted Net and adjusted Net Income/(Loss) is sometimes used by investors to evaluate the efficiency of a company's operations and its ability to employ its earnings toward repayment of debt, capital expenditures and working capital requirements. These measures are also used by the Group's management in order to monitor and manage financial performance. EBITDA, Adjusted EBITDA, non-recurring income/expense, Net Debt, adjusted Net Debt and adjusted Net Income/(Loss) alone do not provide a sufficient basis to compare the Group's performance with that of other companies and should not be considered in isolation or as a substitute for operating income or any other measure as an indicator of operating performance or as an alternative to cash generated from operating activities as a measure of liquidity. In addition, these measures should not be used instead of, or considered as an alternative to, the Group's historical financial results as reported in the Financial Information. The Group presented these non-IFRS measures because it believes they are helpful to investors and financial analysts in highlighting trends in the Group's overall business, as well as to management in making decisions about the Group's business. In addition, investors should be aware that the Group is likely to incur other expenses it considers to be non-recurring in the future. The Group's presentation of Adjusted EBITDA should not be construed as an implication that its future results will be unaffected by unusual or non-recurring items. Investors are encouraged to evaluate these items and the limitations for purposes of analysis in excluding them. For a definition of these non-IFRS measures and a reconciliation of these non-IFRS measures to operating profit and the Group's loans and borrowings, please see Part 9 "*Selected Financial and Operational Information*".

Presentation of operating information

In this Prospectus, the Group presents certain operating information regarding its system stores, including the following:

"**Average ticket price**" is calculated by dividing total sales at all system stores of the Group during the relevant period by the number of tickets in that period.

"**Average weekly unit sales**" or "**AWUS**" is calculated by dividing total sales at all system stores of the Group during the relevant weekly period by the number of system stores in that period.

"**Like-for-like system sales**" is a comparison of sales between two periods that compares system sales of existing system stores. The Group's system stores that are included in like-for-like system sales comparisons are those the Group considers to be mature operations. The Group considers mature stores to be those stores that have operated for at least 52 weeks preceding the beginning of the first month of the period used in the like-for-like comparisons for a certain reporting period, assuming the relevant system store has not subsequently closed or been "split" (which involves the Group opening an additional store within the same map of an existing store or in an overlapping area). The number of system stores in the Group like-for-like category in Turkey as of 31 December 2016, 2015 and 2014 was 417, 366 and 288, respectively, and was 446 and 400 as of 31 March 2017 and 2016, respectively. The number of system stores in the Group like-for-like category in Russia as of 31 December 2016, 2015 and 2014 was 16, 12 and 13, respectively, and was 39 and 18 as of 31 March 2017 and 2016, respectively.

"**Delivery online system sales**" with respect to the Group, means its online system sales which have been generated by the Group's delivery distribution channel.

"**Delivery system sales**" with respect to the Group, means system sales which have been generated through the Group's delivery distribution channel.

"**Online system sales**" with respect to the Group, means system sales which have been generated through the Group's online ordering channel.

"**System sales**" with respect to the Group, means sales generated by the Group's system stores to external customers. It does not reflect actual revenue of the Group.

"**System stores**" means corporate stores and franchised stores and, otherwise, means owned and franchised stores within a network of chained stores.

"**Ticket**" means the receipt issued to a customer for his/her order (the amount spent by a customer on an order).

Currency presentation

Unless otherwise indicated, all references in this Prospectus to "sterling", "pounds sterling", "GBP", "£", or "pence" are to the lawful currency of the United Kingdom. All references to "US dollars" or "US$" are to the lawful currency of the United States. All references to the "euro" or "€" are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended. All references to "Turkish lira" or "TRY" are to the lawful currency of the Republic of Turkey. All references to "roubles" or "RUB" are to the lawful currency of the Russian Federation.

The presentational currency of the consolidated financial statements of the Group is the Turkish lira. The functional currency of the Company is the euro. The functional currency for all Turkish entities of the Group is the Turkish lira. The functional currency for all Russian entities of the Group is the rouble.

This Prospectus contains conversions of certain amounts relating to particular transactions from the currency in which the transaction was effected into US dollars. These conversions were effected at the relevant foreign currency to US dollar rate in effect as at the date of the transaction unless otherwise stated. No representation is made that the rouble or US dollar amounts referred to herein could have been or could be converted into roubles or US dollars, as the case may be, at these rates, at any particular rate or at all.

The table below sets forth, for the periods and dates indicated, the high, low, period end and period average exchange rate between the Turkish lira and the US dollar, and the Turkish lira and pounds sterling. Fluctuations in the exchange rate between the Turkish lira and the US dollar or pounds sterling in the past are not necessarily indicative of fluctuations that may occur in the future. These rates may also differ from the actual rates used in the preparation of the Financial Information and other financial information presented in this Prospectus.

Year	TRY per US$1.00			
	High	Low	Period average(1)	Period end(2)
2012	1.89	1.73	1.79	1.78
2013	2.16	1.75	1.90	2.13
2014	2.37	2.07	2.19	2.32
2015	3.06	2.28	2.72	2.91
2016	3.53	2.79	3.02	3.53
January 2017	3.88	3.52	3.73	3.83
February 2017	3.79	3.57	3.67	3.59
March 2017	3.75	3.59	3.67	3.64
April 2017	3.73	3.56	3.65	3.56
May 2017	3.61	3.53	3.56	3.56
June 2017 (through 13 June)	3.54	3.51	3.53	3.52

Note:

(1) Represents the average of the daily Central Bank exchange rates for the relevant period. Averages were computed by using the average of the Central Bank's US dollar buying rates on the last business day of each month during the relevant period

(2) Represents the Central Bank's buying exchange rate on the last business day for the relevant period

Year	TRY per £1.00			
	High	Low	Period average(1)	Period end(2)
2012	2.93	2.74	2.84	2.87
2013	3.56	2.68	2.97	3.51
2014	3.87	3.46	3.60	3.60
2015	4.72	3.44	4.15	4.30
2016	4.48	3.74	4.08	4.32
January 2017	4.85	4.32	4.59	4.80
February 2017	4.75	4.45	4.58	4.45
March 2017	4.56	4.45	4.51	4.52
April 2017	4.69	4.52	4.60	4.58
May 2017	4.69	4.55	4.60	4.57
June 2017 (through 13 June)	4.58	4.47	4.52	4.47

Note:

(1) Represents the average of the daily Central Bank exchange rates for the relevant period. Averages were computed by using the average of the Central Bank's pound sterling buying rates on the last business day of each month during the relevant period

(2) Represents the Central Bank's buying exchange rate on the last business day for the relevant period

The Central Bank exchange rate for US dollars on 13 June 2017 was US$1.00 = TRY3.52 and for pound sterling was £1.00 = TRY4.47.

Rounding

Certain data in this Prospectus, including financial, statistical, and operating information, have been rounded. As a result of the rounding, the totals of data presented in this Prospectus may vary slightly from the actual arithmetic totals of such data. Percentages in tables have been rounded and accordingly may not add up to 100%.

Market, economic and industry data

This Prospectus contains historical market data and forecasts which have been obtained from industry publications, market research and other publicly available information. Certain information regarding market size, market share, market position, growth rates and other industry data pertaining to the Group and its business contained in this Prospectus consist of the Group's estimates based on data compiled by professional organisations comprising Euromonitor International Limited ("**Euromonitor International**"), EIU, national statistical services and central banks in Turkey, Russia, Azerbaijan and Georgia, international organisations (IMF, World Bank, ITU and others) and from services the Group received from the Boston Consulting Group. Unless stated otherwise in this Prospectus, references to the market share or leadership position in the market of the Company or its competitors is based on the Group's assessment of respective market size by value or store network derived from using the aforementioned sources.

Industry publications and market research generally state that the information they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of such information is not guaranteed and that the projections they contain are based on a number of significant assumptions. In some cases there is no readily available external information (whether from trade and business organisations and associations, government bodies or other organisations) to validate market related analyses and estimates, requiring the Group to rely on internally developed estimates. Although the Group believes its internal estimates to be reasonable, such estimates have not been verified by any independent third parties and the Group cannot assure investors that a third party using different methods to assemble, analyse or compute market data would obtain the same results. The Group does not intend, and does not assume any obligation, to update industry or market data set forth in this Prospectus, except as required by applicable law. Because market behaviour, preferences and trends are subject to change, prospective investors should be aware that market and industry information in this Prospectus and estimates based on any data therein may not be reliable indicators of future market performance or the Group's future results of operations.

References in this Prospectus to the share of the pizza sub-segment within the fast-food market is calculated as the value of sales of pizza players (pizza delivery focused, pizza non-delivery focused and full service pizza restaurants) divided by the combined sales of pizza players, the entire delivery market and fast food market.

The Company confirms that all such data contained in this Prospectus has been accurately reproduced and, so far as the Company is aware and able to ascertain, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where third-party information has been used in this Prospectus, the source of such information has been identified.

Definitions

Certain terms used in this Prospectus, including all capitalised terms and certain technical and other items, are defined and explained in Part 15 "*Definitions*".

Enforcement of civil liabilities

The Company is a public limited liability company (*naamloze vennootschap*) incorporated under the laws of the Netherlands. The majority of the Directors, the Company's officers and members of Senior Management reside outside the United States, and all or substantially all of the assets of such persons are, and all or substantially all of the Company's assets are, located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Company or such persons or to enforce outside the United States, judgments obtained against the Company or such persons in the United States, including without limitation judgments based upon the civil liability provisions of the United States federal securities laws or the laws of any state or territory within the United States. In addition, awards of punitive damages in actions brought in the United States or elsewhere may be unenforceable in the United Kingdom, the Netherlands, Turkey, Russia or elsewhere. Investors may also have difficulties enforcing, in original actions brought in courts in jurisdictions outside the United States, liabilities under the US securities laws.

The United States and the Netherlands do not currently have a treaty providing for reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters. Accordingly, there is substantial doubt as to the enforceability in the Netherlands of original actions or actions for enforcement based on the federal securities laws of the United States or judgments of US courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States. However, if a person has obtained a final and conclusive judgment for the payment of money rendered by a court in the United States, which is enforceable in the United States and files his claim with the competent Dutch court, the Dutch court will generally give binding effect to the foreign judgment insofar as it finds that the jurisdiction of the foreign court has been based on grounds that are internationally acceptable and that proper legal procedures have been observed and except to the extent that the foreign judgment contravenes Dutch public policy.

Information regarding forward-looking statements

This Prospectus includes forward-looking statements which involve known and unknown risks and uncertainties, many of which are beyond the Group's control and all of which are based on the Directors' current beliefs and expectations about future events. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as "believe", "expects", "may", "will", "could", "should", "shall", "risk", "intends", "estimates", "aims", "plans", "predicts", "continues", "assumes", "positioned" or "anticipates" or the negative thereof, other variations thereon or comparable terminology. These forward-looking statements

include all matters that are not historical facts. They appear in a number of places throughout this Prospectus and include statements regarding the intentions, beliefs or current expectations of the Directors or the Group concerning, among other things, the results of operations, financial condition, prospects, growth, strategies, and dividend policy of the Group and the industry in which it operates. In particular, the statements under the headings "*Summary*", "*Risk Factors*", "*The Business*" and "*Operating and Financial Review*" regarding the Company's strategy and other future events or prospects are forward-looking statements.

These forward-looking statements and other statements contained in this Prospectus regarding matters that are not historical facts involve predictions. No assurance can be given that such future results will be achieved; actual events or results may differ materially as a result of risks and uncertainties facing the Group. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed, or implied in such forward-looking statements. Important factors that could cause the Group's actual results to so vary include, but are not limited to:

- the prevailing global and domestic economic environment;
- inflation, interest rate and exchange rate fluctuations;
- the health of the Turkish and Russian economy;
- the effects of, and changes in, the policy of the Turkish Government and other jurisdictions in which the Group conducts its operations;
- the ability to finance anticipated capital expenditures at least in part through revenue from operations or otherwise;
- the effects of changes in laws, regulations, taxation or accounting standards or practices;
- the effects of competition in the geographic and business areas in which the Group conducts its operations;
- the ability to control costs;
- growth and expansion;
- changes in customer preferences;
- the Group's success at managing the risks associated with the aforementioned factors; and
- other risk factors listed in this Prospectus.

Forward-looking statements contained in this Prospectus speak only as of the date of this Prospectus. The Company, the Directors, the Selling Shareholders and the Underwriters expressly disclaim any obligation or undertaking to update these forward-looking statements contained in this Prospectus to reflect any change in their expectations or any change in events, conditions, or circumstances on which such statements are based unless required to do so by applicable law, the Dutch Financial Supervision Act, the Listing Rules, or the Disclosure and Transparency Rules.

Available information

For so long as any of the Shares are in issue and are "restricted securities" within the meaning of Rule 144(a)(3) under the US Securities Act ("**Restricted Securities**"), the Company will, during any period in which it is not subject to section 13 or 15(d) under the US Securities Exchange Act of 1934, as amended (the "**US Exchange Act**"), nor exempt from reporting under the US Exchange Act pursuant to Rule 12g3-2(b) thereunder, make available to any holder or beneficial owner of a Share, or to any prospective purchaser of a Share designated by such holder or beneficial owner, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the US Securities Act.

No incorporation of website information

The contents of the Group's websites, or those of its sub-franchisees, do not form part of this Prospectus.

PART 3

DIRECTORS, SECRETARY, REGISTERED AND HEAD OFFICE AND ADVISERS

Directors	**Mr. Peter Williams**—Chairman and Independent Non-Executive Director **Mr. Aslan Saranga**—Chief Executive Officer **Ms. Frederieke Slot**—Company Secretary and Executive Director **Mr. Seymur Tarı**—Non-Executive Director **Mr. Izzet Talu**—Non-Executive Director **Ms. Aksel Şahin**—Non-Executive Director **Mr. Thomas Singer**—Senior Independent Non-Executive Director
Company Secretary	Ms. Frederieke Slot
Registered office of the Company	Herikerbergweg 238, Luna Arena, 1101 CM Amsterdam, the Netherlands
Sponsor, Global Co-ordinator, Joint Bookrunner and Underwriter	Morgan Stanley & Co. International plc 25 Cabot Square Canary Wharf London E14 4QA United Kingdom
Joint Bookrunner and Underwriter	Citigroup Global Markets Limited Citigroup Centre Canada Square Canary Wharf London, E14 5LB
English and US legal advisers to the Company	Dentons UKMEA LLP One Fleet Place London EC4M 7WS United Kingdom
Turkish legal advisers to the Company	Balcıoğlu Selçuk Akman Keki Avukatlık Ortaklığı Büyükdere Caddesi Bahar Sokak No.13 River Plaza Kat 11 – 12 Levent 34394 Istanbul Turkey
Russian legal advisers to the Company	Dentons Europe AO White Gardens Business Center Lesnaya ulitsa, 7 Moscow, 125047 Russian Federation
Dutch legal advisers to the Company	Houthoff Buruma Coöperatief U.A. Gustav Mahlerplein 50 1082 MA Amsterdam The Netherlands
English and US legal advisers to the Sponsor, Global Co-ordinator, Joint Bookrunners and Underwriters	Allen & Overy LLP One Bishops Square London E1 6AD United Kingdom

Turkish legal advisers to the Sponsor, Global Co-ordinator, Joint Bookrunners and Underwriters	Gedik & Eraksoy River Plaza, Floor 17 Büyükdere Caddesi, Bahar Sokak No. 13 TR-34394 Levent Istanbul Turkey
Dutch legal advisers to the Sponsor, Global Co-ordinator, Joint Bookrunners and Underwriters	Allen & Overy LLP Apollolaan 15 1077 AB Amsterdam The Netherlands
Reporting Accountants	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH United Kingdom
Depositary	Capita IRG Trustees Limited The Registry 34 Beckenham Road Beckenham Kent BR3 4TU United Kingdom

PART 4

EXPECTED TIMETABLE OF PRINCIPAL EVENTS AND OFFER STATISTICS

Expected timetable of principal events

Event	Time and Date
Start of Offer Period	10.00 a.m. on 15 June 2017
End of Offer Period	10.00 a.m. on 27 June 2017
Publication of approved Prospectus containing the Offer Price	28 June 2017
Publication of results of the Offering	28 June 2017
Commencement of conditional dealings on the London Stock Exchange	8.00 a.m. on 28 June 2017
Admission and commencement of unconditional dealings on the London Stock Exchange	8.00 a.m. on 3 July 2017
CREST accounts credited with DIs	3 July 2017
Settlement Date (payment and delivery)	3 July 2017

It should be noted that, if Admission does not occur, all conditional dealings will be of no effect and any such dealings will be at the sole risk of the parties concerned.

All times are London times. Each of the times and dates in the above timetable is subject to change, which will be announced in a press release on the Company's website.

Offer statistics

Offer Price	£2.00 per Share
Number of Offer Shares (excluding the Over-allotment Shares)	74,130,435
—to be issued by the Company	10,372,414
—to be sold by the Selling Shareholders	63,758,021
Percentage of the enlarged issued share capital in the Offer	51%
Number of Offer Shares subject to the Over-allotment Option	11,119,565
Number of Shares in issue following the Offer	145,372,414
Estimated net proceeds of the Offer receivable by the Company(1)	£17,713,604
Estimated gross proceeds of the Offer receivable by the Selling Shareholders(2)	£127,516,042
Market capitalisation of the Company following the Offer	£290,744,828

Notes:

(1) After estimated fees and expenses of approximately £3.03 million

(2) Assuming no exercise of the Over-allotment Option

PART 5

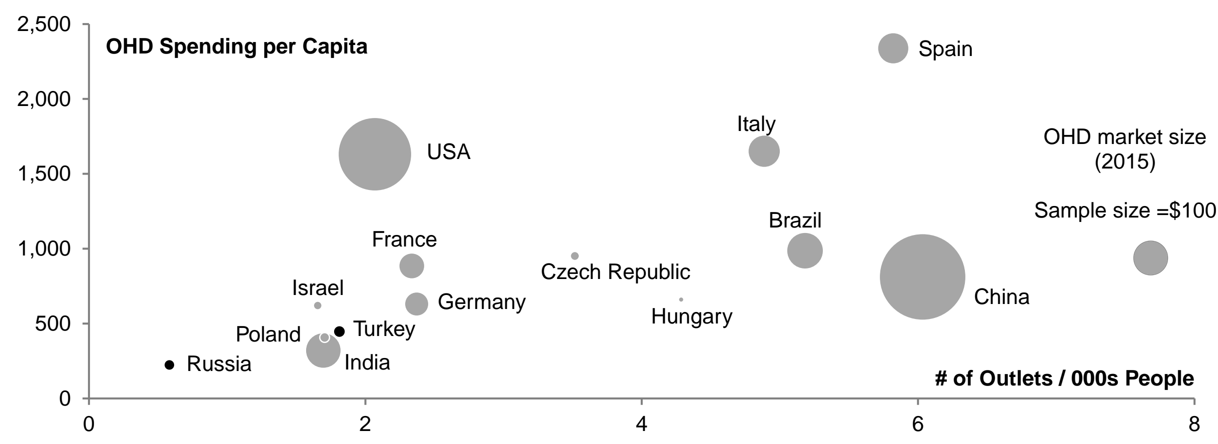
INDUSTRY

The Group operates in the OHD markets in Turkey, Russia, Azerbaijan and Georgia, and more specifically in the quick service restaurant/fast-food segment of the pizza sub-segment of the OHD market. Considering the Group's expertise in delivery, the Group believes that the Group can be seen as competing with a wider selection of OHD players in the delivery channel as well. The markets in which the Group operates are generally characterised by historically high growth rates and substantial remaining development potential in the segments serviced by the Group.

Penetration of out-of home dining, measured as annual OHD spending per capita, has significant upside in both Turkey and Russia, the Group's key markets, when compared to European markets, other large and emerging countries. Discretionary spending, which is one of the key drivers of the market, is relatively low, in line with GDP per capita, and demand for OHD dining as a function of discretionary spending is still developing. This is particularly true in Russia, where the private OHD market only started developing after market reforms in the USSR in the late 1980s. As a result, the size of OHD market in Turkey and Russia is disproportionately small compared to their respective economies and populations, even when adjusted for purchase power parity. The number of OHD outlets per 1,000 persons, which stands for capacity of the supply side, is also lower in the Group's markets than in most other countries in the peer set, suggesting significant upside potential coming from supply and demand.

OHD Market Value and Footprint, 2015

US dollars / purchase power parity



Source: Group's estimates for Turkey OHD market size (based on data and information obtained from the professional organisations referred to in Part 2 "*Presentation of Financial and Other Information—Market, economic and industry data*"); Euromonitor International; Consumer Foodservice 2017; EIU via S&P Global Market Intelligence

The potential of OHD markets in the Group's countries of presence is highlighted by population characteristics in those countries. The Group is serving some of the largest and youngest populations in Europe.

2016F

Population Comparison in Selected European Countries	Russia	Germany(1)	Turkey	UK	France(1)	Italy	Spain	Poland	Hungary
Population (MM) persons	146.5	82.3	79.6	64.9	64.7	59.8	46.1	38.4	9.8
Median Age (years)	39.3	46.8	30.5	40.5	41.2	45.1	42.3	40.3	41.8

Source: EIU via S&P Global Market Intelligence, Central Intelligence Agency The World Factbook ("CIA World Factbook")

(1) Actual

The OHD market is composed of full-service restaurants, fast-food, cafés/bars, self-service cafeterias and street stalls/kiosks. Furthermore, Euromonitor International distinguishes 100% home delivery/takeaway as a separate market category different from fast-food:

Full-service restaurants encompass all sit-down establishments, where the focus is on food rather than on drink. The foodservice operators in this category are characterised by table service and a relatively higher quality of food compared to quick-service units. Menus offer multiple selections and may include breakfast, lunch and dinner. Preparation of food products is often complex and involves multiple steps. Euromonitor

International includes in its definition a la carte, all-you-can-eat and sit-down buffets within full-service restaurants. Merchandising sales are excluded.

Fast-food outlets offer focused menus with quick meal preparation. Customers order, pay and pick up their meals from a counter. Outlets tend to specialise in one or two main entrees such as hamburgers, pizza, ice cream, or chicken, however salads, drinks, desserts are also commonly provided. Food preparation is generally simple and involves a few basic steps. As per the Euromonitor International definitions fast-food outlets are characterised by: standardised and restricted menu; food for immediate consumption; tight individual portion control on all ingredients and on the finished product; individual packaging of each item; a young and unskilled labour force; and counter service. Furthermore, such outlets often have a seating area, or close access to a shared seating area, such as in a shopping centre food court. A takeaway option is generally present, as is drive-through in some markets. For chained fast-food, a common feature is chained and franchised operations which operate under a uniform fascia and corporate identity. Euromonitor International defines chained players as those having ten or more units (except for international chains that have a presence of fewer than ten units in a country—in this case, they are still considered to be chained units).

100% home delivery/takeaway category is represented by fixed units which provide no facilities for consumption on the premises. Food can either be picked up by the consumer, or delivered, often for an additional charge. Common offerings include: pizzas, Chinese, Indian, Mexican, Middle Eastern, West Indian, North African, and other local national offerings. As per the Euromonitor International definition, companies offering a mixture of table and delivery service are excluded and fall under the full service restaurants sector.

The *pizza* sub-segment, as defined by Euromonitor International, includes all outlets that specialise in pizza including fast-food pizza, pizza full-service restaurants and pizza 100% home delivery/takeaway. Within the Euromonitor International categorisation, these form part of the components of the larger foodservice market. Data shown in this Prospectus for the pizza market encompasses all of the above components.

Cafés/bars category encompasses all establishments where the focus (i.e. more than half of sales) is on drinking (either alcoholic or non-alcoholic beverages). While a wide variety of snacks and full meals are offered, it is not uncommon for consumers to only order a drink. Euromonitor International includes in this category Bars/Pubs, Cafés, Juice/Smoothie Bars (excluding those in street stall or kiosk type format), and Specialist Coffee Shops. Full scale juice bars, such as energy drink bars and fruit juice bars are included in the Juice/Smoothie Bars category.

Self-service cafeterias are outlets where there is no (or limited) service. Food is presented on counters or available made-to-order through food stalls. Customers choose the items they want and pay for everything at a separate pay station or check-out.

Street stalls/kiosks are small, sometimes mobile, food-service providers characterised by a very limited product offering and by low prices. These include street stalls, street hawkers and food-service kiosks where food is prepared in some way and served through a hatch or over a display counter to takeaway. These also include kiosks and carts located externally or internally, e.g. in shopping malls. Street stalls/kiosks outlets tend to be smaller than 100% home delivery/takeaway outlets, while menus are more limited, often with a greater emphasis on snack items, rather than full meals.

The Group primarily operates in the fast-food segment of the OHD market, which is formed by a broad group of fast-food restaurants, generally offering affordable, mass-produced standardised meals with minimal or no table service. Due to long opening hours, short service time and high customer traffic, fast-food restaurants generally account for a higher share of OHD spending compared to their share in the number of outlets in the OHD market (for instance, when compared to full table service restaurants). Chained players are typically the most active participants in the fast-food and, by extension, the fast-food component of the pizza market due to the scale advantages that large networks provide. International chained players in particular benefit from significant know-how shared across the network, substantial operational and financial capability in roll-out and globally standardised production, quality control and branding. Furthermore, advantages of scale, including greater purchasing power and operating leverage, allow chained players to achieve higher cost efficiency, thereby improving the economic viability of roll-out in lower density areas, investment into online capabilities and nationwide marketing. The resulting lower break-even point increases chained players' tolerance for cannibalisation of own restaurants, facilitating "splits" of existing stores and improved area coverage. Combined with competitive pricing and promotions, high advertising spend, predictability and reliability of offer across the network, wide presence of chained players allows them to build substantial brand equity, gaining customers' awareness, trust and loyalty and winning market share from smaller, independent players. Global branding provides additional benefits to chained players by facilitating awareness across countries and regions.

Turkey

Macroeconomic Environment in Turkey

According to the IMF, the economy of Turkey is the 17th largest in the world and the seventh largest in Europe (including Russia) as of 2016. It is also one of the fastest growing economies in Europe, with real GDP growth on a cumulative annual growth rate ("**CAGR**") basis of 6.4% over 2010 to 2016, significantly above the European Union average of 1.3%. A leading exporter of agricultural and industrial products and an important transit country for oil and gas, Turkey benefits from a diversified economy with substantial growth potential. Despite the imposition of sanctions on Turkey by Russia in late 2015 to early 2016, political upheaval in the region and the continued armed conflict in Syria. IMF forecasts robust real GDP growth of 2.5% in 2017 and 3.3% in 2018, driven by improving exports and increased public spending. As of the date of the Prospectus, the Russian sanctions have been partially lifted.

Turkey's growing population remains another key driver of the economy, enabled by high fertility rates (1.2% population growth in 2016 as per EIU data via S&P Global Market Intelligence). According to the CIA World Factbook, the population has a median age of 30.5 years, which is significantly below the European Union median of 42.7 years, as the age group of birth to 14 years forms approximately 25% of the population. The country's average unemployment rate is comparable to that of the euro area at 10.8% (according to IMF).

Relative macroeconomic stability and continuous real economic growth have helped disposable incomes per capita to consistently increase throughout 2010 to 2016 at CAGRs of 10.9% according to EIU data via S&P Global Market Intelligence. Together with population growth, these factors have boosted retail sales and consumption growth (11% CAGR over the period as implied by the Retail Turnover Index via Turkstat) above the inflation rate. Urban population has been continuously increasing: according to the World Bank, urban population comprised 70.7% of the total population in 2010 and 73.4% in 2015.

Turkey's official currency, the Turkish lira, has been depreciating against the US dollar since 2008, as the country maintains a substantial current account deficit (3.8% of GDP as of 2016) according to the IMF World Economic Outlook Database, as of April 2017. Political tensions within the country have also been seen as contributing to currency fluctuations. Since 2009, foreign currency-denominated lending by local banks has only been available to legal entities, but still forms a significant share (31%) of overall gross loans, according to BRSA.

The tables below outline the key macroeconomic indicators for Turkey in 2010 to 2016 and relevant datapoints regarding the macroeconomic outlook for 2017 to 2021.

	Year ended 31 December							
Key macroeconomic indicators—Turkey	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**CAGR (2010 – 2016)**
Real GDP Growth	8.5%	11.1%	4.8%	8.5%	5.2%	6.1%	2.9%	6.4%
Nominal GDP Growth	16.1%	20.2%	12.6%	15.3%	13.0%	14.3%	10.8%	14.3%
Population, year end (million)	72.3	73.5	74.9	76.2	77.5	78.7	79.6[2]	1.6%
Unemployment Rate (%)	11.1%	9.1%	8.4%	9.0%	9.9%	10.3%	10.8%	
Retail Turnover Index	100	118	134	147	162	173	187	11.0%
Consumer Price Index (%)	6.4%	10.4%	6.2%	7.4%	8.2%	8.8%	8.5%	
Average exchange rate[1] (TRY per US dollar)	1.50	1.67	1.79	1.90	2.19	2.72	3.02	

Source: IMF World Economic Outlook Database, April 2017, Turkstat, CBRT, EIU via S&P Global Market Intelligence

(1) The average rates are calculated as the average of the daily exchange rates on each business day and on each non-business day (which rate is equal to the exchange rate on the previous business day)

(2) Estimates

	Year ended 31 December						
Macroeconomic outlook—Turkey	**2016**	**2017F**	**2018F**	**2019F**	**2020F**	**2021F**	**CAGR (2017F – 2021F)**
Real GDP Growth (%)	2.9%	2.5%	3.3%	3.4%	3.8%	3.8%	3.6%
Disposable Income per capita p.a. (TRY 000s)	19.7	21.5	23.4	25.2	27.2	29.3	8.1%

Source: IMF World Economic Outlook Database, April 2017, EIU via S&P Global Market Intelligence

The Group's Addressable Market in Turkey

Turkey's OHD market has traditionally been mostly comprised of full-service restaurants as well as cafés and bars. According to the Group's estimates (based on data and information obtained from the professional organisations referred to in Part 2 "*Presentation of Financial and Other Information—Market, economic and industry data*"), full-service restaurants comprised 50% of the overall OHD market by value in 2015, while cafés and bars represented 28% of the market by value in 2015. Smaller self-service outlets and kiosks, though widespread in the country, are characterised by low ticket size and accounted for seven per cent. of the market in 2015, also according to the Group's estimates. The fast-food segment (inclusive of 100% home delivery takeaway category and full-service pizza restaurants), and the pizza sub-segment in particular, is relatively new to the Turkish consumer, but already accounted for 15% of the market by value in 2015, according to the Group's estimates.

According to the Group's estimates, the OHD market grew at a cumulative annual nominal growth rate of ten per cent. between 2010 and 2016. In the same period, chained players have increased their market share approximately 1.7 times, from 14% in 2010 to 23% in 2016, representing an on-going structural shift in the market across all major segments, including fast-food.

The Group believes that the fast-food segment, and the pizza sub-segment, (including delivery and non-delivery channels) forms the Group's core addressable market in Turkey. As of 2016, the size of the fast-food market segment, according to the Group's estimates was TRY8.0 billion. Furthermore, as a leading player in delivery, the Group competes with non-fast-food OHD market participants active in the channel. The incremental addressable market in (non-fast-food) delivery is therefore estimated at approximately TRY1.7 billion. The table below illustrates the evolution of the overall OHD market and the Group's addressable segments in Turkey.

OHD Market Evolution (in nominal terms)	For the year ended 31 December 2010	2011	2012	2013	2014	2015	2016F	CAGR (2010 – 2016F)
OHD Market Value RSP[1] (TRY Bn)	28.4	31.0	33.7	36.4	40.6	45.1	50.0	10%
Chained Players (% of Sales)	14%	15%	16%	18%	20%	21%	23%	
By Segment								
Fast-food Market Value RSP (TRY Bn)[2]	3.1	3.6	4.0	4.9	5.9	6.9	8.0	17%
Share of Fast-food in OHD Market	11%	12%	12%	13%	14%	15%	16%	
Chained Fast-food Players Market Value RSP (TRY Bn)	2.6	3.2	3.5	4.3	5.2	6.2	7.1	18%
Share of Chained Fast-food Players in Fast-food Market	85%	87%	87%	88%	88%	89%	89%	
Independent Fast-food Players Market Value RSP (TRY Bn)	0.5	0.5	0.5	0.6	0.7	0.8	0.9	11%
Share of Independent Fast-food Players in Fast-food Market	15%	13%	13%	12%	12%	11%	11%	
Pizza Market Value RSP (TRY Bn)	0.6	0.7	0.7	0.9	1.1	1.2	1.4	16%
Pizza as % of Fast-food[3]	18%	18%	18%	18%	18%	18%	18%	
Chained Pizza Players Market Value RSP (TRY Bn)	0.5	0.6	0.7	0.8	1.0	1.2	1.3	17%
Chained Pizza Players (% of Sales)	89%	90%	91%	92%	93%	92%	94%	
Non-Fast food Market Value RSP (TRY Bn)	25.3	27.3	29.7	31.5	34.7	38.1	42.0	9%
Share of Non-Fast-food in OHD Market	89%	88%	88%	87%	86%	85%	84%	
By Channel								
Delivery Market Value RSP (TRY Bn)	1.4	1.7	1.9	2.2	2.5	3.0	3.5	16%
Share of Delivery in OHD Market	5%	5%	6%	6%	6%	7%	7%	
Fast-food Market Value in Delivery Market RSP (TRY Bn)	0.6	0.7	0.8	1.0	1.2	1.4	1.8	22%
Share of Fast-food in Delivery	39%	40%	41%	44%	47%	49%	52%	
Non-Fast-food Market Value in Delivery Market RSP (TRY Bn)	0.9	1.0	1.1	1.2	1.3	1.5	1.7	12%
Share of Non-Fast-food in Delivery	61%	60%	59%	56%	53%	51%	48%	
Non-Delivery Market Value RSP (TRY Bn)	27.0	29.3	31.8	34.2	38.0	42.1	46.5	10%
Share of Non-Delivery in OHD Market	95%	95%	94%	94%	94%	93%	93%	
Fast-food Market Value in Non-Delivery Market RSP (TRY Bn)	2.5	3.0	3.2	3.9	4.7	5.5	6.2	16%
Share of Fast-food in Non-Delivery	9%	10%	10%	11%	12%	13%	13%	
Non-Fast-food Market Value in Non-Delivery Market RSP (TRY Bn)	24.4	26.3	28.5	30.3	33.3	36.6	40.3	9%
Share of Non-Fast-food in Non-Delivery	91%	90%	90%	89%	88%	87%	87%	
The Group's Addressable Market (TRY Bn)	4.0	4.6	5.2	6.1	7.2	8.4	9.7	16%
Share of Addressable Market in OHD Market	14%	15%	15%	17%	18%	19%	19%	

Source: Group's estimates[4]. N.B.: figures are rounded

(1) Retail Sales Price

(2) For Turkey, the fast-food market is shown inclusive of 100% home delivery/takeaway category and full-service pizza restaurants

(3) Pizza as percentage of fast-food is calculated as total pizza market value divided by the sum of the fast-food market value and 100% home delivery/takeaway and pizza full service restaurants' sales. Total pizza market includes full service pizza restaurants and 100% pizza home delivery/takeaway

(4) Based on data and information obtained from the professional organisations referred to in Part 2 "*Presentation of Financial and Other Information—Market, economic and industry data*")

The high growth rate in OHD spending, and in fast-food in particular has been enabled by a combination of demand and supply factors. On the demand side, generally favourable macroeconomic backdrop and socioeconomic trends have supported the affordability and the increasing importance of OHD in Turkey:

- *Increase in the level of urbanisation*. According to the World Bank, the share of population living in cities (where concentration and therefore availability of OHD venues is high) has increased from 70.7% in 2010 to 73.4% in 2015. This trend is expected to continue in the future.
- *Increase in the rate of employment*. Full-time employees are the primary seekers of quick service dining options (for instance, for lunchtime meals and late night delivery), and are also likely to receive sufficient remuneration to afford out-of-home dining. According to Turkstat, the number of employed persons in Turkey has increased from 20 million in 2010 to 24 million in 2015, implying a CAGR of approximately four per cent., above population growth (1.7% CAGR over the same period according to the EIU data via S&P Global Market Intelligence). Near-term trends in population dynamics and increasing participation of women in the workforce can be expected to further drive volume increase in this customer segment.
- *Increase in disposable income levels.* As a function of favourable macroeconomic environment and increase in employment, disposable income, which is a primary driver of OHD spending, has increased. The cumulative annual growth rate in disposable incomes was 12.1% between 2010 and 2015 (increase from TRY10.6 thousand per capita per annum in 2010 to TRY18.8 thousand in 2015 as per the EIU data via S&P Global Market Intelligence).
- *Increase in the number of middle-income households*. According to Euromonitor International, this number has increased from 6,083 thousand households in 2010 to 6,626 thousand in 2015, representing a CAGR of two per cent. In this context, the middle class is defined as the number of households with between 75% and 125% of median income.
- *Increase in the number of university students*. Students require quick and affordable dining options, and are therefore often attracted to fast-food meals. According to YOK, the number of students has increased from 3.5 million in 2010 to 6.7 million in 2015, implying a CAGR of approximately 14% and reflecting increasing demand for higher education as the economy becomes more service-oriented.
- *Decrease in average household size and increase in number of single households*. At a similar absolute level of disposable income, smaller households allow for increased spending per person, thus making dining out/food delivery relatively more affordable for family budgets. According to EIU and BMI, between 2010 and 2016 the average household size in Turkey has decreased from 3.84 to 3.74 persons, implying a cumulative rate of decline of approximately (0.5%), projected to further decrease to 3.71 by 2020. According to Turkstat, the number of single households has increased from 1.5 million in 2010 to 3.1 million in 2015, representing a CAGR of 16% over the same period and fuelling demand for delivery options.

On the supply side, growth is benefitting from a low base effect given the low penetration of the OHD segment in Turkey overall and in areas with low concentration of population and limited purchasing power. The fast-food segment in particular presents significant upside for future growth. As of 2015, it comprised only a 15% share within overall OHD spending in Turkey compared to 23% average share globally, and with outlet penetration of only five per cent. compared to an average of 17% globally (representing the average of fast-food market shares within respective OHD markets for a country group including Australia, Brazil, China, Czech Republic, France, Germany, Hungary, India, Israel, Italy, Mexico, Poland, Russia, Spain, Turkey, United Kingdom, USA (as per the Group's estimates based on data and information obtained from the professional organisations referred to in Part 2 "*Presentation of Financial and Other Information—Market, economic and industry data*). As compared to overall fast-food, pizza is a well-accepted product equivalent to 18% of the fast-food by value as of 2015 (as per the Group's estimates based on data and information obtained from the professional organisations referred to in Part 2 "*Presentation of Financial and Other Information—Market, economic and industry data*"), compared to approximately 26% in France and 25% in Germany (as per Euromonitor International; where the denominator includes 100% home delivery/takeaway and full service pizza markets for comparability).

OHD supply has been additionally supported by the increasing availability and convenience of the delivery channel, facilitated by increasing density of OHD outlets and the proliferation of the online ordering channel. According to IDC New Media Market Model, 4Q2016, Jan 2017, between 2010 and 2015 Internet penetration in Turkey increased from 40% to 54%. As delivery becomes more viable and Internet is becoming more commonplace, customers are increasingly accustomed to delivery and online ordering in particular. Between 2010 and 2015 the number of daily online food orders, according to the Group's estimates, increased from

26 thousand to 110 thousand over the same period, implying a CAGR of approximately 33%. With Internet penetration increasing further, online ordering is likely to grow as a share of overall delivery market as well.

Outlook for the OHD Market in Turkey

The Group believes that its addressable market in Turkey (comprised of the fast-food segment, and delivery in non-fast-food) may grow from TRY9.7 billion in 2016 to TRY20.8 billion in 2021 at an implied CAGR of approximately 16% as the supply and demand factors driving growth of the Group's market segments remain relevant. According to the Group's estimates, the Group's addressable segments are expected to continue growing at nominal rates close to historical for the next five years:

OHD Market Evolution (in nominal terms)	**2010A**	**2016F**	**2021F**	**CAGR (2010A – 2016F)**	**CAGR (2016F – 2021F)**
OHD Market Value RSP (TRY Bn)	28.4	50.0	73.6	10%	8%
Chained Players (% of Sales)	14%	23%	32%		
By Segment					
Fast-food Market Value RSP (TRY Bn)[1]	3.1	8.0	17.9	17%	17%
Share of Fast-food in OHD Market	11%	16%	24%		
Chained Fast-food Players Market Value RSP (TRY Bn)	2.6	7.1	16.5	18%	18%
Share of Chained Fast-food Players in Fast-food Market	85%	89%	92%		
Independent Fast-food Players Market Value RSP (TRY Bn)	0.5	0.9	1.4	11%	10%
Share of Independent Fast-food Players in Fast-food Market	15%	11%	8%		
Pizza Market Value RSP (TRY Bn)	0.6	1.4	3.0	16%	16%
Pizza as % of Fast-food[1]	18%	18%	17%		
Chained Pizza Players Market Value RSP (TRY Bn)	0.5	1.3	2.9	17%	17%
Chained Pizza Players (% of Sales)	89%	94%	95%		
Non-Fast-food Market Value RSP (TRY Bn)	25.3	42.0	55.7	9%	6%
Share of Non-Fast-food in OHD Market	89%	84%	76%		
By Channel					
Delivery Market Value RSP (TRY Bn)	1.4	3.5	7.2	16%	16%
Share of Delivery in OHD Market	5%	7%	10%		
Fast-food Market Value in Delivery Market RSP (TRY Bn)	0.6	1.8	4.3	22%	19%
Share of Fast-food in Delivery	39%	52%	60%		
Non-Fast-food Market Value in Delivery Market RSP (TRY Bn)	0.9	1.7	2.9	12%	12%
Share of Non-Fast-food in Delivery	61%	48%	40%		
Non-Delivery Market Value RSP (TRY Bn)	27.0	46.5	66.4	10%	7%
Share of Non-Delivery in OHD Market	95%	93%	90%		
Fast-food Market Value in Non-Delivery Market RSP (TRY Bn)	2.5	6.2	13.6	16%	17%
Share of Fast-food in Non-Delivery	9%	13%	20%		
Non-Fast-food Market Value in Non-Delivery Market RSP (TRY Bn)	24.4	40.3	52.8	9%	6%
Share of Non-Fast-food in Non-Delivery	91%	87%	80%		
The Group's Addressable Market (TRY Bn)	4.0	9.7	20.8	16%	16%
Share of Addressable Market in OHD Market	14%	19%	28%		

Source: Group's estimates[3] . N.B.: figures are rounded

(1) For Turkey, the fast-food market is shown inclusive of 100% home delivery/takeaway category and full-service pizza restaurants

(2) Pizza as a percentage of fast-food is calculated as total pizza market value divided by the sum of fast-food market value and 100% home delivery/takeaway and pizza full service restaurants' sales. Total pizza market includes full service pizza restaurants and 100% pizza home delivery/takeaway

(3) Based on data and information obtained from the professional organisations referred to in Part 2 "*Presentation of Financial and Other Information—Market, economic and industry data*")

Competitive Environment in Turkey

The Group's direct competitors operate within the chained pizza segment, and are represented by international and local networks. Key competition includes Pizza Pizza, Little Caesars, Sbarro and Pizza Hut. The tables below outline market shares and the number of stores of these players in the chained segment of the pizza market.

	For the year ended 31 December						
Market Shares of Key Players	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016F**
Chained Pizza (TRY Bn)	**0.51**	**0.60**	**0.67**	**0.81**	**0.98**	**1.15**	**1.32**
Domino's Pizza (the Group)	35%	37%	42%	47%	50%	49%	51%
Pizza Pizza	25%	21%	14%	14%	14%	16%	15%
Little Caesars	3%	5%	6%	7%	8%	8%	8%
Sbarro	6%	7%	7%	6%	6%	6%	6%
Pasaport Pizza	8%	6%	7%	6%	5%	6%	6%
Pizza Hut	10%	9%	9%	7%	5%	3%	4%
Papa John's	2%	3%	4%	3%	3%	3%	3%
Other	12%	11%	12%	10%	10%	10%	8%

Source: Group's estimates[1] (in respect of total size of chained pizza market); Euromonitor International (in respect of Domino's Pizza, Pizza Pizza, Little Caesars, Pasaport Pizza, Pizza Hut, Papa John's, Other)

(1) Based on data and information obtained from the professional organisations referred to in Part 2 "*Presentation of Financial and Other Information—Market, economic and industry data*")

	As at 31 March 2017	
Company Name	**Number of Stores**	**Delivery Focused Player?**
Domino's Pizza (Turkey)	488	✓
Pizza Pizza	119	✓
Sbarro	86	
Little Caesar's	85	✓
Pasaport Pizza	77	✓
Pizza Bulls	38	✓
Pizza Lazza	32	✓
Pizza Hut	20	✓

Source: Group's estimates on competitors

Due to the scale of the Group's operations in Turkey, the Company has a meaningful presence in the overall fast-food market. The table below outlines the largest fast-food networks in Turkey by number of stores

	As at 31 March 2017
Company Name	**Number of Stores**
Burger King	587
Domino's Pizza (Turkey)	488
McDonald's	253
Popeyes	168
Pizza Pizza	119
KFC	113
Subway	90
Little Caesar's	85

Source: Group's estimates on competitors

Russia

Macroeconomic Environment in Russia

Russia is one of the largest countries in EMEA by population (146.5 million in 2016 according to EIU) and GDP (US$.1.3 trillion as of 2016 according to IMF). The country benefits from significant reserves of natural resources, a developed agricultural and industrial base, and high human capital. Russia historically had high GDP growth, supported by continuous rise in commodity prices over 2000 to 2008, had experienced setbacks during the global financial crisis of 2008 to 2009 and after the onset of the conflict with Ukraine in 2014 and subsequent imposition of sanctions by the US, Canada, the European Union and some other European countries. Rapid decline in oil prices, the effect of sanctions and the rouble devaluation in 2014 have triggered

a recession, resulting in real GDP decline of (2.8%) and (0.2%) in 2015 and 2016, respectively, according to IMF. As of the date of this Prospectus, the sanctions have not been lifted. With oil prices rebounding in late 2016 and the continuing readjustment of the economy to the adverse external conditions, short-term forecasts for economic growth have been cautiously optimistic, with IMF expecting 1.4% real growth in 2017 and 1.4% in 2018.

Over the past six years, the Russian population grew slightly on the back of improvement in fertility rates from the demographic trough experienced by the country in the 1990s. The median age of the population (39.3 years in 2016 according to the CIA World Factbook) is below the European median of 42.7 years. Salaries and disposable incomes have been growing moderately in real terms, but declined in 2015 and 2016 following a spike in inflation. Consumption had been increasing at a slightly higher rate, but has also been affected by the recession.

	For the year ended 31 December							
Key macroeconomic indicators—Russia	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**CAGR (2010 – 2016)**
Real GDP Growth	4.5%	4.0%	3.5%	1.3%	0.7%	(2.8)%	(0.2)%	1.1%
Nominal GDP Growth	19.3%	20.0%	12.1%	6.1%	11.5%	5.1%	3.2%	9.5%
Population, year end (million)	143.2	143.2	143.3	143.4	146.3	146.5	146.5[2]	0.4%
Unemployment Rate	7.3%	6.5%	5.5%	5.5%	5.2%	5.6%	5.5%	
Retail Sales Growth	13.1%	15.7%	12.0%	10.7%	11.3%	4.5%	2.2%	9.3%
Consumer Price Index	8.8%	6.1%	6.6%	6.5%	11.4%	12.9%	5.4%	
Brent Crude Oil Price (US dollars, end of period, FOB)	93.2	108.1	110.8	110.0	55.3	36.6	55.0	
Average exchange rate (RUB per US dollar)[1]	30.38	29.39	31.07	31.91	38.60	61.32	66.83	

Source: IMF World Economic Outlook Database, April 2017, Rossstat, CBR, EIU via S&P Global Market Intelligence

(1) The average rates are calculated as the average of the daily exchange rates on each business day and on each non-business day (which rate is equal to the exchange rate on the previous business day)

(2) Estimated

	For the year ended 31 December						
Macroeconomic outlook—Russia	**2016**	**2017F**	**2018F**	**2019F**	**2020F**	**2021F**	**CAGR (2017 – 2021F)**
Real GDP Growth	(0.2)%	1.4%	1.4%	1.5%	1.5%	1.5%	1.5%
Disposable Income per capita p.a. (RUB 000s)	310.0	333.8	357.0	382.0	412.3	441.6	7.2%

Source: IMF World Economic Outlook Database, April 2017, EIU via S&P Global Market Intelligence

The Group's Addressable Market in Russia

Russia's OHD market is relatively young and underdeveloped compared to other European countries as the private dining sector had been virtually non-existent prior to the liberalisation of the Soviet economy in late 1980s. International fast-food chains were among the first participants in the market since the historical opening of the first McDonald's store in Moscow in 1990. By 2016, according to Euromonitor International, the share of fast-food restaurants in the Russian OHD market by value was 43%, one of the highest globally. In comparison, according to Euromonitor International the self-service cafeterias, another important segment of the Russian OHD market, had a share of 14% in 2016.

The OHD market in Russia grew at an annual cumulative nominal growth rate of eight per cent. between 2010 and 2016 as per Euromonitor International. During that period, chained players increased their market share from 18% in 2010 to 35% in 2016, exhibiting a similar trend as seen in Turkey and driving market growth, especially in the fast-food segment (according to Euromonitor International).

Due to busy traffic and adverse weather conditions, the delivery channel is still in early stages of development, with only five per cent. of OHD sales made via deliveries in 2016, as per Euromonitor International. However, based on Euromonitor International as of 2016 the channel represented ten per cent. of sales in the pizza market, where the Group is most active. Between 2010 and 2016, the delivery channel grew at a CAGR of 18%, contributing to growth of the overall OHD market, according to Euromonitor International.

The Group believes that the fast-food segment, including pizza (RUB465 billion in 2016 based on Euromonitor International) comprises the Group's core addressable market in Russia. The incremental addressable market in

the delivery channel, where the Group competes with non-fast-food players, was RUB48 billion in 2016 according to the same source.

The table below illustrates evolution of the overall OHD market and the Group's addressable segments in Russia.

OHD Market Evolution (in nominal terms)	For the year ended 31 December							
	2010	2011	2012	2013	2014	2015	2016F	CAGR (2010 – 2016F)
OHD Market Value RSP [1] (RUB Bn)	675	744	837	941	1,008	1,056	1,074	8%
Chained Players (% of Sales)	18%	21%	24%	28%	30%	32%	35%	
By Segment								
Fast-food Market Value RSP (RUB Bn)	213	248	295	352	395	438	465	14%
Share of Fast-food in OHD Market[2]	32%	33%	35%	37%	39%	41%	43%	
Chained Fast-food Players Market Value RSP (RUB Bn)	76	98	132	175	207	237	266	23%
Share of Chained Fast-food Players in Fast-food Market	35%	39%	45%	50%	52%	54%	57%	
Independent Fast-food Players Market Value RSP (RUB Bn)	137	150	163	176	188	201	199	6%
Share of Independent Fast-food Players in Fast food Market	65%	61%	55%	50%	48%	46%	43%	
Pizza Market Value RSP (RUB Bn)	51	57	65	71	75	77	79	7%
Pizza as % of Fast-food[3]	22%	21%	20%	18%	17%	16%	15%	
Chained Pizza Players Market Value RSP (RUB Bn)	9	9	11	13	14	14	16	11%
Chained Pizza Players (% of Sales)	17%	16%	17%	18%	19%	19%	20%	
Non-Fast-food Market Value RSP (RUB Bn)	462	495	542	589	613	618	609	5%
Share of Non-Fast-food in OHD Market	68%	67%	65%	63%	61%	59%	57%	
By Channel								
Delivery Market Value RSP (RUB Bn)	21	25	30	35	45	51	58	18%
Share of Delivery in OHD Market	3%	3%	4%	4%	4%	5%	5%	
Fast-food Market Value in Delivery Market RSP (RUB Bn)	2	3	4	5	6	8	11	31%
Share of Fast food in Delivery	10%	11%	12%	13%	14%	16%	18%	
Non-Fast food Market Value in Delivery Market RSP (RUB Bn)	19	22	26	31	38	42	48	17%
Share of Non-Fast-food in Delivery	90%	89%	88%	87%	86%	84%	82%	
Non-Delivery Market Value RSP (RUB Bn)	654	719	807	905	964	1,005	1,016	8%
Share of Non-Delivery in OHD Market	97%	97%	96%	96%	96%	95%	95%	
Fast-food Market Value in Non-Delivery Market RSP (RUB Bn)	211	246	291	347	389	430	454	14%
Share of Fast-food in Non-Delivery	32%	34%	36%	38%	40%	43%	45%	
Non-Fast-food Market Value in Non-Delivery Market RSP (RUB Bn)	443	473	516	559	575	576	561	4%
Share of Non-Fast-food in Non-Delivery	68%	66%	64%	62%	60%	57%	55%	
The Group's Addressable Market (RUB Bn)	232	270	321	382	433	480	513	14%
Share of Addressable Market in OHD Market	34%	36%	38%	41%	43%	45%	48%	

Source: Euromonitor International, Consumer Foodservice 2017e.d N.B.: figures are rounded

(1) Retail Sales Price

(2) Fast-food market definition as per Euromonitor International

(3) Pizza as a percentage of fast-food is calculated as total pizza market value divided by the sum of fast-food market value and 100% home delivery/takeaway and pizza full service restaurants' sales. Total pizza market includes full service pizza restaurants and 100% pizza home delivery/takeaway

Trends similar to those observed in Turkey had been supporting high OHD and fast-food market growth in Russia prior to the 2014 and 2015 crisis, but with greater focus on supply side factors. Urbanisation in Russia continues to increase (between 2010 and 2015, according to the World Bank, the urbanisation rate increased

from 73.7% to 74.0%), and household sizes are expected to decrease, reflecting recent slowdown in birth rates (between 2010 and 2015, according to the EIU and BMI, average household size stayed at 2.60 persons, but is projected to decrease to 2.57 persons by 2020). Disposable incomes in Russia, according to the EIU data via S&P Global Market Intelligence, have also increased from RUB203 thousand per capita per annum to 318 thousand in 2015, representing a CAGR of approximately nine per cent. The number of middle-income households (defined as the number of households with between 75% and 125% of median income) has similarly increased from 15,833 thousand in 2010 to 16,394 thousand in 2015 (according to Euromonitor International), representing a CAGR of approximately one per cent.

Remaining low penetration of OHD, especially in lower density regions, presents a significant opportunity for further market expansion, and continuing growth in and accessibility of the delivery channel has been enhancing the proposition of OHD players, especially in the chained fast-food and pizza segments.

As a result of the crisis and the corresponding decline in discretionary spending, the overall OHD market contracted in real terms in 2015, and estimated by the Group to contract in 2016 in real terms as well. However, the fast-food segment, which had historically been driving growth of the overall OHD market (growing at almost twice the rate), has shown the highest resilience to adverse macroeconomic backdrop. While still sensitive to GDP fluctuations, the chained part of the fast-food segment has been growing at or above real GDP growth rates, supported by attractive pricing and increased demand for affordable dining options. As an affordable and satiating meal offering substantial variety, pizza is an important category within fast-food, and as of 2015 represented approximately seven per cent. of the overall OHD market and was equivalent to 16% of the fast-food market (compared to three per cent. of OHD market and 18% of the fast-food market in Turkey as of 2015, as per the Group's estimates based on data and information obtained from the professional organisations referred to in Part 2 "*Presentation of Financial and Other Information—Market, economic and industry data*"). According to Euromonitor International, the size of the pizza market as compared to overall fast-food is low compared to other European countries such as France and Germany (26% and 25% respectively as of 2015; where the denominator includes 100% home delivery/takeaway and full service pizza markets for comparability). Chained players, who have been steadily increasing their share of the pizza market, accounted for only 20% of sales in the pizza market in 2016, according to Group's estimates. While the market for pizza has not grown as fast as the overall fast-food market (resulting in a decrease of its relative size compared to fast-food from 22% in 2010 to 15% in 2016 (as per the above calculation based on Euromonitor International)), the Group believes that growth had been constrained by supply factors, and that with the emergence of new players in the market, the market will be growing more in line with overall fast-food.

According to Euromonitor International, the delivery channel in Russia had been growing at a CAGR of 20% between 2010 and 2014, starting from a low base and together with drive-through and takeaway channels taking share from the traditional dine-in options. Like in Turkey, the proliferation of online ordering has contributed to growth of the overall OHD market and the delivery channel specifically as Internet penetration in Russia has increased from 43% in 2010 to 76% in 2016 (according to IDC New Media Market Model, 4Q2016, Jan 2017) and the market for e-commerce increased more than six times between 2010 and 2016, growing at a CAGR of 35% (according to Statista). According to Group's estimates based on Euromonitor International, the value of online orders has more than doubled between 2013 and 2015 from RUB1.76 billion to RUB5.25 billion, representing a CAGR of approximately 73%. With Internet penetration approaching levels observed in developed countries such as the UK (92% in 2015 according to IDC New Media Market Model, 4Q2016, Jan 2017), the share of online ordering can be expected to continue to increase.

Outlook for the OHD Market in Russia

The Group believes that the Group's addressable market in Russia (comprised of the fast-food segment, and delivery in non-fast-food) may grow from RUB513 billion in 2016 to RUB766 billion in 2021 at an implied

CAGR of approximately eight per cent. on the back of the economic recovery and continued growth in fast-food and delivery (as per Euromonitor International).

OHD Market Evolution (in nominal terms)	For the year ended 31 December 2010	2016	2021F	CAGR (2010 – 2016F)	CAGR (2016F – 2021F)
OHD Market Value RSP (RUB Bn)	675	1,074	1,426	8%	6%
Chained Players (% of Sales)	18%	35%	42%		
By Segment					
Fast-food Market Value RSP (RUB Bn)(1)	213	465	687	14%	8%
Share of Fast-food in OHD Market	32%	43%	48%		
Chained Fast-food Players Market Value RSP (RUB Bn)	76	266	458	23%	11%
Share of Chained Fast-food Players in Fast food Market	35%	57%	67%		
Independent Fast-food Players Market Value RSP (RUB Bn)	137	199	229	6%	3%
Share of Independent Fast-food Players in Fast-food Market	65%	43%	33%		
Pizza Market Value RSP (RUB Bn)	51	79	104	7%	6%
Pizza as % of Fast-food(2)	22%	15%	14%		
Chained Pizza Players Market Value RSP (RUB Bn)	9	16	24	11%	9%
Chained Pizza Players (% of Sales)	17%	20%	23%		
Non-Fast-food Market Value RSP (RUB Bn)	462	609	739	5%	4%
Share of Non-Fast-food in OHD Market	68%	57%	52%		
By Channel					
Delivery Market Value RSP (RUB Bn)	21	58	107	18%	13%
Share of Delivery in OHD Market	3%	5%	8%		
Fast-food Market Value in Delivery Market RSP (RUB Bn)	2	11	28	31%	21%
Share of Fast-food in Delivery	10%	18%	26%		
Non-Fast-food Market Value in Delivery Market RSP (RUB Bn)	19	48	79	17%	11%
Share of Non-Fast-food in Delivery	90%	82%	74%		
Non-Delivery Market Value RSP (RUB Bn)	654	1,016	1,319	8%	5%
Share of Non-Delivery in OHD Market	97%	95%	92%		
Fast-food Market Value in Non-Delivery Market RSP (RUB Bn)	211	454	659	14%	8%
Share of Fast-food in Non-Delivery	32%	45%	50%		
Non-Fast-food Market Value in Non-Delivery Market RSP (RUB Bn)	443	561	660	4%	3%
Share of Non-Fast-food in Non-Delivery	68%	55%	50%		
The Group's Addressable Market (RUB Bn)	232	513	766	14%	8%
Share of Addressable Market in OHD Market	34%	48%	54%		

Source: Euromonitor International, Consumer Foodservice 2017ed. N.B.: figures are rounded

(1) Fast food market definition as per Euromonitor International

(2) Pizza as a percentage of fast-food is calculated as total pizza market value divided by the sum of the fast-food market value and 100% home delivery/takeaway and pizza full service restaurants' sales. Total pizza market includes full service pizza restaurants and 100% pizza home delivery/takeaway

Competitive Environment in Russia

The Group's direct competitors in the Russian chained pizza market include global players such as Papa John's, Pizza Hut, as well as local players such as Dodo Pizza. The tables below outline market shares and number of stores of key players in the chained pizza market in Russia.

Market Shares of Key Players	For the year ended 31 December 2013	2014	2015	2016F
Chained Pizza (RUB Bn)	**13.1**	**14.2**	**14.4**	**15.8**
Sbarro	41%	39%	30%	20%
Dodo Pizza	1%	3%	7%	17%
Domino's Pizza (Russia)	1%	2%	5%	9%
Papa John's	8%	8%	9%	9%
Pizza Hut	3%	2%	2%	3%
Other	46%	45%	47%	43%

Source: Euromonitor International, Consumer Foodservice 2017ed

Company Name	Number of Stores 2014	Number of Stores Q1 2017	Delivery Focused Player?
Dodo Pizza	27	167	✓
Il Patio	123	117	
Papa John's	62	98	✓
Sbarro	140	86	
Domino's Pizza (Russia)	19	76	✓
Pizza Hut	23	49	✓

Source: Group's estimates of competitors

The Group's current footprint is focused on Moscow and Moscow Region. The leading chained pizza delivery focused players in that area by number of stores are outlined in the table below.

Company Name	Q1 2017 Number of Stores
Domino's Pizza (Russia)	76
Papa John's	52
Dodo Pizza	41
Pizza Hut	38

Source: Group's estimates of competitors

Macroeconomic Environment in Azerbaijan and Georgia

The Group has franchise operations in Azerbaijan and Georgia which are overseen by the Group's headquarters in Turkey. Azerbaijan, where the Group established operations in 2015, is an important regional crude oil and gas exporter with a population of approximately 9.4 million. A former republic of the Soviet Union, Azerbaijan had experienced high GDP growth rates driven by its natural resources industry and expanding population; however, with the recent decline in oil prices the country's economy has slumped into recession. IMF forecasts real GDP growth to reach two per cent. in 2018 as the country is expected to recover from the readjustment to lower oil prices. The pizza market in Azerbaijan is still at its nascence, and with only four stores as of 2016 the Group is a market leader.

Key macroeconomic indicators—Azerbaijan	For the year ended 31 December 2010	2011	2012	2013	2014	2015	2016	CAGR (2010 – 2016)
Nominal GDP Growth	19.3%	20.5%	5.5%	6.9%	2.2%	(7.8)%	10.4%	5.9%
Real GDP Growth	5.0%	0.1%	2.2%	5.8%	2.8%	1.1%	(3.8)%	1.3%
Population, year end (million)	9.0	9.1	9.2	9.3	9.3	9.4	9.5[(2)]	0.8%
Unemployment Rate	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%[(2)]	
Retail Sales Growth	15.4%	19.7%	10.6%	11.9%	11.9%	16.9%	N/A	14.2%[(3)]
Consumer Price Index	7.9%	5.6%	(0.3)%	3.6%	(0.1)%	7.7%	13.3%[(2)]	
Brent Crude Oil Price (US dollars, end of period, FOB)	93.2	108.1	110.8	110.0	55.3	36.6	55.0	
Average exchange rate[(1)] (AZN per US dollar)	0.80	0.79	0.79	0.78	0.78	1.03	1.60	

Source: IMF World Economic Outlook Database, April 2017, CBAR, State Statistical Committee of the Republic of Azerbaijan

(1) The average rates are calculated as the average of the daily exchange rates on each business day and on each non-business day (which rate is equal to the exchange rate on the previous business day)

(2) Estimates

(3) Figure represents CAGR between 2010 and 2015

Georgia is a country with a population of approximately 3.7 million neighbouring Turkey and Russia, and a former Soviet Republic. With an economy focused on industrial and agricultural production, the country is a net importer of fossil fuels and has benefited from the decline in oil prices. According to the "Doing Business 2017" report by World Bank, Georgia is one of the top improvers in terms of its business environment, and has one of the best investment climates in the region. According to IMF, the country has maintained positive real GDP growth since the 2008/2009 financial crisis, with the economy performing well despite continuing

tensions with Russia, and consumption increasing accordingly. IMF expects the country's real GDP to accelerate with 3.5% growth in 2017 and four per cent. growth in 2018 on the back of continuing economic reforms and improving business environment. Pizza is a relatively new product for Georgia, and with only three stores as of 2016 the Group is a market leader.

	For the year ended 31 December							
Key macroeconomic indicators—Georgia	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**CAGR (2010 – 2016)**
Nominal GDP Growth	15.3%	17.4%	7.5%	2.6%	8.6%	8.9%	6.0%	8.4%
Real GDP Growth	6.2%	7.2%	6.4%	3.4%	4.6%	2.9%	2.7%	4.5%
Population, year end (million)	3.9	3.9	3.8	3.8	3.7	3.7	3.7[2]	(1.1)%
Unemployment Rate	16.3%	15.1%	15.0%	14.6%	12.4%	12.0%	N/A	
Retail Sales Growth	22.1%	59.7%	11.6%	9.7%	10.7%	5.7%	5.9	15.9%
Consumer Price Index	11.2%	2.0%	(1.4)%	2.4%	2.0%	4.9%	1.8%	
Average exchange rate[1] (GEL per US dollar)	1.78	1.69	1.65	1.66	1.77	2.27	2.37	

Source: IMF World Economic Outlook Database, April 2017, NBG, Geostat

(1) The average rates are calculated as the average of the daily exchange rates on each business day and on each non-business day (which rate is equal to the exchange rate on the previous business day)

(2) Estimates

PART 6

THE BUSINESS

Investors should read this Part 6 "The Business" in conjunction with the more detailed information contained in this Prospectus including the financial and other information appearing in Part 10 "Operating and Financial Review". Where stated, financial information in this section has been extracted from Appendix 1 "Historical Financial Information".

1 Overview

The Group is the exclusive master franchisee in Turkey, Russia, Azerbaijan and Georgia of Domino's Pizza, one of the world's leading home delivery pizza brands. The Group offers pizza delivery and takeaway/eat-in facilities at its 571 stores (as of 31 March 2017) across four countries. Having opened its first store in Istanbul in 1996, today it is the largest pizza delivery company in Turkey in terms of system sales and number of stores, and the third largest in Russia, based on the Group's estimates of its competition. The Group enjoys the highest top-of-mind recognition in the Turkish delivery market based on a survey conducted by Ipsos in October 2016.

The Group operates through its corporate stores and franchised stores, which together are referred to as its system stores. As of 31 March 2017, 37% of the Group's system stores were corporate stores, principally located in densely populated cities, and 63% were franchised stores. The Group believes that there are several benefits to owning its corporate stores. For example, the corporate stores serve as a platform to develop best practices that the Group subsequently deploys in its franchised stores. Since the Group's acquisition by entities owned by TPEF II and the current Chief Executive Officer in 2010, the Group has rapidly expanded having opened (on a net basis) an average of 68 system stores per year (from 2011 to 2016). As of 31 March 2017, the Group operated 488 system stores in Turkey (of which 347 were franchised), 76 in Russia (of which five were franchised), four in Azerbaijan (all of which were franchised) and three in Georgia (all of which were franchised). The Group intends to continue to rapidly expand its store network in the future.

The Group offers globally recognised pizza products at a range of price points and adapted to local tastes. It also offers complementary products such as chicken, other side dishes and desserts, some of which have been developed by the Group's innovation centre in Istanbul and subsequently adopted by other master franchisees of DP Inc. around the world.

To achieve consistent quality of its products, competitive supplier prices and timely delivery of items to its system stores, the Group centralises its supply and procurement function. The Group owns and operates five commissaries which manufacture the pizza dough and supply system stores in Turkey and Russia with all ingredients and materials required for the preparation and delivery of the store products. In Azerbaijan and Georgia, local distribution centres owned by the sub-franchisees are supplied by the Group's commissaries in Turkey with dough mix and other supplies. Deliveries from the Group commissaries to the system stores and local distribution centres are outsourced to dedicated third party logistics providers and typically take place twice a week. The Group believes that the size of the Group's store network and resulting economies of scale combined with its vertical integration provides a competitive and scalable business model that sets the Group apart from its competitors.

The Group operates two distribution channels: delivery and takeaway/eat-in, which in 2016 accounted for approximately 63% and 37% of the Group's system sales, respectively. Supported by one of the Group's key customer value propositions—the 30-minute delivery guarantee—delivery is the Group's core distribution channel with the highest associated system sales. The takeaway/eat-in distribution channel features competitive pricing relative to delivery due to competition with other fast-food providers and has been enhanced by the roll-out of innovative new store design to improve the customer experience. The Group uses a single store format for new store openings and refits. The store eat-in area features limited seating capacity and, therefore, relatively modest floor space (in comparison with other sub-segments of the fast-food market which require larger restaurant seating areas as part of their customer dining experience).

Growing its online ordering channel is one of the key elements of the Group's strategy. The Group believes that this generates higher order frequency, creates efficiencies in order processing and assists the Group with increased customer analytics. In addition, the Group believes that it has the potential to increase the share of online ordering to the levels enjoyed by other Domino's Pizza master franchisees, such as the United Kingdom.

The following table sets out the Group's revenue, revenue growth, system sales and system sales growth for the three months ended 31 March 2017 and 2016 and the years ended 31 December 2016, 2015 and 2014:

	For the three months ended 31 March		For the year ended 31 December		
	2017	2016	2016	2015	2014
	(unaudited)				
Revenue (in millions of TRY)	145.4	107.4	451.1	375.0	319.2
Revenue growth	35.4%	—	20.3%	17.5%	—
	(unaudited)				
System sales (in millions of TRY)[1]	198.9	159.6	647.4	543.2	470.3
System sales growth	24.6%	19.7%	19.2%	15.5%	22.1%

Note:

(1) System sales are sales generated by the Group's corporate and franchised stores to external customers and do not represent revenue of the group

2 Strengths

The Group believes that the following strengths have contributed to its success and will continue to support its competitive position and strategy:

Highly attractive, underpenetrated markets with substantial growth potential in the Group's addressable segments

The Group believes that it operates in large addressable markets characterised by resilience to economic cycles, and with significant further growth potential driven by positive fundamental socioeconomic trends. The market in which the Group operates—the fast-food segment, the pizza sub-segment and the delivery channel of the OHD market in the Group's geographies of operations—benefits from some of Europe's largest and youngest (on average) populations and prospects of economic growth. In Turkey, the continued growth in population, the rise in the rate of urbanisation, the increase in employment levels and in the number of students, as well as the decrease in the average household size, is driving demand for out-of-home dining, in particular, for fast-food and delivery. Out-of-home dining in Turkey is expected to increase at a CAGR of eight per cent. between 2016 and 2021, according to the Group's estimates (based on data and information obtained from the professional organisations referred to in Part 2 "*Presentation of Financial and Other Information—Market, economic and industry data*"), while the Group's addressable market is expected to grow at a 16% CAGR over the same period. In Russia, the decline in the average household size, familiarisation with out-of-home dining and growth in takeaway, home delivery and drive-through dining have supported development of the Group's addressable market. The Russian OHD market is expected to grow at a CAGR of six per cent. between 2016 and 2021 based on Euromonitor International, while the Group's addressable market is expected to grow by a CAGR of eight per cent. over the same period.

The OHD markets in Turkey and Russia are significantly underdeveloped compared to other markets such as the United Kingdom and the United States, with 1.8 outlets in Turkey per one thousand persons and 0.8 outlets in Russia per one thousand persons, compared to 2.5 outlets in the United Kingdom and 2.1 outlets in the United States as of 2015, according to Euromonitor International and EIU. In addition, on a purchase power parity basis the Turkish and Russian markets are characterised by relatively low levels of spending per capita on out-of-home dining compared to other markets, with US$365 in Turkey and US$307 in Russia, compared with US$1,319 in the United Kingdom and US$1,639 in the United States (as of 2015, according to the Group's estimates (based on data and information obtained from professional organisations referred to in Part 2 "*Presentation of Financial and Other Information—Market, economic and industry data*")).

Within this underpenetrated and expanding OHD sector, the Group is well-positioned to take advantage of an increasing share of the fast-food segment, pizza sub-segment and the delivery channel in which it primarily competes. In Turkey, compared with the total value of the OHD market and the number of OHD outlets, the share of the fast-food segment remains low compared to other markets with a 15% share of the OHD market by total value and a five per cent. share by number of stores according to the Group's estimates (based on data and information obtained from professional organisations referred to in Part 2 "*Presentation of Financial and Other Information—Market, economic and industry data*") in 2015. This compares with a 27% share of total value and a 23% share of number of stores in the United Kingdom according to Euromonitor International in 2015. According to Euromonitor International in Russia, where the share of the fast-food segment in the overall OHD market is relatively high (41% by value in 2015), the share of the pizza sub-segment as compared to overall

fast-food is similar to Turkey (16% in Russia as compared to 18% of the fast-food segment in Turkey by value in 2015, according to the Group's estimates (based on data and information obtained from the professional organisations referred to in Part 2 "*Presentation of Financial and Other Information—Market, economic and industry data*")), which is below levels observed in France and Germany (26% and 25% respectively as per Euromonitor International; where the denominator includes 100% home delivery/takeaway and full service pizza markets for comparability). The relatively low share of the OHD market represented by the fast-food segment in Turkey and the low share of the pizza market as compared to the fast-food segment in Turkey and Russia, combined with attractive price points, consistent value-for-money offering and high brand recognition of restaurant chains have contributed to significant growth in the fast-food segment, including during economic downturns, demonstrating resilience in the Group's addressable markets.

In addition, the development of the delivery distribution channel in Turkey and Russia has contributed to the growth of the OHD market in both countries. This is characterised by a growing number of OHD outlets, improving logistical infrastructure and rising Internet penetration and online ordering. The Group estimates that between 2010 and 2016, the value of the delivery market increased at a CAGR of 16% in Turkey and 18% in Russia (based on Euromonitor International) which were above the CAGRs for the same period in the OHD markets of these countries (ten per cent. and eight per cent., respectively, according to the Group's estimates (based on data and information obtained from professional organisations referred to in Part 2 "*Presentation of Financial and Other Information—Market, economic and industry data*") for Turkey, and Euromonitor International for Russia). According to the Group's estimates (based on data and information obtained from professional organisations referred to in Part 2 "*Presentation of Financial and Other Information—Market, economic and industry data*") and Euromonitor International, the share of the delivery channel is still low in both markets, comprising only seven per cent. of the OHD market in Turkey and five per cent. of the OHD market in Russia. As Internet penetration continues to increase and new generations of online consumers enter the market, the Group foresees significant room for growth in the delivery channel and in particular online ordering in its markets.

Leading market positions

The Group is the largest pizza delivery company in Turkey in terms of system sales and number of stores. As at 31 March 2017, based on the Group's estimates of its competition, the Group's store network in Turkey was approximately four times larger than the next largest chained competitor in the pizza sub-segment, and larger than the next seven chained pizza competitors combined. According to Euromonitor International, the Group has grown its market share in Turkey (as measured by the Group's system sales in chained pizza) from approximately 35% in 2010 to approximately 51% in 2016.

The Group enjoys the highest top-of-mind recognition in the delivery channel among fast-food players in Turkey (according to Ipsos data in 2016), and estimates that it is the second largest player (in terms of number of stores) in the chained fast-food segment in Turkey as of 31 March 2017.

In Russia, the Group has improved its market position since acquiring the exclusive master franchise rights in 2013. As of 31 March 2017, the Group had the fifth largest store network in the chained pizza sub-segment in Russia with 76 stores, representing a four times increase in the number of its stores since 2014 and the third largest among delivery players (based on the Group's estimates of its competition). In Moscow and Moscow Region, where the Group currently focuses its activities, the Group estimates that it was the largest player by number of stores as of 31 March 2017. According to Euromonitor International, the Group's share of the Russian chained pizza sub-segment was approximately nine per cent. (as measured by the Group's system sales) in 2016.

The Group's strong market positions are supported by the scale of its operations. The Group's store network and disciplined approach to store roll-out allow it to commit to customers its 30-minute delivery guarantee in every area in which it locates a store in Turkey and Russia. The Group believes that its network of stores and areas covered, combined with the high quality of its products at attractive prices, provide it with a strong competitive advantage. The Group's ability to offer competitive prices is rooted in the purchasing power it has with its suppliers through economies of scale, thereby enhancing its ability to lower its cost of goods. The Group's centralised supply chain through its commissaries in particular has allowed the Group to mitigate increases in food costs in Turkey and has kept them significantly below the level of consumer inflation. The scale of the Group's network of system stores also provides it with the resources to invest in marketing and technology. The Group believes that it is the only chained pizza player with year-round national television advertising in Turkey and, according to Ipsos (based on a survey conducted in December 2016), has the highest share of voice among fast-food players. The Company has also invested in its award-winning online capabilities, achieving the highest website traffic among fast-food players in Turkey in 2016, according to

similarweb.com. The Group's Android application for mobile devices ("app") is the most downloaded app of a fast-food company from the Google Play Store in Turkey (according to Google Play Store statistics).

Globally proven business model successfully applied and adapted to its local markets

Domino's Pizza is one of the most successful fast-food brands worldwide and a global leader in home food delivery, with nearly US$10.9 billion retail sales in 2016, over 13.8 thousand stores in more than 85 countries and 92 consecutive quarterly positive like-for-like system sales internationally. As reported by DP Inc., in the period between 2010 and the third quarter of 2016, it was the fastest growing quick service restaurant brand out of the top ten globally. In 2015, DP Inc. estimated its international market share in the total pizza market at 5.8% and 17.1% within the delivery channel. The Domino's System network comprises the global master franchisor, DP Inc. (NYSE:DPZ) and multiple US and international franchisees. The DP Inc. business model has been successfully applied across both developed and developing markets: as of 1 January 2017, its top five international markets by store numbers were India (master franchisee: Jubilant FoodWorks, NSE:JUBLFOOD), the United Kingdom (master franchisee: Domino's Pizza Group, LON:DOM), Mexico (master franchisee: Alsea, BMV:ALSEA), Australia (master franchisee: Domino's Pizza Enterprises, ASX:DMP) and Turkey (master franchisee: the Company).

The Group has taken Domino's Pizza's globally-proven business model and successfully applied and adapted it to its local markets. For example, the Group's menus include globally proven items as well as products created to cater to local tastes and culture. In Turkey, locally developed products such as *Sosyal* and *Bol Malzemos* pizzas have proven to be the most popular menu items, constituting almost half of the Group's product mix in 2016. In 2006, the Group's innovation team rolled-out the chocolate soufflé desserts, which have been replicated in other Domino's Pizza international markets. The Group is consistently recognised by DP Inc. as one of the best performing master franchisees globally and is a recipient of multiple Domino's Pizza awards. The Group believes that access to DP Inc.'s globally recognised brand, know-how, global marketing, training and culture provides it with a significant competitive advantage.

The Group maintains a strategic balance between corporate and franchised stores. The Group believes that its strategy of establishing networks of corporate-owned stores in its most densely populated areas provides the Group with a development platform and maximises profitability. The Group's low-cost, scalable franchise model generates further revenue streams for the Group with limited capital expenditures, while offering attractive economics to its sub-franchisees. Consequently, the Group has benefited from low turnover of its sub-franchisees. As of 2016, the average length of relationships with its sub-franchisees was approximately five years.

The Group also uses corporate and franchised store networks to establish "castles" (store clusters in a particular area) to target market leadership in key areas. Such strategic roll-out is supplemented by highly attractive promotions and dedicated local store marketing efforts, allowing the Group to maintain the leading market share in pizza delivery in Turkey and to build up its presence in Russia.

The commissary model, utilised by DP Inc.'s master franchisees globally, creates benefits for stores across the Group's network with efficient, centralised supply chain management and enables quality control for ingredients. The Company sources most ingredients locally. The production and quality standards follow "Good Manufacturing Practices" to comply with best-in-class food safety standards in addition to local health and safety regulations.

The Group also utilises its proprietary online infrastructure to support its marketing and advertising strategy, intended to maximise demand through customer segmentation and engagement. The Group combines general and seasonal promotions to target a particular customer segment and distribution channel and to offer convenience through its various online initiatives.

The Group follows the global Domino's Pizza approach of simple and streamlined in-store production. The Group provides a 30-minute delivery guarantee to customers—for all meal occasions and available through all ordering channels—and has a disciplined approach to timing for every stage of the process. For instance, the Group uses motorbikes in Turkey to overcome traffic, while in Moscow it relies on three-wheeled scooters and delivery cars due to adverse weather conditions. As a result, the Company's delivery-on-time rate in Moscow in 2016 was 84.8%, and the Group believes it is currently the only chained pizza company offering a delivery guarantee in Moscow, providing it with a tangible competitive advantage. The Company also works to improve operational tracking, enabling early detection of inefficiencies and resolution of bottlenecks.

The Group's culture is rooted in DP Inc.'s traditions, emphasising entrepreneurship and meritocracy. The Group encourages its best employees to become sub-franchisees by providing extensive training and financial

incentives to "homegrown" talent (current and former employees of the Group). The Group's system of bonuses and promotions is closely linked to store, regional and Group-wide financial performance as well as quality assurance requirements. At the heart of the Company's culture is the goal of providing customers with the best value for money, delicious pizzas, delivered in the quickest and most convenient way.

Simple and scalable, asset-light business model

The Group's primary product is pizza, which relies on simple ingredients: dough, cheese and toppings, a number of complementary products and ancillary items such as packaging. As a result, the majority of ingredients can be sourced locally, and the production process is quick and straightforward: pizza dough production is centralised at commissaries, and only simple preparation is required at the stores. This allows the Group to simplify and streamline in-store operations, ultimately increasing speed of delivery. The Group aims to constantly perfect the preparation process: in Turkey, it intends to launch several initiatives to decrease preparation time by up to five minutes, including "fast-bake ovens".

The Group has a strong focus on operational efficiency in opening and operating corporate and franchised stores. The stores do not require large preparation and eat-in areas and, as a result, average store sizes are only 132 square metres in Turkey and 110 square metres in Russia (as of the end of 2016). Furthermore, driven by the Group's focus on delivery and takeaway, the Group's stores can successfully operate in lower footfall areas compared to, for instance, shopping malls. This provides the Group with significant flexibility in choosing a location within a targeted area and results in lower rents compared to larger area, high footfall locations. The Group's disciplined approach to store location and opening means that, on average, it takes only 28 days from beginning construction to store launch. The Group incurs capital expenditure mostly in relation to corporate store openings, equipment purchasing and centralised investments in the head office and online technology. Consequently, with most new store openings coming from its sub-franchisees (approximately 50% of Group's openings in 2014, approximately 63% in 2015 and approximately 50% in 2016) the Group has been able to grow its network in a capital expenditure efficient way.

The scalability of the Group's business model is supported by strong underlying store economics, the Group's underlying culture, its continued investment in technology and the operating leverage existing in the business. The Group's focused menu and commissary supply chain enable it to limit costs at store level, for the Group and sub-franchisees, through the purchasing power that the Company enjoys with its suppliers. As a result, in Turkey the Group is able to offer attractive terms and store economics to its sub-franchisees. The Company has been able to limit food price inflation during the period under review, allowing it to limit the Group's food costs. In addition to enhancing the Group's purchasing power and the quality and consistency of the Group's products, its vertically integrated commissary supply chain generates revenue for the Group by selling supplies to sub-franchisees. In return, sub-franchisees receive high quality ingredients corresponding to Domino's Pizza standards at competitive prices, and benefit from predictability and reliability of supply. The Group is well invested in capacity, with existing commissaries being able to support a further 312 stores in Turkey and a further 78 stores in Russia. In addition to food costs, the Group centralises expenses on nationwide marketing and technology for which it charges a fee to its sub-franchisees. This allows the Group to leverage growing resources within the business as the size of the network increases. Within the Group's corporate store network, the Group's culture of entrepreneurship is supported by an incentive system designed to provide clear targets for employees. Through its emphasis on employee support, training and incentivisation the Group nurtures and promotes homegrown talent as its preferred candidates for the franchise network.

Highly attractive customer proposition and strong brand equity

The Group offers high quality, freshly made pizzas at attractive prices, delivered within 30 minutes of ordering in cardboard boxes designed to preserve the heat. The dough for pizzas is produced centrally at commissaries, and all ingredients undergo multiple quality checks at numerous stages of the preparation process, from arrival at commissaries to the makeline in store. The Group believes it offers a competitive, value for money menu compared with other fast-food products. Based on Ipsos surveys in 2016 in Turkey and Russia, the Group believes that it offers the highest value for money among chained pizza players. Approximately 63% of the customers surveyed in Turkey rated the Group as having the highest value for money offering among fast-food players, compared to 47% for the next highest score and 40% in Moscow compared to 33% for the next highest score. The Company's delivery guarantee is a key element of its customer proposition where it offers the order free if delivered later than 30 minutes (other than in extenuating circumstances) or, in Russia, the Company provides its customers with a voucher for a future order. Customer satisfaction is at the core of the Group's brand, which is further enhanced by its innovation in products, ordering channel and marketing capabilities at national and local levels.

Track record of resilient and profitable growth as well as strong cash conversion

The Group store count has increased by 184 stores between 2014 and 2016. In the same period, it achieved a CAGR of 17% and 73% of system sales and Adjusted EBITDA, respectively. The Group's low capital expenditure requirements have resulted in a strong cash conversion rate of 39% in 2016 (measured as Adjusted EBITDA less capital expenditure divided by Adjusted EBITDA) with its Turkish Operations enjoying a 65% cash conversion rate in the same period.

Growth in the Group's addressable markets, its strong online capabilities, its relationships with local suppliers, strict control over food costs, limited rental costs and operating leverage have contributed to the resilience of the Group's performance against macroeconomic conditions in its markets.

Strong online capabilities underpin the Company's growth

According to IDC New Media Market Model, 4Q2016, Jan 2017, between 2010 and 2016, Internet penetration increased from 40% to 57% in Turkey and from 43% to 76% in Russia. The share of the Group's delivery online system sales in delivery system sales has increased from 28.0% in Turkey and nil in Russia in 2014 to 41.0% in Turkey and 52.5% in Russia in 2016. Over the same period, the Group's average like-for-like system sales growth in online system sales was 22.9% in Turkey and 140.7% in Russia, driven by a higher number of orders compared to other channels. The Group believes that with further proliferation of online ordering and continued growth of e-commerce in its markets, the Group's share of online system sales should continue to increase to levels observed in other markets by other Domino's Pizza master franchisees (for instance, 81% at Domino's Pizza Group plc as of 26 June 2016 based on its public disclosure). Apart from website, mobile website and mobile applications for IOS and Android, the Group has introduced Facebook Messenger, and intends to launch WhatsApp and text message "one-click" ordering capabilities in Turkey. The Group has also focused on the development of online ordering for takeaway in both Turkey and Russia in line with its online ordering strategy.

Founder-led and experienced management team

The Group believes that its founder-led management team has been instrumental in realising its store roll-out plans and delivering revenue growth and increased profitability in its markets. The management teams in Turkey and Russia have been recipients of multiple Domino's Pizza ("*Gold Frannies*") and external ("*Golden Spider*", "*Golden Drum*", "*Felis*", "*Effie*" *and* "*Stevie*") awards over the last few years. On average, the Group's Senior Management team in Turkey has spent more than 7.6 years with the Group. Senior Management includes former employees from, amongst others, Turkven, Pizza Hut, McDonald's, Pepsi Co, Ritz Carlton, Procter & Gamble, Samsung and Bechtel. The Group believes that its leading market position, strong brand and clear growth strategy should enable it to continue to attract, develop and retain high-calibre managers in the future.

3 Strategy

The Group's strategy is to organically build further scale in the business and to increase its efficiency and profitability. The Group is focused on four main pillars of future business growth.

Focus on innovation and online ordering to drive like-for-like growth

The Group's ordering channel strategy is focused on development of proprietary online ordering for delivery and takeaway, as the online channel becomes more prominent in the Group's sales mix and continues to drive like-for-like growth. The Group is seeking to increase its online sales to levels above 70% observed generally across Domino's Pizza master franchisees, and potentially to levels reported by the master franchisees in the UK and Australia as Internet penetration continues to grow in the countries of its presence. Orders placed using the Company's online platforms have a higher customer ordering frequency than orders placed offline and the Group seeks to maximise this and capture potentially higher ATP observed generally in the fast-food industry. In Turkey, the Group intends to grow its online ordering channel with the launch of a loyalty programme, promotions and improved online experience. The Group's 2.8 million active online customers in Turkey generally order more frequently compared to orders through other channels, resulting in online system sales like-for-like growth of 18.8% compared to system sales like-for-like growth of seven per cent. in 2016 and the Group expects this trend to continue in the future. The Group plans to use its marketing capabilities to engage with the remaining 15.6 million persons in its database, and to expand the Group's audience with young online customers. The Group intends to roll-out GPS order tracking to further increase the attractiveness of its online platform and to improve efficiency of delivery through greater control over activity of the delivery fleet. In

Russia, where online ordering is more developed and has shown online system sales like-for-like growth of 140.7%, compared to system sales like-for-like growth of 41.6% in 2016, the Group expects to roll out a similar and improved online offering, benefiting from the experience gained in Turkey and with additional focus on takeaway which is highly appealing to local customers.

To increase the attractiveness of its takeaway/eat-in channel, the Group continuously works to improve the design of its stores, moving from the "pizza theatre" concept launched in 2012 to the Group's current in-house *"Kaizen"* design. It also expects to continue to competitively discount pizzas purchased through its takeaway/ eat-in channel compared to delivery (a discount of approximately 20% to 40%). The Group tests multiple new product ideas and considers additions to its menu to adapt to local tastes and current trends, with the ultimate goal of increasing customer satisfaction and order size.

Store network growth

The Group plans to capitalise on its strong market positions in existing markets where it believes there is capacity for further Domino's Pizza store locations. It intends to open new corporate and franchised stores, including "splits" of existing stores into several stores where demand supports further profitable growth. In considering store location, the Group considers each area from the perspective of potential sales, level of competition, number of households and GDP per capita. The Group prioritises higher density areas with substantial level of OHD and overall spending, which allow it to optimise speed of delivery. By pursuing its "castle" strategy, the Group is able to rapidly roll out clusters of complementary corporate and franchised stores, establishing greater area coverage, enabling its 30-minute delivery guarantee and building strong local brand awareness.

The Group believes that, as the largest pizza delivery company in Turkey, it is well positioned to increase the number of its locations by intensifying coverage in its current areas of presence, splitting existing stores and entering areas with increasing OHD spending. The Group estimates that there is long-term market potential for approximately 900 system stores in Turkey. Going forward, the Group expects to open a smaller number of corporate stores, with most new openings coming from sub-franchisees. The Group intends to open approximately 30 net new stores across Turkey, Azerbaijan and Georgia during 2017 and approximately 30 net new stores per annum across those jurisdictions over the medium term. The new stores are expected to be substantially all franchised stores across Turkey, Azerbaijan and Georgia. The Group currently targets high single digit like-for-like growth in its system sales in Turkey in the mid-term.

In Russia, the Group intends to continue growing its network in Moscow and also expanding into other large regional cities, where penetration of chained fast-food and pizza restaurants is generally lower. The Group expects to apply its "castle" strategy in establishing footprints in new cities, with the aim of growing the sub-franchisee footprint as the store network continues to develop. The Group estimates that there is long term market potential for approximately 1,500 system stores in Russia. In 2017, the Group expects to open approximately 40 net new stores in Russia, and between 40 and 60 net new stores per annum in the medium term. The new stores are expected to be split evenly between corporate and franchised stores across Russia. The Group currently targets low to mid-teens like-for-like growth in its system sales in Russia in the mid-term.

Leveraging scale advantage to further improve profitability

The Group believes that the operating leverage in its business in Turkey can create further value as the store and online footprint continues to increase. The Group's marketing initiatives are already taking place at a national level, with 52 weeks of national TV advertising in Turkey in 2016. The nationwide scale of the Group's operations reinforces brand awareness, making Domino's Pizza a household name in Turkish fast-food, thereby further driving sales and the systems stores' contribution to the Group's national advertising initiatives. The Group's Turkish commissaries are currently utilised only to approximately 60% capacity and are able to support a further 300 stores across Turkey covering the entire country. With respect to head office costs, the Group believes that the Group will need limited additional headcount and expenses (excluding headcount and expenses associated with the public Group's requirements).

In Russia, the Group expects to extract similar value from the operating leverage as the Group plans to continue high levels of roll-out to grow the franchise part of the business and increase overall scale of the system. The Group believes that over time there are significant further potential growth opportunities and economies of scale in Russia.

Potential for further international expansion

While the Group's current focus is on development of the business in its current markets, the Group may consider acquiring other master franchise licences and expanding to territories currently unpenetrated by the Domino's System. Such international expansion is a discretionary strategy of the Group that the Group will consider and pursue on an opportunistic basis. The Group's criteria for entry into new markets would be based on the size, growth, average age and disposable income of the population, the level of fast-food and pizza market penetration, and the market capacity for roll-out.

4 Group History

The Domino's Pizza brand was established in the United States of America in 1960. Since then, the network of Domino's System stores either owned by DP Inc. or franchised through its master franchisees has grown into a global network of over 13,800 stores in more than 85 countries as at 1 January 2017.

The Group was founded in Istanbul (Turkey) in 1996 as a family business led by its current Chief Executive Officer as the exclusive master franchisee of the Domino's System for Turkey. The Group has subsequently expanded internationally to also become the exclusive master franchisee of the Domino's System for Russia, Azerbaijan and Georgia.

The following events illustrate significant milestones in the Group's history:

In 1996	Mr. Aslan Saranga became the initial chief executive officer of the exclusive master franchisee of the Domino's System in Turkey (which operated through a predecessor company of a member of the Group until 2010) opening the Group's first corporate store in Istanbul in 1996.
In 2000	The Group opened its first franchised store in Turkey.
Between 2000 and 2008	The Group expanded its store network in Turkey, resulting in its 100th store opening in Istanbul in 2008.
In 2008	The Group was awarded its first *Domino's Pizza Gold Franny Award* (the annual award that Domino's Pizza presents to its master franchisees for operational excellence, growth rate and increase in revenue) which it has continued to receive in every successive year.
In 2009	The Group began its national television advertising campaigns in Turkey.
In 2010	TPEF II and the Chief Executive Officer purchased the Group beginning a period of growth and consolidation of market share.
In 2011	The Group launched online ordering facilities for customers in Turkey.
	Targeting a product offering tailored to local tastes, the Group launched its *Bol Malzemos* pizza (a play on the words "plenty of toppings" in Turkish), which, in 2016, had a larger brand recognition amongst Turkish consumers than Burger King's Whopper and McDonald's Big Mac (source: Ipsos).
In 2012	The Group was awarded the exclusive master franchise of the Domino's System for Russia.
In 2013	The Group acquired 13 stores in Russia from the previous incumbent master franchisee and was also granted the exclusive master franchise of the Domino's System for Azerbaijan and Georgia.
In 2014	The Group aired its first national television advertisement in Russia.
In 2015	The Group opened its 500th store, located in Moscow, and opened its first franchised stores in Azerbaijan and Georgia.
	The Group rolled-out its own store format (Kaizen, meaning continuous improvement in Japanese), aiming to make the store experience more attractive to walk-in customers.
	The Group appointed its current chief executive officer for its Russian Operations and launched online ordering facilities for customers in Russia.

In 2016	The Group launched its first franchised store in Russia in 2016 and was awarded its first *Gold Franny* in respect of its Russian Operations in the same year.

5 Operations and country presence

The Group operates exclusively under the Domino's Pizza brand as a pizza delivery company with takeaway and eat-in facilities in Turkey, Russia, Azerbaijan and Georgia. The Group sold, on average, 0.7 million pizzas per week in 2016. The Group's stores are quick service restaurants of distinctive modern design and are generally located in high customer traffic areas.

The Group believes that it offers the following four primary advantages over its competitors:

- *Quality*—the stores offer convenient and fresh food, providing an oven cooked option that is often perceived to be healthier than fried food alternatives available in other fast-food sub-segments;
- *Value*—the Group offers a focused product menu, with continuous promotional campaigns, ranging from the lower priced *Attractive Pizzas* range to the higher priced *Chef's Pizzas*;
- *Delivery*—each store guarantees delivery within 30 minutes of an order being placed or the customer is refunded the order price in Turkey (or, in Russia, Azerbaijan and Georgia, the customer receives a coupon for a free pizza); and
- *Innovation*—to support customer engagement and brand value, the Group innovates in its approach to product offering through the introduction of new products (such as the chocolate soufflé dessert) and its online ordering initiatives, store formatting and refits through the introduction of the Kaizen store design and campaigns and promotions (nationally and locally) through the development of its online strategy.

The Group operates through corporate stores and franchised stores. The Group owns, fully manages and operates corporate stores and retains any operating profits generated by such stores, after paying fees owed to the Master Franchisors under the Master Franchise Agreements. Franchised stores are owned, operated and managed by one of the Group's current 132 sub-franchisees. The results of operations of a franchised store do not contribute to the Group's results of operations other than with respect to fee payments and payments for supplies made by sub-franchisees to the Group (please see paragraph 10 "—*Master Franchisor, corporate stores and franchised stores—Relationship between Master Franchisors, the Group and franchised stores*".

The following table shows the number of stores operated by the Group broken down by corporate stores, franchised stores and by country as of 31 March 2017:

	Corporate stores		Franchised stores		Total number of stores	
	Number	**% of total stores**	**Number**	**% of total stores**	**Number**	**% of total stores**
Turkey	141	25%	347	61%	488	85%
Russia	71	12%	5	1%	76	13%
Azerbaijan	—	—	4	1%	4	1%
Georgia	—	—	3	1%	3	1%
Total	**212**	**37%**	**359**	**63%**	**571**	**100%**

Turkey

The Group is the largest pizza delivery company by number of stores, serving 68 out of all 81 provinces (*İL*) in Turkey. In the chained pizza sub-segment, in 2016, the Group was the largest player, in terms of system sales with a 51% market share, which was more than the next five largest chained pizza companies combined. In the chained fast-food market in Turkey the Group was the second largest player (in terms of number of stores as of 31 March 2017). In addition, the Group enjoys the highest brand recognition in the Turkish delivery market, with 40% top-of-mind brand recognition (source: Ipsos survey conducted in October 2016). The Group's corporate stores are substantially all located in the major cities of Istanbul, Ankara, İzmir and Bursa. In 2017, the Group plans to open, on a net basis, approximately 30 new stores in Turkey, Azerbaijan, and Georgia, the majority of which will be franchised. In the medium term, the Group plans to open, on a net basis, approximately 30 new stores per year in Turkey, Azerbaijan and Georgia, the majority of which will be franchised.

Russia

The Group is the largest pizza delivery company in Moscow and, based on the Group's estimates of its competition, the third largest in Russia, by number of stores. Based on a consumer survey conducted by Ipsos in 2016, the Group enjoyed the highest rating (compared to other chained pizza delivery players) for brand recognition in the pizza delivery segment in Moscow. As a deliberate market entrance strategy, the Group operates principally on a corporate store model in Moscow. By piloting its own store openings and operations adapted to a local environment, the Group seeks to maximise the prospects of store success in the early years of entering a potentially significant new market. The Group currently has five sub-franchisees, each responsible for a store, and intends to expand its store network in Russia through both corporate and franchised stores. In 2017, the Group plans to open, on a net basis, approximately 40 new stores in Russia which is expected to be split evenly between corporate and franchised stores. In the medium terms the Group plans to open, on a net basis, approximately 40 to 60 new stores per year in Russia, which is expected to be split evenly between corporate and franchised stores.

Azerbaijan and Georgia

In Azerbaijan, the Group's franchised stores are located in Baku and, in Georgia, in Tbilisi. In contrast to the Group's presence in Russia, the Group operates solely a franchised store model in Azerbaijan and Georgia. The Group engages through an area development agreement with one sub-franchisee in each country. As distinct to a store franchise agreement, through which a sub-franchisee will operate a franchised store, the area development agreement requires the relevant sub-franchisee to open a number of stores by a given date (ten stores in Georgia by 2020 and 36 stores in Azerbaijan by 2028). These targets operate alongside the Group's current store opening target for 2017 and in the medium term of 30 net new stores for the Turkish Operations (as a whole).

6 Products and Customers

Products

The Group's store menu offers a globally recognised pizza, which the Group tailors to local tastes. It also offers complementary products such as chicken, other side dishes and desserts, some of which have been developed by the Group's innovation centre in Istanbul and subsequently adopted by other master franchisees of Domino's Pizza around the world.

The Group maintains a focused menu in all of the countries in which it operates, which is designed to present an attractive, high-quality offering to customers, while simplifying and expediting the order taking and food preparation processes. The Group believes that its focused menu creates a strong identity among consumers, improves operating efficiency and maintains food quality and consistency. The Group's system stores purchase substantially all ingredients (such as pizza dough, sauces and toppings), supplies (such as beverages) and materials (such as pizza boxes, menus and uniforms) from the Group's commissaries (other than in Azerbaijan and Georgia where the Group sometimes approves locally sourced substitutes). Thus, the Group seeks to centralise the supply of key ingredients, which gives its products a reliable taste and presentation across all geographies.

Across the countries in which it operates, the Group's system stores offer three categories of pizza at a range of price points to attract a wide customer base. The Group offers 21 different types of pizza in Turkey with a similar range in Russia, Azerbaijan and Georgia. In Turkey, the Group brands its pizza categories as follows:

- *Attractive Pizzas*—these are the Group's lowest priced pizzas. They present customers with value for money and include, by way of example, the *Sosyal Pizza*;
- *Legendary Pizzas*—these are the Group's mid-priced pizzas. They comprise the Group's best known pizzas, such as the *Bol Malzemos* pizza which, in 2016, was the Group's highest selling pizza; and
- *Chef's Pizzas*—these are the Group's premium priced pizzas and include the Group's *Turkish Pizza*.

The Group adapts its product offering to the culture and consumption patterns in the different countries in which it is present. For example, pork products are not used in the system stores in Azerbaijan and Turkey.

The Group believes that its disciplined approach to product innovation is a key differentiator from the Group's competitors and is based on:

- an understanding of customer preferences based on readily available data from the Group's customer relationship management ("**CRM**") database and direct customer questionnaires in stores;

- strict food cost and ingredient planning in creating new recipes; and
- in-store pilot testing for four to eight weeks before roll-out across the system stores.

The Group's product innovation timeline typically takes three to four months from inception.

The Group's "sides strategy", which involves promoting products from its complementary portfolio, expands its total offering and contributes to increased average ticket price. The Group's system stores offer a variety of side dishes (which use the same oven equipment as pizzas). The Group offers soft drinks including Coca-Cola, Fanta, Sprite and Fuse tea and, additionally in Russia, tea, coffee and beer. The Group's dessert selection features items such as *Mozaik pasta* (which are chocolate bites) and a chocolate soufflé product, which is another Group innovation and has been adopted in other territories within the worldwide Domino's System.

Customers

The Group serves a wide customer base, across all ages, social classes and demographics. As a result of the strength of the Group's delivery distribution channel and its growing online ordering channel, the Group has built a large client database providing it with detailed information on customer behaviour which allows the Group to improve its customers' experience and ultimately customer loyalty. The Group segments fast-food customers in Turkey into six categories (namely, "*kiosk seekers*", "*pleasure hunters*", "*risk aversive*", "*home monsters*", "*family comfort*" and "*change of pace*"), each with separate characteristics and consumption drivers. The Group's operations in Turkey focus on three of these categories, as follows:

- "*family comfort*"—this includes families looking to provide a fresh, oven-baked meal for their family without investing significant time or money. This category utilises both the delivery and takeaway/eat-in distribution channels and tends to place orders during school holidays or on special occasions;
- "*home monsters*"—this includes teenagers, single occupant households, university students and event driven gatherings. This category is convenience driven and represents a significant proportion of the Group's pizza sales principally utilising the delivery distribution channel and online ordering; and
- "*kiosk seekers*"—these customers are value driven and focused on quick and low priced meals. The Group competes in this category with other sub-segments of the fast-food market including general fast-food providers. Kiosk seekers tend to utilise the takeaway/eat-in distribution channel.

In respect of the Russian Operations, customers are segmented into the following categories based on the Group's available customer database and in-store questions: "*family managers*" (parents ordering food for the family either by delivery or takeaway/eat-in), "*lonely wolves*" (typically 25 to 35 year old males who order pizza with high frequency); "*party animals*" (customers celebrating an occasion, for example a birthday in the office which is a regular feature in Russia) and "*same tastes*" (customers with infrequent ordering patterns, typically with a singular pizza preference).

7 Sales & Marketing and Pricing

Sales & Marketing

- **General**

The principal objectives of the Group's sales and marketing function are to drive orders on all distribution and ordering channels, promote brand equity, drive new customer entry online and increase store sales efficiently. The Group benefits from the strength of the Domino's Pizza brand and the global promotional initiatives undertaken by the Master Franchisors. Through a multichannel marketing approach, with online at the heart of the strategy, the Group has built a strong brand image resulting in Domino's Pizza being Turkey's most liked pizza brand and driving two million visitors to its website per month.

The Group operates through a dedicated sales and marketing team in each of Turkey and Russia which centrally organise national advertising campaigns—purchasing advertising space online, television commercials, outdoor advertising (such as billboards) and local store marketing (such as SMS messaging and leaflet drops). In 2015 and 2016, the Group's marketing and advertising expenses, as a proportion of its system sales, were 5.9% and 4.8% respectively. The Group's corporate and franchised stores in Turkey and Russia contribute a proportion of weekly sales for the purposes of national advertising campaigns which it conducts year-round. The Group allocates its marketing expenditure primarily based on investment to grow sales profitably, while pushing consistent messages of quality, innovation and the 30-minute delivery guarantee. Traditional television commercials have an immediate impact on consumption given the impulse nature of the offering. Based on a

survey conducted by Ipsos in December 2016, the Group had the highest share of voice among its fast-food competitors in Turkey in 2015 and 2016.

The Group's campaigns—designed at the start of each year—combine seasonal promotions (for example, Mother's Day, St. Valentine's Day, Black Friday) and general promotions not tied to particular dates. These campaigns are updated as needed from time to time. The Group targets a particular distribution channel with an identified promotion (for example, the *13+13* campaign which has been promoted for the delivery distribution channel and *Mega Week* which can be promoted for either distribution channel in order to drive sales during a given week). The Group also runs national marketing campaigns with partners (for example, Coca-Cola), who may pay for or reimburse the costs of the campaign.

- **Online strategy**

The Group's online capabilities and platform present many tangible benefits, including ease of ordering, higher order frequency, reduced in-store labour costs and increase in consumer loyalty and brand awareness. The customer information obtained from the Group's online platform and from social media allows it to build and develop its consumer database, which results in a better understanding of consumer demands and better targeted marketing at a lower cost.

The Group's online approach is to use a single platform in each country in which it operates, thereby driving sales centrally to its stores. In Azerbaijan and Georgia, the Group's online ordering infrastructure and servers are managed by it in Turkey, although the infrastructure content is managed by the relevant sub-franchisees. The Group aims to increase online sales as a proportion of system sales to better integrate sub-franchisees into the network. By growing the volume of orders placed through its online platforms, growth in system sales and sub-franchisees' results is expected to become less reliant on the initiatives of the sub-franchisees. This should enable the sub-franchisees to focus on the operational aspects of their role and allow the Group greater control over features such as pricing and sales across its system stores.

Orders placed using the Group's online platforms have a higher customer ordering frequency than orders placed offline, mainly due to the convenience associated with the ease of ordering and more targeted marketing initiatives. Customers can store details to save time in future orders. In addition, the Group's online platforms also provide "push" opportunities through app notifications and web-based browser notifications. These targeted advertising initiatives are more effective than traditional advertising given the impulse nature of the offering and less costly to implement and quicker to roll-out than the Group's traditional national marketing campaigns.

There are several initiatives that the Group has implemented or expects to implement to support its online strategy:

- "*Mobile First*"

Most of the Group's online traffic is through its mobile platforms, which includes, in Turkey, the Group's one-click ordering button which can be programmed with up to three preferences of the customer. The Group expects to launch this initiative in Russia in 2017. The Group expects sales through its mobile platform, as a percentage of system sales generated through its online ordering channels, to increase. The Group is focusing on optimising its online conversion rates on mobile devices by improving user experience in mobile, web and mobile apps. The Group's mobile app was the most downloaded app of a fast food company from the Google Play Store in Turkey in March 2017.

- "*Domino's Anywhere*"

"Domino's Anywhere" initiatives aim to create new methods for customers to place orders through the Group's online platform in Turkey and Russia, which are both convenient and easy to use. As part of this, the Group has launched Facebook messenger emoji ordering which allows customers to place orders using the pizza emoji, and plans to launch shortly SMS ordering by way of mobile device messaging and orders placed through WhatsApp.

- "*Pizza Delivery Tracker GPS*"

The Group has started pilot testing a GPS tracker to monitor deliveries in Turkey and Russia, which will show customers the location of their orders on an online map in real time. The Group believes that this will enhance the customer's experience and reduce its delivery time. The Group also has a Pizza Tracker currently in use across online platforms in Turkey and Russia, which monitors the status of orders through the order process:

order received, pizza being prepared, order dispatched. None of the Group's pizza delivery competitors offers this status tracker in Turkey.

- Loyalty strategy

The Group expects to implement shortly a loyalty scheme in Turkey for its customers across all of its online channels, which aims to drive online visits, customer order frequency and average ticket price.

Pricing

The Group adapts its pricing strategy throughout the year in line with, and principally as a function of, its marketing campaigns (please see "—*Sales & Marketing*" above). In addition to the three pizza categories, the Group uses various pricing strategies targeting constant promotional activity such that a customer would typically be able to benefit from a discount to the list-price (depending on ordering channel, distribution channel and product). The Group constantly monitors the order mix of its most successful promotions.

The Group believes that its principal pricing differentiator, which enables it to compete with other sub-segments of the fast-food market in addition to pizza delivery, is its highly competitive pricing of pizzas sold through its takeaway/eat-in distribution channel. Its targeted pricing initiative in Turkey in 2016 (named the *TRY6.90* campaign) sought to attract the kiosk seeker segment of the fast-food sector by discounting pizzas purchased through its takeaway/eat-in channel compared to delivery (a discount of approximately 20% to 40%). The Group is able to price at this level since the associated in-store costs for the takeaway/eat-in channel are lower than delivery (for example, there are no fuel costs and additional drivers are not required to grow takeaway/eat-in sales).

Sub-franchisees generally follow the product pricing recommended by the Group. The Group sells to the sub-franchisees the associated pricing materials for customers (printed menus, price lists, leaflets). These materials, combined with online ordering driven from the Group's single online platform, result in practice in a general alignment across all system stores. In furtherance of this, and to foster good relations with its sub-franchisees, the Group consults with its sub-franchisees in Turkey and Russia periodically ahead of introducing any key pricing campaigns.

8 Distribution channels and ordering channels

Distribution channels

A system store's operations can be divided into two distribution channels: delivery and takeaway/eat-in.

The following table sets out the Group's system sales in Turkey and Russia as a percentage of system sales for the three month period ended 31 March 2017 and the years ended 31 December 2016, 2015 and 2014:

	For the three months ended 31 March 2017			For the year ended 31 December								
				2016			2015			2014		
	Turkey	Russia	Total	Turkey	Russia	(Unaudited) Total	Turkey	Russia	Total	Turkey	Russia	Total
Delivery	64.4%	64.4%	64.4%	62.6%	62.1%	62.6%	69.1%	57.7%	68.4%	68.3%	66.8%	68.3%
Takeaway / eat-in	35.6%	35.6%	35.6%	37.4%	37.9%	37.4%	30.9%	42.3%	31.6%	31.7%	33.2%	31.7%
Total [(1)]	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Note:

(1) System sales are sales generated by the Group's corporate and franchised stores to external customers and do not represent revenue of the Group

- *Delivery*

Delivery is the Group's core distribution channel, with higher associated revenue than the takeaway/eat-in channel. The delivery distribution channel is also associated with the highest customer loyalty and, particularly when combined with the Group's 30-minute delivery guarantee, presents a high barrier for any new entrant. The delivery orders from the Group's customers are made online or by telephone (call centre or local store). The target customer segments for this channel are "*family comfort*" and "*home monsters*" with respect to Turkey and "*family managers*", "*lonely wolves*", "*party animals*" and "*same tastes*" with respect to Russia, with quality, price, experience and convenience being their key drivers. In 2016, the Group met its 30-minute delivery guarantee on 93.5% of total orders to its customers in Turkey and 84.8% of total orders to its customers in Russia.

• *Takeaway/eat-in*

The Group's takeaway/eat-in distribution channel is dependent on pricing and location. Price is a key driver in this channel which has benefited from the Group's discount pricing strategy. Location in high-traffic areas of a geographically broad network of system stores is important to its success. The main target customer segment for this channel is the "*kiosk seekers*", but the Group also targets the "*family comfort*" in Turkey as well as the "*family managers*" and "*same tastes*" groups in Russia. The primary customer value propositions are an affordable price point and innovation in the product.

Ordering channels

The Group's system stores receive orders through three ordering channels: store (which comprises calls to the store and walk-in customers), online and call centre. The Group further segments orders placed online as follows: the Group's online platform (which consists of its desktop website, its website optimised for mobile devices and its mobile applications ("apps"), available for IOS and Android); and, in Turkey, the online aggregator *Yemeksepeti*.

The following table shows the Group's delivery system sales, broken down by ordering channel and by the Group's two largest countries in which it operates, as a percentage of delivery system sales for the three months ended 31 March 2017 and the years ended 31 December 2016, 2015 and 2014:

		For the three months ended 31 March 2017			For the year ended 31 December								
					2016			2015			2014		
		Turkey	Russia	Total	Turkey	Russia	(Unaudited) Total	Turkey	Russia	Total	Turkey	Russia	Total
Store		49.8%	39.1%	47.5%	53.0%	47.5%	52.3%	58.6%	66.5%	59.0%	61.2%	100.%	62.8%
Online	Group's online platform	23.9%	60.9%	32.1%	21.1%	52.5%	24.8%	15.0%	33.5%	16.0%	11.8%	—	11.3%
	Aggregator	21.6%	—	16.8%	19.9%	—	17.5%	18.8%	—	17.8%	16.3%	—	15.6%
	Total online	45.5%	60.9%	48.9%	41.0%	52.5%	42.4%	33.8%	33.5%	33.8%	28.0%	—	26.9%
Call centre . .		4.6%	—	3.6%	6.0%	—	5.3%	7.6%	—	7.2%	10.8%	—	10.4%
Total[1]		100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Note:

(1) Delivery system sales are sales generated by the Group's corporate and franchised stores to external customers and do not represent revenue of the Group

The substantial majority of orders generated through the takeaway/eat-in distribution channel are placed by a customer in the store.

9 Stores

Store Format

The Group's stores are quick service restaurants of simple, distinctive and standardised design and are open for the entire year, seven days per week with minimum operating hours from 10.30 a.m. to 11.00 p.m. for substantially all stores, with some stores operating extended hours until 3.00 a.m. Store lay-out is critical to the Group's "delivery" customer value proposition. Properties for system stores are fitted out to a standardised Group specification targeting specific time periods within which each stage in the order process should be completed to meet the 30-minute delivery guarantee. From taking the order (within two minutes), to assembling the pizza (within two minutes), to cooking the pizza (within eight minutes), to packaging the order (within three minutes), to finally delivering to the customer's door (within six minutes), the process requires an exacting store lay-out. This lay-out and system allows the process to be completed, including delivery to the customer, in approximately 22 minutes.

Consistent with its Domino's heritage, the Group focuses on home delivery and takeaway/eat-in. Some of its stores are more delivery oriented than takeaway/eat-in as a result of their location and customer preferences. The Group's eat-in concept features limited seating capacity. This results in the Group requiring relatively modest floor space (in comparison with other sub-segments of the fast-food market which require larger restaurant seating areas as part of their customer dining experience). These eat-in areas are designed to offer a simple and convenient dining option to the Group's customers. In more remote areas in Turkey, where customers buy from the stores as part of an out-of-home dining experience and for occasional celebrations, the eat-in option can often be expanded if the Group believes that this will maximise potential sales. Consequently, store sizes are on average 132 square metres, but occasionally can be up to 380 square metres in certain stores. In Russia, the Group's stores are on average 110 square metres.

The Group has one store format at any one time that it implements for new stores and refits. As a result of store maturity and timing of refurbishments the stores are currently presented in three formats: *Kaizen* format (being the current format), *Pizza Theatre* format (introduced in 2012) and *20/20* format (introduced in 2008). As at 31 March 2017, approximately 25% of the Group's system stores were in the Kaizen format and 31% in the Pizza Theatre format.

The *Pizza Theatre* and *20/20* formats are standardised Domino's formats borrowed from the global Domino's System. To improve its customer experience, in 2015 the Group designed and rolled-out its own format—the *Kaizen* format (referring to the Japanese business philosophy of continuous improvement). Since its implementation, the Group refits and opens stores in the Kaizen format only. The Group has developed its *Kaizen* format to be more attractive to walk-in customers and to increase takeaway/eat-in orders. It is designed to give the Group's stores a more welcoming environment than that of the previous formats with black, wooden and dark grey interior design colourings targeted at creating a more pleasant and comfortable dining area.

In Turkey, the Group identifies stores for refurbishment typically by choosing those stores whose opening (or, if later, whose previous refit) is earliest in time, irrespective of whether these are corporate or franchised stores, and also by taking into account store location and the competing fast-food outlets in its area. Stores converted into the *Kaizen* format have experienced on average an additional eight per cent. of like-for-like store sales growth through the takeaway/eat-in distribution channel.

The Group incurs the capital expenditures for the refurbishment and equipment of its corporate stores. Where franchised stores are identified, the Group's franchise consultant will approach the sub-franchisee with its refit analysis and costing and may offer payment instalment terms to the sub-franchisee.

Store Management

All Group stores are required to adhere to strict standardised operating procedures and requirements which the Group believes are critical to its brand image and success. In order to maintain uniform standards and high quality and to promote the Domino's Pizza brand, the Group operates its system stores in accordance with operational manuals developed by the Master Franchisors. Management of a franchised store is the responsibility of the sub-franchisee, who is trained by the Group in accordance with the Master Franchisor's techniques and is responsible for the day-to-day operations of its stores.

The management and staffing structure for the Group corporate stores typically consists of a store manager, an assistant manager, a shift manager, three kitchen staff and six drivers. The store managers are incentivised to maximise store sales through their compensation structure provided that they maintain certain quality assurance standards and they have discretion to take certain in-store actions (such as managing inventory orders, hiring kitchen staff and drivers) in order to increase sales or reduce costs.

The Group is able to change performance criteria to target specific Group objectives (for example by introducing key performance indicators based on a particular marketing promotion (such as net promoter score). The Group believes that by making such targets as transparent as possible staff members have a clear and incentivised trajectory to meet performance targets.

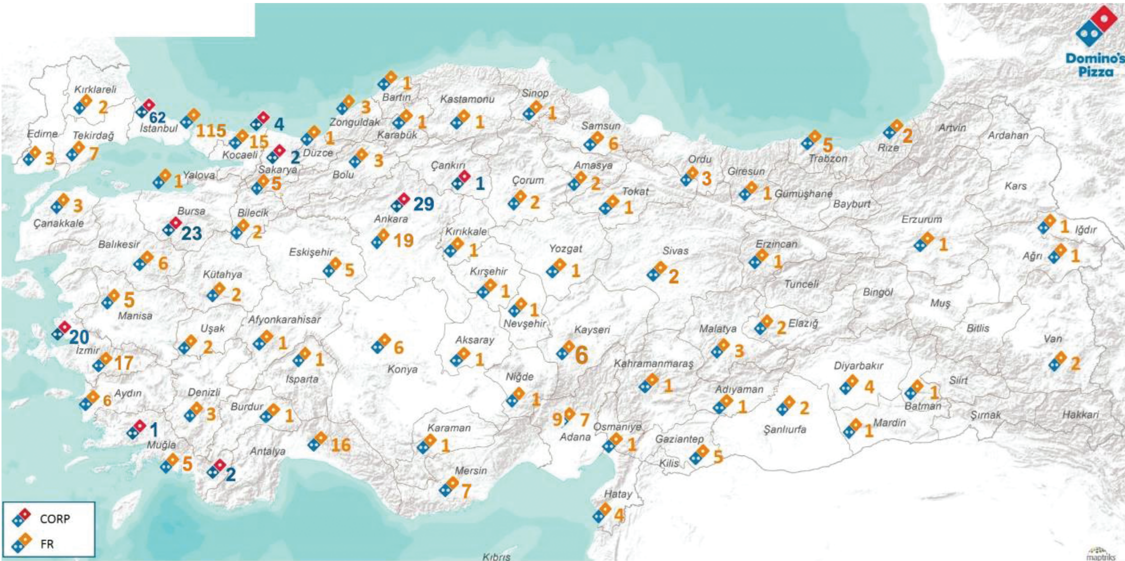
The Group's store oversight in its Turkish Operations consists of: 22 area managers (each responsible for between four and eight corporate stores), four operations managers (each responsible for on average 40 to 50 corporate stores), seven franchise consultants (each responsible for on average 50 franchised stores) and other consultants engaged in training and liaison with country specific sub-franchisees. The Group replicates a similar structure, on a smaller scale, in its Russian Operations.

The Group's franchise partners, for the most part, replicate the staffing and compensation structure that are adopted by the Group's corporate stores but they are not required to do so and are responsible for recruiting their own staff.

Store locations

The Group has system stores in Turkey, Russia, Azerbaijan and Georgia, with its highest concentration in Turkey. With respect to Turkey, the Group's stores are located throughout the country, whereas in Russia, Azerbaijan and Georgia, the Group only has stores in the capital cities of Moscow, Baku and Tbilisi, respectively. The Group intends to expand its operations and could expand into new cities and regions within

those jurisdictions in the future. The following map illustrates the location of the Group's system stores in Turkey:



Store selection and strategy

As of 31 March 2017, the Group had 571 system stores in four countries, giving it substantial experience with the store roll-out process. The Group's business development team has developed and implemented a disciplined store location selection process for Turkey and Russia—which is referred to as "mapping" by virtue of the resultant map coordinates produced and allocated to a store—seeking to ensure that every proposed new store location (whether for corporate or franchised stores) is carefully reviewed and that each location meets specific requirements. It takes an average of 28 days for the Group to open a new store once the store has been mapped. The initial mapping stage focuses on factors that include: number of households, GDP per capita and competition. Based on this, the business development team conducts sales potential analyses (average weekly unit sales, store-level EBITDA and payback period on initial investment) during which territorial intelligence, regional and community acceptance and traffic information (for example, closest restaurants, competition and traffic generators) are taken into consideration to determine likely street preferences. Correct mapping is critical to ensure customer commitment as a result of the Group's 30-minute delivery guarantee. Each store is allocated a distinct map for delivery. In Turkey, this map is typically limited to an area estimated as a six minute travel route by delivery vehicles from the store to customer during peak hours and on average contains 28,000 households. With respect to sub-franchisees in Turkey and Russia, the Group agrees to an exclusivity zone with respect to the map allocated, which the Group is entitled to revisit in certain circumstances (see further below in this paragraph "—*Store selection and strategy*").

During this process, the Group works closely with its portfolio of sub-franchisees to determine whether there are suitable home-grown, existing or new franchise candidates or whether a store is appropriate for corporate ownership.

The last stage comprises real estate selection which is determined in part by the Group's minimum requirements for store format and outdoor signage. The Group does not have a standard lease agreement with its landlords. However, the lease terms are generally similar throughout the store network: an average initial lease period of five years; a termination option in favour of the Group; and local currency denominated rent payments which are typically linked to inflation only.

For Azerbaijan and Georgia, the identification of a franchised store location is carried out by the sub-franchisee and the Group must approve any proposed store locations.

The Group actively targets areas where it believes it is able to compete effectively and grow market share. The Group calls this its "castle strategy". By opening a cluster of stores within a defined area, the Group is able to effectively commit to its "delivery" customer value proposition, and thereby create a strong local brand perception. For example, in Russia, the Group effectively used this strategy in order to accelerate penetration and market share. It now has the largest market share in Moscow (measured by number of stores).

The Group monitors system store sales and in-store profitability on a daily basis (and, with respect to Turkey, on a real time basis) and reacts to opportunities for maximising sales potential or store efficiencies. The Group

employs a tactic of "splitting" stores—which involves opening an additional store within the same map of an existing store or in an overlapping area—where it identifies increasing density of households, increasing household income or increasing density of sales at the outer perimeter of a map based on under-served demand. In these circumstances, the Group may require a sub-franchisee to split a store by first offering the additional store opportunity to the sub-franchisee or, if the sub-franchisee is not able to increase its position in a particular area, the Group may open a new corporate store in the relevant area or allow a sub-franchisee to do so.

10 Master Franchisors, corporate stores and franchised stores

The Group believes that there are several benefits to owning its corporate stores. The Group uses the corporate store model in new territories where it considers that the market will support significant store expansion. Only in those markets does the Group commit the management time, resources and expense required to launch a corporate store roll-out. Where the Group believes that a new market exhibits the relevant growth potential, initial roll-out by way of corporate stores provides a more controlled environment in which the Group is able to develop its store opening procedures and operations and to establish a store level economic model. The Group is then able to expand through its sub-franchisees by deploying that knowledge to the roll-out of its franchised stores. An example of this is the way in which the Group developed its operations in Turkey. The Group also benefits from having corporate stores through their contribution to the Group's profitability. The Group has retained corporate stores in its top five most densely populated cities (four in Turkey and one in Russia).

Separately, the Group uses store ownership as a tool in managing sub-franchisee relationships. In situations where franchised stores are under performing, sub-franchisees may be compelled to sell and stores may be transferred to the Group. If a franchised store is bought by the Group, the Group may grant the mapped area to a different sub-franchisee or operate it as a corporate store usually for a temporary period to recover performance levels. Alternatively, the Group may transfer geographically remote stores or underperforming corporate stores to a sub-franchisee that the Group believes can operate such stores more efficiently. The transfers typically comprise a transfer of the associated equipment, lease and employees. In the three months ended 31 March 2017 and the years ended 31 December 2016, 2015 and 2014, the Group transferred four, 13, six and nil owned stores to sub-franchisees, respectively.

Once the Group is well established in a market, the franchise model can have certain benefits for the Group including lowering its investment risk and capital expenditure thereby enabling the Group to develop its brand whilst incurring fewer costs than with its corporate stores.

Relationship between Master Franchisors, the Group and corporate stores

The Group has the exclusive master franchise right to the Domino's System in Turkey, Russia, Azerbaijan and Georgia through to 2032, 2030, 2032 and 2032, respectively, with an option in favour of the Group to renew for an additional 15 years provided, amongst other things, a revised development plan is agreed between it and the relevant Master Franchisor.

Each Master Franchise Agreement contains a development plan that requires the Group to open a minimum number of system stores (whether through corporate or franchised stores) within a specified period. In addition, each Master Franchise Agreement contains operational conditions which the Group must meet. The Group is additionally required to diligently recruit sub-franchisees and once recruited, to use its best endeavours to ensure that the sub-franchisees comply with their obligations owed to the Group. The Group is also responsible, pursuant to the Master Franchise Agreements, for the compliance of its sub-franchisees with all legal and regulatory requirements imposed on them in their capacity as store operators. Please see paragraph 11.4 of Part 14 "*Additional Information—Material contracts—Master Franchise Agreements*".

With respect to every corporate store opened, the Group enters into a standard agreement with the relevant Master Franchisor which sets out terms of payment and operations of that store. The initial term of each corporate store franchise agreement is ten years with an option of the Group to renew for an additional ten years provided that the Group is not in breach. As at 31 March 2017, the Group's corporate stores had an average residual life of 9.8 years (calculated on the basis that the option to renew is exercised).

The Group is required to pay the relevant Master Franchisor a fee on the opening of each system store (and in turn is entitled to charge sub-franchisees a fee on the opening of its franchised store). The Group is also required to pay the relevant Master Franchisor a royalty fee of four per cent. of system sales in Turkey and Russia and between three per cent. and four per cent. of system sales in Azerbaijan and Georgia. The Group is also required to spend four per cent. of system sales on national advertising.

If a Master Franchise Agreement is breached, including through failure to open a minimum number of stores in a territory, the relevant Master Franchisor is entitled to terminate the associated Master Franchise Agreement or purchase the shares in the relevant member of the Group which is party to the Master Franchise Agreement, at a formula-based price or acquire for free the rights to the franchised stores which operate within that territory. The Group has a good working relationship with the Master Franchisors and in the past any discrepancies in operations, including with respect to development plans, have been discussed and consented to by the relevant Master Franchisor. For example, in 2013, the Group missed its store opening target in Russia by four stores in 2013, to which the relevant Master Franchisor consented, and then exceeded its cumulative target with respect to Russia by 25 stores as at the end of 2016. Please see Part 1 "*Risk Factors—The Group's business is dependent on its Master Franchise Agreements, the termination of which would materially adversely affect the Group's business, results of operations, financial condition, cash flows and prospects*".

The Group has an average payback on its investment of approximately 2.3 and two years in respect of its corporate stores in Turkey and Russia, respectively.

Relationship between Master Franchisors, the Group and franchised stores

The average age of the Group's franchised stores across its Turkish Operations is five years and its oldest sub-franchisee has been within the system for 17 years. The Group targets a low concentration of sub-franchisees to mitigate the risk of losing franchised stores. As of 31 March 2017, it had 132 sub-franchisees in Turkey who operated an average of 2.6 franchised stores each. In Turkey, the Group's largest sub-franchisee operates 15 franchised stores, which represented 3.8% of the Group's system sales in 2016. In Russia, Azerbaijan and Georgia, the Group's sub-franchisee operations commenced relatively recently: in Russia there are five sub-franchisees each of which operate one store; in Azerbaijan there is one sub-franchisee which operates four stores (with an agreement to open another 32 stores by 2028); and in Georgia there is one sub-franchisee which operates three stores (with an agreement to open another seven stores by 2020).

For every franchised store opened, the Group enters into a standard store franchise agreement with the sub-franchisee in a form approved by the Master Franchisor. Each such agreement grants to the sub-franchisee the right to operate a store within a mapped area for ten years (or, with respect to Russia, five years). In Azerbaijan and Georgia, the sub-franchisee is not limited to a mapped area, but instead has a minimum development plan for the relevant country. Each sub-franchisee has an option to renew for an additional five years provided that it is not in breach. In Turkey, all of the franchise agreements relating to the Group's franchised stores that expired since the beginning of 2014 were renewed. This demonstrates the strong ties and loyalty between the Group and its sub-franchisees as well as the success of its sub-franchisee business model.

Each store franchise agreement contains payment terms and operational conditions which the sub-franchisee must meet. For every franchised store opened, the sub-franchisee must pay a store opening fee to the Group. Once opened, the sub-franchisee must make regular payments to the Group based on a percentage of its store sales even if it is not profitable. These regular payments comprise a royalty fee component (being six per cent. of store sales in Turkey and seven per cent. of store sales in Russia), an amount which the Group is required to spend on national advertising under the relevant Master Franchise Agreement and amounts for additional services provided (such as logistics, audit and consulting). In Azerbaijan and Georgia, the sub-franchisees are required to spend a minimum amount based on store sales on national advertising rather than to contribute an amount to the Group for this purpose. The sub-franchisee is additionally required to comply with all legal and regulatory requirements imposed on it as owner and operator of a franchised store.

Upon expiry of a store franchise agreement, or upon termination in case of breach, the Group has the right to purchase the assets of the store at a formula-based price and effectively take over its operations.

The Group is dedicated to providing the tools that sub-franchisees need to succeed before, during and after a store opening. This range of supplies and services includes: store identification, store design, equipment sales (including oven and make-line), commissary sales, logistics, online platform, store audits, local store marketing, training, IT, call centre network, PULSE™ (the Domino's proprietary point-of-sale system), for which it charges fixed or variable, one-off or periodic, fees. The Group provides incentives to homegrown sub-franchisees, as well as experienced sub-franchisees with existing stores, by discounting initial store opening fees and by offering instalment terms for the initial investment. As at 31 March 2017, approximately 31% of the Group's sub-franchisees in Turkey are home-grown, some of which have been within the Domino's System for more than ten years. In Russia, the Group currently focuses on retaining "home-grown" employees within its corporate stores and attracting other sub-franchisees with greater access to capital for the initial investment required on store opening. The Group may also discount the sub-franchisee's initial investment for equipment purchases and multiple store openings.

The Group automatically receives daily store sales data (and with respect to Turkey, real-time data) as well as a range of other information including food cost and breakdown of sales by ordering channel and by distribution channel.

The Group currently sub-leases to sub-franchisees approximately 82% of franchised stores. Rent is paid by the sub-franchisee to the head-lessor and utilities and insurance are paid directly by the sub-franchisee. The relevant sub-franchisee for each of Azerbaijan and Georgia enters into the real estate leases directly with a third party landlord.

11 Commissaries, third-party suppliers and distribution

Commissaries

The Group's principal supplies to stores can be divided into five categories: the dough for pizza bases, pizza topping ingredients, complementary products (such as beverages, side dishes and desserts), ancillary items (such as cardboard pizza delivery boxes and napkins) and equipment (such as store equipment, helmets and uniforms). To manage these supplies and acting as a procurement function for the Group, the Group operates five regional supply chain centres, or commissaries, four of which are located in Turkey (in Kocaeli, Ankara, Gaziantep and İzmir), and the fifth is located in Russia. The Turkish commissaries supply the system stores in Turkey and each sub-franchisee's local distribution centre in Azerbaijan and Georgia and the Russian commissary supplies system stores in Russia.

The Group's commissaries primarily manufacture the pizza dough and act as warehouse for the other ingredients and supplies. Fresh pizza dough is prepared daily to Domino's own recipe at its commissaries and delivered in trays with all other pizza toppings and side orders to the Group's system stores in each commissary's delivery zone, typically twice a week. This centralised policy provides the Group with additional purchasing power through economies of scale, thereby enhancing its ability to lower its cost of goods by obtaining volume discounts from suppliers. The commissary teams utilise technology including store based picking and tracking and shipment planning software. The Group believes that its commissary model provides consistent quality of its products, competitive supplier prices and timely delivery of items to its system stores.

In total, the Turkish commissaries service 68 cities and 488 stores in Turkey, 79% of which are located within 250 kilometres of the closest commissary. The Turkish commissaries have capacity to service approximately 800 system stores in total. In Russia, the Group's commissary services 76 system stores in Moscow and Moscow Region as at 31 March 2017 and currently has capacity to service approximately 150 stores in total. The Group is planning to increase its Russian commissary capacity to 250 stores in 2017. The Group intends to achieve this through the acquisition of additional dough production equipment as well as by optimising building lay-out and investing in infrastructure.

Third party suppliers

The Group uses third party suppliers for the pizza ingredients, substantially all of whom are local to the country in which the commissary is situated. Prices charged by the Group's suppliers are subject to fluctuation. The Group believes that, as one of the largest domestic volume purchasers of pizza-related products in Turkey, it has been able to maintain long-lasting relationships with its suppliers and keep its purchasing costs low. The Group continually evaluates each supply category to determine its optimal sourcing and has between two and three local suppliers approved by the Master Franchisors for each product, including cheese, sauce, flour, vegetables and meat and poultry products. In addition to its marketing campaigns with Coca-Cola, it receives a rebate for product sales.

The Group reviews price increase requests from suppliers on a monthly basis and approves the "purchase price" for items for the following month. It also considers whether the percentage volume of orders placed with each supplier of a particular item should be adjusted. The Group also sets the "sale price" of the items required by its system stores for the following month at the Group's dedicated management committee which considers, amongst other factors, the potential impact of any price changes on its sub-franchisees. The "sale price" includes a commission on the "purchase price"; however, the commissary team ensures that the "sale price" is competitive. To the extent not restricted by local law in the countries in which the Group operates, sub-franchisees are obliged to purchase any ingredient, supply or material such as pizza dough, pizza sauce and toppings used in the preparation, packaging and delivery of pizza and other permitted products from the Group.

Distribution

Deliveries from the Group's commissaries to its system stores are contracted to third-party operators. The third-party operators provide the Group with a dedicated fleet of 48 trucks in Turkey and Russia to ensure timely delivery of materials and supplies to its system stores. The trucks are refrigerated to ensure that the ingredients are supplied in a temperature-controlled environment, which is monitored during transit to ensure quality and minimise wastage. The majority of the trucks used in Turkey and Russia display Domino's signage. In Azerbaijan and Georgia, all logistics, from the local commissaries to the system stores, and cold storage requirements are managed by the relevant sub-franchisee in each country.

12 Quality assurance and operations evaluation review

The Group is required by the Master Franchisors to have strict control over the entire product preparation and delivery process to guarantee product safety, regulatory compliance and quality standards. The Master Franchisors assess the Group's commissaries, stores and products through their five star audit ratings (which are used to assess commissaries within the Domino's System worldwide), the pre-approval and inspection of suppliers and the operations evaluation review ("**OER**") used in Domino's System stores worldwide. For these purposes, the Group has supplier controls, laboratory analyses of products, monitoring systems in stores, food handling training and commissary food safety systems.

System Stores

The Group's own OER team inspects all system stores once every two months on their performance in meeting standards in the following categories: product, service, image, security and sanitisation. The Group's OER team checks that there has been compliance with the operating procedures and standards implemented by the Group and provides advice on the operation of the individual system stores. To encourage high standards, special incentive prizes are awarded to store managers with high OER scores and, conversely, store managers with low OER scores forfeit sales bonuses. With respect to sub-franchisees, the Group works closely with those who consistently underperform to achieve the standards required.

Commissaries

The Group's commissaries in Turkey are certified by, and compliant with, the requirements of the Turkish Ministry of Food, Agriculture and Livestock. With respect to its commissary in Russia, the Group is regularly audited by the Russian Federal Service for Supervision of Consumer Rights Protection and Human Welfare (Роспотребнадзор) and the Group believes, having not received any notification or citation of non-compliance during the review period, that such commissary is compliant with the requirements of the Russian Ministry of Agriculture. The Group's commissary function is overseen by experienced food engineers and food technologists and utilises a disciplined system for ensuring that products are consistently produced and controlled according to quality standards, whilst attempting to minimise risks involved in production that cannot be eliminated through testing the final product. The Group utilises a traceable end to end warehouse system, through which it can determine the origin, journey and batch of items in its system stores. The Group also inspects the local distribution centres in Azerbaijan and Georgia.

The Group believes that this comprehensive system store and commissary quality assurance programme is an integral part of its ability to maintain high standards across its network. The relevant Master Franchisor has awarded the maximum five star score in respect of the Group's Turkish commissaries for the years 2013 to 2016 (inclusive).

Third party suppliers

Only suppliers that have been approved by the Group, and the Master Franchisors, are awarded a supply contract. The Group's suppliers are required to meet strict food safety standards set by the Master Franchisors and the Group. The Group reviews and evaluates its suppliers' quality assurance programmes through, among other actions, on-site visits, third party audits and product evaluations to ensure compliance with its standards.

13 Competition

The Group's core markets in which it competes are the fast-food segment and the pizza sub-segment within the OHD markets in Turkey, Russia, Azerbaijan and Georgia, together with a wider selection of OHD players competing in the food delivery segment. In these core markets, the Group competes against national and international chained pizza companies, chained fast-food players and independent outlets in the OHD markets

in these countries. Further details of the competitive environment in Turkey and Russia as well as the Group's addressable markets are contained in Part 5 "*Industry*".

- In Turkey, the Group's principal competitors are Pizza Pizza, Little Caesar, Pizza Hut, Papa John's, Pizza Lazza and Pizza Bulls, as well as other fast-food chains such as McDonald's, Burger King and KFC. The Group also competes with local independent fast-food outlets in Turkey.
- In Russia, the Group's principal competitors are Dodo Pizza, Papa John's and Pizza Hut, in addition to other fast-food chains including McDonald's, Burger King and KFC.
- In Azerbaijan, the Group's principal competitor is Papa John's, together with other fast-food chains such as McDonald's and KFC.
- In Georgia, there is currently no direct competition from other international pizza companies; however, competition exists through fast-food chains, McDonald's and Wendy's, and the local pizza-chain Ronny's Pizza.

The Group competes on the basis of product, price, quality and service. In addition, the Group competes within the food service industry for personnel, suitable premises for system stores and qualified sub-franchisees.

14 Information technology

The Group uses its own proprietary information technology software together with that of DP Inc. to closely monitor its operations.

The Group uses the Domino's PULSE™ point-of-sale system in all of its system stores. This computerised management information system assists in improving store operating efficiencies, for example by streamlining the process for taking orders and inventory management. It also provides the Group with timely access to financial data and reduces administrative time and expense at the store level. The Group has desktop and mobile based access to data for monitoring and analysing store performance daily and, with respect to Turkey, on a real time basis.

The Group owns all its online ordering platforms and related software, namely its website-based platform and its mobile-based platforms, including its mobile applications and website optimised for mobile devices. DP Inc. makes available to its master franchisees its own proprietary online ordering platform (Global Online Ordering) but the Group considers that it is able to better and more dynamically adapt its platform to targeted needs of the Group using its own systems.

The Group also maintains a CRM database in line with data protection requirements, containing details of approximately 15 million customers of which five million are active customers (defined as customers who have placed an order with a system store within the last 12 months). The Group initiated a two-year cybersecurity programme with Deloitte Turkey Cyber Risk Services in order to protect sensitive information it acquires by function of its operations including from customers and employees. The Group's cybersecurity programme aims to protect the Group's systems and personal data in Turkey against internal and external cyber risks and covers the headquarters, corporate stores and commissaries. As part of the programme, the Group has focused on training personnel, identifying data inventory, defining security roles and responsibility, investing in data loss prevention tools, implementing security information and event management technology, the establishment of a Turkish security operations centre and the implementation of an identity management process to set roles and manage all access rights. The Group's information technology infrastructure includes disaster recovery planning, which includes having its mission-critical applications running in two active data centres, in the event that the Group's back office operations fail so that they can be recovered in a secondary location.

15 Human resources

Employees

As of 31 March 2017, the Group had 3,312 employees, of whom 365 were employed within the Group's centralised functions (including finance, business development, corporate operations, franchise operations, IT and human resources), 63 were employed within the commissaries and 2,884 employees at the corporate store level. None of the Group's employees are represented by a labour union or covered by a collective wage bargaining agreement. The Group also has part-time employees in Russia who are primarily engaged to manage the peak-hour volumes.

The table below shows the number of employees broken down by country segment and function as at the indicated dates:

		As at 31 March	As at 31 December		
		2017	**2016**	**2015**	**2014**
Turkey	*Centralised function*	262	276	302	312
	Commissaries	42	48	35	30
	Corporate stores	1,593	1,574	1,684	1,825
Russia	*Centralised function*	103	86	56	39
	Commissary	21	23	17	10
	Corporate stores	1,291	1,218	763	325

Training programmes

The Group places significant emphasis on store personnel training, including for sub-franchisees, in order to ensure consistency of standards and productivity. It currently administers the following programmes as part of store employee basic operational training: Operations Standards & Procedures, OER Training, Management Certification, New Franchisee, Customer Experience, Product Quality, Booklets on Reducing EDT (Estimated Delivery Time), New Equipment and New Product and Health and Safety. Additionally, as part of the Group's corporate strategy, it administers training in Online Local Store Marketing, Online Marketing and Franchisee Development.

16 Insurance

The Group maintains the types and amounts of insurance coverage that it believes are consistent with customary industry practices in the countries in which it operates according to internal insurance policies that are periodically reviewed by the Group. The Group has contracted insurance policies that cover product liability, personal injury, carried cash, fire damage, employee-related liability, property and equipment damage and policies covering civil liabilities of the Group deriving from its activities. Insurance policies that cover motor vehicle liability are obtained by the vehicle leasing providers rather than the Group. Pursuant to the terms of the Group's standard store franchise agreements, its sub-franchisees are also required to maintain at their expense minimum levels of insurance coverage including against personal injury, product and contractual liability and motor vehicle liability.

17 Litigation and Investigations

In the ordinary course of its business, the Group is subject to litigation relating to disputes connected with performance under contractual obligations by its suppliers, employee disputes and other matters. As of 31 March 2017, the Group was party to approximately 42 legal proceedings as plaintiff and 202 legal proceedings as defendant (including civil and labour claims), with total claims relating to such proceedings where the Group is defendant amounting to TRY4 million (subject to an increase in such amount pending finalisation of claims). The Group does not consider any of these proceedings likely to have a material effect on its business, financial condition or results of operations.

Neither the Company nor any other member of the Group is or has been engaged in nor, so far as the Company is aware, has pending or threatened, any governmental, legal or arbitration proceedings which may have, or have had during the 12 months preceding the date of this Prospectus, a significant effect on the Company's and/or the Group's financial position or profitability.

PART 7

DIRECTORS, SENIOR MANAGEMENT AND CORPORATE GOVERNANCE

Directors

The following table lists the names and positions of the Directors. Mr. Peter Williams, Mr. Thomas Singer and Ms. Frederieke Slot will become directors of the Company from Admission. Mr. Aslan Saranga, Mr. Seymur Tarı, Mr. Izzet Talu, and Ms. Aksel Şahin became directors of the Company on 9 June 2017.

Name	Position	Term(2)
Mr. Peter Williams(1)	Chairman and Independent Non-Executive Director	3 years
Mr. Aslan Saranga	Chief Executive Officer and Executive Director	3 years
Ms. Frederieke Slot(1)	Company Secretary and Executive Director	3 years
Mr. Seymur Tarı	Non-Executive Director	3 years
Mr. Izzet Talu	Non-Executive Director	3 years
Ms. Aksel Şahin	Non-Executive Director	3 years
Mr. Thomas Singer(1)	Senior Independent Non-Executive Director	3 years

(1) With effect from Admission

(2) Subject to reappointment at the Company's first annual General Meeting following Admission

Mr. Peter Williams (Chairman and Independent Non-Executive Director)

Mr. Williams will be appointed as Chairman with effect from Admission. He has spent over 30 years in both executive and non-executive positions in consumer-facing businesses comprising retail, leisure, media and consumer products. Mr. Williams also serves as Chairman of the following companies: boohoo.com plc (an online fashion retailer), Mister Spex (an online eyewear retailer based in Berlin) and U and I Group plc (a property regeneration company). He is also currently senior independent director at Rightmove plc (a UK property portal). For eight years to December 2013, he was the senior independent director at ASOS plc (an online fashion retailer). Previous to this, for 13 years up to 2004, Mr. Williams served as chief financial officer and then as chief executive of Selfridges. Amongst others, Mr. Williams has served on the boards of Cineworld Group plc, Blacks Leisure Group plc and JJB sports plc. He is also a chartered accountant and has a bachelors degree in Mathematics from Bristol University.

Mr. Aslan Saranga (Chief Executive Officer)

Mr. Saranga is the Chief Executive Officer, having been appointed as the founding chief executive officer of the exclusive master franchisee of the Domino's System in Turkey on its inception in 1996. He also serves as the Chief Executive Officer of the Turkish operations as well as the Chairman of the Russian TopCo and Russian OpCo boards of directors. He currently sits as a board member of the Food Retailers Association, a leading industry group in Turkey, and is a member of Domino's Pizza General Management Council, which is comprised of the CEOs of the top ten countries in the global Domino's Pizza network. Mr. Saranga has a masters degree in Finance from the University of Istanbul.

Ms. Frederieke Slot (Company Secretary and Executive Director)

Ms. Slot will be appointed as Company Secretary and Executive Director with effect from Admission. Previous to this position she has served as senior legal counsel of USG People between 2014 and 2017 (a large HR service provider that was listed on the Amsterdam Stock Exchange until June 2016). She spent the early part of her career as an attorney-at-law with various large Dutch law firms advising on restructuring, mergers and acquisitions and advising national and international companies on a wide range of strategic legal issues, corporate governance matters and legal and regulatory responsibilities. Ms. Slot has a degree in Law from the University of Leiden, the Netherlands.

Mr. Seymur Tarı (Non-Executive Director)

Mr. Tarı was appointed a Non-Executive Director in June 2017. He has served as the Chairman of Turkish TopCo and Turkish OpCo between 2010 and June 2017. He has served as the chief executive officer of Turkven since 2000. Mr. Tarı was formerly with McKinsey & Company in Istanbul focusing on corporate portfolio strategy and at Caterpillar Inc. in Geneva as a product manager with responsibility for the EMEA and CIS regions. Mr. Tarı also serves as the Chairman of Mavi and Vice-Chair on the boards of Medical Park, Flo

and Koton. He has an MBA from INSEAD and a masters degree in Mechanical Engineering and Robotics from ETH Zurich.

Mr. Izzet Talu (Non-Executive Director)

Mr. Talu was appointed a Non-Executive Director in June 2017. He has served as a Non-Executive Director of Turkish TopCo and Turkish OpCo between 2010 and June 2017 and Russian TopCo and Russian OpCo between 2012 and May 2017. Mr. Talu serves as a principal (which is the equivalent of an investment director) at Turkven. Prior to joining Turkven in 2008, he worked at UBS and Creditanstalt Investment Bank, where he was involved in numerous merger and acquisitions and equity capital market transactions. Mr. Talu holds an MBA from RSM Erasmus University and a bachelors degree in Business Administration from Koç University.

Ms. Aksel Şahin (Non-Executive Director)

Ms. Şahin was appointed a Non-Executive Director in June 2017. She has served as a Non-Executive Director of Russian TopCo and Russian OpCo between 2012 and June 2017. She is currently a principal (which is the equivalent of an investment director) of Turk Ventures Advisory Limited Istanbul Turkey Liaison Office. She was formerly with Koç Holding in Istanbul focusing on mergers and acquisitions and portfolio strategy in the energy sector. She has an MBA from Harvard Business School and a degree in Economics from Koç University.

Mr. Thomas Singer (Senior Independent Non-Executive Director)

Mr. Singer has been appointed Senior Independent Non-Executive Director with effect from Admission. Previous to this position he has served as the chief financial officer of onefinestay (a registered trademark of Lifealike Limited) between 2015 and 2016 (a home rentals business), as well as InterContinental Hotels Group PLC between 2011 and 2013. Mr Singer has also been a group finance director at the international healthcare group, BUPA, and chief operating officer and finance director of William Hill plc. He is a chartered accountant and spent the early part of his career in professional services with PricewaterhouseCoopers and McKinsey & Company working for international clients in the financial services, media and transportation sectors. Mr. Singer has a degree in Economics & Accounting from the University of Bristol.

Senior Management

The Company's current Senior Management, broken down by the Group's head office, the Turkish Operations and the Russian Operations, is as follows:

Head office

Name	Position
Ms. Neval Korucu Alpagut	Chief Financial Officer
Mr. Selim Kender	Chief Strategy Officer and Head of Investor Relations

Ms. Neval Korucu Alpagut (Chief Financial Officer)

Ms. Alpagut became Chief Financial Officer in 2017. Since 2006 she has been, and continues to be, the Chief Financial Officer of the Turkish Operations. Prior to joining the Group in 2006, Ms. Alpagut worked for ten years at Volkswagen Elektrik Sistemleri as a finance and accounting manager. Ms. Alpagut has a degree in Business Administration from İstanbul University (Turkey).

Mr. Selim Kender (Chief Strategy Officer and Head of Investor Relations)

Mr. Kender joined the Group in 2017. Prior to this he acted as an advisor to the Group's board of directors in both Turkey and Russia. He also spent ten years at Turkven and spent five years at both NTL Inc. and CoreComm Limited concurrently, in corporate development and investor relation roles. Mr. Kender has an MBA from Columbia Business School and a degree in Mechanical Engineering from the University of Texas.

Turkish Operations

Name	Position
Mr. Aslan Saranga	Chief Executive Officer of Turkish Operations
Ms. Neval Korucu Alpagut	Chief Financial Officer of Turkish Operations
Mr. Aziz Babacan	Corporate Operations Director
Ms. Ayça Mutluer Bayraktar	Sales and Marketing Director
Mr. Kerem Ciritçi	Franchise Operations and Business Development Director
Ms. Nilüfer Değirmenci	Human Resources Director
Mr. Boran Uzun	Supply Chain, Purchasing and Investments Director
Mr. Gökhan Yoluaçık	Online Channels and Information Technologies Director

Mr. Aslan Saranga (Chief Executive Officer of Turkish Operations)

The profile of Mr. Saranga is set out above under "—*Directors*".

Ms. Neval Korucu Alpagut (Chief Financial Officer of Turkish Operations)

The profile of Ms. Alpagut is set out above under "—*Senior Management*".

Mr. Aziz Babacan (Corporate Operations Director)

Mr. Babacan joined the Group in 2010 and became Corporate Operations Director in 2012. He has over 20 years of experience in sales and operations at food and beverage chains including Pizza Hut, Jimmy's Fried Chicken and Motta Pastacılık. Mr. Babacan studied Hotel and Tourism Management at Uludağ University (Turkey).

Ms. Ayça Mutluer Bayraktar (Sales and Marketing Director)

Ms. Bayraktar joined the group in 2012 as the Sales and Marketing Director. Prior to joining the Group she held several marketing roles at Unilever and Pepsi over a 12 year period. Her last position was Beverages Marketing Manager at PepsiCo. Ms. Bayraktar studied Business Management at Boğaziçi University (Turkey).

Mr. Kerem Ciritçi (Franchise Operations and Business Development Director)

Mr. Ciritçi joined the Group in 2006 and became Franchise Operations and Business Development Director in 2010. Prior to joining the Group, he spent six years gaining experience in customer relations and operations management at Ritz Carlton Hotels, Alarko Tourism Group, Garanti Bankası and "Be Quintessentially". Mr. Ciritçi studied Tourism and Business Administration at Boğaziçi University (Turkey).

Ms. Nilüfer Değirmenci (Human Resources Director)

Ms. Değirmenci joined the Group in 2011 and has 20 years of experience in the human resources sector within consumer goods companies (including Beko Elektronik and Turkcell). Ms. Değirmenci has a master's degree in Management specialising in Human Resources from İstanbul University (Turkey) and a bachelor in Psychological Guidance and Counselling from Boğaziçi University (Turkey).

Mr. Boran Uzun (Supply Chain, Purchasing and Investments Director)

Mr. Uzun joined the Group in 2011. Prior to that Mr. Uzun was at Procter & Gamble for ten years, specialised in engineering, manufacturing, operations management, supply chain and customer logistics and covered territories including Germany, USA and Turkey. Mr. Uzun has a degree in Electronic and Communications Engineering from İstanbul Technical University (Turkey).

Mr. Gökhan Yoluaçık (Online Channels and Information Technologies Director)

Mr. Yoluaçık joined the Group in 2013. He previously worked as a corporate solutions co-ordinator at Yıldız Holding for five years and as the information technology group manager at Aksigorta for two years. Mr. Yoluaçık has studied Computer Engineering at the Middle East Technical University (Turkey).

Russian Operations

Name	Position
Mr. Güvenç Dönmez	Chief Executive Officer of Russian Operations
Mr. Mustafa Özgül	Chief Financial Officer of Russian Operations
Ms. Elena Ivanova	Marketing Director
Mr. Igor Kiselev	Head of Information Technology
Mr. Dmitriy Osipov	Real Estate Development Director
Ms. Maria Utvenko	Head of Human Resources
Mr. Oleg Yudin	Head of Franchise Development

Mr. Güvenç Dönmez (Chief Executive Officer of Russian Operations)

Mr. Dönmez has been the Chief Executive Officer of the Russian Operations since 2015. Prior to joining the Group, Mr. Dönmez worked for two years at Samsung Russia as its chief marketing officer. He also spent six years in senior marketing roles at Procter & Gamble in Russia and Europe and thirteen years with Procter & Gamble overall. Mr. Dönmez obtained a degree in Industrial Engineering from Bogazici University (Turkey).

Mr. Mustafa Özgül (Chief Financial Officer of Russian Operations)

Mr. Özgül has been the Chief Financial Officer of the Russian Operations since 2014. Prior to joining the Group, Mr. Özgül worked for two years at Ramstore Kazakhstan LLC as its chief financial officer and for three years at Bechtel Inc. in Kazakhstan as its accounting and finance manager and seven years at Betchel Inc. overall. Mr. Özgül obtained a degree in Management from Istanbul Technical University (Turkey).

Ms. Elena Ivanova (Marketing Director)

Ms. Ivanova joined the Group in 2013. Ms. Ivanova has a degree in Marketing Management from Moscow State University of Printing Arts (Russia). She currently lectures in Marketing Communication at Moscow University.

Mr. Igor Kiselev (Head of Information Technology)

Mr. Kiselev joined the Group in 2017. Mr. Kiselev has previously worked at Zurich Financial Services and at Sportmaster in Russia in various executive roles. He has a degree in Mathematics and Computer Science from Kuban State University (Russia), an MBA in Corporate Finance and Credit from Moscow Business School (MIRBIS) (Russia) and an MBA in Finance from London Metropolitan University (United Kingdom).

Mr. Dmitriy Osipov (Real Estate Development Director)

Mr. Osipov joined the Group in 2013. Prior to joining the Group, he led development teams at Enter-Svyaznoy (a multi-format retail chain) and MTS (a mobile phone retail chain). Mr. Osipov studied Engineering at Moscow State Automobile University (Russia).

Ms. Maria Utvenko (Head of Human Resources)

Ms. Utvenko joined the Group in 2014. Prior to joining the Group, Ms. Utvenko was the Head of Recruitment at Rosinter Restaurants for one year. She graduated as a psychologist from Moscow Humanitarian University (Russia) and has a degree in Human Resource Management from State Academy of Investment Sphere (Russia).

Mr. Oleg Yudin (Head of Franchise Development)

Mr. Yudin joined the Group in 2013. Prior to joining the Group, he worked for one year as the deputy general director at Traveler's Coffee. He has also worked as the franchise director of Goodman's, Wendy's, Kolbasoff and Filimonova & Yankel.

The Senior Managers listed above are considered relevant to establishing that the Group has the appropriate expertise and experience for the management of its business. Each Senior Manager holds such position under a formal employment contract or employment terms of reference, as applicable, with no defined term.

Corporate governance

The UK Corporate Governance Code and the Dutch Corporate Governance Code

The Board has reviewed the UK Corporate Governance Code and supports the recommendations thereof. Therefore the Company complies with and, except in the case of any future deviation, subject to explanation thereof at the relevant time, the Company intends to continue to comply with the relevant recommendations of the UK Corporate Governance Code.

Following the Offer, Fides Food Systems will be the largest holder of Shares in the Company and the Company will continue to represent a significant investment for Fides Food Systems. For this reason, and as a result of the Company constituting a small listed company which is not for the time being eligible for inclusion in the FTSE 350, the composition of the Board at Admission will follow the recommendation of the UK Corporate Governance Code that at least two members of the Board should be independent Non-Executive Directors. The Board and Fides Food Systems are mindful of the need to consider the interests of the Company's new minority investors and the Group believes the composition of the Board and committees, with the addition of the independent Chairman and the independent Non-Executive Director (being Mr. Peter Williams and Mr. Thomas Singer, respectively), will provide the appropriate corporate governance balance in light of the size of the Company and the interests of both Fides Food Systems and new minority shareholders. The Board intends to achieve full compliance with those recommendations of the UK Corporate Governance Code which apply to companies eligible for inclusion in the FTSE 350 as the Group grows and over time.

Pursuant to the Relationship Agreement, Fides Food Systems will be able to nominate three Non-Executive Directors to the Board for so long as it and its associates are entitled to exercise or to control the exercise of 30% or more of the votes able to be cast on all or substantially all matters at General Meetings, two Non-Executive Directors for so long as it and its associates are entitled to exercise or control the exercise of 20% or more and one Non-Executive Director for so long as it and its associates are entitled to exercise or control the exercise of ten per cent. or more. The first such appointees are Mr. Seymur Tarı, Mr. Izzet Talu and Ms. Aksel Şahin.

The UK Corporate Governance Code recommends that the board of directors of a company with a premium listing on the Official List of the FCA should appoint one of the non-executive directors to be the senior independent director to provide a sounding board for the chairman and to serve as an intermediary for the other directors when necessary. The senior independent director should be available to shareholders if they have concerns which contact through the normal channels of chairman or executive directors has failed to resolve or for which such contact is inappropriate. Mr. Thomas Singer has been appointed Senior Independent Director with effect from Admission.

On 9 December 2003 the Dutch Corporate Governance Code was released. Since 1 January 2004 Dutch companies whose shares are listed on a regulated market (such as the London Stock Exchange) are required under Dutch law to disclose in their annual reports whether or not they apply the provisions of the Dutch Corporate Governance Code and, in the event that they do not apply a certain provision, to explain the reasons why.

The Dutch Corporate Governance Code was most recently amended in December 2016. The amendments came into force on 1 January 2017.

The Board has reviewed the Dutch Corporate Governance Code and supports the best practice provisions thereof. Therefore, except (i) where the Dutch Corporate Governance Code cannot be reconciled to the UK Corporate Governance Code, (ii) as noted below or (iii) in the case of any future deviation, subject to explanation thereof at the relevant time, the Company intends to comply with the relevant best practice provisions of the Dutch Corporate Governance Code.

The Company has not applied a limited number of principles and best practice provisions from the Dutch Corporate Governance Code. The Company will or may not comply with the following principles and best practice provisions of the Dutch Corporate Governance Code:

- Best practice provision 2.1.7 ("*Independence of the supervisory board*") requires, *inter alia*, that more than half of the total number of Non-Executive Directors should meet the independence criteria as defined in the Dutch Corporate Governance Code. As long as Fides Food Systems holds at least 30% of the Shares, it shall have the right to nominate three of the five Non-Executive Directors, and the nominees do not need to be "independent". The Company believes this deviation is justified by Fides Food Systems' shareholding in the Company after Admission and the specific knowledge and experience of the business of the Company held by these Directors.

- Best practice provision 2.7.5 ("*Accountability regarding transactions: majority shareholders*") requires, *inter alia*, that all transactions between the Company and legal or natural persons who hold at least ten per cent. of the Shares must be agreed on terms that are customary in the market and require the approval of the supervisory board (or the non-executive directors in a one tier board). The Company will alternatively comply with Listing Rule 11, which requires shareholder approval for Related Party Transactions which, by value, exceed a de-minimis threshold. The Company believes this deviation is justified because the Listing Rules requirements are mandatory.
- Best practice principle 3.2.3 ("*Severance payments*") requires, *inter alia*, that remuneration in the event of dismissal of employees should not exceed one year's salary. Although, in the Company's case, the Executive Directors will under their contracts not be entitled to be paid a severance payment upon termination that exceeds one year's annual base salary in the preceding financial year, the Company reserves the right to make additional payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement or compromise of any claim arising in connection with the termination of an Executive Director's office or employment.

Board

Powers, responsibilities and functioning

The Board is responsible for the management, strategy and operations of the Company. The Board may perform all acts necessary or useful for achieving the Company's corporate objectives, except for actions and resolutions expressly attributed to the General Meeting as a matter of Dutch law or pursuant to the Articles of Association.

The Directors have joint powers and responsibilities. The Directors share responsibility for all decisions, resolutions and acts of the Board and for the acts of each Director. Each Director has a duty towards the Company to properly perform the duties assigned to him or her. Furthermore, each Director has a duty to act in the interest of the Company and its business. Under Dutch law, the corporate interest extends to the interests of all corporate stakeholders, such as shareholders, creditors, employees and other stakeholders.

Pursuant to Dutch law, an Executive Director may not be allocated the tasks of: (i) serving as chairman of the Board; (ii) fixing the remuneration of the Executive Directors; or (iii) nominating Directors for appointment. An Executive Director may further not participate in the adoption of resolutions (including any deliberations in respect of such resolutions) related to the remuneration of Executive Directors.

At any time, the Board, as a whole, is entitled to represent and act on behalf of the Company. Additionally, the Chief Executive Officer and another Executive Director of the Board acting jointly are authorised to represent and act on behalf of the Company.

On 12 June 2017, the Board adopted certain internal rules that will become effective from Admission (the "**Board Rules**"). In addition to Dutch law and the Articles of Association, the Board Rules provide rules, amongst other things, on how Board meetings are conducted and how the Board may pass resolutions. The Board meets regularly throughout the year. Each Director has full access to all relevant information required to enable the Board to perform its duties. In each Board meeting and with respect to any proposed resolution submitted to the Board, each Director holds the right to cast one vote provided such Director does not have a conflict of interest with respect to the proposed resolution. Where the Articles of Association or the Board Rules do not prescribe a larger majority, all resolutions submitted to a Board meeting may only be adopted by a majority of the votes cast in such a meeting. In the event of a tie, the proposed resolution will be deemed to have been rejected.

Pursuant to the Board Rules, the following resolutions of the Board cannot be delegated to one or more Directors and can only be adopted by the full Board by an absolute majority of the votes cast:

(a) the proposal by the Board to the General Meeting to issue Shares or grant rights to subscribe for Shares, as well as a proposal to limit or exclude the pre-emption rights or, in case of delegation by the General Meeting of such authorities to the Board, a resolution by the Board concerning the issuance of Shares, the granting of rights to subscribe for Shares and the limitation or exclusion of the pre-emptive rights pertaining to Shares unless such proposal or resolution has, prior to such issuance, granting of rights, limitation or exclusion, been delegated to one or more Directors by a resolution of the Board adopted with an absolute majority of the votes cast and with a majority of the Non-Executive Directors voting in favour of such delegation;

(b) the acquisition or alienation of Shares in its own capital or depositary receipts thereof;

(c) the proposal by the Board to the General Meeting to make a dividend payment on Shares wholly or partly in shares in the Company; and

(d) such other resolutions as determined and clearly defined by the Board.

In the event of a conflict of interest between the Company and a Director with respect to a proposed Board resolution, that Director shall immediately report this to the Board. In that case, he or she may not participate in the deliberation and decision-making process within the Board relating to that Board resolution. If, as a consequence of the preceding sentence, a resolution cannot be adopted by the Board, the resolution will be adopted by the General Meeting.

Composition, appointment, term, suspension and dismissal

Pursuant to the Articles of Association, the Board must consist of at least one Executive Director and one Non-Executive Director. The Board determines the total number of Directors. The General Meeting appoints, suspends and dismisses each Director. Following Admission, for so long as there is a controlling shareholder (as defined in the Listing Rules), the Articles of Association allow for the election or re-election of any Independent Director to be approved by separate resolutions of (i) the Company's shareholders and (ii) the Company's shareholders excluding any controlling shareholder. If either of the resolutions is defeated, the Company may propose a further resolution to elect or re-elect the proposed Independent Director, which (a) may be voted on within a period commencing 90 days and ending 120 days from the original vote, and (b) may be passed by a vote of the shareholders of the Company voting as a single class. Each Executive Director may at all times be suspended by the Board. The General Meeting determines the term of appointment for each Director, which may not end sooner than immediately after the annual General Meeting held in the first year after the year of the Director's appointment and not later than immediately after the annual General Meeting held in the fourth year after the year of the Director's appointment. The Board Rules provide that Directors will be appointed for no more than three years. A Director's appointment may be renewed by the General Meeting with due observance to the rules and regulations as applicable to the Company.

Resolutions requiring prior approval

The Articles of Association provide that Board resolutions on a major change of the identity or the character of the Company or its business require the prior approval of the General Meeting, including in any case:

(a) transfer of the business or substantially all of the business to a third party;

(b) entry into or termination of a long-term cooperation of the Company or a subsidiary of the Company with another legal entity or company or as a fully liable partner in a general partnership, in the event the entry into or termination of such cooperation will or is likely to be of material importance to the Company; and

(c) acquiring or disposing by the Company or a subsidiary of the Company of a participation in the capital of a company worth at least one-third of the value of the assets of the Company in accordance with the balance sheet with explanatory notes or, in the event the Company will draw up a consolidated balance sheet, in accordance with the consolidated balance sheet with explanatory notes as laid down in the most recently adopted annual accounts of the Company.

Committees

In line with the Dutch Corporate Governance Code and the UK Corporate Governance Code, the Company has established three committees: an audit committee, a remuneration committee and a selection and appointment committee. These committees each have formally delegated duties and responsibilities and written terms of reference, and are currently composed as described below. The members of each of these three committees are appointed from among the Non-Executive Directors.

From time to time, separate committees may be established by the Board to consider specific issues when the need arises.

- *Audit committee*

The audit committee operates pursuant to the terms of reference approved by the Board. The audit committee's role is to undertake preparatory work for the Board's decision-making regarding the supervision of the integrity and quality of the Company's audit, accounting and financial reporting processes and the effectiveness of the

Company's internal risk management and control systems. Among other things, it focuses on monitoring the Board with regard to:

(a) relations with, and compliance with recommendations and following up of comments by, the internal and external auditors;

(b) the funding of the Company;

(c) the application of information and communication technology by the Company, including risks relating to cybersecurity; and

(d) the Company's tax policy.

The audit committee will meet not less than four times a year.

The audit committee is chaired by Mr. Thomas Singer and its other member is Mr. Peter Williams. Members of the audit committee shall be appointed by the Board. The UK Corporate Governance Code recommends that all members of the audit committee be Non-Executive Directors, independent in character and judgment and free from any relationship or circumstance which may, could or would be likely to, or appear to, affect their judgment and the Dutch Corporate Governance Code requires that all members of the audit committee be Non-Executive Directors and that more than half of the members should be independent. The Board considers that the Company complies with the requirements of the UK Corporate Governance Code and the Dutch Corporate Governance Code as to the composition of the audit committee, because the audit committee comprises two independent Non-Executive Directors.

- *Remuneration committee*

The remuneration committee operates pursuant to terms of reference approved by the Board. The remuneration committee prepares the Board's decision-making regarding the determination of remuneration and assists the Board in reviewing overall remuneration packages. The remuneration committee submits proposals to the Board concerning the remuneration of individual Directors and variable remuneration schemes for other employees. Such proposals are drawn up in accordance with the remuneration policy that has been adopted by the General Meeting and covers, in any event, the remuneration structure, the ratio between the fixed and variable components, the performance criteria used, the scenario analyses that are carried out and the pay ratios within the Company and its affiliated enterprise.

The remuneration committee will meet not less than twice a year.

The remuneration committee is chaired by Mr. Thomas Singer and its other member is Mr. Peter Williams. Members of the remuneration committee are appointed by the Board. The UK Corporate Governance Code recommends that all members of the remuneration committee be Non-Executive Directors, independent in character and judgment and free from any relationship or circumstance which may, could or would be likely to, or appear to, affect their judgment. The Dutch Corporate Governance Code requires that all members of the remuneration committee be Non-Executive Directors and that more than half of the members be independent. The Board considers that the Company complies with the requirements of the UK Corporate Governance Code and the Dutch Corporate Governance Code as to the composition of the remuneration committee because the remuneration committee comprises two independent Non-Executive Directors.

- *Selection and appointment committee*

The selection and appointment committee operates pursuant to terms of reference approved by the Board. The selection and appointment committee prepares the Board's decision-making and reports to the Board on its deliberations and findings. The selection and appointment committee, among other things, focuses on:

(a) drawing up selection criteria and appointment procedures for Directors;

(b) periodically assessing the size and composition of the Board, and making a proposal for a composition profile of the Board;

(c) periodically assessing the functioning of individual Directors, and reporting on this to the Board;

(d) drawing up a plan for the succession of Directors;

(e) making proposals for appointments and reappointments; and

(f) supervising the policy of the Board regarding the selection criteria and appointment procedures for Senior Management.

The selection and appointment committee will meet not less than twice a year.

The selection and appointment committee is chaired by Mr. Peter Williams and its other members are Mr. Thomas Singer and Mr. Izzet Talu. Members of the selection and appointment committee are appointed by the Board. The UK Corporate Governance Code recommends that a majority of the selection and appointment committee be Non-Executive Directors, independent in character and judgment and free from any relationship or circumstance which may, could or would be likely to, or appear to, affect their judgment and the Dutch Corporate Governance Code requires that all members of the selection and appointment committee be Non-Executive Directors and that more than half of the members be independent. The Board considers that the Company complies with the requirements of the UK Corporate Governance Code and the requirements of the Dutch Corporate Governance Code as to the composition of the selection and appointment committee because the selection and appointment committee comprises two independent Non-Executive Directors and one Non-Executive Director.

Share dealing code and related party transaction policy

The Company has adopted, with effect from Admission, a code of securities dealings in relation to the Shares and a policy with respect to the entry into of transactions with persons related to the Group. The code is based on the rules of the MAR and will apply to the Directors and other relevant employees of the Group. The policy is based on the mandatory provisions of the Listing Rules which apply to the Group.

Relationship Agreement and the controlling shareholder

Immediately following the Offer and Admission, the Company considers that TPEF II through its subsidiary, Fides Food Systems, will exercise or control on its own or together with any person with whom it is acting in concert, more than 30% of the votes to be cast on all or substantially all matters at General Meetings. In order to ensure that the Company can carry on an independent business as its main activity, on 28 June 2017, the Company and Fides Food Systems entered into the Relationship Agreement which will, conditional upon Admission, regulate the on-going relationship between the Company and Fides Food Systems and its associates, including TPEF II. The Relationship Agreement contains, among others, undertakings from Fides Food Systems that: (i) transactions and arrangements with it (and/or any of its associates (including TPEF II)) will be conducted at arm's length and on normal commercial terms; (ii) neither it nor any of its associates will take any action that would have the effect of preventing the Company from complying with its obligations under the Listing Rules, (iii) neither it nor any of its associates will propose or procure the proposal of a shareholder resolution which is intended or appears to be intended to circumvent the proper application of the Listing Rules, (iv) neither Fides Food Systems nor any of its associates will take any action that would affect the ability of the Company to carry on its business independently of Fides Food Systems; and (v) it will not cause or authorise to be done anything which would prejudice either the Company's status as a company whose shares are admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listing securities or its suitability for listing (the "**Independence Provisions**"). Furthermore, Fides Food Systems has agreed to procure the compliance of its associates (including TPEF II) with the Independence Provisions. The Company is required, under the Listing Rules, to confirm in its annual report that the Independence Provisions are and have been complied with. If the Company is unable to make this confirmation or if an independent Non-Executive Director is unable to support the statement made by the Company in such report, the provisions under the Listing Rules which allow certain Related Party Transactions to occur without shareholder approval shall cease to apply until such time that the Company publishes an annual report in which a confirmation can be made which is supported by all of its independent Non-Executive Directors. Pursuant to the Relationship Agreement, Fides Food Systems will be able to nominate for appointment three Non-Executive Directors to the Board for so long as it and its associates are entitled to exercise or to control the exercise of 30% or more of the votes able to be cast on all or substantially all matters at General Meetings two Non-Executive Directors for so long as it and its associates are entitled to exercise or control the exercise of 20% or more and one Non-Executive Director for so long as it and its associates are entitled to exercise or control the exercise of ten per cent. or more. The first such appointees by Fides Food Systems are Mr. Seymur Tarı, Mr. Izzet Talu and Ms. Aksel Şahin.

The Relationship Agreement will continue for so long as (a) the Shares are listed on the premium listing segment of the Official List and traded on the London Stock Exchange's main market for listed securities and (b) Fides Food Systems, together with its associates, is entitled to exercise or to control the exercise of ten per cent. or more of the votes able to be cast on all or substantially all matters at General Meetings. The Group believes that the terms of the Relationship Agreement will enable the Group to carry on its business independently of TPEF II.

Following Admission, for so long as there is a controlling shareholder (defined in the Listing Rules as any person who exercises or controls on their own or together with any person with whom they are acting in concert, 30% or more of the votes able to be cast on all or substantially all matters at general meetings of the Company), the Articles of Association allow for the election or re-election of any Independent Director to be approved by separate resolutions of (i) the Company's shareholders and (ii) the Company's shareholders excluding any controlling shareholder. If either of the resolutions is defeated, the Company may propose a further resolution to elect or re-elect the proposed Independent Director, which (a) may be voted on within a period commencing 90 days and ending 120 days from the original vote, and (b) may be passed by a vote of the shareholders of the Company voting as a single class. Furthermore, in the event that the Company wishes the FCA to cancel the listing of the Shares on the premium listing segment of the Official List or transfer the Shares to the standard listing segment of the Official List, the Company must obtain at a General Meeting prior approval of (y) a majority of not less than 75% of the votes attaching to the shares voted on the resolution, and (z) a majority of the votes attaching to the shares voted on the resolution excluding any shares voted by a controlling shareholder. In all other circumstances, controlling shareholders have and will have the same voting rights attached to the Shares as all other shareholders.

Conflicts of interest

Save as set out below (and above under "—*Relationship Agreement and the controlling shareholder*" and as more particularly described in Part 1 "*Risk Factors—Following Admission, Fides Food Systems will retain significant interests in, and will continue to be able to exercise substantial influence over the Group and their interests may differ or conflict with those of other shareholders*"), there are no potential conflicts of interest between any duties owed by the Directors or Senior Managers to the Company and their private interests or other duties.

The Selling Shareholders have agreed with certain members of Senior Management (but not any Director), conditional upon Admission, to pay to them an incentivisation bonus upon the sale of Shares by the Selling Shareholders in the Offer as well as in connection with future sales by the Selling Shareholders in accordance with the Phantom Option Scheme (please see paragraph 5.2 of Part 14 "*Additional Information—Directors' and Senior Management's terms of employment—Directors' and Senior Management's compensation and other matters*"). The Selling Shareholders have also agreed to pay, conditional upon Admission, a one-off, fixed, cash bonus to the Chief Strategy Officer and Head of Investor Relations. These payments are in consideration for and as incentivisation for their services to the Group prior to and during the Offer process and for their continued efforts in ensuring a smooth transition of the Company to a public company, provided that they remain employed by the Group. Certain other employees are also entitled to cash payments from the Selling Shareholders upon completion of the Offer and, in most cases, future share sales by the Selling Shareholders, determined with reference to monthly salaries and the proportionate interest sold in the Offer after taking account of the issuance of new Shares or a subsequent sale by the Selling Shareholders, as the case may be.

The aggregate that may be payable to the members of Senior Management and employees at the time of the Offer is an amount equivalent to approximately two per cent. of the gross proceeds receivable by the Selling Shareholders in the Offer, assuming no exercise of the Over-allotment Option. Total payments to members of Senior Management and employees in connection with these arrangements could constitute a multiple of their annual compensation, should the Selling Shareholders dispose of their entire interest in the Company, and is dependent on the prices realised in connection with such sales.

The members of Senior Management entitled to receive the incentive payments are the Chief Financial Officer, the Chief Strategy Officer and Head of Investor Relations, the Chief Financial Officer of the Russian Operations and, with respect to the Turkish Operations, the Sales and Marketing Director, the Supply Chain, Purchasing and Investments Director, the Franchise Operations and Business Development Director, the Corporate Operations Director, the Human Resources Director and the Online Channels and Information Technologies Director.

The Company believes that the private interests of those members of Senior Management in potentially wishing to maximise the price of the Shares, including through the performance of the Company, will likely be aligned with the interests of the Company and the shareholders as a whole. However, there is a potential conflict between the interest of those members of Senior Management and the longer term interests of the Company. The Company believes that any such risk will be mitigated through the Board's oversight of the Company and the procedures imposed through the Board Rules and the authorities delegated throughout the Group which reserve material decision-making power to the Board (such as matters relating to governance, dividend policy, strategy, the incurrence of capital expenditure or the entering into of commercial contracts in each case in an amount exceeding €1,000,000).

Please see paragraph 5.2 of Part 14 "*Additional Information—Directors' and Senior Management's terms of employment—Directors' and Senior Management's compensation and other matters*" for further information on the Phantom Option Scheme.

PART 8

REGULATORY OVERVIEW

Turkish Operations

The Group's operations in Turkey consist of the production, processing and storage of food products in its commissaries, the delivery of pizza to its customers, the provision of services in its stores, as well as the export of food products. The Group is required to comply with relevant regulations relating to the various licenses and permits that it is required to obtain and renew relating to environmental, health and safety, quality, packaging, labelling and distribution standards. Set out below is a general overview of the key regulations that affect the Group's Turkish Operations.

Workplace operation permit

In Turkey, workplaces must obtain a workplace opening and operation permit ("**Workplace Operation Permit**") to commence and maintain operations in their facilities. Therefore, the Group must obtain Workplace Operation Permits for each workplace from the relevant authorities in charge of the relevant province (i.e. metropolitan or local municipalities, special provincial administrations or organised industrial zone entities). Penalties for failing to obtain a Workplace Operation Permit include monetary fines and/or suspension of operations in that workplace.

Issuance of a Workplace Operation Permit is subject to fulfilment of certain requirements and obtaining certain preliminary permits such as a construction permit and a building use permit, or if the facility is leased, an execution copy of the lease agreement.

The Group has not yet obtained a Workplace Operation Permit for its headquarters and four of its corporate stores in Turkey, although necessary applications have been made for obtaining such permits. Until the relevant permits for such workplaces are issued, operations in those workplaces may be suspended by the relevant authorities and/or monetary fines may be imposed. (Please see Part 1 "*Risk Factors—Failure to comply with existing regulations, or increased regulation of the Group's operations, could result in substantial additional compliance costs or administrative penalties*").

Industrial activities

Facilities engaged in industrial activities are required to obtain (i) an industrial registry certificate, which is subject to renewal every two years, and (ii) a capacity report, to be attested by the relevant chamber of commerce and industry. As the commissaries are food production establishments falling into the industrial production category, they are required to have industrial registry certificates and capacity reports.

Facilities located within the territories of an organised industrial zone ("**OIZ**"), including the Group's commissary in Gaziantep, are also required to comply with the requirements set out under the relevant OIZ regulations; such as those relating to infrastructure systems, wastewater management and waste collection. In cases of non-compliance, OIZ management is authorised to interfere in the operations of the offending facility and may take, or require that the relevant ministry take, necessary measures.

Weekend work

The Group's commissaries must obtain weekend work permits from local municipalities and must also notify the relevant provincial directorates of the Ministry of Employment in order to conduct non-stop operations during the entire week. Penalties for failing to obtain a weekend work permit include monetary fines and administrative sanctions. Weekend work permits are issued for one year and must be renewed annually.

Food production

Facilities involved in any stage of the food production chain are obliged to obtain the requisite certificates issued by the Ministry of Food, Agriculture and Livestock (the "**Ministry of Food**"). These are namely (i) a business registry certificate or (ii) a business approval certificate.

The relevant legislation provides an exhaustive list of the facilities that are required to obtain approval from the Ministry of Food before commencing operations. All other facilities are required to obtain a business registry certificate. The Group's commissaries do not fall within the list of facilities required to obtain approval from the Ministry of Food, and therefore are not required to obtain a business approval certificate. They are each however, required to obtain a business registry certificate. Facilities operating without a business registry

certificate may be subjected to administrative fines and closed by the relevant municipality. The Group has not yet obtained a business registry certificate for its corporate stores in Turkey, which does not have a Workplace and Operation Permit.

In addition, commissaries engaged in food operations are required to employ at least one technical employee with an undergraduate degree which relates to the nature of the business. Failure to meet this standard can result in administrative fines.

Furthermore, various regulations issued under the Turkish Food Codex legislation regulate the production, processing and placing of food products on the market ("**Turkish Food Codex**"). Most notably, the Turkish Food Codex stipulates certain labelling requirements for businesses that are responsible for the production and distribution of food products. In this regard, the Ministry of Food has adopted additional labelling regulations for specific categories of food products, such as allergenic foods. Although companies need not receive permits and/or approval from the Ministry of Food for the food products they are producing and/or distributing, the Ministry of Food may from time to time conduct audits and controls to assess compliance with labelling and other Turkish Food Codex regulations. The food producers producing, processing or launching food products infringing the Turkish Food Codex may be subject to administrative fines and withdrawal from the market.

Food safety and hygienic measures are under the systematic official control of the Ministry of Food. Under the relevant legislation, food suppliers are obliged to comply with the food safety and hygiene requirements applicable for all food supply chain stages, including taking necessary measures for the proper application of the analysis results, disinfection, waste collection, usage of clean water, personnel training and similar others. In case of a detection of any non-compliance with the foregoing, the Ministry of Food may apply measures such as restricting unsafe products from being placed on the market or withdrawing them from the market.

The Group's Turkish Operations involve the export of food products which will require the exporter to first obtain an export health certificate by registering with the Food Safety Information System of the Ministry of Food. They must also apply to the directorate of the province from which the products are exported with the necessary evidencing documentation.

Health and safety

Operations in Turkey are subject to health, safety and environmental laws and regulations, non-compliance with which may amount to administrative fines.

Commissaries and stores are considered to be producers of package waste under the regulations regarding the control of package waste and are thus obliged to collect such waste separately from other wastes and to dispatch this to the collection system of the relevant municipality or the OIZ.

Commissaries are also required to obtain permission from the relevant municipality, in order to use the sewer systems and/or the wastewater treatment facilities for the disposal of any industrial wastewater they produce. The conditions of the wastewater management are set out by the wastewater quality control certificates to be granted by the relevant municipality or the OIZ.

Russian Operations

The catering industry in Russia is subject to Russian laws and regulations of general application as well as to the rules and regulations specific to catering, including consumer rights, food quality standards, sanitary rules and health and safety requirements. Key Russian legislation relating to the retail food market include:

- The Federal Law No. 135-FZ "On Protection of Competition" dated 26 July 2006, as amended (the "**Competition Law**"), generally prohibits any concerted action, agreement or coordination of business activity that results or may result in, amongst others, (a) price fixing, discounts, extra charges or margins; (b) coordination of auction bids; (c) partition of a commodity market by territory, volume of sales or purchases, types of goods, customers or suppliers; (d) reduction or termination of goods production; (e) refusal to enter into contracts with certain buyers (customers).
- Federal Law No. 38-FZ "On Advertising", dated 13 March 2006, as amended (the "**Law on Advertising**") imposes certain requirements for advertising of goods and services and prohibits unfair, inaccurate or misleading advertising.
- Federal Law No. 171-FZ "On State Regulation of Production of, and Operations with, Ethanol, Alcohol and Ethanol Containing Products", dated 22 November 1995, as amended (the "**Law on Alcohol**").

- Federal Law No. 15-FZ of "On Health Protection from Exposure to Environmental Tobacco Smoke and the Effects of Tobacco Consumption", dated 23 February 2013, as amended (the "**Law on Tobacco**").
- Federal Law No. 2300-1 "On Protection of Consumers' Rights", dated 7 February 1992, as amended (the "**Consumer Protection Law**"), governs the sale of goods, performance of works and rendering of services to consumers. This law sets forth the rights of individuals vis-à-vis producers, sellers and service providers, including the right to purchase goods of good quality and the right to receive information, and specifies the consequences for violation of consumers' rights.
- Federal Law No. 29-FZ "On Quality and Safety of Food Products", dated 2 January 2000, as amended (the "**Law on Quality and Safety**"), governs quality and safety requirements for the manufacture, packaging, storage, transportation and sale of food products as well as the disposal or destruction of poor-quality and unsafe food products.
- Federal Law No. 52-FZ "On Sanitary and Epidemiological Welfare of the Population", dated 30 March 1999, as amended (the "**Law on Sanitary and Epidemiological Welfare**"), establishes the legal framework for sanitary and epidemiology compliance matters in Russia. In particular, this law requires that food products meet certain sanitary standards and food products that represent a danger to customers must be withdrawn immediately from production and sale.
- Federal Law No. 69-FZ "On Fire Safety", dated 21 December 1994, as amended (the "**Law on Fire Safety**"), provides for fire safety measures applicable to construction and maintenance of stores.
- Federal Law No. 89-FZ "On Production and Consumption Waste", dated 24 June 1998, as amended (the "**Law on Waste**"), sets out general rules for handling waste resulting from food production and retail operations.
- Federal Law No. 184-FZ "On Technical Regulation", dated 27 December 2002, as amended (the "**Law on Technical Regulation**"), establishes the legal framework for the development and enactment of state standards, as well as voluntary technical requirements, relating to manufacture, use, storage, transportation, sale and utilisation of goods and for compliance with these standards and requirements. In particular, according to this law, food products and non-food products are subject to obtaining either mandatory certification or quality declaration.
- Federal Law No. 381-FZ "On the Basics of State Regulation of Trade Activities in the Russian Federation" dated 28 December 2009, establishes general legal framework for retail trade in Russia.

The Group's operations in Russia consist of the production, processing and storage of food products in its commissaries, the delivery of pizza to customers, the provision of services in its corporate stores as well as the purchase of food products from suppliers approved by DPIF and the sale of food products to sub-franchisees. The Group is required to comply with regulations relating to environmental, health and safety, quality, packaging, labelling and distribution standards. Set out below is a general overview of the key regulations that affect the Group's Russian Operations.

Regulation of intellectual property

The Russian Civil Code generally provides for the legal protection of trademarks registered with the Russian PTO. In addition, in accordance with the Agreement Concerning the International Registration of Marks (Madrid, 1891) and protocols thereto, Russia protects trademarks registered with the Worldwide Intellectual Property Organisation if international registration of such trademarks extends to Russia. Upon the registration of a trademark, the Russian PTO issues a certificate of registration of the trademark, which is valid for 10 years from the date on which the application for registration was filed. This term may be extended for another 10 years an unlimited number of times. In the absence of registration (i) the entity using the designation may be not able to protect its trademark against unauthorised use by a third party; (ii) if a third party has previously registered a trademark similar to the designation in question, then the entity may be held liable for unauthorised use of such trademark. Transferring of rights under the assignment agreements, franchising agreements licence agreements and pledge agreements is subject to registration with the Russian PTO. If the registration requirement is not met, the transfer of rights is deemed to have not occurred.

Under Russian law, franchise agreements need to be executed. Transfer of franchise rights needs to be registered with the Russian PTO in order to be deemed transferred. The Russian MFA with respect to the Russian Operations was duly registered with the Russian PTO. The store franchise agreements with respect to the Group's corporate stores have not been executed by Russian OpCo. From a Russian law perspective, their execution and registration is not necessary as the franchise relationship is governed by the Russian MFA. If, for

any reason, the Russian MFA is terminated, however, under Russian law the Russian OpCo and the five sub-franchisees in Russia will not be entitled under Russian law to use Domino's Pizza trademarks and other IP rights until such time as a relevant store franchise agreement granting such rights is signed and the transfer of franchise rights is registered.

Notification procedure to commence restaurant activities

On 1 July 2009, the previous licensing procedure used in Russia was replaced with a notification procedure. Currently, in order to open a store, the relevant legal entity must file a notice with the Federal Consumer Rights Protection and Human Welfare Supervisory Service (*Rospotrebnadzor*). The notice states the exact date of commencement of the specified type of business activity and must be filed after the registration date of the legal entity but prior to the commencement of the provision of services at the given store.

In the notice, the legal entity confirms that the territory, building, premises, structures, equipment, and other such property, as well as vehicles intended for use in the stated activities, staff, and other conditions of the business' activity conform to various applicable mandatory requirements.

In order to ensure and verify such conformity, a legal entity typically applies for a corresponding specialised audit and/or certification performed by Rospotrebnadzor itself or by accredited organisations and companies specialising in such audits, e.g. the Center of Hygiene and Epidemiology in Moscow. Though such an audit is not mandatory, it is a normal business practice.

Tax registration of separate subdivisions

According to Article 83 of the Tax Code of Russia, the address of each store must be registered with the Russian tax authorities as a separate subdivision. The tax authorities issue the relevant notices acknowledging the registration.

Manufacturers' certification of products

Food products must comply with the health and quality standards provided by Russian law (Technical Regulations of the Customs Union, in particular, TR 021/2011 "On safety of food products" and TR 022/2011 "Food products in part of their labelling"). In order to ensure such compliance, manufacturers must perform relevant product tests in authorised laboratories and, if the results are positive, issue and register declarations of compliance with respect to the food products tested.

Sanitary and epidemiological requirements

Below is a list of documents that the Group must maintain with respect to each store, in order to meet sanitary and epidemiological requirements:

- a plan (or program) for the organisation and implementation of supervision of compliance with public health rules and the performance of public health safety measures, with a report on its execution, an agreement on laboratory testing and the results of such laboratory testing;
- employee's medical books with stamps confirming required hygiene;
- agreement with a medical institution for medical examinations, professional hygiene training and confirmation;
- an agreement on disinfection and rodent control;
- an order scheduling sanitation days, as well as a sanitary logbook;
- daily documentation, for example: quality control logbooks, logbooks on daily staff inspections for pustular and severe respiratory illnesses, deep fryer fat quality control logbooks (if applicable);
- a waste removal agreement;
- a ventilation and air conditioning disinfection agreement;
- a fluorescent lamp disposal agreement;
- a document on the range of foods and culinary dishes to be served by the restaurant, as well as a menu;
- a food waste removal agreement;
- a laundry agreement providing for the centralised laundering of uniforms; and

- the sanitary passports of vehicles used for the transportation of "nutritional products".

The list of documents to be kept at the restaurant will vary, in particular depending upon the range of foods, drinks and culinary dishes (*assortimentnyi perechen*) to be prepared and served at the store. In addition, the mandatory retail trade documentation will need to be maintained, e.g. cash register booklets for each individual cash register, a booklet of comments and proposals, etc.

Licenses for the retail sale of alcoholic products

According to the Law on Alcohol, retail sale of alcoholic beverages, is subject to licensing. A licence is issued by regional authorities for no more than five years and may be renewed, subject to the licensee being current on its payment of taxes.

Only licensed restaurants may serve certain alcoholic beverages. Alcoholic products are defined as food products made with or without the use of ethyl alcohol, made from food ingredients and/or alcohol-containing food products containing more than 0.5% of ethyl alcohol by volume in the finished product, except food products included in a list established by the Russian Government. Alcoholic products are divided into types such as spirits (including vodka), wine, fruit wine, liqueur wine, sparkling wine (champagne), wine drinks, beer, and beer-based drinks. Although beer and beer-based drinks fall under the definition of alcoholic products, their circulation does not require a license.

The Law on Alcohol regulates the minimum age of customers, the permitted time for sales, and the territory where sales of alcohol products cannot be carried out for example, sales are prohibited in the neighbourhood of educational and health institutions, sport facilities, airports and railway stations, with the borders of such neighbourhood set by the local authorities. Furthermore, regional authorities may impose additional restrictions with respect to time, conditions and places for retail of alcohol products, or absolutely prohibit any sales.

Regulation of real estate leases

Under the Russian Civil Code, agreements with respect to the sale or leasing of real estate must expressly set out the details of the real estate sold/leased and the price of the sale or rent under the lease.

The transfer of ownership under a real estate sale agreement is subject to state registration, whereas the sale agreement itself is not subject to state registration.

Lease agreements are subject to state registration, except for short-term lease agreements (i.e. leases which are for a term of less than one year) and preliminary lease agreements. Pursuant to Russian law, unregistered long-term lease agreements are binding on the parties (provided that the lessor and the tenant agreed on all material terms of the lease and started performing the lease agreement), but are not creating legal effect for third parties. In particular, the tenant will not have a pre-emptive right to enter into a lease agreement for a new term. Moreover, in case the lessor transfers the title to the leased property, the tenant may not be able to enforce the lease agreement against the new owner of the property i.e. the new owner may disregard the previous owners' agreement with the tenant and evict the tenant if the tenant fails to negotiate a lease agreement with the new owner. Accordingly, the tenant may have to find alternative premises or enter into a lease agreement on terms less favourable than the terms of the agreement with the previous owner of the leased property.

PART 9

SELECTED FINANCIAL AND OPERATIONAL INFORMATION

Investors' should read and analyse the information below in conjunction with the Group's Historical Financial Information and related notes set out under Appendix 1 "Historical Financial Information" and Appendix 2 "Unaudited Interim Financial Information" as well as with the information presented under Part 2 "Presentation of Financial and Other Information" and Part 10 "Operating and Financial Review."

The following tables present financial information relating to the Group's combined and consolidated statement of financial position, statement of comprehensive income and statement of cash flows that is derived from the Group's Financial Information included elsewhere in this prospectus, and prepared in accordance with EU-IFRS.

Statement of comprehensive income data

	For the three months ended 31 March		For the year ended 31 December		
	2017	2016	2016	2015	2014
	(unaudited)				
	(in millions of TRY)				
INCOME OR LOSS					
Revenue	145.4	107.4	451.1	375.0	319.2
Cost of sales	(91.4)	(67.8)	(279.6)	(248.4)	(208.2)
GROSS PROFIT	**54.0**	**39.6**	**171.5**	**126.6**	**110.9**
General administrative expenses	(23.8)	(18.9)	(68.9)	(60.2)	(54.2)
Marketing and selling expenses	(21.3)	(15.0)	(61.3)	(57.2)	(53.1)
Other operating income/(expense)	1.3	0.1	0.5	(3.7)	(1.3)
OPERATING PROFIT	**10.2**	**5.7**	**41.8**	**5.5**	**2.3**
Finance income	4.3	1.7	13.4	1.1	2.0
Financial expense	(5.8)	(3.6)	(17.0)	(25.1)	(18.4)
PROFIT/(LOSS) BEFORE INCOME TAX	**8.7**	**3.9**	**38.3**	**(18.5)**	**(14.1)**
Tax expense	**(3.2)**	**(1.5)**	**(9.0)**	**(4.4)**	**(1.9)**
—Income tax expense	(3.0)	(1.1)	(7.3)	(7.3)	(2.1)
—Deferred tax (expense)/income	(0.2)	(0.4)	(1.7)	2.9	0.3
PROFIT/(LOSS) FOR THE YEAR	**5.5**	**2.4**	**29.3**	**(22.9)**	**(15.9)**
OTHER COMPREHENSIVE (LOSS)/INCOME	**(6.3)**	**(1.9)**	**(18.1)**	**2.0**	**11.1**
Items not be reclassified to profit or loss on other comprehensive	**0.2**	**0.2**	**(0.6)**	**(0.3)**	**(0.0)**
—Remeasurements of post-employment benefit obligations, net	0.2	0.2	(0.6)	(0.3)	(0.0)
Items to be reclassified to profit or loss on other comprehensive	**(6.5)**	**(2.0)**	**(17.5)**	**2.3**	**11.1**
—Currency translation differences	(6.5)	(2.0)	(17.5)	2.3	11.1
TOTAL COMPREHENSIVE INCOME/(LOSS)	**(0.8)**	**0.6**	**11.2**	**(20.9)**	**(4.9)**

Statement of financial position data

	As at 31 March	As at 31 December		
	2017	2016	2015	2014
	(unaudited)			
	(in millions of TRY)			
ASSETS				
Property and equipment	101.0	97.8	71.7	67.3
Intangible assets	35.0	34.0	33.4	31.9
Goodwill	43.6	43.6	43.6	43.6
Trade and other receivables	11.0	9.6	7.4	4.3
Other non-current assets	27.6	26.0	2.6	2.0
Non-current Assets	**218.2**	**211.0**	**158.6**	**149.0**
Cash and cash equivalents	21.3	19.5	13.5	11.0
Trade and other receivables	41.9	54.7	33.7	26.0
Due from related parties	1.3	1.3	1.4	—
Inventories	46.2	42.0	34.8	21.6
Other current assets	20.3	22.0	15.1	8.5
Current Assets	**131.0**	**139.5**	**98.5**	**67.1**
TOTAL ASSETS	**349.2**	**350.6**	**257.2**	**216.1**
LIABILITIES				
Financial liabilities	119.6	118.9	73.5	39.8
Trade and other payables	33.5	39.4	42.1	37.6
Due to related parties	—	0.4	0.4	—
Current income tax liabilities	3.0	2.3	2.6	0.7
Provisions	2.8	4.5	4.0	2.6
Other current liabilities	40.9	38.9	37.3	17.0
Current liabilities	**199.8**	**204.4**	**160.0**	**97.8**
Financial liabilities	82.6	80.6	50.2	50.0
Trade payables	—	—	—	0.9
Other non-current liabilities	0.9	0.9	0.9	0.6
Deferred tax liability	5.4	5.2	3.6	6.6
Non-current liabilities	**88.9**	**86.7**	**54.6**	**58.1**
TOTAL LIABILITIES	**288.7**	**291.1**	**214.6**	**155.9**
EQUITY				
Paid in share capital	0.1	0.1	—	—
Invested capital	—	—	42.6	60.2
Share premium	63.8	63.8	—	—
Other comprehensive income/expense not to be reclassified to profit or loss				
—*Remeasurements of post-employment benefit obligations*	*(1.7)*	*(1.9)*	—	—
Other comprehensive income/expense to be reclassified to profit or loss				
—*Currency translation differences*	*(14.6)*	*(8.1)*	—	—
Retained earnings	12.9	5.6	—	—
Total equity	**60.5**	**59.5**	**42.6**	**60.2**
TOTAL EQUITY AND LIABILITIES	**349.2**	**350.6**	**257.2**	**216.1**

Statement of cash flow data

	For the three months ended 31 March		For the year ended 31 December		
	2017	2016	2016	2015	2014
	(unaudited)				
	(in millions of TRY)				
Profit/(loss) before income tax	8.7	3.9	38.3	(18.5)	(14.1)
Adjustments for					
Depreciation	6.5	5.0	19.8	17.8	13.4
Amortisation	2.8	1.8	6.9	6.9	6.2
Losses on sale of property and equipment	0.4	0.1	0.9	1.6	—
Provision for performance bonus	1.1	1.0	3.2	2.8	1.6
Non-cash employee benefits expense—share based payments	1.8	2.6	5.7	3.2	2.8
Interest income	(0.2)	(0.3)	(1.4)	(1.1)	(1.7)
Interest expense	5.7	3.6	16.6	13.1	9.0
Foreign exchange (gains)/losses on borrowings	(3.2)	(4.3)	(15.4)	10.7	9.7
Changes in operating assets and liabilities					
Changes in trade receivables	11.4	(4.0)	(23.2)	(10.8)	(1.9)
Changes in other receivables and assets	0.7	(16.7)	(30.1)	(8.7)	2.9
Changes in inventories	(4.1)	(0.1)	(7.2)	(13.2)	(2.8)
Changes in trade payables	(5.8)	(8.5)	(2.7)	3.7	1.8
Changes in other payables and liabilities	2.3	2.9	0.9	20.7	(0.9)
Taxes paid	(3.0)	(2.7)	(7.5)	(5.4)	(2.7)
Performance bonuses paid	(3.2)	(2.8)	(2.8)	(1.6)	(2.0)
Cash flows generated from/(used in) operating activities	**21.8**	**(18.6)**	**1.9**	**21.1**	**21.4**
Purchases of property and equipment	(6.9)	(4.7)	(37.5)	(28.3)	(27.8)
Purchases of intangible assets	(3.5)	(0.9)	(8.2)	(7.4)	(3.1)
Disposal of tangible and intangible assets	2.0	0.2	2.8	1.9	0.1
Cash flows used in investing activities	**(8.5)**	**(5.5)**	**(42.9)**	**(33.7)**	**(30.7)**
Interest paid	(3.6)	(3.5)	(16.5)	(11.7)	(9.0)
Interest received	0.2	0.3	1.4	1.1	1.7
Loans obtained	125.5	159.4	545.8	624.2	272.0
Loans paid	(133.9)	(114.6)	(487.9)	(596.4)	(256.8)
Financial lease payments	(0.1)	0.3	4.2	(2.6)	(0.7)
Cash flows generated from financing activities	**(12.0)**	**41.9**	**47.0**	**14.6**	**7.1**
Effect of current translation differences	0.5	0.4	0.0	0.5	(0.8)
Net increase/(decrease) in cash and cash equivalents	**1.8**	**18.3**	**6.0**	**2.5**	**(3.0)**
Cash and cash equivalents at the beginning of the period	19.5	13.5	13.5	11.0	14.0
Cash and cash equivalents at the end of the period	**21.3**	**31.8**	**19.5**	**13.5**	**11.0**

Non-IFRS financial measures

The following tables present financial information relating to the Group's combined and consolidated financial and trading positions. They exclude amounts that are included in, or include amounts that are excluded from, the most directly comparable measures calculated and presented in accordance with IFRS, or are calculated using financial measures that are not calculated in accordance with IFRS. These non-IFRS measures are not a substitute for the equivalent measures calculated and presented in accordance with IFRS or those calculated financial measures that are calculated in accordance with IFRS. The non-IFRS measures presented below may not be directly comparable to similarly-titled measures used by other companies including competitors of the Group.

EBITDA and Adjusted EBITDA[1]

Turkey segment	For the three months ended 31 March		For the year ended 31 December		
	2017	2016	2016	2015	2014
	(unaudited)				
	(in millions of TRY)				
Operating profit/loss	9.2	6.6	44.2	19.7	12.7
Plus: Depreciation and amortisation expenses	6.6	5.9	21.6	22.6	18.5
EBITDA	**15.8**	**12.5**	**65.8**	**42.3**	**31.2**
Non-recurring (income)/expenses per Group Management					
IPO costs	0.1	—	0.6	—	—
Severance costs			—	0.4	—
Share-based incentives	1.8	2.6	5.7	3.2	2.8
Adjusted EBITDA	**17.8**	**15.2**	**72.0**	**46.0**	**34.0**

Russia segment	For the three months ended 31 March		For the year ended 31 December		
	2017	2016	2016	2015	2014
	(unaudited)				
	(in millions of TRY)				
Operating profit/loss	0.9	(0.9)	(2.3)	(14.2)	(10.3)
Plus: Depreciation and amortisation expenses	2.7	0.9	5.1	2.0	1.1
EBITDA	**3.6**	**0.0**	**2.8**	**(12.2)**	**(9.2)**
Non-recurring (income)/expenses per Group Management					
IPO costs	—	0.1	0.4	—	—
Severance costs	—	—	—	0.3	0.3
Adjusted EBITDA	**3.6**	**0.1**	**3.1**	**(11.8)**	**(9.0)**

The Group	For the three months ended 31 March		For the year ended 31 December		
	2017	2016	2016	2015	2014
	(unaudited)				
	(in millions of TRY)				
Operating profit/loss	10.2	5.7	41.8	5.5	2.3
Plus: Depreciation and amortisation expenses	9.3	6.8	26.7	24.6	19.6
EBITDA	**19.5**	**12.6**	**68.5**	**30.2**	**21.9**
Non-recurring (income)/expenses per Group Management					
IPO costs	0.1	0.1	0.9	—	—
Severance costs	—	—	—	0.7	0.3
Share-based incentives	1.8	2.6	5.7	3.2	2.8
Adjusted EBITDA	**21.4**	**15.3**	**75.1**	**34.1**	**25.0**

Notes

(1) EBITDA, Adjusted EBITDA and non-recurring (income)/expenses per Group Management are not defined by IFRS. Adjusted EBITDA excludes income and expenses which are not part of the normal course of business and are non-recurring items, consisting of restructuring costs and IPO-related expenses. Management uses this measurement basis to focus on core trading activities of the business segments and to assist it in evaluating underlying business performance

Adjusted net income[1]

	For the three months ended 31 March		For the year ended 31 December		
	2017	2016	2016	2015	2014
	(unaudited)				
	(in millions of TRY)				
Net income	5.5	2.4	29.3	(22.9)	(15.9)
Non-recurring and non-trade (income)/expenses per Group Management					
IPO costs	0.1	0.1	0.9	—	—
Severance costs	—	—	—	0.7	0.3
Share-based incentives	1.8	2.6	5.7	3.2	2.8
Tax effect	(0.0)	—	(0.2)	(0.1)	(0.1)
Adjusted net income	**7.4**	**5.2**	**35.8**	**(19.1)**	**(12.9)**

Note:

(1) Adjusted net income and non-recurring and non-trade (income)/expenses per Group Management are not defined by IFRS. Adjusted net income excludes income and expenses which are not part of the normal course of business and are non-recurring items. Management uses this measurement basis to focus on core trading activities of the business segments and to assist it in evaluating underlying business performance

Net Debt and Adjusted Net Debt[1]

	As at 31 March	As at 31 December		
	2017	2016	2015	2014
	(unaudited)			
	(in millions of TRY)			
Short term bank borrowings	79.2	73.6	46.4	26.4
Short term portions of long-term borrowings	37.0	42.3	24.9	11.6
Short-term portions of long-term financial lease borrowings	3.4	3.0	2.2	1.9
Long term bank borrowings	74.1	73.3	47.9	47.5
Long term lease borrowings	8.4	7.3	2.2	2.5
Total borrowings	202.2	199.5	123.7	89.8
Cash and cash equivalents	(21.3)	(19.5)	(13.5)	(11.0)
Net Debt	**180.8**	**180.0**	**110.2**	**78.9**
Non-recurring items per Group Management				
Long term deposit for loan guarantee	(24.4)	(23.2)	—	—
Adjusting delay in collection/payment day coinciding on a weekend	—	(10.4)	—	—
Adjusted Net Debt	**156.4**	**146.4**	**110.2**	**78.9**

Note:

(1) Net debt, adjusted net debt and non-recurring items per Group Management are not defined by IFRS. Adjusted net debt excludes cash deposits used as a loan guarantee and cash paid, but not collected during the non-working day at the year end. Management uses these numbers to focus on net debt to take into account deposits not otherwise considered cash and cash equivalents under IFRS

Leverage Ratio

Leverage Ratio is defined as Adjusted Net Debt divided by Adjusted EBITDA.

	As at 31 March	As at 31 December		
	2017	2016	2015	2014
	(unaudited)			
	(in millions of TRY)			
Adjusted Net Debt	156.4	146.4	110.2	78.9
Adjusted EBITDA	81.3[1]	75.1[2]	34.1[2]	25.0[2]
Leverage Ratio (x)	1.9x	1.9x	3.2x	3.2x

Notes:

(1) Figure is based on the last twelve months ("**LTM**") ending 31 March 2017, calculated as Adjusted EBITDA for the year ended 31 December 2016, plus Adjusted EBITDA for the three months ended 31 March 2017, less Adjusted EBITDA for the three months ended 31 March 2016. Management has used an LTM calculation, as they believe it provides a useful indication of the Group's financial condition over a 12 month operating period

(2) Figure given is Adjusted EBITDA for the year ended 31 December 2016, 2015 and 2014, respectively

Selected operational data[1]

	For the three months ended 31 March		For the year ended 31 December		
	2017	2016	2016	2015	2014
	(unaudited) (in millions of TRY, unless otherwise indicated)				
System sales of the Group[2]					
Turkey	154.3	145.2	565.5	507.5	450.4
Russia	43.8	14.0	76.4	31.9	19.9
Total[3]	**198.9**	**159.6**	**647.4**	**543.2**	**470.3**
Online system sales[4]					
Turkey	45.2	33.4	145.4	118.5	86.3
Russia	17.2	4.3	24.9	6.2	—
Total[3]	**62.4**	**37.6**	**170.3**	**124.7**	**86.3**
Delivery online system sales[5] as a share of delivery system sales of the Group[6]					
Turkey	45.5%	37.3%	41.0%	33.8%	28.0%
Russia	60.9%	46.3%	52.5%	33.5%	—
Total[3]	**48.9%**	**38.2%**	**42.4%**	**33.8%**	**26.9%**
Like-for-like growth[7] of the Group					
System sales					
Turkey	3.5%	7.7%	7.0%	4.7%	6.0%
Russia (based on RUB)	32.1%	68.0%	41.6%	32.7%	45.4%
Online system sales					
Turkey	33.6%	18.0%	18.8%	30.4%	19.4%
Russia (based on RUB)	81.4%	280.1%	140.7%	—	—

Notes:

(1) The selected operational data has not been extracted from Appendix 1 "*Historical Financial Information*"

(2) System sales are sales generated by the Group's corporate and franchised stores to external customers and do not represent revenue of the Group

(3) This includes the data for Azerbaijan and Georgia with respect to 2015, 2016 and the three months ended 31 March 2017

(4) Online system sales are system sales of the Group generated through its online ordering channel

(5) Delivery online system sales are the Group's online system sales generated through its delivery distribution channel

(6) Delivery system sales are system sales of the Group generated through its delivery distribution channel

(7) Like-for-like growth is a comparison of sales between two periods that compares system sales of existing system stores. The Group's system stores that are included in like-for-like system sales comparisons are those the Group considers to be mature operations. The Group considers mature stores to be those stores that have operated for at least 52 weeks preceding the beginning of the first month of the period used in the like-for-like comparisons for a certain reporting period, assuming the relevant system store has not subsequently closed or been "split" (which involves the Group opening an additional store within the same map of an existing store or in an overlapping area). The number of system stores in the Group like-for-like category in Turkey as of 31 December 2016, 2015 and 2014 was 417, 366 and 288, respectively, and was 446 and 400 as of 31 March 2017 and 2016, respectively. The number of system stores in the Group like-for-like category in Russia as of 31 December 2016, 2015 and 2014 was 16, 12 and 13, respectively, and was 39 and 18 as of 31 March 2017 and 2016, respectively

PART 10

OPERATING AND FINANCIAL REVIEW

The following discussion and analysis of the Group's financial condition and results of operations should be read in conjunction with the Group's Financial Information included in this Prospectus in Appendix 1 "Historical Financial Information", Appendix 2 "Unaudited Interim Financial Information", as well as with Part 2 "Presentation of Financial and Other Information" and Part 9 "Selected Financial and Operational Information."

The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. The Group's actual results may differ materially from those discussed in these forward-looking statements as a result of various factors, including, without limitation, those set forth in "Information regarding forward-looking statements" and Part 1 "Risk Factors."

Overview

The Group is the exclusive master franchisee in Turkey, Russia, Azerbaijan and Georgia of Domino's Pizza, one of the world's leading home delivery pizza brands. The Group offers pizza delivery and takeaway/eat-in facilities at its 571 stores (as at 31 March 2017) across four countries. Having opened its first store in Istanbul in 1996, today it is the largest pizza delivery company in Turkey in terms of system sales and number of stores and the third largest in Russia, in terms of number of stores, based on the Group's estimates of its competition.

The Group operates through its corporate stores and franchised stores, which together are referred to as its system stores. As of 31 March 2017, 37% of the Group's system stores were corporate stores, principally located in densely populated cities, and 63% were franchised stores. Since the Group's acquisition by TPEF II, a fund advised by Turkven, and the current Chief Executive Officer in 2010, the Group has rapidly expanded opening (on a net basis) an average of 68 system stores per year (from 2011 to 2016). As of 31 March 2017, the Group operated 488 system stores in Turkey (of which 347 were franchised), 76 in Russia (of which five were franchised), four in Azerbaijan (all of which were franchised) and three in Georgia (all of which were franchised).

Reorganisation and presentation of combined and consolidated financial information

The Company is primarily a holding company, and the Group operates through the Company's subsidiaries. The shares in the subsidiaries were transferred to the Company from its shareholders and other parties through a series of transactions that were completed on 18 October 2016. Accordingly, the Financial Information is based on the aggregate of the consolidated financial information of the Turkish OpCo and Russian OpCo. As the Company exercises functional management over the Group's operations, and all of the entities subject to this reorganisation were ultimately controlled by the same parties both before and after the reorganisation, the reorganisation was treated as transactions among entities under common control. Accordingly, the Financial Information present the results of operations of each member of the Group with effect from the date on which the entity was originally acquired by the Group's controlling shareholders, as if the Company were in existence since 1 January 2014, which is the earliest date presented in the Financial Information. Assets and liabilities are recognised at their predecessor values in the combined and consolidated financial information. Statements of income are consolidated from the point the business combination takes place, prior to which they are prepared on a combined basis. Difference arising in the elimination of the carrying value of the investment held and share capital of the acquired company is directly accounted for as contribution from shareholders under equity.

The Financial Information has been prepared in accordance with IFRS as adopted by the European Union. The Financial Information is presented in Turkish lira, which is the Company's presentation currency. The functional currency of the Group's Turkish subsidiaries is the Turkish lira, and the functional currency of the Group's Russian subsidiaries is the rouble. Assets and liabilities of Group entities having a functional currency other than the Turkish lira are translated into lira at the statement of financial position date, and income and expenses are translated into Turkish lira at the average exchange rate for the relevant period. Exchange differences arising from the translation of the opening net assets of entities having a functional currency other than the lira and differences between the average and statement of financial position date rates are reflected as currency translation differences under shareholders' equity.

Segmentation

The Group has three reporting segments, based on the geography of operations: Turkey, Russia and Other. The Turkey and Russia segments consist of the Group's operations in the respective jurisdiction, while other

consists of the Group's headquarters, which provides managerial and strategic support to the operating subsidiaries. The Group's operations in Azerbaijan and Georgia are allocated to the Turkey segment. These segments are managed separately because they are affected by the economic conditions and geographical positions in terms of risks and returns.

Key factors affecting the Group's results of operations

The Group's results of operations have been, and are expected to continue to be, affected by a number of key factors.

Store network

In order to maintain the Group's market share and attract new customers the Group seeks to expand the Group's network through the opening of new corporate or franchised stores. As a result, new store openings have been the primary driver of the Group's revenue growth in the period under review, and will continue to materially affect the Group's results of operations for the foreseeable future. The Group plans to open approximately 30 new stores annually in Turkey, Azerbaijan and Georgia, and 40 new stores annually in Russia over the medium term. As of 31 March 2017, the Group's network included a total of 571 stores, consisting of 488 in Turkey, 76 in Russia, and four in Azerbaijan and three in Georgia. Of this total as at 31 March 2017, 25% were corporate stores in Turkey, and 12% were corporate stores in Russia.

The Group generally opens corporate stores where it believes that the market will support significant store expansion, where it can benefit sufficiently from the investment in management time, resources and expense required to roll-out corporate stores. Market roll-out by way of corporate stores provides a more controlled environment for the Group to develop its store opening procedures and operations and to establish a store-level economic model. The Group is then able to expand through its sub-franchisees by deploying that knowledge to the roll-out of its franchised stores. The Group also benefits from having corporate stores through their contribution to the Group's results of operations. The Group has retained corporate stores in its top five most densely populated cities (four in Turkey and one in Russia).

The Group recognises all revenue from the Group's corporate stores, reflected in corporate revenue, and the Group incurs all costs. With respect to the Group's franchised stores, the Group principally generates revenue from royalty fees and sales from the Group's commissaries and equipment sales; these amounts are recorded within franchise revenue. Both corporate stores and franchised stores make an annual marketing contribution; for franchised stores these amounts are recorded as royalty revenue obtained from sub-franchisees.

The following two tables set forth the system store network, by type of store and geography

	As at 31 March			As at 31 December		
	2017			2016		
	Corporate	Franchised	Total	Corporate	Franchised	Total
Turkey	141	347	488	144	344	488
Russia	71	5	76	68	4	72
Azerbaijan	—	4	4	—	4	4
Georgia	—	3	3	—	3	3
Total	**212**	**359**	**571**	**212**	**355**	**567**

	As at 31 December					
	2015			2014		
	Corporate	Franchised	Total	Corporate	Franchised	Total
Turkey	151	311	462	156	276	432
Russia	43	—	43	19	—	19
Azerbaijan	—	2	2	—	—	—
Georgia	—	2	2	—	—	—
Total	**194**	**315**	**509**	**175**	**276**	**451**

In order to support further growth and expansion of Group's market share, the Group plans to continue the Group's store roll out strategy, which encompasses the expansion of the Group's network in its countries of operation by opening both corporate stores and franchised stores.

The Group's franchise network

The growth of the Group's franchise store network has been an important contributor to its revenue and business growth in the period under review, and is expected to continue to materially affect the Group's results of operations for the foreseeable future. In particular, the Group has commenced the roll-out of franchised stores in Russia, opening its first four franchised stores during 2016, and in line with its strategy expects to exhibit significant franchise store growth across its markets. The Group receives revenue from sub-franchisees in the form of franchise fees when the store is first opened, as well as royalties and marketing contributions calculated as a percentage of franchised store sales. In addition, the Group generates revenue in the form of supply sales. In some cases the Group also offers extended payment term incentives in connection with new store openings for which it generates additional revenue. The principal costs that the Group incurs in connection with the Group's franchised stores are the costs of sales associated with supplies sold through the Group's commissaries. As a result, the Group's performance depends significantly on the level of sales and profitability of the Group's franchised stores.

In situations where corporate stores perform below targeted metrics or are located outside of the preferred corporate store area of operation, the store may be transferred to a sub-franchisee. These transfers typically comprise a transfer of the associated equipment, lease and employees. In the three months ended 31 March 2017 and the years ended 31 December 2016, 2015 and 2014, the Group transferred four, 13, six and nil corporate stores to sub-franchisees, respectively.

The Group expects a higher proportion of the Group's revenue growth to be generated from franchised stores, particularly in Turkey and, increasingly, in Russia. As the share of franchised stores in the Group's total system stores increases, the relative share of franchise revenue in the Group's overall revenue increases. The Group bears certain costs to which the Group's franchised stores contribute, such as royalties to the Master Franchisor and the Group depends on the Group's franchised stores to pay these amounts to it in a timely manner. See Part 1 "*Risk factors—The Group's operations and growth strategy depend to a significant degree on the success of its sub-franchisees, and the Group is subject to a variety of additional risks associated with its sub-franchisees.*"

Prices of raw materials and availability of rebates from the Group's suppliers

The Group's gross profit and margin are affected by a number of factors, including movements in the cost of sales (including with respect to the prices of raw materials), the extent to which the Group can negotiate favourable prices and rebates from suppliers and the mix of stores that it opens.

The Group's principal raw materials are cheese, sauce, flour, meat and poultry products, as well as cardboard packaging. Prices of the Group's raw materials are generally set by market conditions. The Group seeks to procure its principal inputs from multiple suppliers, in the event that the Group's primary suppliers cannot deliver the components in the contracted amounts and specifications, the Group's requirements exceed the Group's minimum contracted amounts or the Group is subjected to unanticipated price increases. Market prices of the Group's raw materials fluctuate, and the Group is not always able to pass these changes along to the Group's customers, particularly in the short term. In recent years, the Group has generally been able to maintain increases in input costs below inflation.

The Group seeks to manage factors which put pressure on the Group's gross margin. For example, the Group maintains relationships with additional suppliers. The Group's suppliers also often offer rebates, which are discounts usually based on the purchase of a certain quantity. The Group reflects these rebates as a reduction in the Group's cost of sales. These rebates vary from period to period, based on the Group's relationship with a particular supplier and overall market conditions. As the volume of the Group's system stores in a jurisdiction increases, the Group is generally able to negotiate more favourable pricing with suppliers, and also qualify for greater levels of rebates.

Marketing and advertising programs

The Group's marketing and advertising programs are an essential part of attracting new customers as well as retaining existing customers. Marketing is particularly important for the Group to communicate its product innovation and price promotion programs to customers and to reinforce the Group's brand awareness, build the Group's image and drive customer volumes. The Group's system stores in Turkey and Russia contribute a proportion of weekly sales for the purposes of national advertising campaigns which it conducts year round. The Group allocates its marketing expenditure primarily based on return on investment to grow sales profitably, while pushing consistent messages of quality, innovation and the 30-minute delivery guarantee. These marketing contributions from sub-franchisees are recorded as royalties within franchise revenue and royalty

revenue obtained from franchisees. The Group manages its advertising and marketing campaigns centrally in each jurisdiction. The Group also monitors closely the expenditure and frequency of marketing and advertising campaigns by the Group's competition, and seeks to maintain a relatively constant presence in the market.

Foreign exchange variations

The Group's results of operations and financial condition have been, and will continue to be, affected by changes in the value of the Turkish lira against other currencies, principally the euro and Russian rouble and between the euro and the Russian rouble. In particular, during the period under review both the Turkish lira and Russian rouble have exhibited significant volatility against the euro and other major currencies, as well as against each other. These fluctuations have had a significant impact on the Group's results of operations during the period under review. The Group recognises foreign exchange gains and losses in its consolidated statement of comprehensive income in connection with its assets and liabilities (primarily its borrowings in euro) that are denominated in currencies other than the functional currency of the relevant Group entity, which is the Turkish lira for the Group's Turkish operations and the Russian rouble for its Russian operations, in connection with appreciation or depreciation of the Turkish lira or Russian rouble (as the case may be) against such currencies. Appreciation or depreciation of the euro against the functional currency of the relevant Group entity also tends to increase or decrease the value of the relevant entity's foreign currency assets and liabilities when translated into the entity's financial currency at the relevant statement of financial position date. Differences in the exchange rates between the functional currencies of the Group's subsidiaries, namely the Russian rouble and the Turkish lira, arising in connection with the translation of these amounts into Turkish lira at the relevant statement of financial position date, are reflected as other comprehensive income and, accordingly, reflected in the Group's consolidated statement of changes of equity.

For example, during 2016 and the first three months of 2017, the Group recognised foreign exchange gains as the Russian rouble appreciated against the euro (in which it has borrowings), and foreign exchange losses as the Turkish lira depreciated against the euro. Similarly, in 2015, the Group recognised significant foreign exchange losses in connection with the depreciation of the Russian rouble against the euro. The Group does not consider it practicable to hedge against these foreign exchange fluctuations, as the cost of entering into such hedges could be significant in comparison to the benefit for the Group.

In preparing the Group's consolidated financial statements, income and expense items are translated into Turkish lira at the average exchange rate for the relevant period, while balance sheet items are translated at the exchange rate at the end of the relevant period. The foreign currency exchange rates against the Turkish lira used in the translation of Group's results of operations and financial position are as follows:

	For the three months ended 31 March			
	2017		2016	
Currency	Period End	Period Average	Period End	Period Average
Euro	3.9083	3.931	3.2081	3.2420
Russian rouble	0.06419	0.06243	0.04169	0.03925

	For the year ended 31 December					
	2016		2015		2014	
Currency	Period End	Period Average	Period End	Period Average	Period End	Period Average
Euro	3.70990	3.33755	3.17760	3.01871	2.82070	2.90423
Russian rouble	0.05732	0.04506	0.03961	0.04456	0.04024	0.05756

Consumer preferences

Consumer preferences in the fast-food segment, and the pizza sub-segment, are affected by a range of factors, including consumer tastes, national, regional and local economic conditions and demographic trends. Changes in consumer preferences can significantly impact demand for the Group's products, particularly as the Group's business depends on sales of pizza.

The Group seeks to maintain the appeal of its products to customers through product innovation, characterised by frequent introduction of new pizza offerings, and the consumer reaction to new product launches can affect the Group's sales.

Customer preferences may by impacted by a wide range of factors, such as consumer tastes, national, regional and local economic conditions and demographic trends. For instance, prevailing health or dietary preferences

may cause consumers to avoid pizza and other products offered by the Group in favour of foods that are perceived to be healthier.

Accordingly, the Group's results of operations are affected by the Group's success against the Group's competitors in the fast-food and pizza delivery sectors, which is dependent on a variety of factors, including the comparative attractiveness and taste of the Group's products, perceived product and service quality and the availability of comparable products from the its competitors. The pricing of the Group's products, and in particular, the timing and terms of specially-priced offers to customers, can have a significant impact on both the volume of the Group's sales and the Group's margins, as well as the Group's market share against competitors.

Competitive environment

The Group operates in a highly competitive market, particularly with respect to food quality, price, service, convenience and concept, which in turn may be affected by considerations such as changes in consumer preferences. The Group competes against international chains, as well as many national, regional and local businesses in the pizza delivery, pizza takeaway/eat-in and fast-food restaurant sectors not only for customers, but also for management and store employees, suitable real estate sites and qualified sub-franchisees. This competition can put downward pressure on product prices and demand for the Group's products as well as upward pressure on wages and rents, resulting in reduced profitability.

Macroeconomic conditions

The Group's results of operations are affected by global economic conditions as well as specific local economic conditions in the markets and geographic areas in which it operates. Such conditions include levels of employment, commodity inflation, real disposable income, private consumption, the availability of consumer credit, consumer confidence, applicable taxes, and consumer willingness to spend. In an unfavourable economic environment with a decrease in disposable income, the Group's customers may reduce the frequency with which they dine out or order-in or may choose more inexpensive dining options. This trend is however offset by the general affordability of pizza, as customers may substitute the Group's products for other, more expensive, options; this attribute was particularly important in supporting the Groups' performance during recent periods of economic uncertainty in Russia and Turkey. Positive economic conditions, in contrast, tend to increase consumer demand for the Group's products. Changes in general economic conditions therefore affect customer traffic, average ticket price and the Group's ability to pass through cost increases to customers.

Seasonality

The Group's revenue tends to vary throughout the year, based on consumer spending patterns. In particular, in Turkey the Group's revenue tends to be relatively lower during the month of Ramadan and the summer school holiday period. In Russia, the Group's revenue tends to be lower during the summer, when many urban residents are out of the city at country dachas for extended periods. The Group seeks to counteract these seasonal trends with promotional and price-based offerings.

Recent trends and developments

Since 31 March 2017, the Group's business has generally continued in line with the first quarter of 2017. Performance has continued to be driven by like-for-like sales growth at both corporate and franchised stores, as well as expansion of the corporate and franchised store networks in accordance with the Group's expansion and growth plans. The Group's year to date like-for-like system sales growth through the week ended 21 May 2017 was 6.3% and 30.1% for Turkey and Russia, respectively. In addition to the growth in corporate revenue, franchise and royalty revenue has increased in line with the increase in franchised store numbers and franchised store like-for-like growth. The Group generally has maintained a consistent pricing policy since 31 March 2017, and operating expenses have also remained generally consistent with the trends observed in the three months ended 31 March 2017. Inventory levels have also been consistent with 31 March 2017 levels. Borrowings of the Group as at 30 April 2017 had increased as compared to 31 March 2017, reflecting the weekend effect, with 30 April 2017 falling on a Sunday.

Results of operations

The following discussion of the Group's results of operations is based on the Group's Financial Information. In the following discussion, references to increases or decreases in any period are made by comparison with the corresponding prior period, except as the context otherwise indicates.

Principal income statement line items

The principal components of the Group's income statement are as follows:

Revenue

The Group's revenue consists of:

- Corporate revenue, consisting of revenue from the Group's corporate stores;
- Franchise and royalty revenue, consisting of revenue from commissary and equipment sales to franchised stores and royalties calculated based on franchise store sales to customers, including the contribution to national advertising; and
- Other revenue, consisting of (i) the net gain realised by the Group when it transfers corporate stores to sub-franchisees, (ii) franchise fees, which are paid upon the opening of a new franchised store or the renewal of an existing franchise agreement and (iii) income from other services that the Group provides to the Group's sub-franchisees, such as IT, call centre, online platform, and construction services.

Operating expenses

The Group's operating expenses consists of:

- Cost of sales, including the Group's corporate store costs; production related costs of the Group's commissaries, such as merchandise and raw materials, for example pizza dough, ingredients and non-food items (including those sold to the Group's sub-franchisees); labour, rent and utilities. Cost of sales also includes depreciation and amortisation expenses associated with corporate stores and commissaries as well as store opening fees. Prices for merchandise and raw materials are variable in nature, change with sales volume, are affected by the Group's product mix and are subject to fluctuations in commodity costs. The Group's cost of sales is presented net of volume rebates earned through the relevant statement of financial position date;
- General administrative expenses, consisting of headquarter expenses such as personnel (other than costs of marketing and selling personnel), rent, and utilities, commissaries' rents and non-production related personnel and headquarters-related depreciation and amortisation expenses;
- Marketing and selling expenses, which are marketing and selling personnel costs, royalties paid by the Group (on-going fees) and promotion and advertising expenses; and
- Other operating expenses, net consists of items such as pallet sales income, interest income from extended payment term incentives offered to sub-franchisees for new store openings and, from corporate to sub-franchisee transfers, operational foreign exchange gain/loss arising in connection with royalties, provisions for lawsuits, losses from sale of property, plant and equipment, and penalties paid.

Financial income and expenses

Financial income consists of interest income and foreign exchange gains arising from translation of non-Turkish lira denominated financial assets and liabilities. Financial expense consists of interest expense and foreign exchange losses arising in connection with non-Turkish lira denominated financial assets and liabilities. Foreign currency (non-Turkish lira) denominated assets and liabilities consist primarily of euro cash holdings in Turkey and euro-denominated loans in Turkey and Russia. The Group does not presently maintain significant intra-group loans between its Turkish and Russian Operations.

Tax expense

The Group's tax expense consists of both current and deferred tax. Current tax is the amount of the income tax payable or recoverable in respect of the pre-tax profit/loss for the period. Deferred tax liabilities are the amounts payable in future periods, while deferred tax assets are the amount that may be recoverable in future periods.

Results of operations for the three months ended 31 March 2017 and 2016

The following table sets forth combined and consolidated statement of comprehensive income information for the three months ended 31 March 2017 and 2016.

	For the three months ended 31 March	
	2017	2016
	(Unaudited) (in millions of TRY)	
Revenue, *of which*	**145.4**	**107.4**
Corporate revenue	87.6	60.4
Franchise revenue and royalty revenue obtained from sub-franchisees	53.3	45.9
Other revenue	4.5	1.1
Cost of sales, *of which*	(91.4)	(67.8)
Cost of food, non-food and transportation	(50.0)	(40.0)
Corporate store expenses	(36.0)	(23.8)
Depreciation and amortisation	(5.4)	(4.0)
Gross profit	**54.0**	**39.6**
General administrative expenses, *of which*	(23.8)	(18.9)
Overhead (including commissary)	(18.1)	(13.5)
Share-based incentives	(1.8)	(2.6)
Depreciation and amortisation	(3.9)	(2.8)
Marketing and selling expenses, *of which*	(21.3)	(15.0)
Marketing and advertising	(11.4)	(7.6)
Corporate store local marketing	(2.0)	(1.2)
Royalty	(7.9)	(6.3)
Other operating expenses, net	1.3	0.1
Operating profit	**10.2**	**5.7**
Financial income	4.3	1.7
Financial expense	(5.8)	(3.6)
Profit /(Loss) before income tax	8.7	3.9
Tax expense	(3.2)	(1.5)
Profit/(Loss)	**5.5**	**2.4**

Total revenue

Revenue increased by TRY38.0 million, or 35%, to TRY145.4 million in the three months ended 31 March 2017 from TRY107.4 million in the three months ended 31 March 2016. The increase in revenue has been driven primarily by increases in corporate revenue.

Corporate revenue increased by TRY27.2 million, or 45%, to TRY87.6 million in the three months ended 31 March 2017 from TRY60.4 million in the three months ended 31 March 2016. The increase in corporate revenue reflected primarily the increase in the number of corporate stores, from 192 as of 31 March 2016 to 212 as of 31 March 2017, further supported by like-for-like sales growth of corporate stores.

Franchise revenue and royalty revenue obtained from sub-franchisees increased by TRY7.4 million, or 16%, to TRY53.3 million in the three months ended 31 March 2017 from TRY45.9 million in the three months ended 31 March 2016. The increase in royalty revenue obtained from sub-franchisees reflected primarily the increased number of franchised stores, from 319 as of 31 March 2016 to 359 as of 31 March 2017, as well as like-for-like sales growth of sub-franchised stores. The growth in system sales attributable to sub-franchised stores also resulted in the Group's sub-franchisees purchasing more raw materials, such as dough, cheese, sauce, and cardboard boxes, and other non-food items, from the Group's commissaries, which resulted in an increase in franchise revenue.

Other revenue increased by TRY3.4 million, or 318%, to TRY4.5 million in 2017 from TRY1.1 million in the three months ended 31 March 2016. The increase in other revenue reflected primarily the increased transfers of corporate stores to sub-franchisees. There were four such transfers in the three months ended 31 March 2017, as compared to one in the three months ended 31 March 2016.

Cost of sales

Cost of sales increased by TRY23.6 million, or 35%, to TRY91.4 million in the three months ended 31 March 2017 from TRY67.8 million in the three months ended 31 March 2016. The increase in cost of sales during the period under review was primarily due to the increase in the corporate store expenses.

The cost of food, non-food and transportation components of cost of sales increased by TRY10.0 million, or 25%, to TRY50.0 million in the three months ended 31 March 2017, from TRY40.0 million in the three months ended 31 March 2016. The increase in cost of food, non-food and transportation components of cost of sales reflected the increase in the overall business volume of the Group as system sales increased due to both like-for-like growth and new store openings. Corporate store expenses increased by TRY12.2 million, or 51%, to TRY36.0 million in the three months ended 31 March 2017, from TRY23.8 million in the three months ended 31 March 2016. The increase in corporate store expenses in cost of sales was largely in line with expansion of the Group's corporate store network. Depreciation and amortisation in cost of sales increased by TRY1.4 million, or 34%, to TRY5.4 million in the three months ended 31 March 2017, from TRY4.0 million in the three months ended 31 March 2016. The increase in depreciation and amortisation reflected primarily the increase in the corporate store network.

General administrative expenses

General administrative expenses increased by TRY4.8 million, or 25%, to TRY23.8 million in the three months ended 31 March 2017 from TRY18.9 million in the three months ended 31 March 2016. Overhead expenses, including commissary, increased by TRY4.6 million, or 34%, to TRY18.1 million in the three months ended 31 March 2017, from TRY13.5 million in the three months ended 31 March 2016. The increase in overhead expenses reflected primarily the Group's ramp up of its headquarters and senior management team in Russia. Share based incentives decreased by TRY0.8 million, or 31%, to TRY1.8 million in the three months ended 31 March 2017 from TRY2.6 million in the three months ended 31 March 2016. The decrease in the share based incentives resulted from the discontinuation of the CEO Share Incentive Scheme (see paragraph 3.2 of Part 14 "*Additional Information—Share capital*"). Depreciation and amortisation in general and administrative expenses increased by TRY1.1 million, or 39%, to TRY3.9 million in the three months ended 31 March 2017, from TRY2.8 million in the three months ended 31 March 2016. The increase in depreciation and amortisation in general administrative expenses reflected primarily the Group's increasing scale in Russia.

Marketing and selling expenses

Marketing and selling expenses increased by TRY6.3 million, or 42%, to TRY21.3 million in the three months ended 31 March 2017 from TRY15.0 million in the three months ended 31 March 2016. Marketing and advertising expenses, consisting of marketing overhead, advertising spending, and call centre costs, increased by TRY3.8 million, or 50%, to TRY11.4 million in the three months ended 31 March 2017 from TRY7.6 million in the three months ended 31 March 2016. The increase was mainly due to the increase in the overall size of the business and boost in online advertising. Marketing and advertising expenses as a share of system sales were 5.8% and 4.8% for the three months ended 31 March 2017 and 2016, respectively. Corporate store local marketing expenses were TRY2.0 million and TRY1.2 million in the three months ended 31 March 2017 and 2016, respectively; the increase in corporate store local marketing expenses in the three months ended 31 March 2017 reflected the increase in the Group's corporate store network. Royalty expenses increased by TRY1.6 million, or 25% in the three months ended 31 March 2017, to TRY7.9 million, from TRY6.3 million in the three months ended 31 March 2016. The increase in royalty expense reflected primarily the increased scale of the system store network.

Other operating expenses, net

Net other operating expenses were a gain of TRY1.3 million in the three months ended 31 March 2017, as compared to a gain of TRY0.1 million in the three months ended 31 March 2016.

Operating profit

As a result of the foregoing, the Group's consolidated operating profit increased by TRY4.4 million, or 77%, to TRY10.2 million in the three months ended 31 March 2017, from TRY5.7 million in the three months ended 31 March 2016. As a share of revenue, the Group's operating profit was 7.0% in the three months ended 31 March 2017 and 5.3% in the three months ended 31 March 2016.

Financial income and expense

Financial income increased by TRY2.6 million, to TRY4.3 million in the three months ended 31 March 2017 from TRY1.7 million in the three months ended 31 March 2016. The increase in financial income primarily reflected increased foreign exchange gains, resulting from the appreciation of the Russian rouble against the euro, which was partially offset by the depreciation of the Turkish lira against the euro.

Financial expense increased by TRY2.2 million to TRY5.8 million in the three months ended 31 March 2017 from TRY3.6 million in the three months ended 31 March 2016, reflecting increased interest expense.

Income tax income/(expense)

The Group's income tax expense increased by TRY1.8 million, to TRY3.2 million in the three months ended 31 March 2017, from TRY1.5 million in the three months ended 31 March 2016. The increase was in connection with the increase of profit before tax in the Group's Turkish Operations.

Profit/(loss) for the period

Profit for the year increased by TRY3.0 million to TRY5.5 million in the three months ended 31 March 2017 from TRY2.4 million in the three months ended 31 March 2016.

Total comprehensive income (loss)

The Group recognises currency translation differences as other comprehensive income. Reflecting the appreciation of the rouble against the Turkish lira in the three months ended 31 March 2017, the Group recognised a currency translation loss of TRY6.5 million in this period, as compared to a loss of TRY2.0 million in the three months ended 31 March 2016.

Results of operations for the years ended 31 December 2016, 2015 and 2014

The following table sets forth combined and consolidated statement of comprehensive income information for the years ended 31 December 2016, 2015 and 2014.

	For the year ended 31 December		
	2016	**2015**	**2014**
	(in millions of TRY)		
Revenue, *of which*	**451.1**	**375.0**	**319.2**
Corporate revenue	250.1	199.2	169.5
Franchise revenue and royalty revenue obtained from sub-franchisees	183.8	161.0	141.9
Other revenue	17.2	14.8	7.7
Cost of sales, *of which*	(279.6)	(248.4)	(208.2)
Cost of food, non-food and transportation	(160.1)	(142.4)	(123.8)
Corporate store expenses	(100.5)	(86.1)	(69.9)
Depreciation and amortisation	(19.0)	(19.9)	(14.5)
Gross profit	**171.5**	**126.6**	**110.9**
General administrative expenses, *of which*	(68.9)	(60.2)	(54.2)
Overhead (including commissary)	(55.6)	(52.2)	(46.2)
Share-based incentives	(5.7)	(3.2)	(2.8)
Depreciation and amortisation	(7.6)	(4.8)	(5.1)
Marketing and selling expenses, *of which*	(61.3)	(57.2)	(53.1)
Marketing and advertising	(31.4)	(31.9)	(29.8)
Corporate store local marketing	(4.1)	(4.0)	(4.6)
Royalty	(25.8)	(21.3)	(18.8)
Other operating income/(expense)	0.5	(3.7)	(1.3)
Operating profit	**41.8**	**5.5**	**2.3**
Financial income	13.4	1.1	2.0
Financial expense	(17.0)	(25.1)	(18.4)
Profit /(Loss) before income tax	**38.3**	**(18.5)**	**(14.1)**
Tax expense	(9.0)	(4.4)	(1.9)
Profit/(Loss)	**29.3**	**(22.9)**	**(15.9)**

Total revenue

Revenue increased by TRY76.1 million, or 20%, to TRY451.1 million in 2016 from TRY375.0 million in 2015, which was an increase of TRY55.8 million, or 17%, from TRY319.2 million in 2014. The increases in revenue have been driven primarily by corporate revenue.

Corporate revenue increased by TRY50.9 million, or 26%, to TRY250.1 million in 2016 from TRY199.2 million in 2015, which was an increase of TRY29.7 million, or 18% from TRY169.5 million in 2014. The increase in corporate revenue reflected primarily the increase in number of corporate stores, from 175 as of 31 December 2014 to 194 as of 31 December 2015 and to 212 as of 31 December 2016, further supported by like-for-like sales growth of corporate stores.

Franchise revenue and royalty revenue obtained from sub-franchisees increased by TRY22.8 million, or 14%, to TRY183.8 million in 2016 from TRY161.0 million in 2015, which was an increase of TRY19.1 million, or 13% from TRY141.9 million in 2014. The increase in royalty revenue obtained from sub-franchisees reflected primarily the increased number of franchised stores, from 276 as of 31 December 2014 to 315 as of 31 December 2015, and to 355 as of 31 December 2016, as well as like-for-like sales growth of sub-franchised stores. The growth in system sales attributable to sub-franchised stores also resulted in the Group's sub-franchisees purchasing more raw materials, such as dough, cheese, sauce, and cardboard boxes, and other non-food items, from the Group's commissaries, which resulted in an increase in franchise revenue.

Other revenue increased by TRY2.4 million, or 16%, to TRY17.2 million in 2016 from TRY14.8 million in 2015, which was an increase of TRY7.1 million, or 92%, from TRY7.7 million in 2014. The increase in other revenue reflected primarily the increased transfers of corporate stores to sub-franchisees. There were four such transfers in the three months ended 31 March 2017 (as compared to one in the three months ended 31 March 2016), and 13, six and nil for the years ended 31 December 2016, 2015 and 2014, respectively. The overall increase in the number of franchised stores and the associated increase in service fees associated with the sub-franchisees also contributed to the increase in other revenue.

Cost of sales

Cost of sales increased by TRY31.2 million, or 13%, to TRY279.6 million in 2016 from TRY248.4 million in 2015, which was an increase of TRY40.2 million, or 19%, from TRY208.2 million in 2014. The increase in cost of sales during the period under review were mainly in line with the increase in the overall business volume of the Group as system sales increased due to the increase in the number of system stores and like-for-like sales growth. The rate of increase in the Group's cost of sales was less than the rate of increase in the Group's revenue in 2016, reflecting the Group's increased purchasing power with suppliers as the Group's business expanded and increased rebates from suppliers, as well as improved operating leverage owing to the fixed costs of corporate stores, consisting of rent, utilities and, to some extent, labour and the Group's commissaries serving a larger number of stores. The reason for the increase in 2015 was the increase in the overall business volume of the Group as system sales increased due to the increase in the number of system stores and like-for-like sales growth.

The cost of food, non-food and transportation components of cost of sales increased by TRY17.7 million, or 12%, to TRY160.1 million in 2016, from TRY142.4 million in 2015, which was an increase of TRY18.6 million, or 15%, from TRY123.8 million in 2014. The increase in cost of food, non-food and transportation components of cost of sales reflected the increased scale of the Group's operations. Corporate store expenses increased by TRY14.4 million, or 17%, to TRY100.5 million in 2016, from TRY86.1 million in 2015, which was an increase of TRY16.2 million, or 23%, from TRY69.9 million in 2014. The increase in corporate store expenses in cost of sales was largely in line with expansion of the Group's corporate store network. Depreciation and amortisation in cost of sales decreased by TRY0.8 million, or four per cent., to TRY19.0 million in 2016, from TRY19.9 million in 2015, which was an increase of TRY5.4 million, or 37%, from TRY14.5 million in 2014. The movement in depreciation and amortisation reflected the Group's increased number of corporate stores, partially offset by the transfers of corporate stores to sub-franchisees.

General administrative expenses

General administrative expenses increased by TRY8.7 million, or 14%, to TRY68.9 million in 2016 from TRY60.2 million in 2015, which was an increase of TRY6.1 million, or 11%, from TRY54.2 million in 2014. Overhead expenses, including commissary, increased by TRY3.4 million, or seven per cent., to TRY55.6 million in 2016, from TRY52.2 million in 2015, which was an increase of TRY6.0 million, or 13%, from TRY46.2 million in 2014. The increase in overhead expenses reflected primarily increased personnel expenses in connection with the increased scale of the Group's operations. Share based incentives increased by TRY2.5 million, or 75%, to TRY5.7 million in 2016 from TRY3.2 million in 2015, which was an increase of TRY0.4 million, or 15%, from TRY2.8 million in 2014. The increase in the share based incentives was due to the increase in the valuation of the Company. Depreciation and amortisation in general and administrative expenses increased by TRY2.8 million, or 59%, to TRY7.6 million in 2016, from TRY4.8 million in 2015, which was a

decrease of TRY0.3 million, or six per cent., from TRY5.1 million in 2014. The increase in depreciation and amortisation in general administrative expenses reflected primarily the Group's increasing scale in Russia.

Marketing and selling expenses

Marketing and selling expenses increased by TRY4.1 million, or seven per cent., to TRY61.3 million in 2016 from TRY57.2 million in 2015, which was an increase of TRY4.0 million, or eight per cent., from TRY53.1 million in 2014. Marketing and advertising expenses, consisting of marketing overhead, advertising spending, and call center costs, decreased by TRY0.5 million, or two per cent., to TRY31.4 million in 2016 from TRY31.9 million in 2015, which was an increase of TRY2.1 million, or seven per cent., from TRY29.8 million in 2014. The decrease in marketing and advertising expenses reflected the decrease in the orders generated through the call centre in 2016 in Turkey and the increase in orders generated through online orders; the increase in marketing and advertising expenses in 2015 reflected primarily the increased scale of the Group's operations and the corresponding increased scale of the Group's business, as well as increased marketing in Russia in connection with expansion of the Group's system stores in Russia. Marketing and advertising expenses as a share of system sales were 4.8%, 5.9%, and 6.3% for 2016, 2015, and 2014, respectively. Corporate store local marketing expenses were TRY4.1 million, TRY4.0 million and TRY4.6 million in 2016, 2015 and 2014, respectively. The fluctuations in corporate store local marketing expenses reflect the Group's increased focus on online advertising, which is accounted for under marketing and advertising expenses, instead of the leaflet and menu distribution based local store marketing. Royalty expenses increased by TRY4.5 million, or 21% in 2016, to TRY25.8 million, from TRY21.3 million in 2015, which was an increase of TRY2.5 million, or 13%, from TRY18.8 million in 2014. The increase in royalty expense reflected the increased scale of the system store network.

Other operating income/(expense)

Net other operating expenses were a gain of TRY0.5 million in 2016, as compared to an expense of TRY3.7 million in 2015 and TRY1.3 million in 2014. The gain in 2016 reflected mainly the increase in interest income from extended payment term granted to sub-franchisees in connection with new store openings and from corporate to sub-franchisee transfers, which increased from six in 2015 to twelve in 2016, and the net foreign exchange gain. Net other operating expenses in 2015 reflected foreign exchange loss, lower interest income and higher losses from sale of property, plant and equipment compared to 2016, and in 2014 reflected lower income amid a more stable currency exchange rate environment.

Operating profit

As a result of the foregoing, the Group's consolidated operating profit increased by TRY36.3 million, or 660%, to TRY41.8 million in 2016, from TRY5.5 million in 2015. The Group's operating profit in 2015 was an increase of TRY3.2 million, or 135%, from TRY2.3 million in 2014. As a share of revenue, the Group's operating profit was 9.3% in 2016, 1.5% in 2015 and 0.7% in 2014.

Financial income and expense

Financial income increased by TRY12.3 million, to TRY13.4 million or 1,099% in 2016 from TRY1.1 million in 2015, which was a decrease of TRY0.9 million, or 43% from TRY2.0 million in 2014. The increase in financial income primarily reflects increased foreign exchange gains during 2016, resulting from the appreciation of the Russian rouble against the euro, which was partially offset by the depreciation of the Turkish lira against the euro in 2016.

Financial expense decreased by TRY8.1 million, or 32%, to TRY17.0 million in 2016 from TRY25.1 million in 2015, reflecting primarily foreign exchange expense, which was partially offset by an increase in interest expense due to an increase in financial borrowings. Financial expense increased by TRY6.7 million, or 37%, to TRY25.1 million in 2015 from TRY18.4 million in 2014. The significant increase in financial expense during 2015 reflected a significant increase in foreign exchange expense in connection with the depreciation of the rouble against the euro and an increase in interest expense in connection with the increase in financial borrowings.

Income tax income/(expense)

The Group's income tax expense increased by TRY4.5 million, to TRY9.0 million or 103% in 2016, from TRY4.4 million in 2015, and TRY1.9 million in 2014 or 137%. The fluctuations were driven by an increase in the Group's income tax expense of TRY5.2 million in 2015, in connection with the increase profit before tax in

the Group's Turkish operations and the fluctuations in the euro-denominated financial borrowing of the Group's Turkish operations on account of the non-deductibility of the interest expense and the foreign exchange losses for tax purposes under Turkish tax regulation, as well as a change in deferred tax income from a gain of TRY0.3 million in 2014 to a gain of TRY2.9 million in 2015, reversing to an expense of TRY1.7 million in 2016. The deferred tax income reflected fluctuations in temporary differences in items such as property and equipment and intangible asset purchases, unused vacation liabilities, bonus accruals and volume rebate advances. The Group had unrecognised potential deferred tax assets in respect of unused tax loss carry-forwards in its Russian operations of TRY22.5 million, TRY25.9 million and TRY11.6 million as at 31 December 2016, 2015 and 2014, respectively; in accordance with applicable Russian tax legislation, losses incurred since 2007 will be carried forward until fully recognised.

Profit/(loss) for the year

Profit for the year improved to a profit of TRY29.3 million in 2016 from a loss of TRY22.9 million in 2015 and a loss of TRY15.9 million in 2014.

Total comprehensive income (loss)

The Group recognises currency translation differences as other comprehensive income. Reflecting the appreciation of the rouble against the Turkish lira in 2016, the Group recognised a currency translation loss of TRY17.5 million in 2016, as compared to a gain of TRY2.3 million in 2015 and a gain of TRY11.1 million in 2014. The loss in 2016 reflected the significant depreciation of the Turkish lira against the Russian rouble, as compared to appreciation in 2015 and 2014.

Results and other information by segment

For the three months ended 31 March 2017 and 2016

The following tables show the results of operations by each of the Group's reporting segments for the three months ended 31 March 2017 and 2016.

	For the three months ended 31 March 2017 (Unaudited)				
	Turkey	Russia	Other	Elimination	Total
Corporate revenue	46.3	41.3	—	—	87.6
Franchise revenue and royalty revenue obtained from sub-franchisees	50.5	2.8	—	—	53.3
Other revenue	4.5	—	—	—	4.5
Total revenue	101.3	44.1	—	—	145.4
Operating profit/(loss)	9.2	0.9	—	—	10.2
Capital expenditure	4.8	5.7	—	—	10.5
Depreciation and amortisation expenses	(6.6)	(2.7)	—	—	(9.3)

	For the three months ended 31 March 2016 (Unaudited)				
	Turkey	Russia	Other	Elimination	Total
Corporate revenue	46.4	14.1	—	—	60.4
Franchise revenue and royalty revenue obtained from sub-franchisees	45.9	—	—	—	45.9
Other revenue	1.1	—	—	—	1.1
Total revenue	93.3	14.1	—	—	107.4
Operating profit/(loss)	6.6	(0.9)	—	—	5.7
Capital expenditure	2.9	2.7	—	—	5.6
Depreciation and amortisation expenses	(5.9)	(0.9)	—	—	(6.8)

The increase in revenue in the Group's Turkey segment, by TRY8.0 million, or nine per cent., in the three months ended 31 March 2017, reflected the Group's continued expansion of its Turkish franchise network and the increase in corporate to franchise transfers. Operating profit in the Group's Turkey segment increased by TRY2.6 million, or 40%, in the three months ended 31 March 2017, reflecting the continued expansion of the Group's system stores.

Revenue in the Group's Russia segment increased during the period under review, by TRY30.1 million, or 214%, in the three months ended 31 March 201. These increases primarily reflected the Group's expansion in

Russia. Operating profit in the Group's Russia segment was TRY0.9 million, in the three months ended 31 March 2017, as the Russia segment broke even. The main reason for this was the maturing of its corporate store network's contribution margin to support the marketing and selling expenses and the overhead of the Russia segment.

For the years ended 31 December 2016, 2015 and 2014

The following tables show the results of operations by each of the Group's reporting segments for the years ended 31 December 2016, 2015 and 2014.

	For the year ended 31 December 2016				
	Turkey	Russia	Other	Elimination	Total
Corporate revenue	175.0	75.0	—	—	250.1
Franchise revenue and royalty revenue obtained from sub-franchisees	181.1	2.7	—	—	183.8
Other revenue	17.2	—	—	—	17.2
Total revenue	**373.4**	**77.7**	**—**	**—**	**451.1**
Operating profit/(loss)	44.2	(2.3)	—	—	41.8
Capital expenditure	25.0	20.7	—	—	45.7
Depreciation and amortisation expenses	(21.6)	(5.1)	—	—	(26.7)

	For the year ended 31 December 2015				
	Turkey	Russia	Other	Elimination	Total
Corporate revenue	167.2	32.0	—	—	199.2
Franchise revenue and royalty revenue obtained from sub-franchisees	161.0	—	—	—	161.0
Other revenue	14.8	—	—	—	14.8
Total revenue	**343.0**	**32.0**	**—**	**—**	**375.0**
Operating profit/(loss)	19.7	(14.2)	—	—	5.5
Capital expenditure	20.7	14.9	—	—	35.7
Depreciation and amortisation expenses	(22.6)	(2.0)	—	—	(24.6)

	For the year ended 31 December 2014				
	Turkey	Russia	Other	Elimination	Total
Corporate revenue	149.7	19.8	—	—	169.5
Franchise revenue and royalty revenue obtained from sub-franchisees	141.9	—	—	—	141.9
Other revenue	7.7	—	—	—	7.7
Total revenue	**299.3**	**19.8**	**—**	**—**	**319.2**
Operating profit/(loss)	12.7	(10.3)	—	—	2.3
Capital expenditure	26.4	4.5	—	—	30.8
Depreciation and amortisation expenses	(18.5)	(1.1)	—	—	(19.6)

The increase in revenue in the Group's Turkey segment, by TRY30.4 million to TRY373.4 million, or nine per cent., in 2016, and by TRY43.7 million to TRY343 million, or 15% in 2015, reflected the continued expansion of the Group's franchised stores, further supported by like for like growth, offset in part by the on-going transfer of corporate stores to sub-franchises. Operating profit in the Group's Turkey segment increased by TRY24.5 million to TRY44.2 million, or 124%, in 2016, and by TRY7.0 million to TRY19.7 million, or 56% in 2015, reflecting the continued expansion of the Group's system stores.

Revenue in the Group's Russia segment increased significantly during the period under review, by TRY45.7 million to TRY77.7 million, or 143%, in 2016, and by TRY12.1 million to TRY32.0 million, or 61% in 2015. These increases primarily reflected the development of the Group's corporate stores in Russia, which expanded from 19 to 68 stores, as well as like for like growth and ramp up of the Group's stores. Operating loss in the Group's Russia segment decreased, by TRY11.8 million to TRY2.3 million, in 2016, as the Russia segment gross profit covered a larger portion of its general and administrative expenses and selling and marketing expenses as the network scale increased. Operating loss in the Group's Russia segment increased by TRY3.9 million to TRY14.2 million, in 2015, reflecting the continued expansion of the Group's system stores, as well as additional personnel recruited for centralised functions.

Liquidity and capital resources

The Group's principal cash requirements consist of the following:

- capital expenditures related to investments in the Group's operations and maintenance and upgrades of the Group's existing stores and facilities;
- servicing the Group's indebtedness;
- paying taxes; and
- working capital requirements.

The Group's principal sources of liquidity consist of the following:

- cash flows from the Group's operating activities; and
- short-term and long-term loans and financings.

In 2016, the Group used the Group's cash flow generated by operations primarily for investing activities and to service the Group's outstanding debt obligations.

The Group believes, based on its current business plan, that the working capital available to the Group is sufficient for the Group's present requirements, that is, for the next 12 months following the date of this Prospectus.

Cash flows

The following table sets forth the Group's consolidated statements of cash flows for the years presented:

	For the three months ended 31 March		For the year ended 31 December		
	2017	2016	2016	2015	2014
	(unaudited)				
	(in millions of TRY)				
Cash flows generated from operating activities	21.8	(18.6)	1.9	21.1	21.4
Cash flows used in investing activities	(8.5)	(5.5)	(42.9)	(33.7)	(30.7)
Cash flows generated from financing activities	(12.0)	41.9	47.0	14.6	7.1
Net increase in cash and cash equivalents	**1.8**	**18.3**	**6.0**	**2.5**	**(3.0)**
Cash and cash equivalents as of Period End[1]	**21.3[2]**	**31.8**	**19.5[1]**	**13.5**	**11.0**

Notes:

(1) Excludes TRY23.2 million deposit for loan guarantees

(2) Excludes TRY24.4 million deposit for loan guarantees

Cash flows generated from/(used in) operating activities

For purposes of the Group's consolidated statements of cash flows, operating activities include the Group's principal revenue-producing activities and other activities that are not investing or financing activities.

	For the three months ended 31 March		For the year ended 31 December		
	2017	2016	2016	2015	2014
	(unaudited)				
	(in millions of TRY)				
Profit (loss) for the year before tax:	8.7	3.9	38.3	(18.5)	(14.1)
Adjustments for:					
Depreciation	6.5	5.0	19.8	17.8	13.4
Amortisation	2.8	1.8	6.9	6.9	6.2
Losses on sale of property and equipment, net	0.4	0.1	0.9	1.6	—
Provision for performance bonus	1.1	1.0	3.2	2.8	1.6
Non-cash employee benefits expense—share based payments	1.8	2.6	5.7	3.2	2.8
Interest income	(0.2)	(0.3)	(1.4)	(1.1)	(1.7)
Interest expense	5.7	3.6	16.6	13.1	9.0
Foreign exchange (gains) / losses on borrowings	(3.2)	(4.3)	(15.4)	10.7	9.7
Change in operating assets and liabilities:					
Changes in trade receivables	11.4	(4.0)	(23.2)	(10.8)	(1.9)
Changes in other receivables and assets	0.7	(16.7)	(30.1)	(8.7)	2.9
Changes in inventories	(4.1)	(0.1)	(7.2)	(13.2)	(2.8)
Changes in trade payables	(5.8)	(8.5)	(2.7)	3.7	1.8
Changes in other payables and liabilities	2.3	2.9	0.9	20.7	(0.9)
Taxes paid	(3.0)	(2.7)	(7.5)	(5.4)	(2.7)
Performance bonuses paid	(3.2)	(2.8)	(2.8)	(1.6)	(2.0)
Cash flows generated from (used in) operating activities	**21.8**	**(18.6)**	**1.9**	**21.1**	**21.4**

The Group's cash flows from operating activities increased to TRY21.8 million in the three months ended 31 March 2017, from a use of TRY18.6 million in the three months ended 31 March 2016.

In the three months ended 31 March 2017, the Group recorded profit before tax of TRY8.7 million, to which was added principally depreciation of TRY6.5 million, amortisation of TRY2.8 million and net interest expense of TRY5.7 million. The increase in net interest expense as compared to the corresponding period in 2016 reflected the increase in the Group's financial borrowings. In addition, foreign exchange gains on borrowings decreased to a use of cash of TRY3.2 million in the three months ended 31 March 2017, from a use of TRY4.3 million in the three months ended 31 March 2016, reflecting lower appreciation of the Russian rouble against the euro.

The Group's cash flows from operating activities decreased from TRY21.4 million in 2014 to TRY21.1 million in 2015, and to TRY1.9 million in 2016.

In 2016, the Group recorded profit for the year before tax of TRY38.3 million, to which was added principally depreciation of TRY19.8 million, amortisation of TRY6.9 million and net interest expense of TRY15.2 million. The increase in interest expense as compared to prior periods reflected increased financial borrowings incurred. Foreign exchange losses on borrowings also amounted to a use of TRY15.4 million, as the Russian rouble appreciated against the euro, in which most of the Group's non-Turkish lira borrowings are denominated. The Group's change in operating assets and liabilities in 2016 was significantly affected by an increase in trade receivables of TRY23.2 million in connection with delay in collections in connection with the period end occurring on a Saturday, resulting in the collection of many receivables being delayed until the following Monday, 2 January 2017, as well as an increase in inventories of TRY7.2 million. The Group's other receivables and assets increased by TRY30.1 million, mainly due to a deposit of €6.2 million provided by the Group's Turkish business in connection with loan guarantees for its Russian segment; the deposit bears interest at three per cent. per annum, but the principal is blocked until the loan is repaid, scheduled for February 2019.

In 2015, the Group recorded a loss for the year before tax of TRY18.5 million, which was offset principally by depreciation of TRY17.8 million, amortisation of TRY6.9 million and net interest expense of TRY12.0 million. The Group's change in operating assets and liabilities in 2015 was significantly affected by an increase in trade receivables and other receivables and assets of TRY19.5 million in connection with the general growth in the business and increased financing provided to sub-franchisees for store openings and transfers, and an increase

in inventories of TRY13.2 million to take advantage of better raw material prices, offset by an increase in trade payables of TRY3.7 million reflecting the payment terms of the additional inventory build up and an increase in other payables and liabilities of TRY20.7 million primarily due to up-front rebate payments from the Group's suppliers.

In 2014, the Group recorded a loss for the year before tax of TRY14.1 million, which was offset principally by depreciation of TRY13.4 million, amortisation of TRY6.2 million and net interest expense of TRY7.3 million. The Group's change in operating assets and liabilities in 2014 was affected by an decrease in trade receivables resulting from better payment terms.

Cash flows used in Investing Activities

For purposes of the Group's consolidated statements of cash flows, investing activities include the acquisition and disposal of property, plant and equipment and other tangible and non-tangible assets.

	For the three months ended 31 March		For the year ended 31 December		
	2017	2016	2016	2015	2014
	(unaudited)				
	(in millions of TRY)				
Payments for property, plant and equipment	(6.9)	(4.7)	(37.5)	(28.3)	(27.8)
Payments for intangible assets	(3.5)	(0.9)	(8.2)	(7.4)	(3.1)
Disposal of tangible and intangible assets	2.0	0.2	2.8	1.9	0.1
Cash flows used in investing activities	**(8.5)**	**(5.5)**	**(42.9)**	**(33.7)**	**(30.7)**

The Group's cash flows used in investing activities increased from TRY5.5 million in the three months ended 31 March 2016 to TRY8.5 million in the three months ended 31 March 2017. These increases were driven primarily by increased payments for property, plant and equipment and intangible assets, reflecting the Group's corporate store openings in Russia, commissary and store maintenance, upgrades of stores to the Kaizen format and investments in information technology. This increase was partially offset by the receipt of cash from the disposal of tangible and intangible assets in connection with the transfer of corporate stores to franchised stores.

The Group's cash flows used in investing activities increased from TRY30.7 million in 2014 to TRY33.7 million in 2015 and TRY42.9 million in 2016. These increases were driven primarily by increased payments for intangible assets in connection with the Group's investments related to the Group's online ordering platforms and by increased payments for property, plant and equipment as the Group increased its corporate stores in Russia from 13 as at 31 December 2013 to 68 as at 31 December 2016.

See also "—*Capital expenditures*", below.

Cash-flows generated by financing activities

For purposes of the Group's consolidated statements of cash flows, financing activities include activities that result in changes in size and composition of its equity and borrowings.

	For the three months ended 31 March		For the year ended 31 December		
	2017	2016	2016	2015	2014
	(unaudited)				
	(in millions of TRY)				
Interest paid	(3.6)	(3.5)	(16.5)	(11.7)	(9.0)
Interest received	0.2	0.3	1.4	1.1	1.7
Loans obtained	125.5	159.4	545.8	624.2	272.0
Loans paid	(133.9)	(114.6)	(487.9)	(596.4)	(256.8)
Financial lease payments	(0.1)	0.3	4.2	(2.6)	(0.7)
Cash flows generated by financing activities	**(12.0)**	**41.9**	**47.0**	**14.6**	**7.1**

The Group's cash flows generated from financing activities were TRY41.9 million in the three months ended 31 March 2016 and a use of TRY12.0 million in the three months ended 31 March 2017. The significant decrease primarily reflected a reduced volume of short-term borrowings and an increased volume of loan payments as the Group's increased cash flow generated from operating activities enabled it to self fund at a greater level.

The Group's cash flows generated from financing activities were TRY7.1 million in 2014, TRY14.6 million in 2015 and TRY47.0 million in 2016. The increases primarily reflected borrowings in excess of repayments, as the Group invested in the expansion of its Russian operations.

Working capital

The following table shows the Group's working capital as at the date indicated:

	As at 31 March	As of 31 December		
	2017	2016	2015	2014
	(unaudited)			
	(in millions of TRY)			
Current assets[1]	109.6	120.0	85.1	56.1
Current liabilities[2]	80.2	85.5	86.5	58.0
Working capital	**29.4**	**34.5**	**(1.4)**	**(1.8)**

Notes:

(1) Excludes cash and cash equivalents

(2) Excludes financial liabilities

Capital expenditures

The Group's capital expenditures, defined as additions to property, plant and equipment and additions to intangible assets, amounted to TRY10.5 million, TRY45.7 million, TRY35.7 million and TRY30.8 million for the three months ended 31 March 2017 and the years ended 31 December 2016, 2015 and 2014, respectively.

	For the three months ended 31 March		For the year ended 31 December		
	2017	2016	2016	2015	2014
	(unaudited)				
	(in millions of TRY)				
Turkey	4.8	2.9	25.0	20.7	26.4
Russia	5.7	2.7	20.7	14.9	4.5
Total capital expenditures	**10.5**	**5.6**	**45.7**	**35.7**	**30.8**

During the period under review up to the date of the Prospectus, the Group has incurred capital expenditures primarily to construct new stores, to renovate and relocate old stores, to expand the headquarters of the Turkish Operations as well as the innovation centre in Istanbul and for maintenance of existing corporate store network and commissaries. The Group has also incurred capital expenditures for investments in information technology, including its online ordering platform. The Group classifies approximately 49%, 47% and 70% of its capital expenditures in Turkey in 2016, 2015 and 2014, respectively, for expansion, with the remainder as maintenance. The Group classified approximately 66%, 74% and 63% of its capital expenditures in Russia 2016, 2015 and 2014, respectively, for expansion, with the remainder as maintenance. For the three months ended 31 March 2017, the Group classified approximately 49% of its capital expenditures in Turkey and 38% of its capital expenditures in Russia as for expansion, with the balance for maintenance. On a consolidated basis, the Group classified approximately 69%, 59% and 57% of its capital expenditures 2016, 2015 and 2014, respectively as for expansion, with the remainder for maintenance. For the three months ended 31 March 2017, the Group classified approximately 43% of its capital expenditures as for expansion, with the remainder for maintenance.

The Group expects to finance its future capital expenditures through cash from operations, and if necessary, from bank loans or issuances of debt or equity in the capital markets. For its Turkish Operations, including Georgia and Azerbaijan, the Group plans capital expenditures of approximately TRY20 million and approximately TRY22 million in 2017 and 2018, respectively. For its Russian operations, the Group plans capital expenditures of approximately RUB500 million and approximately RUB300 million in 2018, respectively. Reflecting the nature of its business, the Group has not incurred any firm commitments with respect to its future capital expenditures.

Contractual obligations

The table below sets forth the outstanding balance of the Group's financial liabilities by remaining contractual maturity as at 31 December 2016.

	Less than one year	From one to five years	More than five years	Total
		(in millions of TRY)		
Borrowings	115.9	73.3	—	189.2
Finance leases	3.0	7.3	—	10.3
Trade and other payables	39.4	—	—	39.4
Operating lease commitments	10.3	14.9	2.5	27.7
Total contractual obligations	**168.5**	**95.5**	**2.5**	**266.6**

The table below sets forth the total cash outflows in accordance with the Group's contractual obligations over the remaining period as at 31 December 2016.

	Less than three months	From three to twelve months	From one to five years	Total
Borrowings and finance leases	84.0	41.3	86.2	211.5
Third party trade payables	39.7	—	—	39.7
Total contractual obligations	**123.7**	**41.3**	**86.2**	**251.2**

Indebtedness

The Group's indebtedness profile as of 31 March 2017 and 31 December 2016, 2015 and 2014 was as follows:

	As at 31 March	As of 31 December		
	2017	2016	2015	2014
	(unaudited)	(in millions of TRY)		
Total financial liabilities	**202.2**	**199.5**	**123.7**	**89.8**
Bank borrowings, *of which*	190.3	189.2	119.3	85.5
€ denominated	131.9	135.3	72.9	57.0
TRY denominated	58.5	53.9	46.4	28.4
Financial lease commitments	11.9	10.3	4.4	4.3

A description of the Group's material financing arrangements is set forth below.

Uncommitted facilities

The Group enters into general loan agreements with a range of Turkish banks. These agreements are subject to customary covenants and events of default, seizure of assets held by the bank as securities for company loans, regular disclosure of financials and change of control clauses and which are rolled over at the end of the term. Nearly all of the Turkish bank borrowings are short term. The banks make periodic revisions to determine the risk limits they are willing to make available to the Group and regularly assess the Group's financial position. These loans are also callable by the bank at their request. The Group has not received any call requests nor have the Turkish banks that lend to it under these facilities declined any drawdown requests during the period under review. As at 31 March 2017 the limits available under these types of facilities amount to TRY186.8 million of which TRY90.5 million is drawn. The interest rate is floating and is set periodically between the bank and the Group. The Group works with the following banks in this manner: Türkiye Garanti Bankası A.Ş., Türkiye İş Bankası A.Ş., Finansbank A.Ş., Türk Ekonomi Bankası A.Ş., Akbank Türk A.Ş, Türkiye Halk Bankası A.Ş., ING Bank A.Ş., Fibabanka A.Ş., Denizbank A.Ş. and Türkiye Finans Katılım Bankası A.Ş.

The Group enters into financial leases primarily relating to the Group's delivery motorbikes and cars.

Committed facilities

On 22 July 2010, the Group entered into the Facilities Agreement. The facility is repayable each six months at a rate of 4.5% over LIBOR, due on 2 September 2018. As of 31 March 2017, the total outstanding amount is TRY11.3 million or €2.9 million. All available amounts have been fully drawn under the Facilities Agreement. The loan is subject to a pledge over all of the material assets of Turkish OpCo, as well as a bank account pledge and pledge of receivables under sub-franchise agreements.

Pursuant to the Facilities Agreement, Turkish OpCo is subject to a number of covenants, including: (i) to maintain a consolidated free cash flow to total debt service ratio not be less than 1.1:1, (ii) to maintain a consolidated net debt to consolidated EBITDA not more than 2.5:1, (iii) not to pledge, lease or dispose any of its assets without the bank's consent, (iv) not to become a guarantor of a third party's debts without the bank's consent, (v) not to distribute any dividend or share premium reserve, or pay any charges or fees to shareholders other than those permitted by the bank, (vi) not to become financially indebted other than those permitted by the bank. Any real property acquired by Turkish OpCo is also to be subject to a mortgage in favour of the bank for securing the bank's receivables under the Facilities Agreement. As at 31 December 2016, with respect to the covenant referred to at (i) above, the total debt service cover ratio was 9.1:1 (which reflects the fact that borrowing under uncommitted facilities of the Group are not taken into account for the purposes of this covenant under the Facilities Agreement). With respect to the covenant referred to at (ii) above, based on the definition of debt set out in the Facilities Agreement (which does not include any borrowings under the uncommitted facilities entered into by the Group), the Group had nil net debt as at 31 December 2016 (and therefore, as at such date, was in compliance with this covenant).

The Facilities Agreement is subject to the following events of default: (i) non-payment, (ii) failure to satisfy financial covenants (ii) failure to fulfil any obligations under the Facilities Agreement, including any security agreements or other documents executed in relation to those, which is not remedied within the periods set forth under the Facilities Agreement, (iii) any financial indebtedness of a member of the Group not paid when due, (iv) the occurrence of suspension of payments, insolvency, bankruptcy, arrangement of debts, winding up, dissolution and any similar event or the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer, (v) enforcement of any security over assets of any obligor exceeding €200,000, (vi) occurrence of expropriation, attachment, sequestration, or any similar process affecting the assets of an obligor of more than €200,000 or the expropriation or nationalisation of assets of the company which is crucial for the conducting of its business, (vii) occurrence of an event of default which may lead termination and not remedied, or termination of the Master Franchise Agreement. Upon occurrence of an event of default, the bank may cancel the total commitments and demand payment of any outstanding amounts in part or in whole.

The Group's Russian Operations bank borrowings are denominated in euro. These have a floating interest rate with a fixed margin above EURIBOR and principal payment schedules. The Group has received such loans from JSC Isbank, JSC "Denizbank Moscow", Credit Europe Bank Ltd., and Denizbank AG. These loans benefit from a suretyship, cash collateral and counter-guarantees granted by Turkish OpCo. In connection with the suretyship granted by Turkish OpCo, Turkish OpCo made a deposit of €6.2 million (TRY22.3 million as at 31 December 2016) with the relevant lending bank. This amount is blocked until the scheduled repayment of the loan in February 2019, and bears interest accruing to Turkish OpCo at three per cent. per annum.

Intangible assets and goodwill

The Group's principal intangible assets consist of key money, which comprises payments made to incumbent tenants to obtain leases for stores; franchised contracts, consisting of fees paid for the acquisition of the master franchise; and computer software which is carried at cost less accumulated amortisation and any impairment loss. The following table shows details of the cost, accumulated amortisation and the net book value of the Group's intangible assets as of 31 March 2017:

	Cost	Accumulated amortisation	Net book value
	(in millions of TRY)		
Key money	4.7	(1.8)	2.9
Franchise contracts	48.5	(31.9)	15.6
Computer software	21.2	(5.8)	15.4
Other	0.1	—	0.1
Total	**74.5**	**(39.5)**	**35.0**

The following table shows details of the cost, accumulated amortisation and the net book value of the Group's intangible assets as of 31 December 2016:

	Cost	Accumulated amortisation	Net book value
	(in millions of TRY)		
Key money	2.7	(1.3)	1.4
Franchise contracts	48.5	(30.7)	17.8
Computer software	19.5	(4.7)	14.9
Total	**70.7**	**(36.7)**	**34.0**

The Group's goodwill balance amounted to TRY43.6 million as of 31 December 2016, 2015 and 2016. Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquired business and the fair value of the non-controlling interest in the acquired entity.

The Group recognised goodwill of TRY38.0 million in connection with its acquisition of Turkish OpCo in September 2010, and TRY5.6 million in connection with its acquisition of the Russian Operations in February 2013.

Off-balance sheet arrangements and contingencies

Other than certain bank and other guarantees made in the ordinary course of the Group's business and amounting to TRY33.2 million as at 31 March 2017 and TRY1.7 million as of 31 December 2016, the Group does not engage in off-balance sheet financing arrangements. The significant increase in guarantees given in the first quarter of 2017 resulted from a counter-guarantee given by the Turkish OpCo for a loan of the Russian OpCo. In addition, the Group does not have any interest in entities referred to as special purpose entities, which include special purposes entities and other structured finance entities.

The Group benefited from guarantees for trade receivables in the aggregate amount of TRY44.0 million as at 31 March 2017 and TRY42.5 million as of 31 December 2016, consisting of guarantee notes and letters received. The Group receives a guarantee from its sub-franchisees for its receivables; these are unsecured and given by the sub-franchisees themselves. Guarantee letters are given by the bank in the name of the sub-franchisees.

Tax assets

As of 31 March 2017 and 31 December 2016, the Group had unrecognised potential deferred tax assets in respect of unused tax loss carry forwards associated with its Russian Operations of TRY20.7 million and TRY22.5 million respectively. Based on the change in the tax code in the Russian Federation after 31 December 2015 the prior 10-year limitation on the carry forward tax losses for a 10-year period has been abolished, and these amounts will be carried forward until fully recognised.

Critical accounting policies and estimates

The preparation of the Group's consolidated financial information requires the Group's management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. Those estimates are reviewed periodically, and as adjustments become necessary, they are recognised in the income statement when they are realised.

For a description of the Group's critical accounting policies, please see Note 2 of Section B of Appendix 1 "*Historical Financial Information—Basis of presentation of combined and consolidated financial information*".

Significant estimates used in the preparation of these consolidated financial statements and the significant judgments with the most significant effect on amounts recognised in the consolidated financial statements are set out below.

Goodwill

Goodwill arises on the acquisition of subsidiaries. Goodwill represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree. For the purpose of

impairment testing, goodwill acquired in a business combination is allocated to each of the Group's cash generating units, consisting of the Group's stores, which is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill is monitored at the operating segment level. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

The recoverable amount of cash generating units is calculated based on value in use. The Group makes pre-tax cash flow projections based on financial budgets approved by management covering a five year period; cash flows beyond the five-year period are extrapolated using estimated growth rates. For the purpose of assessing impairment, the discounted cash flows calculated based on the Group's revenue projections for five years are compared to the carrying value of goodwill.

The value in use calculations with respect to the Group's operations are particularly sensitive to the growth rate beyond five years and the pre-tax discount rate. Management determines the growth rate based on past performance and its expectations on market development; the discount rate used takes account of the specific risks related to the Group.

Tangible assets

All property and equipment is initially recorded at cost and recorded at cost less accumulated depreciation and any accumulated impairment loss. The Group assesses its performance separately for each store and decides whether to cease its operating in a store by assessing its discounted cash flows. For the purpose of assessing impairment, the discounted cash flows calculated based on the Group's revenue projections for ten years are compared to the carrying value of the stores.

Deferred tax

Deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Various factors are considered to assess the probability of the future utilisation of deferred tax assets, including past operating results, operational plan, expiration of tax losses carried forward, and tax planning strategies. If actual results differ from these estimates or if these estimates must be adjusted in future periods, the financial position, results of operations and cash flows may be negatively affected. In the event that the assessment of future utilisation of deferred tax assets must be reduced, this reduction will be recognised in the statement of profit or loss.

Share-based payments

The Selling Shareholders have implemented two plans to incentivise Senior Management: the Phantom Option Scheme (as referred to in paragraph 5.2 of Part 14 "*Additional Information—Directors' and Senior Management's compensation and other matters*") and the CEO Share Incentive Scheme (as referred to in paragraph 3.2 of Part 14 "*Additional Information—Share capital*").

Although the incentives are made available by the Selling Shareholders, the fair value of options granted is recognised as an employee benefits expense of the Group, with a corresponding increase in equity, including any market performance conditions (e.g. the entity's share price) but excluding the impact of any service and non-market performance vesting conditions (e.g. remaining an employee of the Group over a specified time period). The total expense is recognised by the Group over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

For the Phantom Option Scheme, upon a sale of Shares by Selling Shareholders, the options are settled in cash by the Selling Shareholders. For the CEO Share Incentive Scheme, annual awards are recognised as an expense in the income statement, provided the annual vesting conditions are met. The CEO Share Incentive Scheme is settled by the issue of new ordinary shares, paid up by debiting the Company's share premium reserve.

Under these two existing plans, the cumulative non-cash charge is TRY18.5 million as at 31 March 2017, and TRY16.7 million, TRY11.0 million and TRY7.7 million as at 31 December 2016, 2015 and 2014, respectively. There are not any plans forfeited in the period under review.

The Phantom Option Scheme

The Phantom Option Scheme entitles the relevant employees to a cash payment at the date of an exit by the Selling Shareholders. The amount payable will be determined based on the difference between the equity value of the entities at the time of exit and their grant dates. Granted options will only vest if certain conditions are met, including continued employment with the Group, and if there is an event of a complete sale of its entire interest in the Company by the Selling Shareholders. However, the Selling Shareholders have the right to exercise these plans even if they do not sell their entire interest, and may determine the amount payable to employees pro rata their exited shareholding.

Based on this scheme, the difference between the grant equity value and the exit value of the entities have been allocated for Turkish OpCo and Russian OpCo separately and multiplied by the respective option amount of each individual.

Options are granted under the plan for no consideration and carry no dividend or voting rights. When exercised, the whole payout will be made by the Selling Shareholders in cash and any taxes, fees or any other costs related to the incentive will be borne by employees within the incentive plan.

The exit equity value of the options has been calculated by discounted cash flow models of the Group for the financial statements. The fair value of the incentive schemes have been determined by using pre-tax cash flow projections. The Group prepares pre-tax cash flow forecasts derived from the most recent financial budgets approved by management for the next five years and extrapolates cash flows for the remaining term based on average long-term growth rates of three per cent. to seven per cent. for the Group's markets. This valuation, less the exercise price of the option and after applying the probability of vesting gives the value of the options. Significant assumptions are noted below. The key assumptions applied in the valuation model include the expected product price, demand for the products, product cost and related expenses. Management determined these key assumptions based on past performance and its expectations on market development. Further, management applied discount rates of 12% to 17%, which were reflective of country specific Group risks and are exercisable for nil consideration.

CEO Share Incentive Scheme

The CEO Share Incentive Scheme was put in place in 2011 between the Selling Shareholders. Based on performance targets, and the continuing employment of the Chief Executive Officer, the shares in the Company (or in the predecessor holding companies of the business of the Company) would have been granted each year to Vision Lovemark for nil consideration. The fair value of the shares granted was determined with reference to an EBITDA-based enterprise value of the Group's Turkish segment. The vesting period for each grant was one year. On 30 December 2016, the Company issued 32,740 shares each with a nominal value of €0.01 to Vision Lovemark under the CEO Share Incentive Scheme, which was paid up by debiting the Company's share premium reserve by €327.40. The share incentive scheme has been terminated as of year-end 2016.

Leases

The International Accounting Standards Board ("**IASB**") issued IFRS 16 ("*Leases*") in January 2016, which will become effective from 1 January 2019. The Group is considering the changes required by IFRS 16 and expects to comply with such requirements by the time IFRS 16 comes into effect. The Group is currently analysing the potential impact of the first-time application of this standard on its consolidated financial statements. If and when it becomes mandatory or is otherwise adopted by the Group, will impact the Group's accounting for those of the Group's leases that are currently accounted for as operating leases. These include leases of premises for the Group's corporate stores as well as the Group's headquarters and commissaries. In accordance with currently applicable IFRS, the Group expenses payments made under the Group's operating leases in the Group's combined and consolidated statement of comprehensive income on an as-incurred basis and does not reflect any asset or liability in respect of such leases in its combined and consolidated statement of financial position. Following application by the Group of IFRS 16 (which the Group expects as of 1 January 2019), the Group will be required to recognise assets and liabilities in respect of the Group's operating leases on its combined and consolidated statement of financial position. The Group is currently not able to estimate the impact of the adoption of IFRS 16 on its financial statements. Please also see Part 1 *"Risk Factors—The implementation of IFRS 16 ("Leases") may have a significant impact on the Group's financial statements.*"

Quantitative and qualitative disclosures about market risk

The Group is exposed to various financial risks: market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group's global risk management focuses on uncertainty in the financial markets and aims to minimise potential adverse effects on the Group's profits.

Risks are managed by the Group's finance department in accordance with policies approved by the Group's board of directors. The finance department identifies, evaluates and mitigates financial risks in close collaboration with the Group's operational units. The Group's board of directors issues global risk management policies, as well as policies for specific issues such as currency risk, interest rate risk, liquidity risk, the use of derivatives and non-derivative instruments and investments of cash surpluses. For a description of the Group's market risks please see Part 1 "*Risk Factors—Exchange rate fluctuations could have an adverse effect on the Group*", and Note 23 of Section B of Appendix 1 "*Historical Financial Information—Share-based payments*".

PART 11

CAPITALISATION AND INDEBTEDNESS

The information set forth in the two tables below should be read in conjunction with Part 10 "*Operating and Financial Review*" and the Group's combined and consolidated financial statements included in Appendix 2 "*Unaudited Interim Financial Information*".

The tables below set out the Company's consolidated current debt, non-current debt, shareholders' equity, total capitalisation and indebtedness as of 31 March 2017 on an actual basis and as adjusted to reflect (i) the proceeds to the Company from the Offer as described in paragraph 3 of Part 12 "*The Offer—Reasons for the Offer and use of proceeds*" and (ii) the Share Reorganisation as described in paragraph 3.2 of Part 14 "*Additional Information—Share capital*". This table should be read in conjunction with the Financial Information and notes thereto included elsewhere in this Prospectus.

Statement of capitalisation and indebtedness[1]

	As at 31 March 2017	As adjusted[6] for the Offer, and the Share Reorganisation
	(unaudited) (in millions of TRY)	
Current debt		
Guaranteed[2]	27.2	27.2
Secured[3]	9.8	9.8
Unguaranteed/Unsecured	79.2	79.2
Total current debt	**116.2**	**116.2**
Non-current debt (excluding current portion of long-term debt)		
Guaranteed[4]	48.5	48.5
Secured[5]	25.6	25.6
Unguaranteed/Unsecured	—	—
Total non-current debt	**74.1**	**74.1**
Shareholders' Equity		
Share capital	0.1	36.3
Share premium	63.8	120.7
Translation deficit	(14.6)	(14.6)
Other deficits	(1.7)	(1.7)
Total capitalisation[7]	**47.6**	**140.7**

Notes:

(1) This statement of capitalisation and indebtedness has been prepared under IFRS using policies which are consistent with those used in preparing the Annual Financial Information set out in Section B of Appendix 1 "*Historical Financial Information*"

(2) Current guaranteed debt consists of borrowings of Russian OpCo that are guaranteed by Turkish OpCo

(3) Current secured debt consists of borrowings of Turkish OpCo from Türkiye İş Bankası A.Ş. which are secured with bank account pledges, a commercial enterprise pledge and an assignment of receivables

(4) Non-current guaranteed debt consists of borrowings of Russian OpCo that are guaranteed by Turkish OpCo

(5) Non-current secured debt consists of borrowings of Russian OpCo from Deniz Bank, which are secured with a cash deposit by Turkish OpCo, and borrowings of Turkish OpCo from Türkiye İş Bankası A.Ş. which are secured with bank account pledges, a commercial enterprise pledge and an assignment of receivables

(6) The adjustments comprise the effects of the issue of New Shares and the Share Reorganisation on share capital and share premium (but do not take into account the effect on share premium of the cost of the Underwriters' commission in connection with the issuance of New Shares)

(7) Total capitalisation is the sum of shareholders' equity

Indebtedness

	As at 31 March 2017	As adjusted[3] for the Offer
	(unaudited) (in millions of TRY)	
Cash	13.6	**106.8**
Cash equivalents[1]	7.7	7.7
Trading securities	—	—
Liquidity	**21.3**	**114.5**
Current financial receivable	**—**	—
Current bank debt	79.2	79.2
Current portion of non-current debt	37.0	37.0
Other current financial debt[2]	3.4	3.4
Current financial debt	**119.6**	**119.6**
Net current financial indebtedness	**98.3**	**5.1**
Non-current bank loans	74.1	74.1
Bonds issued	—	—
Other non-current loans[2]	8.4	8.4
Non-current financial indebtedness	**82.5**	**82.5**
Net financial indebtedness	**180.8**	**87.6**

Notes:

(1) Cash equivalents consist of credit card receivables

(2) Other current financial debt/Other non-current loans consist of leasing liabilities

(3) The adjustment represents the receipt of gross proceeds from the issue of New Shares on cash

The Company has no indirect or contingent indebtedness as at 31 March 2017.

PART 12

THE OFFER

1 Shares subject to the Offer

The Offer comprises an offer of: (i) 10,372,414 New Shares to be issued by the Company raising net proceeds of approximately £17.7 million (net of underwriting commissions, other estimated Offer-related fees and expenses and VAT of approximately £3.03 million); (ii) 63,758,021 Existing Shares to be sold by the Selling Shareholders and (iii) up to a maximum of 11,119,565 Over-allotment Shares, raising gross proceeds of approximately £127.5 million (subject to the payment of underwriting commissions, other estimated Offer-related fees and expenses and VAT and assuming no exercise of the Over-allotment Option).

The currency of the Shares is euro (€) but they shall trade in sterling (£).

Up to 11,119,565 Over-allotment Shares (representing up to a maximum of 15% of the total number of New Shares and Existing Shares) are being made available by Fides Food Systems pursuant to the Over-allotment Option described below. The Company will not receive any proceeds from the sale of Existing Shares (all of which will be paid to the Selling Shareholders), or the proceeds from the sale of the Over-allotment Shares pursuant to the Over-allotment Option (all of which will be paid to Fides Food Systems).

The Shares will be diluted by the issue of 10,372,414 New Shares pursuant to the Offer. The New Shares to be issued pursuant to the Offer will represent approximately 7.7% of the existing Ordinary Share capital of the Company, and approximately 7.1% of the enlarged ordinary share capital of the Company immediately following Admission.

2 The Offer

The Offer is being made by way of: (i) an offer of the Offer Shares to institutional investors in the United Kingdom and elsewhere outside the United States in reliance on Regulation S; and (ii) in the United States to persons reasonably believed to be QIBs in reliance on Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

The distribution of this Prospectus and the offer and sale of the Offer Shares are subject to the restrictions set out in paragraph 15 "*—Selling restrictions*" below.

When admitted to trading, the Shares will be registered with ISIN number NL0012328801 and SEDOL number BZ12PK4 and it is expected that the Shares will be traded under the ticker symbol DPEU.

The Offer Shares being issued or sold pursuant to the Offer will, on Admission, rank equally in all respects with the Shares in issue, including for all dividends and other distributions thereafter declared, made or paid on the share capital of the Company. The Offer Shares will, immediately on and from Admission, be freely transferable, subject to the Articles of Association. The rights attaching to the Offer Shares, including any Over-allotment Shares sold pursuant to the Over-allotment Option, will be uniform in all respects and they will form a single class for all purposes.

Immediately following Admission, 51% of the Company's issued ordinary share capital will be held in public hands (within the meaning of paragraph 6.1.19R of the UK Listing Rules), assuming no Over-allotment Shares are acquired pursuant to the Over-allotment Option (increasing to 58.6% if the maximum number of Over-allotment Shares are acquired pursuant to the Over-allotment Option).

The treatment of subscriptions or bids to subscribe in the Offer has not been determined on the basis of the firm they are made through or by.

3 Reasons for the Offer and use of proceeds

The Group believes the Offer and Admission will:

- further enhance the Company's profile and brand recognition;
- provide the Group access to a wider range of capital-raising options which may be of use in the future; and
- provide the Selling Shareholders with a partial realisation of their investment in the Company.

The Company intends to use the net proceeds it receives from the issue of New Shares in the Offer for general corporate purposes to support the Group's working capital needs from time to time and, in particular, to fund

the planned roll-out of corporate stores in Russia. The Company currently expects to use the majority of such net proceeds for general corporate purposes. The Company expects to allocate the currency equivalent of approximately RUB400 million of such net proceeds to the planned Russian corporate store roll-out in 2017 and 2018. The Group uses cash flow from its operations and from banking facilities to support its liquidity requirements and expects to use the remaining net proceeds it receives from the issue of New Shares to supplement these requirements as and when needed.

4 Pricing

Under the Offer, all the Offer Shares will be sold, payable in full at the Offer Price. The latest time and date for indications of interest in acquiring Offer Shares is at the expiry of the Offer Period set out in Part 4 "*Expected Timetable of Principal Events and Offer Statistics*" but that time may be extended at the discretion of the Company (with the agreement of the Underwriters).

The Underwriters will notify participants in the Offer of any allocation of Offer Shares to them on the date of, or immediately following the date of allocation. Prospective investors in the Offer will be committed to acquiring the number of Shares allocated to them at the Offer Price and, to the fullest extent permitted by law, will be deemed to have agreed not to exercise any rights to rescind or terminate, or otherwise withdraw from, such commitment.

5 Dealing arrangements

Application has been made to (i) the FCA for the Shares to be admitted to listing on the premium listing segment of the Official List and (ii) the London Stock Exchange for such Shares to be admitted to trading on the London Stock Exchange's main market for listed securities.

It is expected that Admission will take place and unconditional dealings in the Shares will commence on the London Stock Exchange at 8.00 a.m. (London time) on or around 3 July 2017. Settlement of dealings from that date will be on a two-day trading day rolling basis. These dates and times may be changed without further notice.

The Company has established arrangements to enable investors to settle the Shares under the UK-based CREST system for the paperless settlement of trades in listed securities, of which EUI is the operator ("**CREST**"). CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument. Securities issued by non-UK companies, such as the Company, cannot be held or transferred electronically in the CREST system. To enable investors to settle the Shares through CREST, the Company has entered into a Depositary agreement with the Depositary ("**Depositary Agreement**"). It is intended that settlement of Shares allocated to investors will take place by means of crediting Depositary Interests to relevant CREST stock accounts on Admission. No temporary documents of title will be issued. See paragraph 10 "*—CREST*" below.

The Underwriters and any of their affiliates acting as an investor for its or his or her own account may hold Shares, any other securities of the Company or other related investments. Such persons do not intend to disclose the extent of any such investment otherwise than in accordance with any legal or regulatory obligation to do so.

6 Stabilisation arrangements and Over-allotment Option

In connection with the Offer, Morgan Stanley, as Stabilising Manager (or any person acting for the Stabilising Manager) may, to the extent permitted by applicable law, over-allot or effect transactions with the view to supporting the market price of the Offer Shares or any options, warrants or rights with respect to, or other interest in, the Offer Shares or other securities of the Company, in each case at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on its behalf) will undertake stabilisation action. The Stabilising Manager is not required to enter into such transactions and such transactions may be effected on any securities market, over-the-counter market, stock exchange or otherwise and may be undertaken at any time during the period commencing on the date of the commencement of conditional dealings of the Shares on the London Stock Exchange and ending no later than the 30th calendar day thereafter. However, there will be no obligation on the Stabilising Manager or any of its agents to effect stabilising transactions and there is no assurance that stabilising transactions will be undertaken. Such stabilisation, if commenced, may be discontinued at any time without prior notice. In no event will measures be taken to stabilise the market price of the Shares above the Offer Price. Except as required by law or regulation, neither the Stabilising Manager nor any of its agents intends to disclose the extent of any over-allotments made and/or stabilisation transactions conducted in relation to the Offer.

In connection with the Offer, the Stabilising Manager may, for stabilisation purposes, over-allot Shares up to a maximum of 15% of the total number of Shares comprised in the Offer. For the purposes of allowing the Stabilising Manager to cover short positions resulting from any such over-allotments and/or from sales of Shares effected by it during the stabilising period, Fides Food Systems has granted the Stabilising Manager an Over-allotment Option pursuant to which the Stabilising Manager may purchase or procure purchasers for additional Shares up to a maximum of 15% of the total number of Shares comprised in the Offer at the Offer Price. The Over-allotment Option will be exercisable in whole or in part, upon notice by the Stabilising Manager, at any time on or before the 30th calendar day after the commencement of conditional dealings of the Shares on the London Stock Exchange. Any Over-allotment Shares made available pursuant to the Over-allotment Option will rank *pari passu* in all respects with the Shares, including for all dividends and other distributions declared, made or paid on the Shares, will be purchased on the same terms and conditions as the Shares being issued or sold in the Offer and will form a single class for all purposes with the other Shares. Assuming the Over-allotment Option is exercised in full, the Offer will be 85,250,000 Offer Shares.

7 Underwriting arrangements

Details of the terms of the Underwriting Agreement are set out in paragraph 8.1 of Part 14 "*Additional Information—Underwriting arrangements—Underwriting Agreement*".

8 Share Lending Agreement

Details of the terms of the Share Lending Agreement are set out in paragraph 8.2 of Part 14 "*Additional Information—Underwriting arrangements—Share Lending Agreement*".

9 Lock-up arrangements

Each of the Company, Fides Food Systems, Vision Lovemark, Mr. Aslan Saranga Mr. Peter Williams, Mr. Thomas Singer and Mr. Güvenç Dönmez have agreed, save for the exceptions set out below and other than pursuant to Admission, not to issue, offer, sell, issue options in respect of, contract to sell or otherwise dispose of, directly or indirectly, any securities of the Company that are substantially similar to the Shares or related securities during a period of 180 days, with respect to the Company and Fides Food Systems, and 365 days, with respect to Vision Lovemark, Mr. Aslan Saranga, Mr. Peter Williams, Mr. Thomas Singer and Mr. Güvenç Dönmez, in each case from (but not including) the date of Admission without the prior written consent of the Underwriters (which is exercisable at the Underwriters' absolute discretion).

With respect to the Company, the lock-up restrictions do not apply to the issue by the Company of any Shares upon the exercise of an option, or the grant of any option by the Company, under the share incentive schemes set out in paragraph 7 of Part 14 "*Additional Information—Employee incentive plans*".

With respect to the Selling Shareholders, Mr. Aslan Saranga, Mr. Peter Williams, Mr. Thomas Singer and Mr. Güvenç Dönmez, the lock-up restrictions do not apply to (i) the sale of the Offer Shares (including Over-allotment Shares) in the Offer and/or under the Share Lending Agreement; (ii) any sale or transfer of Shares approved in writing by Morgan Stanley; (iii) an acceptance of a full or partial public takeover bid in respect of the Shares; (iv) the transfer of all issued Shares pursuant to a legal merger or demerger or similar business combination with a third party; (v) a gift to a family member, to any person or persons acting in the capacity of trustee or trustees of a trust created by such individual or by the trustee or trustees of such trust to any person beneficially interested under that trust; (vi) a sale of any Shares which have been acquired following Admission including any acquired in or at the time of the Offer (subject to certain exceptions); (vii) a transfer of rights to new Shares to be issued by way of a rights issue to fund its or his take-up of the balance of its or his rights; and (viii) a transfer to or by personal representatives of an individual who dies during the lock-up period; and (ix) the sale or transfer of Shares to a holding company, in the case of the Selling Shareholders, or to a subsidiary undertaking provided that the transferee undertakes to comply with the lock-up restrictions.

10 CREST

The Offer Shares are issued in registered form.

The Company has applied for the Offer Shares to be admitted to CREST with effect from Admission, which is a requirement for admission to the London Stock Exchange's main market for listed securities. CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument. As stated above, securities issued by non-UK companies, such as the Company, cannot be held or transferred electronically (i.e. in dematerialised form) in the CREST system. However, depositary interests, representing the securities, can be dematerialised and settled

electronically. This means that the Shares are not themselves admitted to CREST. However, Depositary interests allow securities to be dematerialised and settled electronically. Pursuant to arrangements put in place by the Company, a depositary will hold, through a custodian, Shares and issue dematerialised Depositary Interests representing those underlying Shares which will be legally held on trust for the holders of the Depositary Interests. The Shares are in registered form and holders of Shares will be registered in the Company's shareholders' register. No share certificate will be issued. Therefore the Company will, prior to Admission, enter into depositary arrangements to enable investors to settle and pay for interests in Shares through the CREST system using Depositary Interests. The Depositary Interests will be independent securities constituted under English law which may be held and transferred through the CREST system. Application has been made for the Depositary Interests to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in the Depositary Interests following Admission may take place within the CREST system if any shareholder so wishes.

Legal title to Shares to be represented by Depositary Interests will be vested in the Depositary (or the Depositary's nominated custodian) and registered in the name of the Depositary (or the Depositary's nominated custodian). Directly, or through the custodian, the Depositary will hold the beneficial title to the Shares on trust for participating members to whom it will issue the dematerialised Depositary Interests. The Depositary Interests will be created pursuant to and issued on the terms of a deed poll executed by the Depositary in favour of the holders of the Depositary Interests from time to time (the "**Deed Poll**"). Prospective holders of Depositary Interests should note that they will have no direct entitlements in respect of the underlying Shares or the Depositary Interests representing them against the Company or its subsidiaries. Although the Company's register will show the Depositary or the Custodian as the legal holder of the Shares, the beneficial interest in the Shares will remain with the DI holder, who will have the benefit of substantially all the rights attaching to the Shares as if the DI holder were named on the Company's shareholders' register itself (except for voting rights in respect of which they will be entitled to give instructions). Each Depositary Interest will be treated as one Share for the purposes of determining the rights attaching to that Depositary Interest, for example, eligibility for any dividends. The Depositary Interests will have the same security code (ISIN number) as the underlying Shares and will not require a separate listing on the Official List. The Depositary Interests will be capable of being traded and settlement will be within the CREST system in the same way as any other CREST securities. If a DI holder wishes itself to hold legal title to the Share represented by its Depositary Interest, it may request that the relevant Depositary Interest is removed from CREST and that it is recorded in the Company's shareholders register. In order to achieve this, the Share shall have to be transferred to the DI holder through a written instrument and acknowledgement of the transfer by, or the service of a deed of transfer on, the Company pursuant to Section 2:86c of the Dutch Civil Code. A separate register of Depositary Interests may be kept by the Depositary in the United Kingdom, of which excerpts may be obtained by the Board. The Board is allowed to request the Depositary (i) to inspect the register of Depositary Interest Holders, (ii) for excerpts from the register of Depositary Interest Holders and (iii) for all such other information as the Board thinks fit.

11 Conditionality of the Offer

Settlement of the Offer is subject to the satisfaction of conditions which are customary for transactions of this type as set out in the Underwriting Agreement, including, among others, Admission occurring and becoming effective by no later than 8.00a.m. on 3 July 2017 or such later time and/or date as may be agreed in accordance with the terms of the Underwriting Agreement, and the Underwriting Agreement not having been terminated in accordance with its terms. Please see paragraph 8.1 of Part 14 *"Additional Information—Underwriting arrangements—Underwriting Agreement"* for further details about the underwriting arrangements.

The Company, the Directors, the Selling Shareholders and the Underwriters expressly reserve the right to determine, at any time prior to Admission, not to proceed with the Offer. If such right is exercised, the Offer (and the arrangements associated with it) will lapse and any monies received in respect of the Offer will be returned to applicants without interest. It is not expected that revocation of the Offer can occur at any time after Admission.

12 Offer Price and number of Offer Shares

The Offer Price and the number of Offer Shares have been determined on the basis of a book-building process. The Offer Price and the number of Offer Shares in the Offer were determined after the Offer Period ended by the Company and the Selling Shareholders, in consultation with the Underwriters, taking into account market conditions and factors, including:

- a qualitative assessment of demand for the Offer Shares;
- the Company's financial information;
- the Company's history and prospects and the industry in which it competes;
- an assessment of the Company's management, its past and present operations and prospects for, and timing of, the Company's future revenue;
- the present state of the Company's development;
- the above factors in relation to the market valuation of companies engaged in activities similar to those of the Company;
- the economic and market conditions, including those in the debt and equity markets; and
- any other factors deemed appropriate.

13 Withdrawal rights

If the Company is required to publish any supplementary prospectus, applicants who have applied for Offer Shares under the Offer shall have at least two clear business days following the publication of the relevant supplementary prospectus within which to withdraw their application to acquire Offer Shares in its entirety. The right to withdraw an application to acquire Offer Shares in these circumstances will be available to all investors under the Offer. If the application is not withdrawn within the stipulated period, any application to apply for Offer Shares under the Offer will remain valid and binding.

Details of how to withdraw an application will be made available if a supplementary prospectus is published. Any supplementary prospectus will be published in accordance with the Dutch Financial Supervision Act (and notification thereof will be made to a Regulatory Information Service) but will not be distributed to investors individually. Any such supplementary prospectus will be published online on the Company's website at www.dpeurasia.com and available in printed form free of charge at the registered office of the Company until 14 days after Admission.

14 Allocations under the Offer

The allocation of Offer Shares among prospective investors has been determined jointly by the Company and the Underwriters. All Shares sold pursuant to the Offer will be sold, payable in full, at the Offer Price. No commissions, fees, expenses or taxes will be charged to investors by the Company under the Offer.

Upon accepting any allocation, prospective investors will be contractually committed to acquire the number of Offer Shares allocated to them at the Offer Price and, to the fullest extent permitted by law, will be deemed to have agreed not to exercise any rights to rescind or terminate, or otherwise withdraw from such commitment. Dealing may not begin before notification is made. A number of factors were considered in determining the Offer Price and basis of allocation, including the prevailing market conditions, the level and nature of demand for the Offer Shares, the prices bid to acquire the Offer Shares and the objective of establishing an orderly and liquid after-market in the Shares. The Offer Price and number of Offer Shares have been established at a level determined in accordance with these arrangements, taking into account indications of interest received from prospective investors.

There was no maximum number of Offer Shares for which prospective investors could subscribe. Investors may receive a smaller number of Offer Shares than they subscribed for. Any monies received in respect of subscriptions not accepted in whole or in part will be returned to applicants without interest and at the applicants' risk. Multiple subscriptions are permitted. The Underwriters may, at their own discretion and without stating the reasons, reject any subscriptions wholly or partly.

15 Selling restrictions

General

The distribution of this Prospectus and the offer of Offer Shares in certain jurisdictions may be restricted by law and therefore persons into whose possession this Prospectus comes should inform themselves about and observe any restrictions, including those set out in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

No action has been or will be taken in any jurisdiction that would permit a public offering of the Shares, or possession or distribution of this Prospectus or any other offering material in any country or jurisdiction where

action for that purpose is required. Accordingly, the Shares may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering material or advertisement in connection with the Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction. Persons into whose possession this Prospectus comes should inform themselves about and observe any restrictions on the distribution of this Prospectus and the offer and sale of the Shares contained in this Prospectus, including those in the paragraphs below. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This Prospectus does not constitute an offer to subscribe for or purchase any of the Shares to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

United States

The Shares have not been and will not be registered under the US Securities Act or under any applicable securities laws or regulations of any state of the United States and subject to certain exceptions, may not be offered or sold within the United States except to persons reasonably believed to be QIBs in reliance on Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Shares are being offered and sold outside of the United States in offshore transactions in reliance on Regulation S.

In addition, until 40 days after the commencement of the Offer of the Shares, an offer or sale of Shares within the United States by any dealer (whether or not participating in the Offer) may violate the registration requirements of the US Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

The Underwriting Agreement provides that certain of the Joint Bookrunners may directly or through their respective US broker-dealer affiliates, arrange for the offer and resale of the Shares within the United States only to QIBs in reliance on Rule 144A.

Each acquirer of Shares within the United States, by accepting delivery of this Prospectus, will be deemed to have represented, agreed and acknowledged that it has received a copy of this Prospectus and such other information as it deems necessary to make an investment decision and that:

(a) it is (i) a QIB within the meaning of Rule 144A, (ii) acquiring the Shares for its own account or for the account of one or more QIBs with respect to whom it has the authority to make, and does make, the representations and warranties set forth herein, (iii) acquiring the Shares for investment purposes, and not with a view to further distribution of such Shares, and (iv) aware, and each beneficial owner of the Shares has been advised, that the sale of the Shares to it is being made in reliance on Rule 144A or in reliance on another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act;

(b) it understands that the Shares are being offered and sold in the United States only in a transaction not involving any public offering within the meaning of the US Securities Act and that the Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold, pledged or otherwise transferred except (i) to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, or another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act, (ii) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, (iii) pursuant to an exemption from registration under the US Securities Act provided by Rule 144 thereunder (if available) or (iv) pursuant to an effective registration statement under the US Securities Act, in each case in accordance with any applicable securities laws of any state of the United States. It further (A) understands that the Shares may not be deposited into any unrestricted depositary receipt facility in respect of the Shares established or maintained by a depositary bank, (B) acknowledges that the Shares (whether in physical certificated form or in uncertificated form held in CREST) are "restricted securities" within the meaning of Rule 144(a)(3) under the US Securities Act and that no representation is made as to the availability of the exemption provided by Rule 144 for resales of the Shares and (C) understands that the Company may not recognise any offer, sale, resale, pledge or other transfer of the Shares made other than in compliance with the abovementioned restrictions;

(c) it understands that the Shares (to the extent they are in certificated form), unless otherwise determined by the Company in accordance with applicable law, will bear a legend substantially to the following effect:

THE SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "US SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A PERSON THAT THE SELLER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE US SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE US SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE US SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR (4) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE US SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE US SECURITIES ACT FOR RESALES OF THE SHARES. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE FOREGOING, THE SHARES REPRESENTED HEREBY MAY NOT BE DEPOSITED INTO ANY UNRESTRICTED DEPOSITARY RECEIPT FACILITY IN RESPECT OF THE SHARES ESTABLISHED OR MAINTAINED BY A DEPOSITARY BANK. EACH HOLDER, BY ITS ACCEPTANCE OF SHARES, REPRESENTS THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING RESTRICTIONS; and

(d) it represents that if, in the future, it offers, resells, pledges or otherwise transfers such Shares while they remain "restricted securities" within the meaning of Rule 144, it shall notify such subsequent transferee of the restrictions set out above.

The Company, the Selling Shareholders, the Joint Bookrunners, their affiliates and others will rely on the truth and accuracy of the foregoing acknowledgements, representations and agreements.

United Kingdom

Each of the Joint Bookrunners has represented and agreed that: (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Shares in circumstances in which section 21(1) of the FSMA does not apply to the Company; and (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Shares in, from or otherwise involving the United Kingdom.

European Economic Area

Each of the Joint Bookrunners has represented and agreed in relation to each member state of the European Economic Area (each, a "**Relevant Member State**"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") that neither it nor any of its affiliates has made nor will make an offer to the public of any Shares which are the subject of the Offering contemplated herein in that Relevant Member State, except that it may make an offer of Shares to the public in that Relevant Member State with effect from and including the Relevant Implementation Date under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

(a) to legal entities which are qualified investors as defined in the Prospectus Directive;

(b) to fewer than 100 or 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Joint Bookrunners for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Shares shall result in a requirement for the publication by the Company or any Joint Bookrunner of a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an *"offer of any Shares to the public"* in relation to any Shares in any Relevant Member State means the communication in any form and by any means of sufficient information of the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase any Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State; the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State. In the case of any Shares being offered to a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Shares acquired by it have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to persons in circumstances which may give rise to an offer of any Shares to the public other than their offer or resale in a Relevant Member State to qualified investors who are not financial intermediaries as so defined or in circumstances in which the prior consent of the Joint Bookrunners has been obtained to each such proposed offer or resale. The Company, the Selling Shareholders, the Joint Bookrunners and their respective affiliates, and others will rely (and the Company and the Selling Shareholders each acknowledges that the Joint Bookrunners and their respective affiliates and others will rely) upon the truth and accuracy of the foregoing representations, acknowledgements and agreements. Notwithstanding the above, a person who is not a qualified investor and who has notified the Joint Bookrunners of such fact in writing may, with the consent of the Joint Bookrunners, be permitted to subscribe for or purchase Shares.

Canada

The Shares may be sold in Canada only to purchasers resident or located in the Provinces of Ontario, Quebec, Alberta and British Columbia, purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and On-going Registrant Obligations. Any resale of the Shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts ("NI 33-105"), the Joint Bookrunners are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Japan

The Shares have not been and will not be registered under the Final Instruments and Exchange Law, as amended (the "**FIEL**"). This Prospectus is not an offer of securities for sale, directly or indirectly, in Japan or to or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or entity organised under the laws of Japan) or to others for reoffer or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exception from the registration requirements under the FIEL, and otherwise in compliance with, the FIEL and other relevant laws and otherwise in compliance with such law and any other applicable laws, regulations or ministerial guidelines of Japan.

Australia

No prospectus or other disclosure document has been lodged with, or registered by the Australian Securities and Investments Commission in relation to the offering of the Shares. This Prospectus does not constitute a prospectus or other disclosure document under the Corporations Act 2001 (the "**Corporations Act**") and does not purport to include the information required for a prospectus or other disclosure document under the Corporations Act.

This document is being distributed in Australia by the Joint Bookrunners to persons (the "**Exempt Investors**") who are "sophisticated investors" (within the meaning of section 708(8) of the Corporations Act, to "professional investors" (within the meaning of section 708(11) of the Corporations Act) and/or otherwise pursuant to one of more exemptions contained in section 708 of the Corporations Act. The entity receiving this document represents and warrants that if it is in Australia, it is either a professional or a sophisticated investor or a person to whom it is lawful to offer the Shares without disclosure to investors under Chapter 6D of the Corporations Act and that it will not distribute this document to any other person.

Any of the Shares applied for by Exempt Investors in Australia must not be offered for sale in Australia for 12 months from the date of issue, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under section 708 or 708A of the Corporations Act. This document is not supplied in connection with any offering or proposed offering of securities or financial products that require disclosure in accordance with Chapter 6D or Part 7.9 of the Corporations Act. Chapters 6D and 7 of the Corporations Act are complex. Any person acquiring the Shares must observe such Australian on-sale restrictions and if in any doubt as to the application or effect of this legislation, should confer with its professional advisors.

PART 13

TAXATION

This discussion is not intended to be tax advice. Prospective investors should consult their own professional tax advisers as to the particular tax consequences to them of the acquisition, ownership and disposal of the Shares in light of their particular situations as well as any consequences arising under the law of any other relevant tax jurisdiction. No representation with respect to the tax consequences to any particular Shareholder is made below.

DUTCH TAX CONSIDERATIONS

The following summary outlines certain principal Dutch tax consequences of the acquisition, holding, redemption and disposal of the Shares, but is not a comprehensive description of all Dutch tax considerations that may be relevant in this respect. For purposes of Dutch tax law, a holder of Shares may include an individual who or an entity that does not have the legal title of these Shares, but to whom nevertheless the Shares or the income thereof is attributed based on specific statutory provisions or on the basis of such individual or entity having an interest in the Shares or the income thereof. This summary includes general information only and each prospective investor should consult a professional tax adviser about the tax consequences of the acquisition, holding, redemption and disposal of Shares.

This summary is based on tax legislation, published case law, treaties, regulations and published policy, in each case as in force as of the date of this Prospectus, and does not take into account any developments or amendments thereof after that date whether or not such developments or amendments have retroactive effect.

This summary does not address the Dutch tax consequences for:

(i) investment institutions (*fiscale beleggingsinstellingen*);

(ii) pension funds, exempt investment institutions (*vrijgestelde beleggingsinstellingen*) or other Dutch entities that are not subject to or exempt from Dutch corporate income tax;

(iii) corporate holders of Shares which qualify for the participation exemption (*deelnemingsvrijstelling*) or would qualify for the participation exemption had the corporate holders of Shares been resident in the Netherlands or which qualify for participation credit (*deelnemingsverrekening*). Generally speaking, a shareholding is considered to qualify as a participation for the participation exemption if it represents an interest of five per cent. or more of the nominal paid-up share capital;

(iv) holders of Shares holding a substantial interest (*aanmerkelijk belang*) or deemed substantial interest (*fictief aanmerkelijk belang*) in the Company and holders of Shares of whom a certain related person holds a substantial interest in the Company. Generally speaking, a substantial interest in the Company arises if a person, alone or, where such person is an individual, together with his or her partner (statutory defined term), directly or indirectly, holds or is deemed to hold (a) an interest of five per cent. or more of the total issued capital of the Company or of five per cent. or more of the issued capital of a certain class of Shares, (b) rights to acquire, directly or indirectly, such interest or (c) certain profit sharing rights in the Company;

(v) persons to whom the Shares and the income from the Shares are attributed based on the separated private assets (*afgezonderd particulier vermogen*) provisions of the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*) and the Dutch Gift and Inheritance Tax Act 1956 (*Successiewet 1956*);

(vi) entities which are a resident of Aruba, Curacao or Sint Maarten that have an enterprise which is carried on through a permanent establishment or a permanent representative on Bonaire, Sint Eustatius or Saba and the Shares are attributable to such permanent establishment or permanent representative;

(vii) holders of Shares that are not considered the beneficial owner (*uiteindelijk gerechtigde*) of the Shares; and

(viii) individuals to whom Shares or the income there from are attributable to employment activities which are taxed as employment income in the Netherlands.

Where this summary refers to the Netherlands, such reference is restricted to the part of the Kingdom of the Netherlands that is situated in Europe and the legislation applicable in that part of the Kingdom.

Any reference hereafter made to a treaty for the avoidance of double taxation concluded by the Netherlands includes the Tax Regulation for the Kingdom of the Netherlands (*Belastingregeling voor het Koninkrijk*), the Tax Regulation for the Country of the Netherlands (*Belastingregeling voor het land Nederland*) and the

Agreement between the Taipei Representative Office in the Netherlands and the Netherlands Trade and Investment Office in Taipei for the Avoidance of Double Taxation.

Dividend withholding tax

The Company is required to withhold 15% Dutch dividend withholding tax in respect of dividends paid on the Shares. In this respect, dividends are defined as the proceeds from shares, which include:

(i) direct or indirect distributions of profit, regardless of their name or form;

(ii) liquidation proceeds, proceeds on redemption of the Shares and, as a rule, the consideration for the repurchase of the Shares by the Company in excess of its average paid-in capital recognised for Dutch dividend withholding tax purposes, unless a particular statutory exemption applies;

(iii) the nominal value of the Shares issued to a holder of the Shares or an increase of the nominal value of the Shares, insofar as the increase in the nominal value of the Shares is not funded out of the Company's paid-in capital as recognised for Dutch dividend withholding tax purposes; and

(iv) partial repayments of paid-in capital recognised for Dutch dividend withholding tax purposes, if and to the extent there are qualifying profits (*zuivere winst*), unless the General Meeting has resolved in advance to make such repayment and provided that the nominal value of the Shares concerned has been reduced by an equal amount by way of an amendment of the Articles of Association. The term "qualifying profits" includes anticipated profits that have yet to be realised.

Residents of the Netherlands

If a holder of Shares is a resident or deemed to be a resident of the Netherlands for Dutch corporate or individual income tax purposes, Dutch dividend withholding tax which is withheld with respect to proceeds from the Shares will generally be creditable for Dutch corporate income tax or Dutch income tax purposes.

Non-residents of the Netherlands

If a holder of Shares is a resident of a country other than the Netherlands and if a treaty for the avoidance of double taxation with respect to taxes on income is in effect between the Netherlands and that country, and such holder is a resident for the purposes of such treaty, such holder may, depending on the terms of that particular treaty, qualify for full or partial relief at source or for a refund in whole or in part of the Dutch dividend withholding tax.

A refund of Dutch dividend withholding tax is available to entities resident in another EU member state, Norway, Iceland, or Liechtenstein provided (i) these entities are not subject to corporate income tax there and (ii) these entities would not be subject to Dutch corporate income tax, if these entities would be tax resident in the Netherlands for corporate income tax purposes and (iii) these entities are not comparable to investment institutions (*fiscale beleggingsinstellingen*) or exempt investment institutions (*vrijgestelde beleggingsinstellingen*). Furthermore, a similar refund of Dutch dividend withholding tax may be available to entities resident in other countries, under the additional conditions that (a) the Shares are considered portfolio investments for purposes of article 63 (taking into account article 64) of the Treaty on the Functioning of the European Union and (b) the Netherlands can exchange information with this other country in line with the international standards for the exchange of information.

A (partial) refund of Dutch dividend withholding tax is available to a holder of Shares resident in another EU member state, Norway, Iceland or Liechtenstein if (i) this holder of Shares is not subject to Dutch individual income tax or Dutch corporate income tax with respect to the income from the Shares and (ii) such Dutch dividend withholding tax is higher than the Dutch individual income tax or Netherlands corporate income tax would have been had this holder of Shares been tax resident in the Netherlands, after taking into account a possible refund based on the Dutch Dividend Withholding Tax Act 1965 (*Wet op de dividendbelasting 1965*) or a refund based on a treaty for the avoidance of double taxation with respect to taxes on income and (iii) no credit based on a treaty for the avoidance of double taxation with respect to taxes on income is granted in the state in which the holder of Shares is tax resident, for the full amount of Dutch dividend withholding tax withheld and (iv) this holder of Shares does not have a similar function as an investment institution (*fiscale beleggingsinstelling*) or exempt investment institution (*vrijgestelde beleggingsinstelling*). Furthermore, a similar refund of Dutch dividend withholding tax may be available to a holder of Shares resident in another country, under the additional conditions that (i) the Shares are considered portfolio investments for purposes of article 63 (taking into account article 64) of the Treaty on the Functioning of the European Union and (ii) the Netherlands can exchange information with this other country in line with the international standards for the

exchange of information and (iii) no credit based on a treaty for the avoidance of double taxation with respect to taxes on income is granted in the state in which the holder of Shares is tax resident, for the full amount of Dutch dividend withholding tax withheld and (iv) this holder of Shares does not have a similar function as an investment institution (*fiscale beleggingsinstelling*) or exempt investment institution (*vrijgestelde beleggingsinstelling*).

Beneficial owner

A recipient of proceeds from the Shares will not be entitled to any exemption, reduction, refund or credit of Dutch dividend withholding tax if such recipient is not considered to be the beneficial owner of such proceeds. The recipient will not be considered the beneficial owner of these proceeds, if, in connection with such proceeds, the recipient has paid a consideration as part of a series of transactions in respect of which it is likely:

(i) that the proceeds have in whole or in part accumulated, directly or indirectly, to a person or legal entity that would:

  a) as opposed to the recipient paying the consideration, not be entitled to an exemption from dividend withholding tax; or

  b) in comparison to the recipient paying the consideration, to a lesser extent be entitled to a reduction or refund of dividend withholding tax; and

(ii) that such person or legal entity has, directly or indirectly, retained or acquired an interest in shares, profit-sharing certificates or loans, comparable to the interest it had in similar instruments prior to the series of transactions being initiated.

Dutch dividend withholding tax upon redistribution of foreign dividends

The Company must pay to the Dutch tax authorities all Dutch dividend withholding tax it withholds on dividends it distributed with respect to the Shares. Provided certain conditions are met, the Company may apply a reduction with respect to the dividend withholding tax that it has to pay to the Dutch tax authorities. This reduction can be applied if the Company distributes dividends that stem from dividends the Company itself has received from certain qualifying non-Netherlands subsidiaries, provided these dividends the Company has received are exempt from Dutch corporate income tax and were subject to a withholding tax of at least five per cent. upon distribution to the Company. The reduction is applied to the Dutch dividend withholding tax that the Company must pay to the Dutch tax authorities and not to the amount of the Dutch dividend withholding tax that the Company must withhold. The reduction is equal to the lesser of:

(i) three per cent. of the amount of the dividends distributed by the Company that are subject to Dutch dividend withholding tax; and

(ii) three per cent. of the gross amount of the dividends received during a certain period from the qualifying non-Netherlands subsidiaries.

Corporate and individual income tax

Residents of the Netherlands

If a holder of Shares is a resident of the Netherlands or deemed to be a resident of the Netherlands for Dutch corporate income tax purposes and is fully subject to Dutch corporate income tax or is only subject to Dutch corporate income tax in respect of an enterprise to which the Shares are attributable, income derived from the Shares and gains realised upon the redemption or disposal of the Shares are generally taxable in the Netherlands (at up to a maximum rate of 25%).

If an individual is a resident of the Netherlands or deemed to be a resident of the Netherlands for Dutch individual income tax purposes, income derived from the Shares and gains realised upon the redemption or disposal of the Shares are taxable at the progressive rates (at up to a maximum rate of 52%) under the Netherlands Income Tax Act 2001 if:

(i) the individual is an entrepreneur (*ondernemer*) and has an enterprise to which the Shares are attributable or the individual has, other than as a shareholder, a co-entitlement to the net worth of an enterprise (*medegerechtigde*), to which enterprise the Shares are attributable; or

(ii) such income or gains qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden),* which includes activities with respect to the Shares that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*).

If neither condition (i) nor condition (ii) above applies, an individual that holds the Shares must determine taxable income with regard to the Shares on the basis of a deemed return on income from savings and investments (*sparen en beleggen*), rather than on the basis of income actually received or gains actually realised. This deemed return on income from savings and investments is fixed at a percentage of the individual's yield basis (*rendementsgrondslag*) at the beginning of the calendar year (1 January), insofar as the individual's yield basis exceeds a certain threshold (*heffingvrij vermogen*). The individual's yield basis is determined as the fair market value of certain qualifying assets held by the individual less the fair market value of certain qualifying liabilities on 1 January. The fair market value of the Shares will be included as an asset in the individual's yield basis. The deemed return percentage to be applied to the yield basis increases progressively depending on the amount of the yield basis and varies from an effective rate of 2.87% to 5.39%. The deemed return on income from savings and investments is taxed at a rate of 30%.

Non-residents of the Netherlands

If a person is neither a resident of the Netherlands nor is deemed to be a resident of the Netherlands for Dutch corporate or individual income tax purposes, such person is not liable to Dutch corporate or individual income tax in respect of income derived from the Shares and gains realised upon the settlement, redemption or disposal of the Shares, unless:

(i) the person is not an individual and such person (a) has an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or permanent representative the Shares are attributable, or (b) is (other than by way of securities) entitled to a share in the profits of an enterprise or a co-entitlement to the net worth of an enterprise, which is effectively managed in the Netherlands and to which enterprise the Shares are attributable.

    This income is subject to Dutch corporate income tax up to a maximum rate of 25%.

(ii) the person is an individual and such individual (a) has an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or permanent representative the Shares are attributable, or (b) realises income or gains with respect to the Shares that qualify as income from miscellaneous activities in the Netherlands, which includes activities with respect to the Shares that exceed regular, active portfolio management, or (c) is other than by way of securities entitled to a share in the profits of an enterprise that is effectively managed in the Netherlands and to which enterprise the Shares are attributable.

    Income derived from the Shares as specified under (a) and (b) by an individual is subject to individual income tax at progressive rates up to a maximum rate of 52%. Income derived from a share in the profits of an enterprise as specified under (c) that is not already included under (a) or (b) will be taxed on the basis of a deemed return on income from savings and investments (as described above under "—*Residents of the Netherlands*").

Gift and inheritance tax

Dutch gift or inheritance taxes will not be levied on the occasion of the transfer of the Shares by way of gift by, or on the death of, a holder of the Shares, unless:

(i) the holder of the Shares is, or is deemed to be, resident in the Netherlands for the purpose of the relevant provisions; or

(ii) the transfer is construed as an inheritance or gift made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident in the Netherlands for the purpose of the relevant provisions.

Value added tax

In general, no value added tax will arise in respect of payments in consideration for the issue of the Shares or in respect of a cash payment made under the Shares, or in respect of a transfer of Shares.

Other taxes and duties

No registration tax, customs duty, transfer tax, stamp duty, capital tax or any other similar documentary tax or duty will be payable in the Netherlands by a holder in respect of or in connection with the subscription, issue, placement, allotment, delivery or transfer of the Shares.

Residence

A non-resident holder will not become resident, or be deemed to be resident, in the Netherlands solely as a result of acquisition, holding, redemption and disposal of the Shares.

UNITED KINGDOM TAX CONSIDERATIONS

The following is of a general nature only and is based on current UK tax law and HM Revenue and Customs ("**HMRC**") practice as published at the date of this Prospectus, both of which are subject to change, possibly with retrospective effect. It is intended as a general guide to the main UK tax consequences of an investment in the Shares and does not purport to be a comprehensive analysis of all of the UK tax consequences applicable to all types of Shareholders. Except where the position of non-UK residents is expressly referred to, it applies only to Shareholders resident, and in the case of individuals, also domiciled in (and only in) the UK for tax purposes, who are the absolute beneficial owners of Shares as an investment (other than under an individual savings account or self-invested personal pension) and any dividends paid in respect of the Shares, and who, together with connected or associated persons, hold less than ten per cent. of the Shares. The tax position of certain categories of holders of Shares who are subject to special rules (such as persons who have (or are deemed to have) acquired their Shares in connection with an office or employment, dealers in securities, insurance companies and collective investment schemes) is not considered.

If you are in any doubt about your tax position, or if you may be subject to tax in a jurisdiction other than the United Kingdom, you should consult your own professional tax adviser.

Certain rates and allowances for 2017/18 stated in the UK tax section below reflect those in the UK Finance Act 2017. Following the UK General Election on 8 June 2017 the new UK Government is expected to present a new Budget and a further Finance Bill.

Any reference in this United Kingdom Tax Considerations section (other than the section "*—UK stamp duty and stamp duty reserve tax*") to Shares includes a reference to Depositary Interests.

Dividends

The Company will not be required to withhold UK tax at source when paying a dividend.

However, payments of dividends may be subject to Dutch dividend withholding tax: see above, "*—Dutch Tax Considerations—Dividend withholding tax—Non-residents of the Netherlands*", for a description of the Dutch dividend withholding tax position.

Individuals

For 2017/18, a nil rate of income tax will apply for the first £5,000 of dividend income received by individual Shareholders in a tax year (the "**Nil Rate Amount**"). It was announced in the UK Spring Budget that the dividend tax free allowance will be reduced to £2,000 from 6 April 2018. This measure was not enacted into UK law as part of the Finance (No. 2) Act 2017 but, before the UK general election on 8 June 2017, the Government at the time announced that it would legislate for this provision at the earliest opportunity at the start of the new Parliament following that election. Shareholders should note that, as this measure has not been enacted, it may be subject to change, and it remains possible that it will not be enacted at all, or will be enacted at a different time from that announced.

The rates of tax on dividend income received by an individual Shareholder in excess of the Nil Rate Amount are, for the tax year 6 April 2017 to 5 April 2018, 7.5% on dividend income within the basic rate tax band, 32.5% on dividend income within the higher rate tax band and 38.1% on dividend income within the additional rate tax band.

Accordingly, the amount of such a Shareholder's income tax liability (if any) as a result of receiving dividend income will depend on whether, after taking account of that dividend income, that individual Shareholder's dividend income for the tax year in which the dividend income is received falls within the Nil Rate Amount and, if it does not do so, which tax band (or bands) that income falls within.

In determining the tax band in which any dividend income over the Nil Rate Amount falls, dividend income that is within the Nil Rate Amount is still taken into account. Savings and dividend income is treated as the highest part of a Shareholder's income. Where a Shareholder has both savings and dividend income, the dividend income is treated as the top slice. Because dividend income counts towards an individual's basic or higher rate limits (whether or not it falls within the Nil Rate Amount), the receipt of such income may also affect the amount of personal savings allowance to which the individual is entitled.

If Dutch withholding tax has been deducted from a dividend paid by the Company to a UK resident shareholder, relief for the Dutch withholding tax may be available in the form of a credit against any UK income tax liability on the same dividend income. If available, the amount of Dutch tax allowed as a credit against the individual's UK income tax liability will be limited to what should be withheld in accordance with the UK-Netherlands Double Tax Treaty and it cannot exceed the UK income tax liability on the dividend.

Companies

Shareholders who are within the charge to UK corporation tax will be subject to corporation tax on any dividend paid on their Shares, subject to any applicable credit for Dutch withholding tax, unless (subject to special rules for Shareholders that are small companies) the dividend falls within an exempt class and certain other conditions are met. The position of each corporate Shareholder will depend on its own individual circumstances. It would normally be expected that dividends paid on the Shares to such corporate Shareholders would fall within an exempt class (although it should be noted that the exemption is not comprehensive and is also subject to anti-avoidance rules). If the conditions for exemption are not satisfied or a corporate Shareholder elects for an otherwise exempt dividend to be taxable, the Shareholder will be subject to UK corporation tax on dividends received from the Company. The main rate of corporation tax for the financial year 2017/18 is 19%, which is expected to decrease to 17% from 1 April 2020. Credit for any Dutch withholding tax suffered on the dividend may be available against such a UK corporation tax liability on the dividend. Shareholders within the charge to UK corporation tax are advised to seek specific tax advice on this when completing their UK corporation tax returns.

Taxation of disposals

Individuals

A disposal or deemed disposal of Shares by an individual Shareholder who is resident in the UK for tax purposes may, depending upon the Shareholder's circumstances and subject to any available exemption or relief, give rise to a chargeable gain or an allowable loss for the purposes of UK capital gains tax.

If an individual Shareholder incurs a liability to UK capital gains tax on the disposal or deemed disposal of Shares, the applicable rate will generally be ten per cent. (for 2017/2018) to the extent that the Shareholder's total chargeable gains and, generally, total taxable income arising in a tax year, after all allowable deductions are less than the upper limit of the income tax basic rate band and 20% (for 2017/18) on any gains in excess of the income tax basic rate tax band. No indexation allowance will be available to an individual holder of Shares in respect of any disposal of Shares. However, an individual Shareholder may be entitled to realise gains in an amount equal to the annual exempt amount in each tax year without being liable to capital gains tax (which is £11,300 in the 2017/18 tax year).

A Shareholder who is an individual and who acquires the Shares whilst UK resident but subsequently ceases to be resident for tax purposes in the UK for a period of five years or less and who disposes or is deemed to dispose of the Shares during that period may be liable, on his return, to UK capital gains tax (subject to any available exemption or relief). Special rules apply to Shareholders who are subject to tax on a "split year" basis, who should seek specific professional advice if they are in any doubt about their position.

Shareholders who are not resident in the UK will not generally be subject to UK taxation of capital gains on the disposal or deemed disposal of Shares unless they are carrying on a trade, profession or vocation in the UK through a branch or agency (or, in the case of a corporate Shareholder, carrying on a trade in the UK through a permanent establishment) in connection with which the Shares are used, held or acquired, in which case they may be subject to UK taxation of capital gains.

Companies

For a Shareholder within the charge to UK corporation tax, a disposal (or deemed disposal) of the Shares may give rise to a chargeable gain or allowable loss for the purposes of UK corporation tax, depending on the Shareholder's circumstances and subject to any available exemption or relief. Indexation allowance may be

available to reduce the amount of any chargeable gain realised, but may not create or increase any allowable loss.

If a Shareholder within the charge to UK corporation tax incurs a liability to UK corporation tax on chargeable gains on the disposal or deemed disposal of Shares, the applicable rate will be 19% in respect of the financial year 2017/2018, which is expected to reduce to 17% from 1 April 2020. If tax is payable in the Netherlands on any chargeable gain the ability to claim double tax relief in the UK for the Dutch tax is complex and Shareholders should consult their professional advisers in such circumstances.

UK stamp duty and stamp duty reserve tax

No UK stamp duty or stamp duty reserve tax ("**SDRT**") should be payable on the issue of Shares or Depositary Interests. In practice, UK stamp duty should generally not need to be paid on an instrument transferring the Shares, provided that such instrument is executed and retained outside the UK and does not relate to any matter or thing done, or to be done, in the UK.

No SDRT will be payable on any agreement to transfer Shares or Depositary Interests provided that the Shares are not (and do not become) registered in any register maintained in the UK by or on behalf of the Company and, in the case of Depositary Interests, provided further that the Company is not (and will not subsequently be) centrally managed and controlled in the UK and that the Shares will be (and will remain) listed on the Official List of the London Stock Exchange and admitted to trading on its main market for listed securities.

United States Tax Considerations

The following discussion is a general summary under present law of certain US federal income tax considerations relevant to the purchase, ownership and disposition of the Shares. The summary is not a complete description of all tax considerations that may be relevant. This summary is based upon current provisions of the Internal Revenue Code of 1986, as amended (the "**Code**"), existing Treasury Regulations promulgated thereunder and current administrative rulings and court decisions, all of which are subject to change or to differing interpretations, possibly with retroactive effect. It applies only to US holders (as defined below) that purchase Shares in the Offer, hold the Shares as capital assets and use the US dollar as their functional currency. It does not address the tax treatment of persons subject to special rules, such as financial institutions, dealers or traders, insurance companies, tax exempt entities, former US citizens or long-term residents of the United States subject to Section 877 or 877A of the Code, persons who are liable for alternative minimum tax, persons owning 10 per cent. or more of the Company's share capital, persons holding Shares as part of a hedge, straddle, conversion or constructive sale transaction or persons holding Shares in connection with a permanent establishment in the Netherlands. It also does not address US state and local tax considerations or US federal taxes that are not income taxes.

EACH PROSPECTIVE PURCHASER SHOULD SEEK ADVICE FROM AN INDEPENDENT TAX ADVISOR ABOUT THE TAX CONSEQUENCES UNDER ITS OWN PARTICULAR CIRCUMSTANCES OF INVESTING IN THE SHARES UNDER THE LAWS OF THE NETHERLANDS, THE UNITED STATES AND ITS CONSTITUENT JURISDICTIONS, AND ANY OTHER JURISDICTIONS WHERE THE PURCHASER MAY BE SUBJECT TO TAXATION.

As used in this section, "**US holder**" means a beneficial owner of Shares that for US federal income tax purposes is (i) a US citizen or individual resident of the United States, (ii) a corporation or other business entity treated as a corporation created or organised under the laws of the United States or any state thereof or the District of Columbia; (iii) a trust if (1) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more US persons have the authority to control all substantial decisions of the trust or (2) such trust has made a valid election to be treated as a US person for US federal income tax purposes, or (iv) an estate the income of which is subject to US federal income tax without regard to its source.

The US federal income tax treatment of a partner in a partnership or an owner of a pass-through entity purchasing, owning and disposing of Shares generally will depend on the status of the partner or owner and the activities of the partnership or pass-through entity. Partners and owners of pass-through entities should consult their own tax advisors about the US federal income tax consequences to them of the partnership's or pass-through entity's purchase, ownership and disposition of Shares.

Distributions

Subject to the passive foreign investment company ("**PFIC**") rules discussed below, dividends on the Shares (including the amount of any Netherlands tax withheld) should be included in a US holder's gross income as ordinary income from foreign sources. Dividends will not be eligible for the dividends-received deduction generally available to US corporations. Dividends should qualify for the preferential tax rate available for qualified dividend income of individuals and certain other non-corporate US holders, however, if the Shares are regularly traded on the London Stock Exchange, the Company is not a PFIC for the taxable year in which the dividend is paid or for the preceding taxable year, and the holder meets holding period requirements. Dividends paid in euro will be includable in income in a US dollar amount based on the exchange rate in effect on the date of receipt whether or not the payment is converted into US dollars at that time. A US holder's tax basis in the foreign currency will equal the US dollar amount included in income. Any foreign currency gain or loss on a subsequent conversion or other disposition of the euro for a different amount generally will be US source ordinary income or loss.

The limitations on foreign income taxes eligible for credit are calculated separately with respect to specific classes of income. For foreign tax credit purposes, dividends received by a US holder with respect to shares of the Company generally will constitute foreign-source income and be treated as "passive category" or "general category" income. Subject to certain limitations, any foreign tax withheld with respect to distributions made on the Shares may be treated as foreign taxes eligible for credit against a US holder's federal income tax liability. Alternatively, a US holder may, subject to applicable limitations, elect to deduct the otherwise creditable foreign withholding taxes for federal income tax purposes. The rules governing the foreign tax credit are complex and their application depends on each taxpayer's particular circumstances. Accordingly, US holders are urged to consult their own tax advisors regarding the availability of the foreign tax credit under their particular circumstances.

Dispositions

Subject to the PFIC rules discussed below, a US holder will recognise capital gain or loss on the sale or other disposition of Shares in an amount equal to the difference between the US holder's adjusted tax basis in the Shares and the US dollar value of the amount realised. A US holder's adjusted tax basis in the Shares generally will be its US dollar cost. Any gain or loss generally will be treated as arising from US sources. It generally will be long-term capital gain or loss if the holder has held the Shares for more than one year. Deductions for capital losses are subject to significant limitations.

A US holder that receives foreign currency on the disposition of Shares will realise an amount equal to the US dollar value of the currency received at the spot rate on the date of sale (or, in the case of cash basis and electing accrual basis US holders, the settlement date). A US holder will recognise foreign currency gain or loss to the extent the US dollar value of the amount received at the spot exchange rate on the settlement date differs from the amount realised. A US holder will have a tax basis in the currency received equal to the US dollar value of the currency received on the settlement date. Any gain or loss on a subsequent conversion or other disposition of the currency will be US source ordinary income or loss.

Passive Foreign Investment Company

The Company believes that it is not and will not become, a PFIC for US federal income tax purposes. A non-US company that is classified as a corporation for US federal income tax purposes is a PFIC in any taxable year in which either (i) at least 75% of its gross income is passive income or (ii) at least 50% of the average value of its assets is attributable to assets that produce or are held to produce passive income. For this purpose, passive income includes, among other things, dividends, interest, certain rents and royalties, and gain from the disposition of property that produces such income. In applying these tests, a non-US corporation that directly or indirectly owns at least 25% by value of the stock of another corporation is treated as if it held its proportionate share of the other corporation's assets and received its proportionate share of the other corporation's income.

Because the Company's primary assets are its shares in its subsidiaries, most of its income will be dividends, which would otherwise be passive income, and most of its assets will be stock that produces dividends. However, because it holds more than 25% of these subsidiaries and the subsidiaries generally earn income that is not passive, the Company will not be considered to earn passive income or hold assets that produce passive income if the activities of its subsidiaries are sufficiently active. The PFIC determination is made annually, and a company's status can change depending, among other things, on changes in the composition and relative value of gross receipts and assets, changes in its operations and changes and the market value of its stock. The Company therefore cannot assure a US holder that it will not be a PFIC in future years.

If the Company were a PFIC for any taxable year in which a US holder holds Shares, a US holder would be subject to additional taxes on any "excess distribution" and any gain realised from the disposition of Shares (regardless of whether the Company continues to be a PFIC). A US holder would have an excess distribution to the extent that distributions on Shares during a taxable year exceeded 125% of the average amount received during the three preceding taxable years (or, if shorter, the US holder's holding period). To compute the tax on excess distributions or any gain, (i) the excess distribution or gain would be allocated rateably over the US holder's holding period, (ii) the amount allocated to the current taxable year and any year before the Company became a PFIC would be taxed as ordinary income in the current year and (iii) the amount allocated to other taxable years would be taxed at the highest applicable marginal rate in effect for individuals or corporations (as applicable) for each year and an interest charge imposed to recover the deemed benefit from the deferred payment of the tax attributable to each year.

If the Company were a PFIC for any taxable year in which a US holder holds Shares, a US holder might be able to avoid some of the tax consequences described above by electing to mark the Shares to market annually. The election is available only if the Shares qualify as "marketable stock", (within the meaning of Section 1296(e) of the Code), i.e., the Company's ordinary shares trade in more than de-minimis quantities for at least 15 days during each calendar quarter. Any gain from marking Shares to market or from disposing of them would be ordinary income. Any loss from marking Shares to market would be recognised only to the extent of gains previously included in income. Loss from marking Shares to market would be ordinary, but loss on disposing of them would be capital loss except to the extent of gains previously included in income. In addition, as a mark-to-market election cannot be made for equity interests in any lower-tier PFICs that the Company owns, a US holder may continue to be subject to the PFIC rules with respect to excess distributions on or indirect transfers of interests held by the Company that are treated as an equity interest in a PFIC for US federal income tax purposes. A US holder should ask its tax advisor whether a mark-to-market election is available or desirable. A valid mark-to-market election cannot be revoked without the consent of the Internal Revenue Service ("**IRS**") unless the Shares cease to be marketable.

A US holder cannot avoid the tax consequences described above by electing to treat the Company as a qualified electing fund ("**QEF**") because the Company does not intend to provide the information that a US holder would need to make a QEF election. US holders should consult their own tax advisors concerning the Company's PFIC status, the consequences to them if the Company is a PFIC for any taxable year and the possible effects of lower-tier PFICs on their timing and character of income and loss.

Additional Tax on Net Investment Income

Certain US holders that are individuals, estates or trusts (other than trusts that are exempt from tax) are subject to a 3.8% tax on all or a portion of their "net investment income," which includes distributions on the Shares, and net gains from the disposition of the Shares.

Information reporting and backup withholding

Under US federal income tax law and regulations, certain categories of US holders must file information returns with respect to their investment in, or involvement in, a non-US corporation. For example, each US holder may be required to file IRS Form 8621 for any taxable year in which the Company or any subsidiary is treated as a PFIC with respect to such US holder. The failure to file such information returns could result in the imposition of penalties on such US holder and in the extension of the statute of limitations with respect to federal income tax returns filed by such holder.

Certain specified individuals and certain domestic entities, who, at any time during the taxable year, hold interests in specified foreign financial assets (including stock in a non-US corporation, such as the Company, that is not held in an account maintained by a financial institution) having an aggregate value in excess of applicable reporting thresholds (which depend on the individual's filing status and tax home, and begin at a low of more than US$50,000 on the last day of the taxable year or more than US$75,000 at any time during the taxable year) are required to attach a disclosure statement on Form 8938 (Statement of Specified Foreign Financial Assets) to their US federal income tax return. A specified person who reports the Shares on a Form 8621 (Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund) does not have to report the Shares on the Form 8938 if the person reports on the Form 8938 the filing of the Form 8621 on which the Shares are reported. No Form 8938 is required to be filed by a specified person who is not required to file a US federal income tax return for the taxable year. Investors are urged to consult their own tax adviser regarding these reporting requirements. In addition, a US holder that transfers more than US$100,000 in a 12-month period to a non-US corporation (such as the Company) is required to file IRS Form

926 with the transferor's US federal income tax return for the year of the transfer. Failure to file IRS Form 926 may result in penalties.

Distributions on Shares and proceeds from the sale or other disposition of the Shares that are paid in the United States or by a US-related financial intermediary will be subject to US information reporting rules, unless a US holder is a corporation or other exempt recipient. In addition, payments that are subject to information reporting may be subject to backup withholding (currently at a 28% rate) if a US holder does not provide its taxpayer identification number and otherwise comply with the backup withholding rules. US holders who are required to establish their exempt status generally must provide such certification on IRS Form W-9. Backup withholding is not an additional tax. Amounts withheld under the backup withholding rules are available to be credited against a US holder's US federal income tax liability and may be refunded to the extent they exceed such liability, provided the required information is provided to the IRS in a timely manner.

US holders should consult their own tax advisors regarding the application of the information reporting and backup withholding rules to the Shares.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PARTICULAR INVESTOR. EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES TO IT OF AN INVESTMENT IN THE OFFER SHARES IN LIGHT OF THE INVESTOR'S OWN CIRCUMSTANCES.

PART 14

ADDITIONAL INFORMATION

1 History

1.1 History of members of the Group

The former operator of the Domino's System stores in Turkey ("**Former OpCo**") was established, under the laws of Turkey as a joint stock company on 4 March 1997, by two families with Mr. Aslan Saranga, the current Chief Executive Officer, as the initial chief executive officer.

In 2010, TPEF II and the Chief Executive Officer indirectly established or acquired, through their respective wholly-owned companies (Fides Food Systems and Vision Lovemark, respectively), the following three holding companies for the purposes of purchasing the shares in Former OpCo from its shareholders: Fides Food Systems B.V. (a company incorporated under the laws of the Netherlands as a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*)), Turkish TopCo (a joint stock company established under the laws of Turkey), and FDS Gıda Üretim ve Restaurant İşletmeciliği A.Ş. ("**FDS Gıda**") (a joint stock company established under the laws of Turkey). As part of the acquisition, the Turkish MFA was assigned to Turkish TopCo.

In 2011, FDS Gıda merged with Former OpCo, with FDS Gıda becoming the surviving entity. In the same year, FDS Gıda changed its corporate name to Pizza Restaurantları A.Ş. (referred to herein as Turkish OpCo).

In 2012, Fidesrus B.V. was incorporated under the laws of the Netherlands as a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) by the Selling Shareholders to serve as a holding company of its two wholly owned subsidiaries Russian TopCo and Russian OpCo each established in Russia as limited liability companies for the purposes of the Group's acquisition and ownership of store assets in Russia. As part of the acquisition, the then incumbent exclusive master franchise agreement for Domino's Pizza in Russia was terminated and the current Russian MFA with respect to Russia was entered into by Turkish TopCo (which subsequently assigned its interest to Russian TopCo).

The Company was incorporated under the laws of the Netherlands on 18 October 2016 as a public limited liability company (*naamloze vennootschap*) for the purposes of the Offering. On 18 October 2016, the shares in Fides Food Systems B.V. ("**FFS B.V.**") and Fidesrus B.V. were transferred to the Company in exchange for an issue of shares in the Company to the Selling Shareholders.

The Company shortly intends to merge Russian TopCo and Russian OpCo, with Russian OpCo becoming the surviving entity.

1.2 Function of members of the Group

The Company's main activity is serving as the holding company of its subsidiaries and the rendering of corporate and strategic management-related services for its subsidiaries. The Group conducts substantially all of its business, and owns substantially all of its assets, through Turkish OpCo (with respect to its operations in Turkey, Azerbaijan and Georgia) and through Russian OpCo (with respect to its operations in Russia).

The exclusive right to develop and operate, and to sub-franchise the right to develop and operate, Domino's System stores and the exclusive licence to use, and sub-license the use of the Domino's System in Turkey is held by Turkish OpCo and was granted by DPOF. The exclusive right to develop and operate, and to sub-franchise the right to develop and operate, Domino's System stores and the exclusive licence to use, and sub-license the use of the Domino's System in Azerbaijan and Georgia is held by Turkish TopCo and was granted by DPIF. The exclusive right to develop and operate, and to sub-franchise the right to develop and operate, Domino's System stores and the exclusive licence to use, and sub-license the use of, the Domino's System in Russia is held by Russian OpCo and was granted by DPIF. Please see paragraph 11.4 "—*Master Franchise Agreements*" below.

The other members of the Group—FFS B.V. and Fidesrus B.V.—serve as holding companies and have no operational or management role within the Group.

With respect to the Turkish Operations, Turkish OpCo owns, manages, operates and supplies stores in Turkey and supplies local distribution centres in Azerbaijan and Georgia. The Russian OpCo owns, manages, operates and supplies stores in Russia.

2 Incorporation and share capital

The Company was incorporated in Amsterdam, the Netherlands on 18 October 2016 as a public limited liability company (*naamloze vennootschap*) under the laws of the Netherlands. The principal legislation under which the Company operates and under which the Offer Shares have been created is the Dutch Civil Code.

The statutory seat (*statutaire zetel*) of the Company is in Amsterdam, the Netherlands. The Company's registered office and principal place of business is at Herikerbergweg 238, Luna Arena, 1101 CM Amsterdam, the Netherlands and its telephone number is +31 20 575 5600. The Company is registered with the trade register of the Chamber of Commerce in the Netherlands under the number 67090753.

The General Meeting and the Board have adopted their relevant resolutions authorising the Offer on 12 June 2017.

3 Articles of Association

The following is a summary of relevant information and certain provisions of (i) the Articles of Association and (ii) applicable Dutch law. On 12 June 2017, the General Meeting resolved to amend the articles of association of the Company effective from Admission. Below is a summary of those amended Articles of Association (under the assumption that the deed of amendment of the Articles of Association will be executed).

This summary does not purport to give a complete overview and should be read in conjunction with, and is qualified in its entirety by reference to, the Articles of Association and the relevant provisions of Dutch law as in force on the date of this Prospectus. This summary does not constitute legal advice regarding those matters and should not be regarded as such. The full text of the Articles of Association is available in Dutch and English on the Company's website, www.dpeurasia.com.

The Articles of Association contain, among other things, provisions to the following effect:

3.1 Objects

Pursuant to article 3 of the Articles of Association, the corporate objects of the Company are:

- to incorporate, to participate in and to finance companies or businesses;
- to collaborate with, to operate and to manage the affairs of and to provide advice and other services to companies and other businesses;
- to lend and to borrow funds;
- to provide collateral for the debts and other obligations of the Company, of subsidiaries of the Company and of third parties;
- to provide guarantees, to grant sureties and to jointly and severally bind the Company or its assets for debts and other obligations of the Company, subsidiaries of the Company and of third parties;
- to acquire, to operate and to dispose of property, including registered property;
- to acquire, to operate and to dispose of industrial and intellectual property rights; and
- as well as to carry out all which is incidental or conducive to the above, in the broadest sense.

3.2 Share capital

As at the date of this Prospectus, the Company's authorised share capital amounts to €2,719,644 divided into 22,663,700 Shares each with a nominal value of €0.12 and the Company's issued and outstanding share capital amounts to €543,928.80 and is divided into 4,532,740 Shares. All Shares that are issued and outstanding at the date of this Prospectus are fully paid up.

At the date of incorporation, the Company's authorised share capital amounted to €225,000 divided into 22,500,000 ordinary shares each with a nominal value of €0.01 and the Company's issued and outstanding capital amounted to €45,000 divided into 4,500,000 ordinary shares which was paid up by means of non-cash contributions of all issued shares in the capital of Fides Food Systems B.V. and Fidesrus B.V.

On 30 December 2016, pursuant to an agreement between the Selling Shareholders, the Company issued 32,740 ordinary shares each with a nominal value of €0.01 to Vision Lovemark, which were paid up by debiting the Company's share premium reserve by €327.40. The agreement, which is no longer in effect, was entered into between the Selling Shareholders as an additional form of remuneration for the Chief Executive

Officer and required the Selling Shareholders to procure an issuance of ordinary shares to Vision Lovemark, at a pre-determined price on a yearly basis (the "**CEO Share Incentive Scheme**"). As at the beginning of 2017, the Company's issued and outstanding share capital amounted to €45,327.40 and was divided into 4,532,740 Shares.

In preparation for the Offer, the Company increased the nominal value of its ordinary shares and intends to issues additional Shares to the Selling Shareholders, as further described in this paragraph. On 9 June 2017, pursuant to an amendment of the articles of association of the Company, the nominal value of each ordinary share in the capital of the Company was increased from €0.01 to €0.12, which increase was paid up by debiting the Company's share premium reserve by €498,601.40 (the "**Share Nominal Increase**"). As a result, the Company's total issued and outstanding share capital was increased on 9 June 2017 from €45,327 (divided into 4,532,740 ordinary shares) to €543,928.80 (divided into 4,532,740 Shares). On Admission, the Company intends to issue, in addition to the New Shares, (i) 13,046,726 Shares, to Vision Lovemark and (ii) 117,420,534 Shares to Fides Food Systems which will be paid up by debiting the Company's share premium reserve by €15,656,071.20. As a result, the Company's issued and outstanding share capital, excluding the New Shares, will increase to €16,200,000 (divided into 135,000,000 Shares) (together with the Share Nominal Increase, the "**Share Reorganisation**"). Immediately following Admission, the issued share capital of the Company will be €17,444,690, comprising 145,372,414 Shares of €0.12 each, all of which will be fully paid or credited as fully paid.

The Company has not declared any dividends since the date of its incorporation.

3.3 Form of the Shares

The Shares are in registered form and are subject to, and have been created under, the laws of the Netherlands. The Company will not issue share certificates.

3.4 Company's shareholders register

Subject to Dutch law and the Articles of Association, the Company must keep a shareholders register. The Company's shareholders register must be kept accurate and up to date. The Board keeps the Company's shareholders register up to date and records the names and addresses of all holders of Shares, showing the date on which the Shares were acquired, the date of the acknowledgement by or notification of the Company as well as the amount paid on each Share. The shareholders register also includes the names and addresses of those with a right of usufruct or pledge in respect of the Shares. The name and the address of the Depositary (or its nominated custodian), being the holder of Shares, will be entered into the Company's shareholders register. The names and the addresses of DI holders will not be entered into the Company's shareholders register. A separate register of Depositary Interests will be kept by the Depositary in the United Kingdom, of which excerpts may be obtained by the Board.

3.5 Share rights

(a) *Dividends*

Pursuant to the Articles of Association and Dutch law, any distribution on Shares, whether a distribution of profits or a distribution of freely distributable reserves, may only be made up to the extent that the Company's shareholders' equity exceeds the sum of the paid and claimed part of the Company's share capital and any reserves that must be maintained in accordance with Dutch law and the Articles of Association.

A distribution of profits (other than an interim distribution) may only be made after the adoption of the Company's own (i.e. non-consolidated) annual financial statements. The information in such statements will be used as the basis for determining if the distribution of profits made with respect to the financial year in question is legally permitted.

If, with respect to any financial year, losses are incurred, no profits can be distributed for that financial year. Subject to Dutch law, the General Meeting, upon proposal of the Board, may, however, resolve to make distributions at the expense of the Company's reserves to the extent that the Company's shareholders' equity exceeds the sum of the paid and claimed part of the Company's share capital and any reserves that must be maintained in accordance with Dutch law and the Articles of Association.

A distribution on Shares may also be made in the form of Shares.

Subject to Dutch law and the Articles of Association, the Company may make an interim distribution provided that the Company prepares an interim statement of assets and liabilities evidencing sufficient distributable equity.

Shareholders are entitled to share in the profit pro rata to their shareholding. Any entitlement to a distribution by a Shareholder expires five years and two days after having become payable.

(b) *Voting rights*

Each Share confers on its holder the right to cast one vote at a General Meeting. Resolutions of a General Meeting are passed by an absolute majority of the votes cast, unless Dutch law or the Articles of Association prescribe a larger majority. For example, a resolution to reduce the issued share capital or a resolution to restrict or exclude pre-emptive rights, requires a majority of at least two thirds of the votes cast in a General Meeting if less than half of the issued share capital is present or represented.

(c) *Distribution of assets on winding up*

The Articles of Association provide that a resolution to dissolve the Company must be adopted by an absolute majority of the votes cast in the General Meeting on the basis of a specific proposal to that effect by the Board. In the case of dissolution, the Company will be liquidated by the Directors, unless the General Meeting designates other persons for such purpose. If the Company is dissolved or wound up, any remaining liquidation surplus will be distributed amongst the Shareholders in proportion to the nominal value of their respective shareholdings. During liquidation, the provisions of the Articles of Association will continue to be effective to the maximum extent. All distributions referred to in this paragraph shall be made in accordance with Dutch law.

3.6 Qualification of Depositary Interests

The Depositary Interests carry rights assigned to them in the Deed Poll.

DI holders can exercise the voting rights attached to the underlying Shares through voting instructions to, or a power of attorney from, the Depositary or any Custodian and are, through the Depositary or any Custodian, entitled to any distributions on, or pre-emptive rights with respect to, the underlying Shares, as described in paragraph 11.3 *"—Depositary contracts"* below.

3.7 General Meetings

Pursuant to the Articles of Association, the annual General Meeting shall be held within six months after the end of the financial year. Extraordinary General Meetings may be held whenever deemed desirable by the Board. Extraordinary General Meetings may also be held pursuant to an authorisation of a court in the Netherlands in preliminary relief proceedings (*voorzieningenrechter*) at the request of one or more Shareholders representing at least ten per cent. of the Company's issued share capital. At least 42 days before any General Meeting, the Board will notify registered Shareholders and DI holders in accordance with the laws and regulations applicable to the Company. As a prerequisite to attending the General Meeting and, to the extent applicable, casting of votes, the Shareholders and DI holders will be required to notify the Board of their attendance in writing within the time frame mentioned in the convening notice, and such notice must be received by the Board on the day mentioned in the convening notice. The Board shall set a record date on the 28th day prior to the date of the General Meeting. A General Meeting will be held in Amsterdam, Rotterdam, the Hague or in Haarlemmermeer (Schiphol Airport), the Netherlands. In a General Meeting held elsewhere, valid resolutions may only be adopted in case the entire issued share capital of the Company is present or represented.

3.8 Agenda items for General Meetings

Shareholders holding at least three per cent. of the Company's issued share capital may submit agenda item proposals for General Meetings. Provided the Board receives a reasoned request for such proposals no later than on the 60th day before the date of the relevant General Meeting, the Company will have the proposals included in the convening notice of that General Meeting.

3.9 Variation of rights

The rights of Shareholders may be changed by amending the Articles of Association. The Articles of Association provide that resolutions to amend the Articles of Association may only be adopted by an absolute majority of votes cast at the General Meeting upon a specific proposal to that effect of the Board.

3.10 Reduction of share capital

Under the Articles of Association, a General Meeting may resolve to reduce the Company's issued share capital by cancelling Shares or amending the Articles of Association to reduce the nominal value of the Shares. Under Dutch law, a resolution to reduce the Company's issued share capital must specifically identify the Shares concerned and the rules for the implementation of the resolution. A resolution to cancel any Shares may only concern (i) shares held by the Company or for which it holds depositary receipts, (ii) all the shares of a class which the Articles of Association provide may be cancelled on redemption or (iii) balloted shares of a class which the Articles of Association provide may be balloted for redemption. A resolution to reduce the Company's share capital requires a majority of at least two thirds of the votes cast if less than half of the Company's issued share capital is present or represented at the General Meeting.

3.11 Issue of Shares

The Articles of Association provide that the General Meeting may resolve to issue Shares or grant rights to subscribe for Shares and determine the price and further terms and conditions with respect to such Shares or rights to subscribe for such Shares.

Alternatively, the General Meeting may resolve to designate to the Board the authority to resolve to issue Shares or grant rights to subscribe for Shares and determine the price and further terms and conditions with respect to such Shares or rights to subscribe for Shares. The delegation may be for any period of up to five years and must specify the number of Shares or rights to subscribe for Shares that the Board may resolve to issue. The delegation may be extended each time for a maximum period of five years by a resolution of the General Meeting. In an extension, the number of Shares or rights to subscribe for Shares that may be issued will be fixed. A delegation or extension granted in a resolution of the General Meeting may not be withdrawn, unless the relevant resolution provides otherwise.

Under Dutch law and the Articles of Association, each Shareholder has a pre-emptive right in proportion to the aggregate nominal value of its shareholding upon the issue of new Shares or the granting of rights to subscribe for Shares. Exceptions to this pre-emptive right include the issue of new Shares (or the granting of rights to subscribe for Shares) (i) to employees of the Company or another member of its Group, (ii) against payment in kind (contribution other than in cash) and (iii) to a person exercising a previously granted right to subscribe for Shares.

The General Meeting may resolve to limit or exclude the pre-emptive rights, which resolution requires a majority of at least two thirds of the votes cast, if less than half of the issued share capital is present or represented at the General Meeting. The General Meeting may also designate the Board to resolve to limit or exclude the pre-emptive rights. Pursuant to Dutch law, this designation may be granted to the Board for a specified period of time of not more than five years and only if the Board has also been designated or is simultaneously designated the authority to resolve to issue Shares or grant rights to subscribe for Shares. Unless the resolution by which the designation is granted provides otherwise, the designation may not be withdrawn.

On 12 June 2017, the General Meeting resolved to issue New Shares upon Admission as needed in connection with the Offer and to limit or exclude statutory pre-emptive rights in relation to such New Shares.

On 12 June 2017, the General Meeting designated the Board for a period of fifteen months, or, if earlier, the date of the next annual General Meeting as the body authorised to resolve to issue Shares and grant rights to subscribe for Shares up to a maximum of one-third of the issued share capital immediately following Admission.

The General Meeting has also designated the Board for the same period to limit or exclude statutory pre-emptive rights in relation to (i) five per cent. of the issued share capital immediately following Admission for general corporate purposes and (ii) an additional five per cent. for financing (or refinancing, if the authorisation is to be used within six months after the original transaction) a transaction which the Board determines to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the UK Pre-Emption Group prior to this resolution.

In addition, on 12 June 2017, the General Meeting designated the Board for a period of five years as the body authorised to resolve to issue Shares, to grant rights to subscribe for Shares and to limit or exclude statutory pre-emptive rights in relation to Shares up to a maximum of four per cent. of the issued share capital immediately following Admission in connection with the ADBP and LTIP (as described and defined in paragraph 3.16.2 "—*Remuneration Policy*" below).

3.12 Financial assistance

The Company (or its subsidiaries) may not provide security, give a price guarantee, warrant performance in any other manner or bind itself (or themselves) severally or otherwise beside or on behalf of others with a view to the subscription or acquisition of Shares or depositary receipts for Shares. This prohibition shall not apply to Shares or depositary receipts for Shares subscribed for or acquired by or on behalf of employees of the Company or another member of the Group.

3.13 Purchase of own Shares

The Company may not subscribe for its own Shares on issue. The Company may acquire its own fully paid-up Shares at any time for no consideration (*om niet*) or for consideration, subject to certain provisions of Dutch law and the Articles of Association, if: (i) the shareholders' equity reduced by the price for the acquisition does not fall below the sum of the paid-up and claimed part of the Company's share capital and the reserves that must be maintained in accordance with provisions of Dutch law and the Articles of Association; (ii) thereafter, the Company and its subsidiaries would not hold Shares or hold a pledge over Shares with an aggregate nominal value exceeding 50% of the Company's issued share capital; and (iii) the Board has been authorised thereto by the General Meeting. Such authorisation may be granted for a period not exceeding 18 months and shall specify the number of Shares, the manner in which Shares may be acquired and the price range within which Shares may be acquired. In the event that a financial year has lapsed for more than six months without the annual accounts being adopted, any acquisition in accordance with this paragraph will not be permitted. The rules set out in this paragraph equally apply to the purchase of depositary receipts for Shares (if any).

No voting rights may be exercised in respect of Shares or depositary receipts for Shares held by the Company or its subsidiaries nor will such Shares and depositary receipts for Shares be counted for the purpose of calculating a voting quorum.

On 12 June 2017, the General Meeting designated the Board for a period of fifteen months, or, if earlier, the date of the next annual General Meeting, as the body authorised to resolve to cause the Company to acquire its own Shares up to a maximum of ten per cent. of the issued share capital immediately following Admission, provided the Company will hold no more Shares than at maximum 50% of the issued share capital, either through purchase on a stock exchange or otherwise, at a minimum price, excluding expenses, of the nominal value of the Shares and a maximum price of the higher of (i) an amount equal to five per cent. above the average of the middle market quotations for Shares taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which such Shares are contracted to be purchased and (ii) the higher of the price of the last independent trade and the highest current independent bid on the London Stock Exchange Daily Official List at the time that the purchase is carried out as stipulated by Commission-adopted Regulatory Technical Standards pursuant to Article 5(6) of the MAR.

3.14 Transfer of Shares

The Shares can be freely transferred. Other than the Lock-up arrangements as described in paragraph 9 of Part 12 "*The Offer—Lock-up arrangements*", there are no contractual commitments in place that limit the transfer of Shares. Under the Articles of Association, there are no disposal prohibitions or restrictions regarding the transferability of the Shares. As a result of the admission to listing of the Shares on a regulated market as referred to in article 1:1 of the Dutch Financial Supervision Act, a transfer of a Share or a restricted right thereto requires a deed of transfer and the acknowledgement of the transfer in writing by, or the service of the deed of transfer on, the Company. Such separate acknowledgement or service is not required if the Company itself is party to the transfer.

3.15 Cross-border exercise of Shareholders' rights

There are no special restrictions in the Articles of Association or under Dutch law that limit the right of Shareholders who are not citizens or residents of the Netherlands to hold or vote on the Shares.

3.16 Directors

Please also refer to the information on the Board set out in Part 7 "*Directors, Senior Management and Corporate Governance—Directors*".

3.16.1 ***Number, appointment and retirement of Directors***

The Board consists of at least one Executive Director and one Non Executive Director. The General Meeting appoints, suspends and dismisses the Directors.

The Articles of Association provide that Directors will be appointed for a period of time to be determined by the General Meeting, provided that a Director's term of office ends no sooner than immediately after the General Meeting held in the first year after the year of such Director's appointment and not later than immediately after the General Meeting to be held in the fourth year after the year of such Director's appointment, unless such Director has resigned at an earlier date. The Board Rules provide that Directors will be appointed for no more than three years. A Director's appointment may be renewed by the General Meeting with due observance to the rules and regulations as applicable to the Company.

3.16.2 ***Remuneration***

The general policy for the remuneration of Directors will be determined by the General Meeting in accordance with Dutch law and the Articles of Association. The remuneration of each Executive Director shall be determined by the Non-Executive Directors and the remuneration of the Non-Executive Directors shall be determined by the General Meeting, with due observance of the remuneration policy.

3.16.3 ***Annual retirement***

The Articles of Association do not provide for the retirement of Directors at a set age.

3.16.4 ***Votes***

With due consideration of the voting restrictions set out below, each Director is entitled to cast one vote in meetings of the Board. Where unanimity cannot be reached and Dutch law, the Articles of Association or the Board Rules do not prescribe a larger majority, all resolutions of the Board must be adopted by a majority of the votes cast.

3.16.5 ***Voting Restrictions***

In the event of a conflict of interest between the Company and a Director with respect to a proposed Board resolution, that Director shall immediately report this to the Board. In that case, he or she may not participate in the deliberation and decision-making process within the Board relating to that Board resolution. If, as a consequence of the preceding sentence, a resolution cannot be adopted by the Board, the resolution will be adopted by the General Meeting.

3.16.6 ***Directors' interests***

For information on any capital or voting interests of Directors in the Company, please see paragraph 4 *"—Directors' and Senior Management's interests*" below.

Other than as set out in paragraph 14 "*—Related party transactions*" below, there are no outstanding loans or guarantees granted by any member of the Group to any Director, nor is there outstanding any guarantee provided by any member of the Group for their benefit.

3.17 Borrowing powers

The Articles of Association do not grant borrowing powers to individual Directors.

3.18 Indemnity of Directors

Under Dutch law, the Directors may be liable to the Company for damages in the event of improper or negligent performance of their duties. They may be jointly and severally liable for damages to the Company and to third parties for infringement of the Articles of Association or of certain provisions of the Dutch Civil Code. In certain circumstances, they may also incur additional specific civil and criminal liabilities.

The Articles of Association provide that, to the extent permissible by the rules and regulations applicable to the Company and to the extent such indemnity would not be prohibited or rendered void by any provision of the

UK Companies Act 2006 or by any other provision of law, the following shall be reimbursed to current and former Directors:

(i) the reasonable costs of conducting a defence against claims for damages or of conducting defence in other legal proceedings;

(ii) any damages payable by them; and

(iii) the reasonable costs of appearing in other legal proceedings in which they are involved as current or former Directors, with the exception of proceedings primarily aimed at pursuing a claim on their own behalf,

based on acts or failures to act in the exercise of their duties or any other duties currently or previously performed by them at the Company's request—in the latter situation only if and to the extent that these costs and damages are not reimbursed on account of these other duties.

There shall be no entitlement to reimbursement as referred to above and any Director or former Director concerned will have to repay the reimbursed amount if and to the extent that:

(i) a Dutch court, or in case of arbitration, an arbitrator, has established in a final and conclusive decision that the act or failure to act of the person concerned may be characterised as wilful (*opzettelijk*), intentionally reckless (*bewust roekeloos*) or seriously culpable (*ernstig verwijtbaar*) conduct, unless Dutch law provides otherwise or this would, in light of the circumstances of the case, be unacceptable according to standards of reasonableness and fairness (*redelijkheid en billijkheid*);

(ii) the costs or damages directly relate to or arise from legal proceedings between a current or former Director and the Company or the Group, with the exception of legal proceedings that have been brought by one or more Shareholders, according to Dutch law or otherwise, on behalf of the Company; or

(iii) the costs or financial loss of the person concerned are covered by an insurance and the insurer has paid out the costs or financial loss.

3.19 Works councils and collective labour agreements

The Company does not have a works council.

3.20 Limitation of supervisory positions

Under Dutch law, the number of supervisory positions to be occupied by executive directors of "large Dutch companies" is limited. The term "large Dutch company" applies to any Dutch company or Dutch foundation that, if prepared on the basis of its consolidated financial results, meets at least two of the following criteria: (i) the value of its assets, as given in its balance sheet (together with explanatory notes) on the basis of their acquisition price and production costs, is more than €20 million; (ii) its net turnover in the applicable financial year is more than €40 million; and (iii) the average number of employees in the applicable financial year is at least 250.

Pursuant to these limitations (i) a person cannot be appointed as a managing or executive director of a "large Dutch company" if he/she already holds more than two positions as a member of a supervisory board or non-executive director at another "large Dutch company" or if he/she is the chairman of the supervisory board or one tier board of another "large Dutch company", and (ii) a person cannot be appointed as a supervisory director or non-executive director of a "large Dutch company" if he/she already holds five or more positions as a member of a supervisory board or non-executive director at another "large Dutch company", whereby the position of chairman of the supervisory board or one tier board of another "large Dutch company" is counted twice.

An appointment in violation of these restrictions will result in that last appointment being void. Earlier appointments at other entities are not affected. The fact that an appointment is thus void does not affect the validity of decision-making.

3.21 Diversity policy

Dutch law requires large Dutch companies (see above for the explanation of this term) to pursue a policy of having at least 30% of the seats of both the Executive Directors and Non-Executive Directors on both the Board and the supervisory board to be held by men and at least 30% of those seats to be held by women, insofar as the seats are designated for natural persons. This allocation of seats will be taken into account in connection with the following actions: (i) the appointment, or nomination for the appointment, of the Executive

Directors; (ii) drafting the criteria for the size and composition of a supervisory board, as well as the designation, appointment, recommendation and nomination for appointment of members of the supervisory board (if any); and (iii) drafting the criteria for the Non-Executive Directors, as well as the appointment, recommendation and nomination for appointment of Non-Executive Directors. Pursuant to Dutch law, if a large Dutch company does not comply with the gender diversity rules, it will be required to explain in its annual report (i) why the seats are not allocated in a well balanced manner, (ii) how it has attempted to achieve a well balanced allocation and (iii) how it aims to achieve a well balanced allocation in the future.

4 Directors' and Senior Management's interests

4.1 The Directors and members of Senior Management, their functions within the Group and brief biographies are set out in Part 7 "*Directors, Senior Management and Corporate Governance*".

4.2 Each of the Directors can be contacted at the Company's head office address at Luna Arena, Herikerbergweg 238, 1101 CM Amsterdam, the Netherlands.

4.3 The table below sets out the interests of the Directors and Senior Managers in the share capital of the Company as at the date of this Prospectus and as they are expected to be immediately following Admission:

	As at the date of the Prospectus		**Immediately following Admission**	
Name	**Number of Shares**	**Percentage of issued share capital**	**Number of Shares**	**Percentage of issued share capital**
Mr. Aslan Saranga(1)	453,274	10%	7,106,310	4.89%
Mr. Güvenç Dönmez	0	—	178,885(2)	0.12%(2)
Mr. Thomas Singer	0	—	50,000(3)	0.03%(3)
Mr. Peter Williams	0	—	50,000(4)	0.03%(4)

(1) Mr. Aslan Saranga owns Shares through his wholly-owned entity (Vision Lovemark). The number of Shares immediately following Admission takes into account (i) the additional Shares to be issued by the Company to Vision Lovemark at Admission as part of the Share Reorganisation (see paragraph 3.2 of this Part 14 "*Additional Information—Share capital*") and (ii) the Shares to be sold by Vision Lovemark to Mr. Güvenç Dönmez

(2) This comprises Shares that Mr. Güvenç Dönmez has agreed to purchase from the Selling Shareholders as described in paragraph 5.2 of this Part 14 "*—Directors' and Senior Management's compensation and other matters*"

(3) This comprises Shares that Mr. Thomas Singer has agreed to purchase from Fides Food Systems at the time of the Offer

(4) This comprises Shares that Mr. Peter Williams has agreed to purchase from Fides Food Systems at the time of the Offer

In so far as is known to the Group, it is aware of the following interests (within the meaning of the Dutch Financial Supervision Act) (other than interests held indirectly by the Chief Executive Officer) which represent, or will represent, directly or indirectly, three per cent. or more of the issued share capital of the Company on the date of this Prospectus: Fides Food Systems holds 4,079,466 Shares, representing 90% of the issued share capital of the Company. Immediately upon Admission, Fides Food Systems will hold 63,856,784 Shares, representing approximately 43.9% of the issued share capital of the Company (and, assuming full exercise of the Over-allotment Option, Fides Food Systems will hold 52,737,219 Shares, representing approximately 36.3% of the issued share capital of the Company).

4.4 Save as disclosed above, in so far as is known to the Group, there is no other person who is or will be immediately following Admission, directly or indirectly, interested in three per cent. or more of the issued share capital of the Company, or of any other person who can, will or could, directly or indirectly, jointly or severally, exercise control over the Company. The Group has no knowledge of any arrangements the operation of which may at a subsequent date result in a change of control of the Company. None of the Selling Shareholders have or will have different voting rights attached to the shares they hold in the Company.

5 Directors' and Senior Management's terms of employment

The Directors and their functions are set out in Part 7 "*Directors, Senior Management and Corporate Governance*". Each of the Directors has entered into service agreements with the Company effective from Admission with the exception of the Chief Executive Officer who continues to provide his services based on his existing employment agreement.

5.1 Directors' service agreements

Term of service

The Directors' respective service agreements, and the Chief Executive Officer's appointment as director of the Company, end immediately after the General Meeting held in the third year after the date of their respective appointments as Director (or, in the case of the Chief Executive Officer, after Admission), upon termination of the relevant Director's membership of the Board, upon resignation by the relevant Director as member of the Board, by notice of either party or if such Director is not approved for re-appointment at any General Meeting where such matter is proposed.

Severance payments

Directors are not eligible for severance payments under the terms of their service agreements with the Company.

Loans and guarantees

Other than as set out in paragraph 14 "—*Related party transactions*" below, the Company does not grant loans or guarantees, including mortgage loans, to the Directors.

5.2 Directors' and Senior Management's compensation and other matters

Under the terms of their service agreements, in the year ended 31 December 2016, the aggregate remuneration and benefits to the Directors and the Senior Management of the Group who served during 2016, consisting of 14 individuals, was TRY14.1 million.

The total gross remuneration (including salary, bonus and benefits) of the Chief Executive Officer received from the Group in his role as chief executive officer of the Turkish Operations in the year ended 31 December 2016 was TRY1,019,403. In addition, pursuant to the CEO Share Incentive Scheme, the Company issued 32,740 ordinary shares each with a nominal value of €0.01 to the Chief Executive Officer which was paid up by debiting the Company's share premium reserve by €327.40.

From the Company's incorporation in October 2016 until May 2017, the sole managing director of the Company was TMF Management B.V. In the year ended 31 December 2016, TMF charged management fees to the Group of €20,041.41.

The Non-Executive Directors, Mr. Seymur Tarı, Mr. Izzet Talu and Ms. Aksel Şahin, did not receive any remuneration from the Group in the year ended 31 December 2016, nor will they receive any remuneration from the Group in 2017. These Non-Executive Directors, each nominated to the Board by Fides Food Systems, are employees of Turkven (which advises TPEF II, the parent undertaking of Fides Food Systems) and, as such, each are remunerated by Turkven.

Upon appointment, the Company Secretary, Ms. Frederieke Slot, will receive an annual base salary of €100,000 and will be eligible for the ADBP and LTIP (as described and defined in paragraph 3.16.2 "—*Remuneration Policy*" above). Ms. Frederieke Slot will not be covered by any pension scheme of the Company but shall receive an allowance of €2,950 per month in lieu of any pension benefits and will also receive benefits with respect to medical disability insurance, mobility allowance and education, communication and IT allowance from the Group in 2017.

The Selling Shareholders have agreed with certain members of Senior Management (but not any Director), conditional upon Admission, to pay to them an incentivisation bonus upon the sale of Shares by the Selling Shareholders in the Offer as well as in connection with future sales by the Selling Shareholders (the "**Phantom Option Scheme**"). The Phantom Option Scheme does not provide any entitlement to, or option over, Shares for the relevant employees. The Selling Shareholders have also agreed to pay a one-off, fixed, cash bonus to the Chief Strategy Officer and Head of Investor Relations. These payments are in consideration for and as incentivisation for their services to the Group prior to and during the Offer process and for their continued efforts in ensuring a smooth transition of the Company to a public company, provided that they remain employed by the Group. Under the Phantom Option Scheme, the amounts received by members of Senior Management at the time of the Offer and on subsequent sales will be determined by a formula that takes into account a notional interest in the proportion of the Company's market capitalisation attributable to its Turkish and Russian business, less an implied entry price, multiplied by the proportionate interest sold in the Offer after taking account of the issuance of new Shares or the subsequent sales by the Selling Shareholders, as the case may be. The aggregate that may be payable to the members of Senior Management, and other employees with

whom the Selling Shareholders have agreed to pay bonuses, at the time of the Offer, is an amount equivalent to approximately two per cent. of the gross proceeds receivable by the Selling Shareholders in the Offer, assuming no exercise of the Over-allotment Option. Total payments to members of Senior Management in connection with the Phantom Option Scheme could constitute a multiple of their annual compensation and is dependent on the prices realised in connection with such sales. Please see Part 7 "*Directors, Senior Management and Corporate Governance—Conflicts of interest*".

If Admission occurs, the Selling Shareholders have also agreed to sell to the Chief Executive Officer of the Russian Operations a number of Shares in consideration for his services to the Group prior to and during the Offer process. Please see paragraph 4.3 "*—Directors' and Senior Managements' interests*" above.

5.3 Directors' and Senior Management's current and past directorships

Set out below are the directorships (unless otherwise stated) and partnerships held by the Directors and members of the Senior Management (other than, where applicable, directorships held in the Company and/or in any subsidiaries of the Company), in the five years prior to the date of this Prospectus:

Name	Current directorships	Past directorships
Mr. Peter Williams—*Chairman and Independent Non-Executive Director*	Sophia Webster Limited U and I Group plc boohoo.com plc Rightmove plc Mister Spex GmbH Brissi London Limited Design Council Enterprises Limited	London Transport Museum (Trading) Limited Sportech plc Cineworld Group plc Jaeger Limited Without Prejudice London Limited Project Oliver Investors Limited Silverstone Holdings Limited ASOS plc Erno Laszlo Group Limited Blacks Leisure Group plc Maltby Investments Limited JJB Sports plc Global Radio Limited Alpha Group plc Autogrill Retail UK Limited Jordan Flight Catering Company Limited Pratt & Leslie Jones Limited Servair Air Chef s.r.l Selfridges plc The New West End Company British Retail Consortium Woodhouse UK plc
Mr. Aslan Saranga	None	None
Ms. Frederieke Slot—*Company Secretary and Executive Director*	None	None
Mr. Seymur Tarı	Mavi Giyim Sanayi ve Tic. A.Ş. Flo Mağazacılık ve Pazarlama A.Ş. Koton Mağazacılık Tekstil Sanayi ve Ticaret A.Ş. MLP Sağlık Hizmetleri A.Ş.	Konsensus Öğretim Yatırımları ve Ticaret A.Ş. Pronet Güvenlik Hizmetleri A.Ş. Tekin Acar Büyük Mağazacılık Tic. A.Ş. NGM Dijital Medya ve Reklamcılık Organizasyon Ticaret A.Ş.
Mr. Izzet Talu	None	None
Ms. Aksel Şahin	None	None
Mr. Thomas Singer—*Senior Independent Non-Executive Director*	None	British United Provident Association Limited Friends Life BHA Limited

Name	Current directorships	Past directorships
		Intercontinental Hotels Group PLC
Mr. Selim Kender	None	Arkaz Sağlık İşletmeleri A.Ş. Özel Silivri Arkaz Sağlık Hizmetleri Ltd. Şti. Anadolu Hastane ve Sağlık İşletmeleri Sanayi ve Ticaret A.Ş. Özel Çanakkale Arkaz Sağlık ve Eğitim Hizmetleri Sanayi ve Ticaret Ltd. Şti. Özel Ereğli Arkaz Sağlık Hizmetleri Ltd. Şti. NGM Dijital Medya ve Reklamcılık Organizasyon Ticaret A.Ş.
Ms. Neval Korucu Alpagut	None	None
Mr. Aziz Babacan	None	None
Ms. Ayça Mutluer Bayraktar	None	None
Mr. Kerem Ciritçi	None	None
Ms. Nilüfer Değirmenci	None	None
Mr. Boran Uzun	None	None
Mr. Gökhan Yoluaçık	None	None
Mr. Güvenç Dönmez	None	None
Mr. Mustafa Özgül	None	None
Mr. Igor Kiselev	None	None
Mr. Dmitriy Osipov	None	None
Ms. Maria Utvenko	None	None
Mr. Oleg Yudin	None	None

5.4 Within the period of five years preceding the date of this Prospectus, none of the Directors or any member of Senior Management:

(i) has had any convictions in relation to fraudulent offences;

(ii) has been a member of the administrative, management or supervisory bodies or director or senior manager (who is relevant in establishing that a company has the appropriate expertise and experience for management of that company) of any company in bankruptcy, receivership or liquidation;

(iii) has received any official public incrimination and/or sanction by any statutory or regulatory authorities (including designated professional bodies) or has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of affairs of a company;

(iv) been declared bankrupt or been the subject of any individual voluntary arrangement, or been associated with any bankruptcy, receivership or liquidation in his capacity as director or senior manager;

(v) been disqualified by a court from acting as a director or member of the administrative, management or supervisory bodies of any company or from acting in the management or conduct of the affairs of any company;

(vi) been a partner or senior manager in a partnership which, while he was a partner or within 12 months of his ceasing to be a partner, was put into compulsory liquidation or administration or which entered into any partnership voluntary arrangement; or

(vii) owned any assets which have been subject to a receivership or been a partner in a partnership subject to a receivership where he was a partner at a time or within the 12 months preceding such event.

There are not any family relationships between or among any of the Directors and any member of Senior Management.

6 Remuneration Policy

The Company intends to implement a remuneration policy for its Directors to provide performance based incentivisation through base salary, bonus, share incentives, and other benefits consistent with market standards in the industry in which the Company operates.

6.1 Executive Directors' remuneration

The remuneration of the Executive Directors is determined by the Non-Executive Directors at a level considered by the remuneration committee of the Board to be appropriate for the size and nature of the business, with due observance of the remuneration policy as adopted by the General Meeting.

The Company aims to attract, retain and motivate the best talent with the experience and expertise to ensure continued growth and success. The remuneration policy aims to align the interests of the Executive Directors to the long term interests of the Company and Shareholders. It further aims to support a high performance culture with appropriate reward for superior performance, without creating incentives to encourage excessive risk taking or unsustainable performance.

Pursuant to the remuneration policy, the remuneration of the Executive Directors will consist of the following fixed and variable components which are discussed in more detail below:

(a) base salary;

(b) benefits and pensions;

(c) the ADBP (see paragraph 7.4 "*—The ADBP*" of this Part below);

(d) the LTIP (see paragraph 7.3 "*—The LTIP*" of this Part below); and

(e) severance arrangements (see paragraph 5.1 "*—Directors' service agreements*" of this Part above).

6.2 Executive Directors' remuneration components

6.2.1 *Base salary*

The base salary of the Executive Directors is a fixed compensation and is set on appointment by the Non-Executive Directors taking into account a variety of factors including the remuneration practices within the Company, as well as the remuneration structures in companies of comparable complexity, size and business activity to the Company. The base salary will be reviewed annually, or when there is a change in position or responsibility, taking into account individual performance and degree of individual responsibility, the general operational performance of the Group, as well as the economic environment and sustainable development of the Company.

6.2.2 *Benefits and pensions*

The Executive Directors are eligible to participate in the Group personal pension scheme. The maximum contribution into the Group personal pension scheme or a salary supplement in lieu of pension will be 36% of gross base salary.

The Executive Directors are eligible for customary benefits such as private health cover, life assurance, a company car or allowances in lieu of such benefits. Other additional benefits may be offered, such as relocation allowances on recruitment and reasonable tax advice or support, as determined by the Non-Executive Directors.

6.3 Non-Executive Directors' remuneration

Other than the Non-Executive Directors nominated by Fides Food Systems who will not receive any remuneration from the Group, the remuneration structure of the Non-Executive Directors will consist of a fixed annual fee. The Non-Executive Directors will not be entitled to participate in the Discretionary Plans (please see paragraph 7.1 of this Part 14 "*Employee incentive plans—Overview*").

7 Employee incentive plans

7.1 Overview

The Group does not currently operate any equity based long term incentive schemes for employees. No amounts have been set aside by the Group to provide pension, retirement or similar benefits. Following Admission, the Company expects to operate two discretionary incentive plans: the Long Term Incentive Plan (the "**LTIP**") and the Annual and Deferred Bonus Plan (the "**ADBP**" and together with the LTIP, the "**Discretionary Plans**").

Information on certain awards to be made at or following Admission and the principal features of the Discretionary Plans are summarised below.

7.2 Awards granted at Admission

Under a schedule to the LTIP, Mr. Güvenç Dönmez, the Chief Executive Officer of the Russian Operations will be granted an option to acquire Shares at or shortly after Admission over a total number of Shares equivalent to two per cent. of the issued share capital (less the New Shares to be issued as part of the Offer) of the Company following Admission. The price payable per Share on exercise of the option shall be the Offer Price. The Shares under the option will vest in equal instalments on each anniversary of the award, with the final instalment vesting on the fifth anniversary of Admission.

The option will only vest if he has not ceased to be an employee of the Group and is not under notice to terminate his employment with the Group (whether given or received by him) for any reason other than for a reason referred to as an LTIP Good Leaver reason in paragraph 7.3.9 "—*Cessation of employment*" below or his death. Any part of his option which has not been exercised shall lapse on the tenth anniversary of Admission.

The terms of the option are substantially the same as for the LTIP (as described in paragraph 7.3 "—*The LTIP*") with the exception of the individual limits referenced in paragraph 7.3.3 "—*Grant of LTIP Awards*", which will not apply to this award.

7.3 The LTIP

7.3.1 *Status*

The LTIP is a discretionary executive share plan. Under the LTIP, the Board may, within certain limits and subject to any applicable performance conditions, grant to eligible employees (i) nil cost options over Shares ("**LTIP Nil-Cost Options**"), (ii) options over Shares ("**LTIP Share Options**" and together with the LTIP Nil-Cost Options, the "**LTIP Options**"), (iii) conditional awards (i.e. a conditional right to acquire Shares) ("**LTIP Conditional Awards**") and/or (iv) Shares which are subject to restrictions and the risk of forfeiture ("**LTIP Restricted Shares**" and, the LTIP Restricted Shares, together with LTIP Options and LTIP Conditional Awards, the "**LTIP Awards**").

7.3.2 *Eligibility*

All employees (including Executive Directors) of the Group are eligible for selection to participate in the LTIP at the discretion of the Board.

7.3.3 *Grant of LTIP Awards*

The Board may grant LTIP Awards over Shares to Executive Directors with a maximum total market value in any financial year of up to 100% of the relevant individual's annual base salary or up to 150% of the relevant individual's annual base salary in circumstances the Board considers to be exceptional. The Board may grant LTIP Awards over Shares to eligible employees who are not Executive Directors over a maximum aggregate number of Shares for any eligible employee (taking into account all grants under the LTIP to such employee) of 0.3% of the issued share capital of the Company from time to time.

LTIP Awards may be granted during the 42 days beginning on: (i) Admission, (ii) the day after the announcement of the Company's results for any period; (iii) any day on which the Board determines that circumstances are sufficiently exceptional to justify the making of the LTIP Award at that time; or (iv) the day after the lifting of any dealing restrictions. However, no LTIP Awards may be granted more than five years from the date of Admission, which period can be extended with five year periods by the General Meeting.

The exercise price of an LTIP Share Option shall not be less than the market value of a Share at the date of grant (as determined by the Board).

7.3.4 *Performance and other conditions*

The Board may impose performance conditions on the vesting of LTIP Awards. Where performance conditions are specified for LTIP Awards, the underlying measurement period for such conditions will ordinarily be three years.

Any performance conditions applying to LTIP Awards may be varied, substituted or waived if the Board considers it appropriate, provided the Board considers that the new performance conditions are reasonable and are not materially less difficult to satisfy than the original conditions (except in the case of waiver).

The Board may also impose other conditions on the vesting of LTIP Awards.

7.3.5 *Malus*

The Board may decide, at any time prior to the vesting of LTIP Awards, that the number of Shares subject to an LTIP Award shall be reduced (including to nil) on such basis that the Board in its discretion considers to be fair and reasonable in the following circumstances:

(a) discovery of a material misstatement resulting an adjustment in the audited accounts of the Group or any Group company;

(b) the assessment of any performance condition or condition in respect of an LTIP Award was based on error, or inaccurate or misleading information;

(c) the discovery that any information used to determine the number of Shares subject to an LTIP Award was based on error, or inaccurate or misleading information;

(d) action or conduct of a participant which amounts to fraud or gross misconduct; or

(e) events or the behaviour of a participant have led to the censure of a Group company by a regulatory authority or have had a significant detrimental impact on the reputation of any Group company provided that the Board is satisfied that the relevant participant was responsible for the censure or reputational damage and that the censure or reputational damage is attributable to him.

7.3.6 *Vesting and exercise*

LTIP Awards will normally vest, and LTIP Options will normally become exercisable, on the third anniversary of the date of grant of the LTIP Award to the extent that any applicable performance conditions have been satisfied and to the extent permitted following any operation of malus or clawback. LTIP Options will normally remain exercisable for a period determined by the Board at grant which shall not exceed ten years from grant.

7.3.7 *Holding period*

At its discretion, the Board may grant LTIP Awards subject to a holding period of a maximum of two years following vesting.

7.3.8 *Clawback*

The Board may apply clawback to all or part of a participant's LTIP Award in substantially the same circumstances as apply to malus (as described above) during the period of two years following the vesting of an LTIP Award. Clawback may be effected, among other means, by requiring the transfer of Shares, payment of cash or reduction of awards.

7.3.9 *Cessation of employment*

Except in certain circumstances, set out below, an LTIP Award will lapse immediately upon a participant ceasing to be employed by or holding office with the Group.

However, if a participant so ceases because of his ill-health, injury, disability, redundancy, retirement with the agreement of his employer, the participant being employed by a company which ceases to be a Group company or being employed in an undertaking which is transferred to a person who is not a Group company or in other circumstances at the discretion of the Board (each an "**LTIP Good Leaver Reason**"), his LTIP Award will ordinarily vest on the date when it would have vested if he had not so ceased to be a Group employee or

director, subject to the satisfaction of any applicable performance conditions measured over the original performance period and the operation of malus or clawback. In addition, unless the Board decides otherwise, vesting will be pro-rated to reflect the reduced period of time between grant and the participant's cessation of employment as a proportion of the normal vesting period.

If a participant ceases to be a Group employee or director for an LTIP Good Leaver Reason, the Board can alternatively decide that his LTIP Award will vest early when he leaves. If a participant dies, a proportion of his LTIP Award will vest on the date of his death. The extent to which an LTIP Award will vest in these situations will be determined by the Board at its absolute discretion taking into account, among other factors, the period of time the LTIP Award has been held and the extent to which any applicable performance conditions have been satisfied at the date of cessation of employment and the operation of malus or clawback. In addition, unless the Board decides otherwise, vesting will be pro-rated to reflect the reduced period of time between grant and the participant's cessation of employment as a proportion of the normal vesting period.

To the extent that LTIP Options vest for an LTIP Good Leaver Reason, they may be exercised for a period of 6 months following vesting (or such longer period as the Board determines) and will otherwise lapse at the end of that period. To the extent that LTIP Options vest following death of a participant, they may be exercised for a period of 12 months following death and will otherwise lapse at the end of that period.

7.3.10 *Corporate events*

In the event of a takeover, dissolution or winding-up of the Company, the LTIP Awards will vest early. The proportion of the LTIP Awards which vest shall be determined by the Board taking into account, among other factors, the period of time the LTIP Award has been held by the participant and the extent to which any applicable performance conditions have been satisfied at that time.

To the extent that LTIP Options vest in the event of a takeover dissolution or winding-up of the Company they may be exercised for a period of one month measured from the relevant event (or in the case of takeover such longer period as the Board determines) and will otherwise lapse at the end of that period.

In the event of a legal merger, legal division, demerger or any other corporate event, the Board may determine that LTIP Awards shall vest. The proportion of the LTIP Awards which vest shall be determined by the Board taking into account, among other factors, the period of time the LTIP Award has been held by the participant and the extent to which any applicable performance conditions have been satisfied at that time. LTIP Options that vest in these circumstances may be exercised during such period as the Board determines and will otherwise lapse at the end of that period.

If there is a corporate event resulting in a new person or company acquiring control of the Company, the Board may (with the consent of the acquiring company) alternatively decide that LTIP Awards will not vest or lapse but will be replaced by equivalent new awards over shares in the new acquiring company.

7.4 The ADBP

The ADBP incorporates the Company's executive bonus scheme as well as a mechanism for the deferral of bonus into awards over Shares.

7.4.1 *Status*

The ADBP is both a cash bonus plan and a discretionary executive share plan under which a proportion of a participant's bonus may be deferred into an award over Shares. Under the ADBP, the Board may, within certain limits, grant to eligible employees deferred awards over Shares taking the form of (i) nil cost options over Shares ("**ADBP Options**"), (ii) conditional awards (i.e. a conditional right to acquire Shares) ("**ADBP Conditional Awards**") and/or (iii) Shares which are subject to restrictions and the risk of forfeiture ("**ADBP Restricted Shares**" and, together with ADBP Options and ADBP Conditional Awards, the "**ADBP Awards**"). No payment is required for the grant of an ADBP Award.

7.4.2 *Eligibility*

All employees (including Executive Directors) of the Group are eligible for selection to participate in the ADBP at the discretion of the Board.

7.4.3 *Bonus opportunity*

Participants selected to participate in the ADBP for a financial year of the Company will be eligible to receive an annual bonus subject to satisfying performance conditions and targets set for that financial year. The Board may determine that all or part of a participant's annual bonus will be deferred into an ADBP Award. The maximum bonus (including any part of the bonus deferred into an ADBP Award) deliverable under the ADBP will be 80% of a participant's annual base salary. The Board will determine the bonus to be delivered following the end of the relevant financial year. Malus and clawback provisions apply to a bonus awarded under the ADBP as described below.

7.4.4 *Cessation of employment before bonus determined and corporate events*

Except in certain circumstances, an ADBP participant who ceases to be employed by or hold office with the Group before the bonus determination is made will cease to be eligible to receive a bonus. However, if a participant so ceases because of his ill-health, injury, disability, redundancy, retirement with the agreement of his employer, the participant being employed by a company which ceases to be a Group company or being employed in an undertaking which is transferred to a person who is not a Group company or in other circumstances at the discretion of the Board (each an "**ADBP Good Leaver Reason**"), he will remain eligible for a bonus. The performance conditions and targets will be considered and the bonus will be deliverable in the same way and at the same time as if the individual had not ceased to be employed or hold office with the Group, unless the Board otherwise decides, although the value of the bonus will be pro rated to reflect the reduced period of time between the start of the financial year and the participant's cessation of employment as a proportion of that financial year.

In addition, in the event that a corporate event occurs as described below, a participant will be eligible to receive a bonus as soon as practicable after the relevant event, the amount of which shall be determined by the Board taking into account the performance conditions and targets. The value of the bonus will be pro rated to reflect the reduced period of time between the start of the financial year and the relevant corporate event as a proportion of the relevant financial year unless the Board otherwise decides.

7.4.5 *Grant of ADBP Awards*

The Board may determine that a proportion of a participant's annual bonus will be deferred into an ADBP Award.

There is a maximum limit on the market value of Shares granted to any employee under an ADBP Award of up to 100% of the total annual bonus for that individual. ADBP Awards may be granted during the 42 days beginning on: (i) Admission; (ii) the day after the announcement of the Company's results for any period; (iii) any day on which the Board determines that circumstances are sufficiently exceptional to justify the making of the ADBP Award at that time; or (iv) the day after the lifting of any dealing restrictions.

However, no ADBP Awards may be granted more than five years from the date of Admission, which period can be extended with five year periods by the General Meeting.

7.4.6 *Malus*

The Board may decide (a) at the time of payment of a cash bonus or at any time before to reduce the amount of the bonus (including to nil) and/or (b) at the vesting of an ADBP Award or any time before, that the number of Shares subject to an ADBP Award shall be reduced (including to nil) on such basis that the Board in its discretion considers to be fair and reasonable in the following circumstances:

- discovery of a material misstatement resulting in an adjustment in the audited accounts of the Group or any Group company;
- the assessment of any performance condition or condition in respect of a bonus or an ADBP Award was based on error, or inaccurate or misleading information;
- the discovery that any information used to determine the bonus or the number of Shares subject to an ADBP Award was based on error, or inaccurate or misleading information;
- action or conduct of a participant which amounts to fraud or gross misconduct; or
- events or the behaviour of a participant have led to the censure of a Group company by a regulatory authority or have had a significant detrimental impact on the reputation of any Group company provided

that the Board is satisfied that the relevant participant was responsible for the censure or reputational damage and that the censure or reputational damage is attributable to him.

7.4.7 *Vesting and exercise*

ADBP Awards will normally vest on the third anniversary of the date of grant of the ADBP Award to the extent permitted following any operation of malus or clawback. ADBP Options will normally remain exercisable for a period determined by the Board at grant which shall not exceed ten years from the date of grant.

7.4.8 *Holding period*

At its discretion, the Board may grant ADBP Awards subject to a holding period of a maximum of up to two years following vesting.

7.4.9 *Clawback*

The Board may apply clawback to all or part of a participant's cash bonus and/or ADBP Award in substantially the same circumstances as apply to malus (as described above) during the period of three years following the determination of the relevant bonus. Clawback may be effected, among other means, by requiring the transfer of Shares, payment of cash or reduction of awards or bonuses.

7.4.10 *Cessation of employment*

Except in certain circumstances, set out below, an ADBP Award will lapse immediately upon a participant ceasing to be employed by or holding office with the Group.

However, if a participant so ceases for an ADBP Good Leaver Reason, his ADBP Award will ordinarily vest on the date when it would have vested if he had not so ceased to be a Group employee or director, subject to the operation of malus or clawback. In addition, unless the Board decides otherwise, vesting will be pro-rated to reflect the reduced period of time between grant and the participant's cessation of employment as a proportion of the normal vesting period.

If a participant ceases to be a Group employee or director for a ADBP Good Leaver Reason, the Board can alternatively decide that his ADBP Award will vest early when he leaves. If an employee dies, a proportion of his ADBP Award will vest on the date of his death. The extent to which a ADBP Award will vest in these situations will be determined by the Board at its absolute discretion taking into account, among other factors, the period of time the ADBP Award has been held and the operation of malus or clawback. In addition, unless the Board decides otherwise, vesting will be pro rated to reflect the reduced period of time between grant and the participant's cessation of employment as a proportion of the normal vesting period.

To the extent that ADBP Options vest for a ADBP Good Leaver Reason, they may be exercised for a period of six months following vesting (or such longer period as the Board determines) and will otherwise lapse at the end of that period. To the extent that ADBP Options vest following death of a participant, they may be exercised for a period of 12 months following death and will otherwise lapse at the end of that period.

7.4.11 *Corporate events*

In the event of a takeover, dissolution or voluntary liquidation dissolution or winding-up of the Company, the ADBP Awards will vest early. The proportion of the ADBP Awards which vest shall be determined by the Board taking into account, among other factors, the period of time the ADBP Award has been held by the participant.

To the extent that ADBP Options vest in the event of a takeover, dissolution or winding-up of the Company they may be exercised for a period of one month measured from the relevant event (or in the case of takeover such longer period as the Board determines) and will otherwise lapse at the end of that period.

In the event of a legal merger, legal division, demerger or any other corporate event, the Board may determine that ADBP Awards shall vest. The proportion of the ADBP Awards which vest shall be determined by the Board taking into account, among other factors, the period of time the ADBP Award has been held by the participant. ADBP Options that vest in these circumstances may be exercised during such period as the Board determines and will otherwise lapse at the end of that period.

If there is a corporate event resulting in a new person or company acquiring control of the Company, the Board may (with the consent of the acquiring company) alternatively decide that ADBP Awards will not vest or lapse but will instead be replaced by equivalent new awards in the new acquiring company.

7.5 Provisions applying to each of the Discretionary Plans

7.5.1 *Awards not transferable*

Awards granted under the Discretionary Plans are not transferable other than to the participant's personal representatives in the event of his death provided that awards and Shares may be held by the trustees of an employee as nominee for the participants.

7.5.2 *Limits*

The Discretionary Plans may operate over new issue Shares, treasury Shares or Shares purchased in the market. The rules of each of the Discretionary Plans provide that, in the period of five calendar years from Admission, not more than four per cent. of the Company's issued ordinary share capital immediately following Admission may be issued under the Discretionary Plans.

7.5.3 *Variation of capital*

If there is a variation of share capital of the Company or in the event of a merger, demerger or other distribution, special dividend or distribution, the Board may make such adjustments to awards granted (or to be granted) under each of the Discretionary Plans, including the number of Shares subject to awards and the option exercise price (if any), as it considers to be fair and reasonable.

7.5.4 *Dividend equivalents*

In respect of any award granted under any of the Discretionary Plans, the Board may decide that participants will receive a payment (in cash and/or additional Shares) equal in value to any dividends that would have been paid on the Shares which vest under that award by reference to the period between the time when the relevant award was granted and the time when the relevant award vested. This amount may assume the reinvestment of dividends and exclude or include special dividends or dividends in specie.

7.5.5 *Alternative settlement*

At its discretion, the Board may decide to satisfy awards granted under the Discretionary Plans with a payment in cash or Shares equal to any gain that a participant would have made had the relevant award been satisfied with Shares.

7.5.6 *Rights attaching to Shares*

Except in relation to the award of Shares subject to restrictions, Shares issued and/or transferred under the Discretionary Plans will not confer any rights on any participant until the relevant award has vested or the relevant option has been exercised and the participant in question has received the underlying Shares. Any Shares allotted when an option is exercised or an award vests will rank equally with Shares then in issue (except for rights arising by reference to a record date prior to their issue). A participant awarded Shares subject to restrictions shall have the same rights as a holder of Shares in issue at the time that the participant acquires the Shares, save to the extent set out in the agreement with the participant relating to those Shares.

7.5.7 *Amendments*

The Board may, at any time, amend the provisions of any of the Discretionary Plans in any respect. The prior approval of a General Meeting must be obtained in the case of any amendment to the advantage of participants which is made to the provisions relating to eligibility, individual or overall limits, the persons to whom an award can be made under the relevant Discretionary Plan, the adjustments that may be made in the event of any variation to the share capital of the Company and/or the rule relating to such prior approval, save that there are exceptions for any minor amendment to benefit the administration of the relevant Discretionary Plan, to take account of the provisions of any proposed or existing legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants, the Company and/or its other Group companies. Amendments may not adversely affect the rights of participants except where participants are notified of such amendment and the majority of participants approve such amendment.

7.5.8 *Other plans*

The Board may, at any time, establish further plans based on the LTIP and the ADBP for other territories. Any such plan shall be similar to the LTIP or the ADBP, as relevant, but modified to take account of local tax,

exchange control or securities laws. Any Shares made available under such further plans must be treated as counting against the limits on individual and overall participation under the relevant plan.

7.5.9 Benefits not pensionable

The benefits received under the Discretionary Plans are not pensionable.

8 Underwriting arrangements

8.1 Underwriting Agreement

On 28 June 2017, the Company, the Directors, the Selling Shareholders and the Underwriters entered into the Underwriting Agreement. Pursuant to the Underwriting Agreement:

(a) the Company has agreed, subject to certain conditions, to issue, at the Offer Price, the New Shares to be issued in connection with the Offer;

(b) the Selling Shareholders have agreed, subject to certain conditions, to sell, at the Offer Price, the Existing Shares;

(c) the Underwriters have severally (and not jointly or jointly and severally) agreed, subject to certain conditions, (which include, among other, no material adverse change and macroeconomic events being triggered which result in a change to financial markets), to procure subscribers and/or purchasers for or, failing which, themselves to subscribe for or purchase, as the case may be, the Offer Shares (in such proportions as will be set out in the Underwriting Agreement);

(d) the Underwriters will deduct from the proceeds of the Offer payable to (i) the Company a commission of 2.25% of the product of the Offer Price and the number of New Shares issued pursuant to the Offer and (ii) to the Selling Shareholders a commission of 2.25% of the product of the Offer Price and the number of Existing Shares sold pursuant to the Offer and (iii) to Fides Food Systems a commission of 2.25% of the product of the Offer Price and the number of Over-allotment Shares following any exercise of the Over-allotment Option; in addition, the Company and the Selling Shareholders may, at their joint and absolute discretion, pay an additional commission of up to 1.25% of the product of the Offer Price and the number of Offer Shares (including following any exercise of the Over-allotment Option);

(e) the obligations of the Underwriters to procure subscribers and/or purchasers for or, failing which, themselves to subscribe for or purchase Shares, as the case may be, on the terms of the Underwriting Agreement are subject to certain conditions. These conditions include the absence of any breach of representation or warranty under the Underwriting Agreement and Admission occurring on or before 8.00 a.m. (or such later time and/or date as the Global Co-ordinator (on behalf of itself and the other Underwriter) and the Company may agree in writing). In addition, the Joint Global Co-ordinator (for itself and on behalf of the other Underwriter) has the right to terminate the Underwriting Agreement, exercisable in certain circumstances, prior to Admission;

(f) Morgan Stanley, as Stabilising Manager, has been granted the Over-allotment Option by Fides Food Systems pursuant to which it may purchase or procure purchasers for up to 11,119,565 Over-allotment Shares at the Offer Price for the purposes of covering short positions arising from over-allocations, if any, in connection with the Offer and/or from sales of Shares, if any, effected during the stabilising period. Except as required by law or regulation, neither the Stabilising Manager, nor any of its agents, intends to disclose the extent of any over-allotments and/or stabilising transactions conducted in relation to the Offer. Settlement of any purchase of Over-allotment Shares will take place shortly after such determination (or if acquired on Admission, at Admission). If any Over-allotment Shares are acquired pursuant to the Over-allotment Option, Morgan Stanley will be committed to pay to Fides Foods Systems, or procure that payment is made to it of, an amount equal to the Offer Price multiplied by the number of Over-allotment Shares purchased from Fides Foods Systems, less commissions and expenses;

(g) the Company has agreed to pay the costs, charges, fees and expenses of the Offer (together with any related value-added tax);

(h) each of the Company, the Directors and Selling Shareholders have given certain representations, warranties and undertakings, subject to certain limitations, to the Underwriters; and

(i) the Company and Selling Shareholders have given an indemnity to the Underwriters on customary terms.

8.2 Share Lending Agreement

In connection with settlement and stabilisation, on 28 June 2017 Morgan Stanley, as Stabilising Manager, and the Fides Food Systems have entered into a share lending agreement (the "**Share Lending Agreement**"). Pursuant to this agreement, the Stabilising Manager will be able to borrow up to a maximum of 11,119,565 Shares, being 15% of the total Offer Shares (excluding the Shares subject to the Over-allotment Option) on Admission for the purposes, amongst other things, of allowing the Stabilising Manager to settle, on Admission, over-allotments, if any, made in connection with the Offer. If the Stabilising Manager borrows any Shares pursuant to the Share Lending Agreement, it will be required to re-deliver equivalent securities to Fides Food Systems by a date to be specified in the Share Lending Agreement.

9 Subsidiaries, investments and principal establishments

The Company is the principal holding company of the Group. The subsidiaries of the Company as at the date of this Prospectus are as follows:

Name	Field of Activity	Country of incorporation	Percentage of ownership
Fides Food Systems B.V.	Holding company	Netherlands	100%
Fidesrus B.V.	Holding company	Netherlands	100%
Fides Grup Gıda Üretim ve Restaurant İşletmeciliği A.Ş.	Holder of exclusive master franchise for Azerbaijan and Georgia of the Domino's System	Turkey	100%
Pizza Restaurantları A.Ş.	Operating company and holder of exclusive master franchise for Turkey of the Domino's System	Turkey	100%
Fides LLC	Holding company	Russia	100%
Pizza Restaurants LLC	Operating company and holder of exclusive master franchise for Russia of the Domino's System	Russia	100%

10 Auditors

The Company was incorporated in 18 October 2016, at which date it acquired the operating companies from its existing shareholders through an issuance of share capital. Prior to that, the operating businesses were under common control but not part of the same group with Fidesrus B.V. and FFS B.V. being the respective holding companies for the Turkish and Russian businesses. The consolidated financial statements of Fidesrus B.V. and FFS B.V. as at and for the years ended 31 December 2016, 2015 and 2014 and the consolidated financial statements of the Company as at and for the year ended 31 December 2016 were audited by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., certified public accountants and member of Chamber of Certified Public Accountants, whose registered address is BJK Plaza, Süleyman Seba Caddesi No:48, B Blok Kat 9 Akaretler, Beşiktaþ 34357, Istanbul, Turkey. Following Admission, the Company will appoint PricewaterhouseCoopers Accountants N.V., whose registered address is Westgate, Thomas R. Malthusstraat 5, 1066 JR Amsterdam, the Netherlands, as auditor.

11 Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company or another member of the Group: (a) within the two years immediately preceding the date of this Prospectus which are, or may be, material to the Company or any member of the Group, and (b) at any time and contain provisions under which the Company or any member of the Group has an obligation or entitlement which is, or may be, material to the Company or any member of the Group as at the date of this Prospectus:

11.1 Underwriting Agreement

The Underwriting Agreement described in paragraph 8.1 *"—Underwriting Agreement*" above.

11.2 Relationship Agreement

The Relationship Agreement described in Part 7 *"Directors, Senior Management and Corporate Governance*".

11.3 Depositary contracts

11.3.1 Deed poll

Conditional upon Admission, the DIs will be created pursuant to, and issued on the terms of, the Deed Poll dated 23 June 2017.

Each DI will be treated by the Depositary as one Share for the purposes of determining, for example, eligibility for any distributions. The Depositary has agreed to pass on to holders of DIs any shares or cash benefits received by it as holder of Shares on trust for such DI holder.

In summary, the Deed Poll contains, inter alia, provisions to the following effect:

- The Depositary, which is regulated by the FCA, will hold (itself or through the Custodian), as bare trustee, the underlying Shares issued by the Company and all and any rights and other securities, property and cash attributable to the underlying Shares for the time being held by the Depositary or Custodian pertaining to the DIs for the benefit of the DI holders.
- The Custodian, to be appointed by the Depositary, will provide custody services including the holding of the Shares in respect of which Depositary Interests are issued by the Depositary and the execution of instructions received from CREST members in relation to the Shares held on their behalf.
- If a DI holder wishes itself to hold legal title to the Share represented by its Depositary Interest, it may request that the relevant Depositary Interest is removed from CREST and that it is recorded in the Company's shareholders register. A separate register of Depositary Interests may be kept by the Depositary in the United Kingdom, of which excerpts may be obtained by the Board. The Board is allowed to request the Depositary (i) to inspect the register of DI holders, (ii) for excerpts from the register of DI holders and (iii) for all such other information as the Board thinks fit.
- The Depositary will re-allocate securities or distributions allocated to the Custodian pro rata to the Shares held for the respective accounts of the holders of DIs but will not be required to account for fractional entitlements arising from such re-allocation.
- Each DI holder warrants, inter alia, that the Shares transferred or issued to the Custodian on behalf of the Depositary for the account of such DI holder are free and clear of all liens, charges, encumbrances or third party interests and that such transfers or issues are not in contravention of the Articles of Association or any contractual obligation, or applicable law or regulations binding or affecting such holder, and the holder indemnifies the Depositary from and against any liability it may suffer by reason of any breach of such warranty.
- The Depositary and any Custodian must pass on, so far as it is reasonably able, to DI holders all rights and entitlements received by the Depositary or the Custodian in respect of the Shares. Rights and entitlements to cash distributions, to information, to make choices and elections and to attend and vote at meetings must, subject to the Deed Poll, be passed on in the form which they are received, together with amendments and additional documentation necessary to effect such passing-on. The Depositary is not entitled to vote on any Shares without the prior explicit written instruction of the DI holder. If arrangements are made which allow a DI holder to take up rights in Shares requiring further payment, the DI holder must put the Depositary in cleared funds before the relevant payment date or other date notified by the Depositary if it wishes the Depositary to exercise such rights.
- The Depositary will be entitled to cancel DIs and treat the DI holder as having requested a withdrawal of the Shares in certain circumstances, including where a DI holder fails to furnish to the Depositary such certificates or representations as to material matters of fact, including his identity, as the Depositary deems appropriate or where a DI holder has failed to perform any obligation under the Deed Poll or any other agreement or other instrument with respect to the DIs.
- The Deed Poll contains provisions excluding and limiting the Depositary's liability. For example, the Depositary shall not be liable to any DI holder or any other person for liabilities in connection with the performance or non-performance of obligations under the Deed Poll or otherwise except as may result from its negligence or wilful default or fraud or that of any person for whom it is vicariously liable, provided that the Depositary shall not be liable for the negligence, wilful default or fraud of any Custodian or agent which is not a member of its group unless it has failed to exercise reasonable care in the

appointment and continued use and supervision of such Custodian or agent. Furthermore, the Depositary's liability to a DI holder will be limited to the lesser of:

- the value (at the date the act, omission or event giving rise to the liability occurred) of the Shares and other deposited property properly attributable to the DIs to which the liability relates; and
- that proportion of £10 million which corresponds to the proportion which the amount the Depositary would otherwise be liable to pay to the DI holder bears to the aggregate of the amounts the Depositary would otherwise be liable to pay to all such holders in respect of the same act, omission, or event or, if there are no such amounts, £10 million.

- The Depositary is entitled to charge DI holders reasonable administrative fees if following the cancellation or deemed cancellation of Depositary Interests (or an instruction related thereto) the relevant holder does not comply with the transfer procedures (for example, a failure to execute the relevant instrument of transfer) as set out in the Deed Poll.
- The DI holders are required to agree and acknowledge with the Depositary that it is their responsibility to ensure that any transfer of DIs by them which is identified by the CREST system as exempt from SDRT is so exempt, and to notify the Depositary if this is not the case, and to pay to EUI any SDRT, any interest, charges or penalties arising from non-payment of SDRT in respect of such transaction.
- Each DI holder is liable to indemnify the Depositary and any Custodian (and their agents, officers and employees) against all liabilities arising from or incurred in connection with, or arising from any act related to, the Deed Poll so far as they relate to the DIs (and any property or rights held by the Depositary or Custodian in connection with the DIs) held by that holder, other than those resulting from the wilful default, negligence or fraud of the Depositary, or the Custodian or agent if such Custodian or agent is a member of the Depositary's group or if, not being a member of the same group, the Depositary shall have failed to exercise reasonable care in the appointment and continued use and supervision of such Custodian or agent.
- The Depositary is entitled to make deductions from any income or capital arising from the Shares, or to sell such Shares and make deductions from the sale proceeds therefrom, in order to discharge the indemnification obligations of DI holders.
- The Depositary may terminate the Deed Poll by giving 30 days' notice. Upon such notice, each DI holder shall be deemed to have requested the cancellation of its DIs and withdrawal of its deposited property and, if any DIs remain outstanding after termination, the Depositary must, among other things, deliver the deposited property in respect of the DIs to the relevant DI holders or, at its discretion, sell all or part of such deposited property. It shall, as soon as reasonably practicable, deliver the net proceeds of any such sale, after deducting any sums due to the Depositary, together with any other cash held by it under the Deed Poll pro rata to holders of DIs in respect of their DIs.
- The Depositary or the Custodian may require from any holder information as to the capacity in which DIs are or were owned and the identity of any other person with or previously having any interest in such DIs and the nature of such interest and evidence or declarations of nationality or residence of the legal or beneficial owners of DIs and such information as is required for the transfer of the relevant Shares to the DI holders. DI holders agree to provide such information requested and consent to the disclosure of such information by the Depositary or Custodian to the extent necessary or desirable to comply with their legal or regulatory obligations. Furthermore, to the extent that the Articles of Association require disclosure to the Company of, or limitations in relation to, beneficial or other ownership of the Shares, the DI holders are to comply with the Company's instructions with respect thereto.

A copy of the deed poll can be obtained on request in writing to the Depositary or the Company.

11.3.2 Depositary Agreement

Under the terms of the Depositary Agreement dated 23 June 2017 between the Company and the Depositary, conditional upon Admission the Company appoints the Depositary to constitute and issue from time to time, upon the terms of the Deed Poll (summarised above), DIs representing Shares and to provide certain other services in connection with such DIs (including custody services).

The Depositary agrees that it will provide the various services with all reasonable skill and care. The Depositary services to be provided by the Depositary include, for example, to maintain the register of Depositary Interests, to issue DIs to CREST members and to effect transactions relating to the Depositary Interests on behalf of CREST members and the Custodian.

In addition, the Depositary Agreement sets out the procedures to be followed where the Company is to pay or make a dividend or other distribution.

The Company agrees to provide such assistance, information and documentation to the Depositary as is reasonably required by the Depositary for the purposes of performing the services under the Depositary Agreement.

The Depositary is to indemnify the Company and its Directors against any loss which they may incur as a result of the fraud, negligence or wilful default of the Depositary or the Custodian. The appointment of the Depositary will be for a fixed period of three years, subject to early termination, and shall automatically renew for successive periods of 12 months and thereafter by either party giving to the other not less than 45 days' written notice not to expire earlier than the expiry of the relevant 12 month period. If one party is in persistent or material breach, which (if capable of remedy) is not remedied within 30 days, or if it goes into insolvency or liquidation or ceases to have the appropriate authorisations, the other party may terminate the Depositary Agreement early by notice in writing.

The Company is to pay certain fees and charges including, inter alia, a one-off set-up fee of £10,000, an annual fee based on the number of DI holders (subject to a minimum of £9,200), a fee based on the number of DIs which are transferred (£0.35 per transfer), deposited or cancelled (£7.50 per deposit/cancellation) and certain CREST related fees. Such fees are not capped. The Depositary is also entitled to recover reasonable out-of-pocket fees and expenses.

11.4 Master Franchise Agreements

11.4.1 Master Franchise Agreement (Turkey)

Following an assignment between DPOF and DPIF in 2012, Turkish OpCo and DPIF are party to a Master Franchise Agreement (the "**Turkish MFA**") (originally dated 17 June 2008 and assigned to Turkish TopCo on 1 September 2010 and subsequently amended and assigned to Turkish OpCo on 15 May 2017) pursuant to which DPIF has granted the exclusive right to develop and operate and to sub-franchise the right to develop and operate Domino's Pizza stores and an exclusive licence to use and sub-license the use of the Domino's System in the Republic of Turkey. The further principal terms of the Turkish MFA, which will be in effect as at the date of Admission, are summarised below.

(a) *Term*. The term of the Turkish MFA is the period ending in May 2032 or the date upon which all franchise agreements entered into pursuant to the Turkish MFA (whether in relation to corporate stores operated by the Group or franchised stores) have expired or been terminated. The Group may at its option renew the MFA for one additional 15 year term (after which there shall be no further rights of renewal) by serving written notice of its request to renew the Turkish MFA to DPIF not less than six months but no more than 12 months prior to the expiration of the current term provided that:

    i. Turkish OpCo is not in default of the Turkish MFA or any other agreement between it and DPIF or its related corporations and has substantially complied with the provisions of these agreements during the terms thereof;

    ii. Turkish OpCo has satisfied all monetary obligations owed by Turkish OpCo to DPIF and its related corporations as at the date of exercise of the option and that Turkish OpCo has not, in the sole discretion of DPIF, repeatedly failed to meet such obligations throughout the term of the Turkish MFA; and

    iii. DPIF and Turkish OpCo have mutually agreed to a further growth clause during the term of the renewed Turkish MFA.

    Renewal of the Turkish MFA shall be affected by the execution of DPIF's then current standard form master franchise agreement which may provide for higher fees and greater expenditures and may contain terms materially different from the Turkish MFA. Failure or refusal by Turkish OpCo to execute such agreement within sixty (60) days after delivery thereof to Turkish OpCo shall be deemed an election by Turkish OpCo not to renew the Turkish MFA.

    DPIF does not have the right to alter, amend or vary the terms and conditions of the Turkish MFA during its term.

(b) *Termination by DPIF*. DPIF may terminate the Turkish MFA upon breach of the Turkish MFA or breach, resulting in termination, of a related store franchise agreement. This includes failure to pay when due the royalty fee or advertising fee payable under the Turkish MFA.

(c) *Effect of termination.* Upon the expiration or termination of the Turkish MFA, Turkish OpCo is required to cease immediately its Domino's Pizza operations although, subject as set out below, each separate store franchise agreement relating to stores owned or controlled by Turkish OpCo shall remain in force for the remainder of the ten year term for such agreement and, subject to the terms of the store franchise agreement, the same may be renewed for a further ten years. If, however, the reason for termination of the Turkish MFA is the breach of its terms by Turkish OpCo, then, DPIF will additionally have the option to purchase at its discretion, all the assets associated with all or any of the stores and commissaries owned by Turkish OpCo or all of the existing issued share capital of Turkish OpCo, in which case the related franchise agreement for each store owned by Turkish OpCo will be terminated. The purchase price for the store assets is based on a percentage of its store sales during the 12 months preceding the date of termination. The purchase price for the commissary assets is based on net book value. Immediately prior to the expiration or termination of the Turkish MFA for any reason, Turkish OpCo is required, at DPIF's option, to execute an assignment to DPIF or its designee of all right, title and interest in and to the sub-franchise agreements with sub-franchisees of Turkish OpCo.

(d) *Store opening.* Turkish OpCo is obliged to notify DPIF of any new store opening once the relevant corporate or franchised store has been opened. If Turkish OpCo is at any time in breach of the Turkish MFA, DPIF is entitled to require that its pre-approval is sought. On the opening of each new store a non-refundable store opening fee is payable to DPIF in relation to both corporate and franchised stores. In turn, Turkish OpCo can charge a store opening fee to a sub-franchisee. Once a store is opened, a royalty fee is payable to DPIF for stores opened and operated by Turkish OpCo and franchised stores. With respect to the franchised stores, if the Turkish OpCo charges a royalty fee over a certain percentage, the excess over such percentage is then split between DPIF and Turkish OpCo.

(e) *Advertising fund.* Turkish OpCo is obliged to pay an advertising fee in relation to weekly sales of its system stores into a separate advertising fund.

(f) *Store franchise agreements*. Turkish OpCo is required to comply with the Turkish MFA and the provisions of each store franchise agreement relating to stores opened and operated by Turkish OpCo. In addition, it will be required to use its best endeavours to ensure that each of its sub-franchisees complies with their store franchise agreements with Turkish OpCo. Each store franchise agreement with sub-franchisees must be in a form approved in writing by DPIF. Turkish OpCo is obliged to diligently recruit suitable sub-franchisees in Turkey.

(g) *Training*. Turkish OpCo is obliged to provide adequate training and support for managers and employees of stores owned or operated by it. The training support provided by Turkish OpCo to its sub-franchisees is required to be similar to training provided to its corporate stores.

(h) *Names and marks*. Turkish OpCo is granted the right to use and license the use of the Domino's Pizza trade marks in Turkey subject to the terms of the Turkish MFA. Turkish OpCo is required to notify DPIF immediately of any infringement or challenge to its use of any of the Domino's Pizza marks in Turkey or any claim by any person of any rights in any of the Domino's Pizza marks or any suspected passing-off or unfair competition involving the Domino's Pizza marks or the Domino's System. DPIF has undertaken in turn, to indemnify Turkish OpCo from and against and to reimburse it for all damages for which they may be held liable in any proceeding, action or claim arising out of the use of any Domino's Pizza mark in compliance with the Turkish MFA and for all costs reasonably incurred by Turkish OpCo in the defence of any such claim brought against it. In turn, Turkish OpCo has also agreed to indemnify DPIF from and against and to reimburse to DPIF in any proceeding, action or claim arising out of the use of any Domino's Pizza mark by Turkish OpCo otherwise than in accordance with the Turkish MFA.

(i) *Operating requirements*. The Turkish MFA contains operating requirements imposed on Turkish OpCo and the stores it operates. These include the notification to DPIF of corporate and franchised store openings, new sub-franchisees and advertising and promotional materials. If Turkish OpCo is at any time in breach of the Turkish MFA, DPIF is entitled to require that Turkish OpCo seek DPIF's pre-approval with respect to each of the aforementioned matters. Turkish OpCo is additionally required to diligently recruit sub-franchisees and, once recruited, to use its best endeavours to ensure that the sub-franchisees comply with their obligations owed to Turkish OpCo. Turkish OpCo is also responsible for the compliance of its sub-franchisees with all legal and regulatory requirements imposed on them in their capacity as sub-franchisees, with respect to occupational health and safety, consumer protection, trade regulation, workers compensation, insurance, and the payment of all associated withholding and income taxes in connection with the operation of a franchised store. Turkish OpCo monitors its obligations in this respect

so that any non-compliance by a sub-franchisee may be cured through working with the sub-franchisee or the relationship terminated in order not to prejudice relations with DPIF.

(j) *Commissary.* DPIF irrevocably agrees to grant to Turkish OpCo the right to establish a commissary or commissaries to be owned and operated by Turkish OpCo, for the purpose of supplying food products and ingredients, beverage products and other supplies and materials for sale to consumers, to all the stores in Turkey. DPIF shall not establish a competing commissary to serve Turkey and shall provide on-going support and assistance to the commissary. All ingredients, supplies and materials used in the preparation, packaging and delivery of pizza must be approved in advance by DPIF.

(k) *Growth clause*. Turkish OpCo agrees to open 115 new system stores by 2031.

(l) *Turkish OpCo restrictive covenant.* Turkish OpCo, Turkish TopCo, Fides Food Systems B.V. and the Company have covenanted with DPIF that, during the term of the Turkish MFA and for the period of two years following the date of expiration or termination of the Turkish MFA for any reason they will not (and shall ensure that their related corporations shall not) directly or indirectly, have any interest whether as an owner, investor, partner, licensee, lender, consultant, representative or agent in any other capacity, in any fast-food delivery business, or a business primarily engaged in sit-down, delivery or carry-out pizza (except Domino's System stores operated under franchise agreements heretofore or hereafter entered into between Turkish OpCo and DPIF) or in any business or entity which franchises or licenses or otherwise grants to others the right to operate a (i) fast-food delivery business, or (ii) a business primarily engaged in sit-down, delivery or carry-out pizza stores, without the prior written consent of DPIF. Turkish OpCo, Turkish TopCo, Fides Food Systems B.V. and the Company acknowledge and agree that during the term of the Turkish MFA they shall not directly or indirectly solicit any person employed by DPIF, DP Inc. or any of their master franchisees, nor will it induce or attempt to induce any such person to leave their employment without DPIF's prior written consent.

(m) *Assignment.* DPIF has reserved the right to assign its interest in the Turkish MFA at any time. In the event that it does so it will use its best efforts to ensure the assignee agrees to observe and perform all the terms and conditions on the part of DPIF contained in the Turkish MFA, and Turkish OpCo shall release the DPIF from all future liability under the MFA. Turkish OpCo cannot, however, assign the Turkish MFA, nor any part of the direct or indirect ownership or control of Turkish OpCo (which shall mean and include voting shares and securities convertible thereto, in Turkish OpCo) may be (and Turkish OpCo shall ensure that they are not) voluntarily, involuntarily, directly or indirectly assigned or otherwise transferred or encumbered by Turkish OpCo without first obtaining written consent from the DPIF.

(n) *Guarantee*. The Company and Turkish TopCo guarantee Turkish OpCo's obligations.

(o) *Governing law and disputes.* Except to the extent governed by the United States Trademark Act of 1946 or other United States Federal law, the Turkish MFA is governed by laws of the State of Michigan except the Michigan Franchise Investment Law is not to apply unless its jurisdictional elements are otherwise met. All disputes, controversies or claims between DPIF and Turkish OpCo arising out of the Turkish MFA are to be submitted for arbitration to be administered by Rules of Conciliation and Arbitration of the International Chamber of Commerce. The place of arbitration would be Ann Arbor, Michigan.

11.4.2 Master Franchise Agreement (Russia)

Russian OpCo and DPIF are party to a Master Franchise Agreement (the "**Russian MFA**") (originally dated 24 September 2012 between Turkish TopCo and DPIF and assigned to Russian TopCo on 27 November 2012 by Turkish TopCo and subsequently amended and assigned to Russian OpCo on 15 May 2017) pursuant to which DPIF has granted the exclusive right to develop and operate and to sub-franchise the right to develop and operate Domino's Pizza stores and an exclusive licence to use and sub-license the use of the Domino's System in Russia. The further principal terms of the Russian MFA, which will be in effect as at the date of Admission, are summarised below.

(a) *Term*. The term of the Russian MFA is the period ending in May 2030 or the date upon which all franchise agreements entered into pursuant to the Russian MFA (whether in relation to corporate stores operated by the Group or franchised stores) have expired or been terminated. The Group may at its option renew the Russian MFA for one additional 15 year term (after which there shall be no further rights of renewal) by

serving written notice of its request to renew the Russian MFA to DPIF not less than six months but no more than 12 months prior to the expiration of the initial term provided that:

i. Russian OpCo is not in default of the Russian MFA or any other agreement between it and DPIF or its related corporations and has substantially complied with the provisions of these agreements during the terms thereof;

ii. Russian OpCo has satisfied all monetary obligations owed by Russian OpCo to DPIF and its related corporations as at the date of exercise of the option and that Russian OpCo has not, in the sole discretion of DPIF, repeatedly failed to meet such obligations throughout the term of the Russian MFA; and

iii. DPIF and Russian OpCo have mutually agreed to a further growth clause during the term of the renewed Russian MFA.

Renewal of the Russian MFA shall be affected by the execution of DPIF's then current standard form master franchise agreement which may provide for higher fees and greater expenditures and may contain terms materially different from the Russian MFA. Failure or refusal by Russian OpCo to execute such agreement within sixty (60) days after delivery thereof to Russian OpCo shall be deemed an election by Russian OpCo not to renew the Russian MFA.

DPIF does not have the right to alter, amend or vary the terms and conditions of the Russian MFA during its term.

(b) *Termination by DPIF.* DPIF may terminate the Russian MFA upon breach of the Russian MFA or breach, resulting in termination, of a related store franchise agreement. This includes failure to pay when due the royalty fee or advertising fee payable under the Russian MFA.

(c) *Effect of termination.* Upon the expiration or termination of the Russian MFA, Russian OpCo is required to cease immediately its Domino's Pizza operations although, subject as set out below, each separate store franchise agreement relating to stores owned or controlled by Russian OpCo shall remain in force for the remainder of the 10 year term for such agreement and subject to the terms of the store franchise agreement, the same may be renewed for a further ten years. If, however, the reason for termination of the Russian MFA is the breach of its terms by Russian OpCo, then, DPIF will additionally have the option to purchase at its discretion, all the assets associated with all or any of the stores and commissaries owned by Russian OpCo or all of the existing issued share capital of Russian OpCo, in which case the relative franchise agreement for each store owned by Russian OpCo will be terminated. The purchase price for the store assets is based on a percentage of its store sales during the 12 months preceding the date of termination. The purchase price for the commissary assets is based on net book value. Immediately prior to the expiration or termination of the Russian MFA for any reason, Russian OpCo is required, at DPIF's option, execute an assignment to DPIF or its designee of all right, title and interest in and to the sub-franchise agreements with sub-franchisees of Russian OpCo.

(d) *Store opening.* Russian OpCo is obliged to notify DPIF of any new store opening once the relevant corporate or franchised store has been opened. If Russian OpCo is at any time in breach of the Russian MFA, DPIF is entitled to require that its pre-approval is sought. Once a store is opened, a royalty fee is payable to DPIF for stores opened and operated by Russian OpCo and franchised stores. In turn, Russian OpCo can charge a store opening fee to a sub-franchisee. With respect to franchised stores, if Russian OpCo charges a royalty fee over a certain percentage, the excess over such percentage is then split between DPIF and Russian OpCo.

(e) *Advertising fund.* Russian OpCo is obliged to pay an advertising fee in relation to weekly sales into a separate advertising fund.

(f) *Store franchise agreements*. Russian OpCo is required to comply with the Russian MFA and the provisions of each store franchise agreement relating to stores opened and operated by Russian OpCo. In addition it will be required to use its best endeavours to ensure that each of its sub-franchisees complies with their store franchise agreements with Russian OpCo. Each store franchise agreement with sub-franchisees must be in a form approved in writing by DPIF. Russian OpCo is obliged to diligently recruit suitable sub-franchisees in Russia.

(g) *Training*. Russian OpCo is obliged to provide adequate training and support for managers and employees of stores owned or operated by it. The training support provided by Russian OpCo to its sub-franchisees is required to be similar to training provided to its corporate stores.

(h) *Names and marks*. Russian OpCo is granted the right to use and license the use of the Domino's trade marks in Russia subject to the terms of the Russian MFA. Russian OpCo is required to notify DPIF immediately of any infringement or challenge to its use of any of the Domino's Pizza marks in Russia or any claim by any person of any rights in any of the Domino's Pizza marks or any suspected passing-off or unfair competition involving the Domino's Pizza marks or the Domino's System. DPIF has undertaken in turn, to indemnify Russian OpCo from and against and to reimburse it for all damages for which they may be held liable in any proceeding, action or claim arising out of the use of any Domino's Pizza mark in compliance with the Russian MFA and for all costs reasonably incurred by Russian OpCo in the defence of any such claim brought against it. In turn, Russian OpCo has also agreed to indemnify DPIF from and against and to reimburse to DPIF in any proceeding, action or claim arising out of the use of any Domino's Pizza mark by Russian OpCo otherwise than in accordance with the Russian MFA.

(i) *Operating requirements*. The Russian MFA contains operating requirements imposed on Russian OpCo and the stores it operates. These include the notification to DPIF of corporate and franchised store openings, new sub-franchisees and advertising and promotional materials. If Russian OpCo is at any time in breach of the Russia MFA, DPIF is entitled to require that Russian OpCo seek pre-approval with respect to each of the aforementioned matters. Russian OpCo is additionally required to diligently recruit sub-franchisees and, once recruited, to use its best endeavours to ensure that the sub-franchisees comply with their obligations owed to Russian OpCo. Russian OpCo is also responsible for the compliance of its sub-franchisees with all legal and regulatory requirements imposed on them in their capacity as sub-franchisees, with respect to occupational health and safety, consumer protection, trade regulation, workers compensation, insurance, and the payment of all associated withholding and income taxes in connection with the operation of a franchised store. Russian OpCo monitors its obligations in this respect so that any non-compliance by a sub-franchisee may be cured through working with the sub-franchisee or the relationship terminated in order not to prejudice relations with DPIF.

(j) *Commissary.* DPIF irrevocably agrees to grant Russian OpCo the right to establish a commissary or commissaries to be owned and operated by Russian OpCo, for the purpose of supplying food products and ingredients, beverage products and other supplies and materials for sale to consumers, to all the stores in Russia. DPIF shall not establish a competing commissary to serve in Russia and shall provide on-going support and assistance to the commissary. All ingredients, supplies and materials used in the preparation, packaging and delivery of pizza must be approved in advance by DPIF.

(k) *Growth clause*. Russian OpCo agrees to open 225 new system stores by 2031.

(l) *Russian OpCo restrictive covenant.* Russian OpCo, Russian TopCo, Fidesrus B.V. and the Company have covenanted with DPIF that, during the term of the Russian MFA and for the period of two years following the date of expiration or termination of the Russian MFA for any reason, they will not (and shall ensure that their related corporations shall not) directly or indirectly, have any interest whether as an owner, investor, partner, licensee, lender, consultant, representative or agent in any other capacity, in any fast-food delivery business, or a business primarily engaged in sit-down, delivery or carry-out pizza (except Domino's System stores operated under franchise agreements heretofore or hereafter entered into between Russian OpCo and the DPIF) or in any business or entity which franchises or licenses or otherwise grants to others the right to operate a (i) fast-food delivery business, or (ii) a business primarily engaged in sit-down, delivery or carry-out pizza stores, without the prior written consent of DPIF. Russian OpCo, Russian TopCo, Fidesrus B.V. and the Company acknowledge and agree that during the term of the Russian MFA it shall not directly or indirectly solicit any person employed by DPIF, DP Inc. or any of their master franchisee's, nor will it induce or attempt to induce any such person to leave their employment without DPIF's prior written consent.

(m) *Assignment.* DPIF has reserved the right to assign its interest in the Russian MFA at any time. In the event that it does so it will use its best efforts to ensure the assignee agrees to observe and perform all the terms and conditions on the part of DPIF contained in the Russian MFA, and Russian OpCo shall release the DPIF from all future liability under the Russian MFA. Russian OpCo cannot, however assign the Russian MFA, nor any part of the direct or indirect ownership or control of Russian OpCo (which shall mean and include voting shares and securities convertible thereto, in Russian TopCo) may be (and Russian OpCo shall ensure that they are not) voluntarily, involuntarily, directly or indirectly assigned or otherwise transferred or encumbered by Russian OpCo without first obtaining written consent from the DPIF.

(n) *Guarantee*. The Company and Russian TopCo guarantee Russian OpCo's obligations.

(o) *Governing law and disputes.* Except to the extent governed by the United States Trademark Act of 1946 or other United States Federal law, the Russian MFA is governed by laws of the State of Michigan except the

Michigan Franchise Investment Law is not to apply unless its jurisdictional elements are otherwise met. All disputes, controversies or claims between DPIF and Russian OpCo arising out of the Russian MFA are to be submitted for arbitration to be administered by Rules of Conciliation and Arbitration of the International Chamber of Commerce. The place of arbitration would be Ann Arbor, Michigan.

11.4.3 Master Franchise Agreement (Azerbaijan and Georgia)

Two Master Franchise Agreements, each dated 10 October 2013 have been executed by and between Turkish TopCo and DPIF with respect to the operation and development of Domino's Pizza delivery stores in Azerbaijan (the "**Azerbaijan MFA**") and Georgia (the "**Georgia MFA**"). The principal terms of the Azerbaijan MFA and the Georgia MFA are consistent with the Turkish MFA except as identified below:

(a) *Term*. The current terms of both the Azerbaijan MFA and Georgia MFA (subject to the same renewal rights as the Turkish MFA) each end on May 2032;

(b) *Fees*. A non-refundable master franchise fee for each of the Azerbaijan MFA and the Georgia MFA respectively is payable to DPIF. Under the Georgia MFA, in the event that DPIF agrees that Turkish TopCo can charge store opening fee to a sub-franchise above the set limit, Turkish TopCo and DPIF shall evenly split any amount of such fee over such limit.

(c) *Growth clause*. The Azerbaijan MFA obliges Turkish TopCo to open 15 new system stores by 2031. The Georgia MFA obliges Turkish TopCo to open 6 new system stores by 2031.

12 Legal considerations of the Netherlands, the United Kingdom and the European Union

12.1 Home member state for purposes of the EU Transparency Directive

The Netherlands is the Company's home member state for the purposes of the EU Transparency Directive (Directive 2004/109/EC), as amended. As a result, the Company will be subject to financial and other reporting obligations under the Dutch Financial Supervision Act and the Dutch Financial Reporting Supervision Act (*Wet toezicht financiële verslaggeving*) (the "**Dutch Financial Reporting Supervision Act**"), which both implement the EU Transparency Directive in the Netherlands.

12.2 Annual accounts and semi-annual accounts

Pursuant to the Dutch Financial Supervision Act, the Board must prepare the annual accounts and make them publicly available within four months following each financial year. The annual accounts must be accompanied by an auditor's statement, a Board report and certain other information required under Dutch law. The annual accounts must be signed by the Directors.

The annual accounts, the auditor's statement, the Board report and the other information required under Dutch law must be made available to the Shareholders for review as from the day of the notice convening the annual General Meeting. The annual accounts must be adopted by the General Meeting and filed with the AFM within five business days after adoption, together with the auditor's statement, the Board report and the other information as required under Dutch law.

As soon as possible but in any event within three months following the first six months of the financial year, the Board must prepare semi-annual financial reporting and make it publicly available. If the semi-annual financial reporting is audited or reviewed, the independent auditor's audit or review report, respectively, must be made publicly available together with the semi-annual financial reporting.

The Company must publish and simultaneously send the annual and semi-annual statements to the AFM and comply with other reporting obligations, including those resulting from the listing of the Shares on the London Stock Exchange, in accordance with the relevant Dutch laws.

12.3 Dutch Financial Reporting Supervision Act

On the basis of the Dutch Financial Reporting Supervision Act, the AFM supervises the application of financial reporting standards by, amongst others, companies whose corporate seat is in the Netherlands and whose securities are listed on a regulated Dutch or foreign stock exchange, such as the Company.

Pursuant to the Dutch Financial Reporting Supervision Act, the AFM has an independent right to (i) request an explanation from the Company regarding its application of financial reporting standards if, based on publicly known facts or circumstances, the AFM has reason to doubt that the Company's financial reporting meets such standards, and (ii) recommend to the Company the publication of further explanations in respect of its financial

reporting. If the Company does not comply with such a request or recommendation, the AFM may request that the enterprise chamber of the court of appeal in Amsterdam, the Netherlands (*Ondernemingskamer van het Gerechtshof te Amsterdam*) (the "**Enterprise Chamber**") orders the Company to (i) provide an explanation of the manner in which it has applied the applicable financial reporting standards to its financial reports or (ii) prepare its financial reports in accordance with the Enterprise Chamber's instructions.

12.4 Public offer rules

As the Company is incorporated under the laws of the Netherlands, it is subject to Dutch law. However, as the Shares will not be admitted to trading on a regulated market in the Netherlands but will be admitted to trading on the London Stock Exchange, any voluntary offer or bid for the takeover of the Company will be subject to regulation by the UK Panel on Takeovers and Mergers (the "**Panel**"). The Panel will be responsible for the supervision of any bid including matters relating to the consideration offered, the bid procedure, the contents of the offer document and disclosure in relation to the bid.

The Enterprise Chamber is the competent court in the Netherlands responsible for overseeing compliance with the provisions of Dutch law implementing the EU Directive 2004/25/EC on takeover bids with respect to mandatory bids. Pursuant to the Dutch Financial Supervision Act and in accordance with Directive 2004/25/EC, any person or legal entity, acting alone or in concert with others, who, directly or indirectly, acquires 30% or more of the Company's voting rights will be required to launch a mandatory bid for all outstanding shares in the Company's share capital. An exception is, *inter alia*, made for Shareholders who, whether alone or acting in concert with others, have an interest of at least 30% of the Company's voting rights before the Shares are first admitted to trading on a regulated market and who still have such an interest after such first admittance to trading. An additional exemption exists if a Shareholder or group of Shareholders reduces its holding below 30% within 30 days of the acquisition of control provided that (i) the reduction of such holding was not effected through a transfer of Shares or depositary receipts for Shares to an exempted party, and (ii) during this period such Shareholder or group of Shareholders did not exercise its voting rights.

12.5 Squeeze-out proceedings

If a person or legal entity (the "**Controlling Party**") holds for its own account in total 95% of the Company's issued share capital by nominal value, Dutch law permits the Controlling Party to acquire the remaining Shares in the Company by initiating proceedings before the Enterprise Chamber against the remaining Shareholders. The Controlling Party can institute such proceedings by means of a writ of summons served upon each of the remaining Shareholders in accordance with the provisions of Dutch law. If the Enterprise Chamber grants the claim for the squeeze-out in relation to all remaining Shareholders, it will determine the price to be paid for such Shares. The Enterprise Chamber may appoint one or three experts who will provide an opinion on the value to be paid for the Shares of the remaining Shareholders. Following the determination of the price, the Controlling Party will be required to pay the remaining Shareholders the determined price with interest in exchange for the transfer of the remaining Shareholders' unencumbered Shares.

In addition, following a public offer by way of filing a claim with the Enterprise Chamber, a Controlling Party has the right to require the remaining Shareholders to sell their Shares to it and each remaining Shareholder has the right to require the Controlling Party to purchase its Shares, provided that such a claim is filed within three months after the end of the acceptance period of that public offer.

A Shareholder holding less than 95% of the Company's issued share capital by nominal value, but who in practice controls the General Meeting, may attempt to raise its holdings to 95%—or by other means to obtain full ownership of the business of the Company—through (i) a legal merger with another company, (ii) an acquisition of or a subscription for additional Shares (for example, in exchange for a contribution of part of its own business), or (iii) another form of restructuring.

12.6 Shareholding disclosure obligations

Upon the Company being admitted to trading on the London Stock Exchange, certain disclosure obligations for Selling Shareholders and the Company become applicable.

(a) *Company*

The Company must notify the AFM without delay (*i.e.* when the Company knows or should know that such obligation has arisen) of any change to its issued share capital or voting rights of more than one per cent. since the Company's previous notification. Any other change to its share capital or voting rights must be notified to

the AFM quarterly, within eight days following the relevant quarter. Immediately following Admission, the Company must notify the AFM of its issued capital and voting rights.

(b) ***Shareholders***

Any person who, directly or indirectly, acquires or disposes of an actual or potential interest in the capital or voting rights of the Company must immediately notify the AFM of such acquisition or disposal by means of a standard form or by using the digital portal made available by the AFM if, as a result of such acquisition or disposal, the percentage of capital interest or voting rights held by such person in the Company reaches, exceeds or falls below any of the following thresholds: three per cent., five per cent., ten per cent., 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%.

A notification requirement also applies if a person's capital interest or voting rights in the Company reaches, exceeds or falls below the abovementioned thresholds as a result of a change in the Company's total outstanding share capital or voting rights. Such notification must be made no later than on the fourth trading day after the AFM has published the Company's notification of the change in its outstanding share capital.

Each person whose interest in the capital or voting rights of the Company amounts to three per cent. or more following Admission must immediately notify the AFM by means of a standard form or by using a web portal, being the digital portal made available by the AFM.

In addition, each person who is or ought to be aware that the substantial holding he holds in the Company reaches, exceeds or falls below any of the following thresholds: three per cent., five per cent., ten per cent., 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%, vis-à-vis his most recent notification to the AFM, which change relates to the composition of the notification as a result of certain acts (e.g. (i) the exchange of certain financial instruments for shares or depositary receipts for shares, (ii) the exchange of shares for depositary receipts for shares or (iii) as a result of the exercise of rights pursuant to a contract for the acquisition of voting rights) must give notice to the AFM no later than the fourth trading day after he became or ought to be aware of this change.

Controlled entities, within the meaning of the Dutch Financial Supervision Act, do not have notification obligations under the Dutch Financial Supervision Act as their, direct and indirect, interests are attributed to their (ultimate) parent. Any person may qualify as a parent for purposes of the Dutch Financial Supervision Act, including an individual. A person who has a three per cent. or larger interest in the Company's share capital or voting rights and who ceases to be a controlled entity for these purposes must immediately notify the AFM. As of that moment, all notification obligations under the Dutch Financial Supervision Act will become applicable to the former controlled entity.

Apart from the attribution of interests of controlled entities to their (ultimate) parent, the following other interests must, among other things, be taken into account for the purpose of calculating the percentage of capital interest or voting rights: (i) shares or depositary receipts for shares or voting rights directly held (or acquired or disposed of) by any person; (ii) shares, depositary receipts for shares or and voting rights held by (or acquired or disposed of) such person's controlled undertakings or a third party for such person's account or by a third party with whom such person has concluded an oral or written voting agreement (including a discretionary power of attorney); (iii) voting rights acquired pursuant to an agreement providing for a temporary transfer of voting rights against a payment; (iv) shares or depositary receipts for shares or voting rights that such person, or any controlled undertaking or third-party referred to above, may acquire pursuant to any option or other right held by such person (including, but not limited to, on the basis of convertible bonds); (v) shares that determine the value of certain cash settled instruments such as contracts for difference and total return swaps; (vi) shares that must be acquired upon exercise of a put option by a counterparty; and (vii) shares that are the subject of another contract creating an economic position similar to a direct or indirect holding in those shares.

For the purpose of calculating the percentage of capital interest or voting rights, the following instruments qualify as "shares": (i) shares; (ii) depositary receipts for shares (or negotiable instruments similar to such receipts); (iii) negotiable instruments for acquiring the instruments under (i) or (ii) (such as convertible bonds); and (iv) options for acquiring the instruments under (i) or (ii).

The notification to the AFM should indicate whether the interest is held directly or indirectly, and whether the interest is an actual or a potential interest.

A holder of a right of pledge or usufruct in respect of shares or depositary receipts for shares can also be subject to the reporting obligations of the Dutch Financial Supervision Act, if such person has, or acquires, the right to vote on the shares or, in the case of depositary receipts for shares, the underlying shares. If a pledgee or

usufructuary acquires the voting rights on the shares or depositary receipts for shares, this may trigger a corresponding reporting obligation for the holder of the shares or depositary receipts for shares. Special rules apply with respect to the attribution of shares or depositary receipts for shares or voting rights that are part of the property of a partnership or other community of property.

Gross short positions in shares must also be notified to the AFM. For these gross short positions the same thresholds apply as for notifying an actual or potential interest in the capital and/or or voting rights of a Dutch listed company, as referred to above, and without any set-off against long positions.

In addition, pursuant to Regulation (EU) No 236/2012, each person holding a net short position attaining 0.2% of the issued share capital of a Dutch listed company is required to notify such position to the AFM. Each subsequent increase of this position by 0.1% above 0.2% must also be notified. Each net short position equal to 0.5% of the issued share capital of a Dutch listed company and any subsequent increase of that position by 0.1% will be made public via the AFM short selling register. To calculate whether a natural person or legal person has a net short position, their short positions and long positions must be set-off. A short transaction in a Share can only be contracted if a reasonable case can be made that the Shares sold can actually be delivered, which requires confirmation of a third party that the Shares have been located. The notification shall be made no later than 3.30 p.m. CET on the following trading day.

(c) ***Directors and closely associated persons***

Pursuant to the Dutch Financial Supervision Act, each Director must notify the AFM (a) immediately following the Admission of the number of Shares he or she holds and the number of votes he or she is entitled to cast in respect of the Company's issued share capital, and (b) subsequently, of each change in the number of Shares he or she holds and of each change in the number of votes he or she is entitled to cast in respect of the Company's issued share capital, immediately after the relevant change. If a Director has notified a transaction to the AFM under the Dutch Financial Supervision Act as described under paragraph 11.6(b) *"—Shareholders"* in this Part above, such notification is sufficient for purposes of the Dutch Financial Supervision Act as described in this paragraph.

Furthermore, pursuant to the MAR, which entered into force on 3 July 2016, persons discharging managerial responsibilities (including the Directors) ("**PDMRs**") must notify the AFM and the Company of any transactions conducted for his or her own account relating to shares or any debt instruments of the Company or to derivatives or other financial instruments linked thereto.

In addition, pursuant to MAR and the regulations promulgated thereunder, certain persons who are closely associated with PDMRs are also required to notify the AFM and the Company of any transactions conducted for their own account relating to shares or any debt instruments of the Company or to derivatives or other financial instruments linked thereto. MAR and the regulations promulgated thereunder cover, inter alia, the following categories of persons: (i) the spouse or any partner considered by national law as equivalent to the spouse; (ii) dependent children; (iii) other relatives who have shared the same household for at least one year at the relevant transaction date; and (iv) any legal person, trust or partnership, the managerial responsibilities of which are discharged by a PDMR or by a person referred to under (i), (ii) or (iii), which is directly or indirectly controlled by such a person, which is set up for the benefit of such a person, or the economic interest of which are substantially equivalent to those of such a person.

These notification obligations under MAR apply when the total amount of the transactions conducted by a PDMR or a person closely associated to a PDMR reaches or exceeds the threshold of €5,000 within a calendar year (calculated without netting). When calculating whether the threshold is reached or exceeded, PDMRs must add any transactions conducted by persons closely associated with them to their own transactions and vice versa. The first transaction reaching or exceeding the threshold must be notified as set forth above. The notifications pursuant to MAR described above must be made to the AFM and the Company no later than the third business day following the relevant transaction date.

12.7 Public register

The AFM does not issue separate public announcements of these notifications. It does, however, keep a public register of all notifications under the Dutch Financial Supervision Act on its website (www.afm.nl). Third parties can request to be notified automatically by e-mail of changes to the public register in relation to a particular company's shares or a particular notifying party.

12.8 Market abuse

The rules on preventing market abuse set out in MAR are applicable to the Company, PDMRs, persons closely associated with PDMRs, other insiders and persons performing or conducting transactions in the Company's financial instruments. Certain important market abuse rules set out in MAR that are relevant for investors are described hereunder.

The Company is required to make inside information public. Pursuant to MAR, inside information is information of a precise nature, which has not been made public, relating, directly or indirectly, to the Company or to one or more financial instruments, and which, if it were made public, would be likely to have a significant effect on the prices of those financial instruments or on the price of related derivative financial instruments. Unless an exception applies, the Company must without delay publish the inside information by means of a press release and post and maintain it on its website for at least five years. The Company shall not combine the disclosure of inside information to the public with the marketing of its activities. The Company must also provide the FCA with this inside information at the time of publication.

It is prohibited for any person to make use of inside information by acquiring or disposing of, for its own account or for the account of a third party, directly or indirectly, financial instruments to which that information relates, as well as an attempt thereto (insider dealing). The use of inside information by cancelling or amending of an order concerning a financial instrument to which the information relates where the order was placed before the person concerned possessed the inside information also constitutes insider dealing. In addition, it is prohibited for any person to disclose inside information to anyone else (except where the disclosure is made in the normal exercise of an employment, profession or duties) or, whilst in possession of inside information, to recommend or induce anyone to acquire or dispose financial instruments to which the information relates. Furthermore, it is prohibited for any person to engage in or attempt to engage in market manipulation, for instance, by conducting transactions which gives, or is likely to give, false or misleading signals as to the supply of, the demand for or the price of a financial instrument.

13 Litigation

Neither the Company nor any other member of the Group is or has been engaged in nor, so far as the Company is aware, has pending or threatened, any governmental, legal or arbitration proceedings which may have, or have had during the 12 months preceding the date of this Prospectus, a significant effect on the Company's and/or the Group's financial position or profitability.

14 Related party transactions

14.1 *Loan arrangement*

Details of the loan arrangement between a member of the Group, as lender, and members of senior management, on the other, can be found in Note 14a of Section B of Appendix 1 "*Historical Financial Information—Transactions and balances with related parties*". Transactions and balances with related parties. These arrangements comprised of an outstanding on-demand loan of TRY1,000,000 to the Chief Executive Officer advanced in January 2015 (at an interest rate of 10.5% per annum) and an on-demand interest-free advance of TRY120,000, which has been repaid, to a Senior Manager in August 2015. The Chief Executive Officer intends to use a portion of the proceeds of the Offer to repay in full all outstanding loans to him from the Group.

14.2 *Share-based payments and performance bonus*

Pursuant to the CEO Share Incentive Scheme (which is no longer in effect), the Company issued 32,740 ordinary shares each with a nominal value of €0.01 to Vision Lovemark, which were paid up by debiting the Company's share premium reserve by €327.40. Prior to the reorganisation of the Group, in which shares in FFS B.V. and Fidesrus B.V. were transferred to the Company, 135,361 shares in FFS B.V. and 56,566 shares in Fidesrus B.V. were issued to Vision Lovemark as part of the CEO Share Incentive Scheme during 2014, 2015 and 2016. Please see paragraph 3.2 of Part 14 "*Additional Information—Share capital*" for a further description of the CEO Share Incentive Scheme. Pursuant to the Phantom Option Scheme established in 2010, the Selling Shareholders have granted incentives to certain members of Senior Management (but not Directors). Please see paragraph 5.2 of this Part 14 "*Directors' and Senior Management's compensation and other matters*" for a further description. Under these two share-based arrangements, the Group has recorded a cumulative non-cash charge of TRY18.5 million as at 31 March 2017, TRY16.7 million, TRY 11.0 million and TRY 7.7 million as at 31 December 2016, 2015 and 2014, respectively.

Other than the foregoing, there are no related party transactions that were entered into by members of the Group during 2014, 2015, 2016 and 2017 up to the date of this Prospectus.

15 Working capital

In the opinion of the Company, the working capital available to the Group is sufficient for the Group's present requirements, that is, for at least 12 months following the date of this Prospectus.

For the avoidance of doubt, the Company has included in this assessment the net proceeds from the subscription of the New Shares in the amount of £17,713,604.

16 No significant change

There has been no significant change in the financial or trading position of the Group since 31 March 2017, the end of the most recent financial period for which interim financial information was prepared.

17 Publication of the Results of the Offer

The results of the Offer will be disclosed through a press release published on the Company's website, which will also be posted on the website of the Regulatory News Service of the London Stock Exchange, on the Settlement Date.

18 Consents

PricewaterhouseCoopers LLP has given and has not withdrawn its written consent to the inclusion in this Prospectus of its report which is set out in Appendix 1 "*Historical Financial Information*" in the form and context in which they appear and has authorised the contents of its report. A written consent for these purposes is different from a consent filed with the SEC under Section 7 of the US Securities Act. As the Offer Shares have not been and will not be registered under the US Securities Act, PricewaterhouseCoopers LLP has not filed and will not be required to file a consent under the US Securities Act.

19 General

The fees and expenses payable by the Company relating to the Offer, including the Underwriters' commission, the AFM's fees, the FCA's fees, professional fees and expenses and the costs of printing and distribution of documents are estimated to amount to approximately £3.03 million (including VAT).

20 Selling Shareholders' business addresses

Fides Food Systems: .... Luna Arena, Herikerbergweg 238, 1101 CM Amsterdam, the Netherlands.

Vision Lovemark: .... Luna Arena, Herikerbergweg 238, 1101 CM Amsterdam, the Netherlands.

21 Documents available for inspection

Copies of the following documents will be available for inspection during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for the life of this Prospectus at the offices of TMF Netherlands B.V. at Luna Arena, Herikerbergweg 238, 1101 CM, Amsterdam, the Netherlands:

(a) the Articles of Association;

(b) the combined and consolidated accounts of the Company in respect of the three financial years ended 31 December 2016, 2015 and 2014, together with the related report from PricewaterhouseCoopers LLP, which are set out in Section B of Appendix 1 "*Historical Financial Information*";

(c) the interim financial information in respect of the three months ended 31 March 2017 and 2016, which is set out in Appendix 2 "*Unaudited Interim Financial Information*";

(d) the consent letter referred to in paragraph 18 "—*Consents*" above; and

(e) this Prospectus.

PART 15

DEFINITIONS

Definitions

The following definitions apply throughout this Prospectus unless the context requires otherwise:

"**2010 PD Amending Directive**"	Directive 2010/73/EC
"**Admission**"	the admission of the Shares to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities
"**AFM**"	the Dutch Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*)
"**Annual Financial Information**"	the Company's combined and consolidated financial information for the years ended 31 December 2016, 2015 and 2014
"**Articles of Association**"	the articles of association of the Company as in force on the date of Admission, as amended from time to time
"**Average ticket price**".	is calculated by dividing total sales at all system stores of the Group during the relevant period by the number of tickets in that period
"**Average weekly unit sales**" or "**AWUS**"	is calculated by dividing total sales at all system stores of the Group during the relevant weekly period by the number of system stores in that period
"**Azerbaijan**"	the Republic of Azerbaijan
"**Azerbaijan MFA**"	the master franchise agreement dated 10 October 2013 between Turkish TopCo and DPIF pursuant to which DPIF has granted the exclusive right to develop and operate and to sub-franchise the right to develop and operate Domino's Pizza stores and an exclusive licence to use and sub-license the use of the Domino's System in Azerbaijan
"**Board**"	the board of directors (*bestuur*) of the Company
"**Board Rules**"	the charter of the Board containing rules regarding its decision-making process and working methods that will become effective on Admission
"**Brexit**"	the referendum held by the United Kingdom on 23 June 2016, in which a majority voted for the United Kingdom to exit the European Union
"**CAGR**"	cumulative annual growth rate
"**CbCR**"	country-by-country reporting
"**CEO Share Incentive Scheme**"	an agreement entered into between the Selling Shareholders as an additional form of remuneration for the Chief Executive Officer as more particularly described in paragraph 3.2 of Part 14 ("*Additional Information—Share capital*")
"**Central Bank**"	the Central Bank of Turkey
"**Chief Executive Officer**"	Mr. Aslan Saranga
"**Citigroup**"	Citigroup Global Markets Limited
"**Company**"	DP Eurasia N.V.

“**Controlling Party**”	where a person of legal entity holds for its own account in total 95% of the Company’s issued share capital by nominal value
“**corporate stores**”	Domino’s Pizza stores which the Group owns
“**CREST**”	the UK-based system for the paperless settlement of trades in listed securities, of which EUI is the operator
“**CRM**”	customer relationship management
“**Custodian**”	the custodian nominated by the Depositary
“**Deed Poll**”	the deed poll in respect of the Depositary Interests to be dated 23 June 2017 executed by the Depositary
“**Delivery online system sales**”	with respect to the Group, the online system sales which have been generated through the Group’s the delivery distribution channel
“**Delivery system sales**”	with respect to the Group, the system sales which have been generated by the Group’s the delivery distribution channel
“**Depositary**”	Capita IRG Trustees Limited, The Registry, 34 Beckenham Road, Beckenham Kent BR3 4TU, United Kingdom
“**Depositary Agreement**”	the agreement for the provision of Depositary services and custody services in respect of the Depositary Interests dated 23 June 2017 between the Company and the Depositary
“**Depositary Interest**” or “**DI**”	a dematerialised Depositary interest representing an underlying ordinary share on a one-for-one basis
“**Depositary Interest Holder**” or “**DI holder**”	a holder of one or more Depositary Interests
“**Directors**”	as at the date of the Prospectus, the members of the Board as listed in Part 7 under the heading “*Directors*” (and each a “**Director**”) and, as the context requires, the members of the Board from time to time
“**Disclosure and Transparency Rules**”	the disclosure guidelines and transparency rules issued by the FCA as modified from time to time
“**Domino’s Pizza**”	the Domino’s Pizza brand owned by DP Inc.
“**Domino’s System**”	the Domino’s Pizza system and network comprising the global master franchisor, DP Inc. and multiple US and international franchisees
“**DP Inc.**”	Domino’s Pizza, Inc. (NYSE:DPZ)
“**DPIF**”	Domino’s Pizza International Franchising Inc. (a subsidiary of DP Inc.)
“**DPOF**”	Domino’s Pizza Overseas Franchising B.V. (a subsidiary of DP Inc.)
“**Dutch Civil Code**”	the Dutch Civil Code (*Burgerlijk Wetboek*)
“**Dutch Corporate Governance Code**”	the Dutch Corporate Governance Code dated 8 December 2016, as amended from time to time
“**Dutch Financial Reporting Supervision Act**”	the Dutch Financial Reporting Supervision Act (*Wet toezicht financiële verslaggeving*)
“**Dutch Financial Supervision Act**”	the Dutch Financial Supervision Act (*Wet op het financieel toezicht*)

"**Dutch Public Offer Rules**"	the Dutch public offer rules as contained in the Dutch Financial Supervision Act and the related Decree on public offers (*Besluit openbare biedingen Wft*)
"**EEA**"	the European Economic Area
"**Enterprise Chamber**"	the enterprise chamber of the court of appeal in Amsterdam, the Netherlands (*Ondernemingskamer van het Gerechtshof te Amsterdam*)
"**European Union**" or "**EU**"	the European Union
"**EU-IFRS**"	International Financial Reporting Standards as adopted by the European Union
"**EUI**"	Euroclear UK & Ireland Limited
"**Executive Directors**"	the executive Directors of the Company
"**Existing Shares**"	the ordinary shares in the capital of the Company to be sold by the Selling Shareholders as part of the Offer (excluding the Over-allotment Shares)
"**Facilities Agreement**"	the Group's euro denominated outstanding term and revolving facilities loan agreement dated 22 July 2010 between Turkish OpCo and Türkiye İş Bankası A.Ş., which matures in September 2018
"**FCA**"	the Financial Conduct Authority
"**FDS Gıda**"	FDS Gıda Üretim ve Restaurant İşletmeciliği A.Ş.
"**FFS B.V.**"	Fides Food Systems B.V.
"**Fides Food Systems**"	Fides Food Systems Coöperatief U.A.
"**Fides LLC**"	limited liability company "Fides", a Russian legal entity with its registered office at 121596, Moscow, Gorbunova Str., 2, bldg. 3, floor 2, premises II, office 4; OGRN 1127747033490
"**Financial Information**"	the Annual Financial Information together with the Interim Financial Information
"**Fitch**"	Fitch Ratings
"**Former OpCo**"	the former operator of the Group's system stores in Turkey
"**FSMA**"	the Financial Services and Markets Act 2000, as amended
"**General Meeting**"	the general meetings of the Company, being the corporate body or where the context so requires, the physical meeting of that body
"**Georgia MFA**"	the master franchise agreement dated 10 October 2013 between Turkish TopCo and DPIF pursuant to which DPIF has granted the exclusive right to develop and operate and to sub-franchise the right to develop and operate Domino's Pizza stores and an exclusive licence to use and sub-license the use of the Domino's System in Georgia
"**Global Co-ordinator**"	Morgan Stanley
"**Group**"	the Company and its consolidated subsidiaries and subsidiary undertakings
"**HMRC**"	HM Revenue and Customs
"**IFRS**"	International Financial Reporting Standards, as issued by the International Accounting Standards Board ("**IASB**")

"**IMF**"	International Monetary Fund
"**Independent Director**"	a Director whom the Board considers to be independent in accordance with paragraph B.1.1 of the UK Corporate Governance Code
"**Interest**"	a legal or beneficial interest (whether directly or indirectly held) in the issued ordinary share capital of the Company
"**Interim Financial Information**"	the Company's combined and consolidated financial information as of and for the three months ended 31 March 2017 and 2016
"**IRS**"	United States Internal Revenue Service
"**Joint Bookrunners**"	Morgan Stanley and Citigroup
"**Like-for-like system sales**"	a comparison of sales between two periods that compares system sales of existing system stores. The Group's system stores that are included in like-for-like system sales comparisons are those the Group considers to be mature stores. The Group considers mature stores to be those stores that have operated for at least 52 weeks preceding the beginning of the first month of the period used in the like-for-like comparisons for a certain reporting period, assuming the relevant system store has not subsequently closed or been split. The number of system stores in the Group like-for-like category in Turkey as of 31 December 2016, 2015 and 2014 was 417, 366 and 288, respectively, and was 446 and 400 as of 31 March 2017 and 2016, respectively. The number of system stores in the Group like-for-like category in Russia as of 31 December 2016, 2015 and 2014 was 16, 12 and 13, respectively, and was 39 and 18 as of 31 March 2017 and 2016, respectively
"**Listing Rules**"	the listing rules of the FCA made under section 74(4) of FSMA
"**London Stock Exchange**"	London Stock Exchange plc
"**MAR**"	Market Abuse Regulation (Regulation EU No 596/2014)
"**Master Franchise Agreements**"	the Azerbaijan MFA, the Georgia MFA, the Russian MFA and the Turkish MFA, and each a "**Master Franchise Agreement**"
"**Master Franchisors**"	each of DPOF (with respect to the Turkish Operations prior to its assignment to DPIF on 15 March 2012) and DPIF, and each a "**Master Franchisor**"
"**Ministry of Food**"	the Turkish Ministry of Food, Agriculture and Livestock
"**Moody's**"	Moody's Investors Service
"**Morgan Stanley**"	Morgan Stanley & Co. International plc
"**New Shares**"	new ordinary shares in the capital of the Company to be issued as part of the Offer
"**Non-Executive Directors**"	the non-executive Directors of the Company
"**OECD**"	the Organisation for Economic Co-operation and Development
"**OER**"	operations evaluation review
"**Offer**"	the issue of New Shares by the Company and the sale of Existing Shares by the Selling Shareholders to institutional

	investors in the United Kingdom and elsewhere described in Part 12 "*The Offer*"
"**Offer Price**"	the price per Offer Share of £2.00
"**Offer Shares**"	the New Shares and the Existing Shares to be offered pursuant to the Offer and, as applicable, the Over-allotment Shares
"**Official List**"	the Official List of the FCA
"**OHD**"	out-of-home dining
"**OIZ**"	organised industrial zone within Turkey
"**Online system sales**"	with respect to the Group, the system sales which have been generated through the Group's online ordering channel
"**Over-allotment Option**"	the option granted to the Stabilising Manager by the Selling Shareholders to purchase, or procure purchasers for, up to 15% of the Offer Shares as more particularly described in Part 12 "*The Offer*"
"**Over-allotment Shares**"	Shares to be offered pursuant to the Over-allotment Option
"**the Panel**"	the UK Panel on Takeovers and Mergers
"**PFIC**"	private foreign investment company
"**PDMR**"	person discharging managerial responsibilities (including the Directors) within the meaning of article 3(1)(25) MAR
"**Phantom Option Scheme**"	an agreement between the Selling Shareholders and certain members of Senior Management as more particularly described in paragraph 5.2 of Part 14 "*Additional Information—Directors' and Senior Managment's terms of employment—Directors' and Senior Management's compensation and other matters*"
"**Pizza Restaurants LLC**"	limited liability company "Pizza Restaurants", a Russian legal entity with its registered office at 121596, Moscow, Gorbunova Str., 2, bldg. 3, floor 2, premises II, office 4; OGRN 1127747188909)
"**Prospectus**"	this document
"**Prospectus Directive**"	the EU Prospectus Directive (2003/71/EC) (and any amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the relevant member state)
"**qualified institutional buyers**" or "**QIBs**"	has the meaning given by Rule 144A under the US Securities Act
"**Regulation S**"	Regulation S under the US Securities Act
"**Related Party Transaction**"	has the meaning given in paragraph 11.1.5R of the Listing Rules
"**Relationship Agreement**"	the relationship agreement dated 28 June 2017 between the Company and Fides Food Systems
"**Restricted Securities**"	restricted securities as defined in Rule 144(a)(3) under of the US Securities Act
"**Rule 144A**"	Rule 144A under the US Securities Act
"**Russia**"	the Russian Federation

"**Russian MFA**"	the Master Franchise Agreement between Russian OpCo and DPIF (originally dated 24 September 2012 between Turkish TopCo and DPIF and assigned to Russian TopCo on 27 November 2012 by Turkish TopCo and subsequently amended and assigned to Russian OpCo on 15 May 2017) pursuant to which DPIF has granted the exclusive right to develop and operate and to sub-franchise the right to develop and operate Domino's Pizza stores and an exclusive licence to use and sub-license the use of the Domino's System in Russia
"**Russian OpCo**"	Pizza Restaurants LLC
"**Russian Operations**"	the Group's operations in Russia
"**Russian Tax Code**"	the Tax Code of the Russian Federation
"**Russian TopCo**"	Fides LLC
"**S&P**"	Standard & Poor's rating agency
"**SDRT**"	UK stamp duty reserve tax
"**SEC**"	the United States Securities and Exchange Commission
"**Selling Shareholders**"	Fides Food Systems and Vision Lovemark
"**Senior Management**"	those persons listed in Part 7 under the heading "*Senior Management Team*" and each a "**Senior Manager**"
"**Settlement**"	the payment in pounds sterling for, and issue and delivery of, the Offer Shares
"**Settlement Date**"	the date of Settlement, expected to take place on 3 July 2017
"**Shareholders**"	the holders of Shares in the capital of the Company (including, where the context requires, through DIs)
"**Share Lending Agreement**"	the share lending agreement entered into between Morgan Stanley, as Stabilising Manager, and Fides Food Systems and described in paragraph 8.2 of Part 14 "*Additional Information—Underwriting arrangements— Share Lending Agreement*"
"**Share Nominal Increase**"	the increase in the nominal value of the ordinary shares in the Company in preparation for the Offer as described in paragraph 3.2 of Part 14 "*Additional Information—Share capital*"
"**Share Reorganisation**"	the Share Nominal Increase and the issue of Shares to the Selling Shareholders in preparation for the Offer as described in paragraph 3.2 of Part 14 "*Additional Information—Share capital*"
"**Shares**"	the ordinary shares in the capital of the Company with a nominal value of €0.12 each
"**Sponsor**"	Morgan Stanley
"**Stabilising Manager**"	Morgan Stanley
"**system sales**"	with respect to the Group, sales generated by the Group's System stores to external customers. It does not reflect actual revenue of the Group
"**system stores**"	with respect to the Group, its corporate stores and its franchised stores and, otherwise, the owned and franchised stores within a network of chained stores

"**Ticket**"	the receipt issued to a customer for his/her order (the amount spent by a customer on an order)
"**TPEF II**"	Turkish Private Equity Fund II L.P., a fund advised by Turkven
"**Turkey**"	the Republic of Turkey
"**Turkish Food Codex**"	the various regulations issued under the Turkish Food Codex legislation which regulate the production, processing and placing of food products on the Turkish market
"**Turkish MFA**"	the Master Franchise Agreement between Turkish OpCo and DPIF (originally dated 17 June 2008 and assigned to Turkish TopCo on 1 September 2010 by an indirect holding company of Turkish TopCo and assigned from DPOF to DPIF on 15 March 2012, and subsequently amended and assigned from Turkish TopCo to Turkish OpCo on 15 May 2017) pursuant to which DPIF has granted the exclusive right to develop and operate and to sub-franchise the right to develop and operate Domino's Pizza stores and an exclusive licence to use and sub-license the use of the Domino's System in the Republic of Turkey
"**Turkish OpCo**"	Pizza Restaurantları A.Ş.
"**Turkish Operations**"	the Group's operations in Turkey, Azerbaijan and Georgia
"**Turkish TopCo**"	Fides Grup Gıda Üretim ve Restaurant İşletmeciliği A.Ş.
"**Turkven**"	Turk Ventures Advisory Limited
"**United Kingdom**" or "**UK**"	the United Kingdom of Great Britain and Northern Ireland
"**UK Corporate Governance Code**"	the UK Corporate Governance Code, published by the Financial Reporting Council as amended from time to time
"**UK Listing Authority**"	the FCA in its capacity as the UK competent authority under FSMA
"**UK Takeover Code**"	the City Code on Takeovers and Mergers
"**Underwriter**s"	Morgan Stanley and Citigroup
"**Underwriting Agreement**"	the underwriting agreement entered into between the Company, the Directors, the Selling Shareholders and the Underwriters described in paragraph 8.1 of Part 14 "*Additional Information—Underwriting arrangements—Underwriting Agreement*"
"**United States**" or "**US**"	the United States of America, its territories and possessions, any State of the United States of America, and the District of Columbia
"**US Exchange Act**"	United States Securities Exchange Act of 1934, as amended
"**US holder**"	a beneficial owner of Shares that for US federal income tax purposes is (i) a US citizen or individual resident of the United States, (ii) a corporation or other business entity treated as a corporation created or organised under the laws of the United States or its political subdivisions, (iii) a trust subject to the control of a US person and the primary supervision of a US court or (iv) an estate the income of which is subject to US federal income tax without regard to its source

“**US Securities Act**” . . . . United States Securities Act of 1933, as amended

“**Vision Lovemark**” . . . . Vision Lovemark Coöperatief U.A.

“**Workplace Operation Permit**” . . . . the permit which workplaces must obtain in Turkey

APPENDICES INDEX

APPENDIX 1 HISTORICAL FINANCIAL INFORMATION

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Section B—Historical Financial Information **A-4**

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Section A—Accountants Report on the Historical Financial Information

The Directors
DP Eurasia N.V.
Luna Arena
Herikerbergweg 238
1101 CM Amsterdam
The Netherlands

Morgan Stanley & Co. International plc (the "**Sponsor**")
25 Cabot Square
Canary Wharf
London
E14 4QA
United Kingdom

28 June 2017

Dear Ladies and Gentlemen

DP Eurasia N.V.

We report on the financial information set out in section B of Appendix 1 below (the "**Historical Financial Information**"). The Historical Financial Information has been prepared for inclusion in the prospectus dated 28 June 2017 (the "**Prospectus**") of the Company on the basis of the accounting policies set out in note 2 to the Historical Financial Information. This report is required by item 20.1 of Annex I to the PD Regulation and is given for the purpose of complying with that item and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the Historical Financial Information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion as to whether the Historical Financial Information gives a true and fair view, for the purposes of the Prospectus and to report our opinion to you.

To the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 23.1 of Annex I to the PD Regulation, consenting to its inclusion in the Prospectus.

PricewaterhouseCoopers LLP, 1 Embankment Place, London, WC2N 6RH
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PricewaterhouseCoopers LLP is a limited liability partnership registered in England with registered number OC303525. The registered office of PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP is authorised and regulated by the Financial Conduct Authority for designated investment business.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the Historical Financial Information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the Prospectus dated 28 June 2017, a true and fair view of the state of affairs of the Company as at the dates stated and of its profits/losses, cash flows and changes in equity for the periods then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

We are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex I to the PD Regulation.

Yours faithfully

PricewaterhouseCoopers LLP
Chartered Accountants

COMBINED AND CONSOLIDATED STATEMENTS OF TOTAL COMPREHENSIVE INCOME

FOR THE YEARS ENDED 31 DECEMBER 2016, 2015 AND 2014

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

INCOME OR LOSS	Notes	2016	2015	2014
Revenue	4	451,097	375,004	319,173
Cost of sales	4	(279,587)	(248,378)	(208,234)
GROSS PROFIT	**4**	**171,510**	**126,626**	**110,939**
General administrative expenses		(68,914)	(60,243)	(54,153)
Marketing and selling expenses		(61,277)	(57,153)	(53,124)
Other operating income / (expense)	6	528	(3,724)	(1,318)
OPERATING PROFIT		**41,847**	**5,506**	**2,344**
Financial income	7	13,448	1,122	1,980
Financial expense	7	(16,992)	(25,128)	(18,392)
PROFIT/(LOSS) BEFORE INCOME TAX		**38,303**	**(18,500)**	**(14,068)**
Tax expense	**21**	**(8,982)**	**(4,435)**	**(1,868)**
Income tax expense	21	(7,251)	(7,336)	(2,135)
Deferred tax (expense)/income	21	(1,731)	2,901	267
PROFIT/(LOSS) FOR THE YEAR		**29,321**	**(22,935)**	**(15,936)**
OTHER COMPREHENSIVE/(LOSS) INCOME		**(18,104)**	**2,013**	**11,072**
Items not be reclassified to profit or loss on other comprehensive		**(629)**	**(319)**	**(13)**
—Remeasurements of post-employment benefit obligations, net		(629)	(319)	(13)
Items to be reclassified to profit or loss on other comprehensive		**(17,475)**	**2,332**	**11,085**
—Currency translation differences		(17,475)	2,332	11,085
TOTAL COMPREHENSIVE INCOME/(LOSS)		**11,217**	**(20,922)**	**(4,864)**
Earnings/(loss) per share	8	6.47	(5.06)	(3.52)

COMBINED AND CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 2016, 2015 AND 2014
(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

ASSETS	Notes	31 December 2016	31 December 2015	31 December 2014
Property and equipment	9	97,848	71,697	67,303
Intangible assets	10	34,043	33,392	31,884
Goodwill	11	43,560	43,560	43,560
Trade receivables	13	9,611	7,359	4,320
Other non-current assets	16	25,980	2,636	1,952
Non-current assets		**211,042**	**158,644**	**149,019**
Cash and cash equivalents	12	19,502	13,459	10,956
Trade and other receivables	13	54,676	33,741	25,985
Due from related parties	14	1,259	1,382	—
Inventories	15	42,025	34,839	21,636
Other current assets	16	22,048	15,128	8,501
Current assets		**139,510**	**98,549**	**67,078**
TOTAL ASSETS		**350,552**	**257,193**	**216,097**

LIABILITIES	Notes	31 December 2016	31 December 2015	31 December 2014
Financial liabilities	17	118,907	73,547	39,808
Trade and other payables	13	39,356	42,092	37,564
Due to related parties	14	386	424	—
Current income tax liabilities	21	2,317	2,613	706
Provisions	20	4,478	4,036	2,647
Other current liabilities	16	38,926	37,293	17,045
Current liabilities		**204,370**	**160,005**	**97,770**
Financial liabilities	17	80,594	50,158	49,999
Trade payables	13	—	—	878
Other non-current liabilities	16	922	851	617
Deferred tax liability	21	5,193	3,619	6,600
Non-current liabilities		**86,709**	**54,628**	**58,094**
TOTAL LIABILITIES		**291,079**	**214,633**	**155,864**
EQUITY				
Paid in share capital	24	120	—	—
Invested capital		—	42,560	60,233
Share premium	24	63,757	—	—
Other comprehensive income/expense not to be reclassified to profit or loss				
—Remeasurements of post-employment benefit obligations		*(1,927)*	—	—
Other comprehensive income/expense to be reclassified to profit or loss				
—Currency translation differences		*(8,081)*	—	—
Retained earnings		5,604	—	—
Total equity		**59,473**	**42,560**	**60,233**
TOTAL EQUITY AND LIABILITIES		**350,552**	**257,193**	**216,097**

COMBINED AND CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2016, 2015 AND 2014

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

	Share capital	Invested capital	Share premium	Remeasurement of post-employment benefit obligations	Currency translation differences	Retained earnings	Total Equity
Balances at 1 January 2014	**—**	**62,278**	**—**	**—**	**—**	**—**	**62,278**
Transfers	—	—	—	—	—	—	—
Remeasurements of post-employment benefit obligations, net	—	(13)	—	—	—	—	(13)
Currency translation adjustments	—	11,085	—	—	—	—	11,085
Share based payments charge (Note 23)	—	2,819	—	—	—	—	2,819
Total loss for the year	—	(15,936)	—	—	—	—	(15,936)
Balances at 31 December 2014	**—**	**60,233**	**—**	**—**	**—**	**—**	**60,233**
Balances at 1 January 2015	**—**	**60,233**	**—**	**—**	**—**	**—**	**60,233**
Transfers	—	—	—	—	—	—	—
Remeasurements of post-employment benefit obligations, net	—	(319)	—	—	—	—	(319)
Currency translation adjustments	—	2,332	—	—	—	—	2,332
Share based payments charge (Note 23)	—	3,249	—	—	—	—	3,249
Total loss for the year	—	(22,935)	—	—	—	—	(22,935)
Balances at 31 December 2015	**—**	**42,560**	**—**	**—**	**—**	**—**	**42,560**
Balances at 1 January 2016	**—**	**42,560**	**—**	**—**	**—**	**—**	**42,560**
Reorganisation adjustment	120	(42,560)	63,757	(1,298)	9,394	(29,413)	—
Remeasurements of post-employment benefit obligations, net	—	—	—	(629)	—	—	(629)
Currency translation adjustments	—	—	—		(17,475)	—	(17,475)
Share based payments charge (Note 23)						5,696	5,696
Total income for the year	—	—	—	—	—	29,321	29,321
Balances at 31 December 2016	**120**	**—**	**63,757**	**(1,927)**	**(8,081)**	**5,604**	**59,473**

COMBINED AND CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2016, 2015 AND 2014

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

	Notes	2016	2015	2014
Profit/(loss) before income tax		38,303	(18,500)	(14,068)
Adjustments for				
Depreciation	9	19,754	17,751	13,435
Amortisation	10	6,916	6,895	6,159
Losses on sale of property and equipment	6	940	1,642	—
Provision for performance bonus	20	3,244	2,797	1,627
Non-cash employee benefits expense—share based payments	14, 23	5,696	3,249	2,819
Interest income	7	(1,442)	(1,122)	(1,653)
Interest expense	7	16,617	13,107	9,007
Foreign exchange (gains) / losses on borrowings		(15,447)	10,695	9,719
Changes in operating assets and liabilities				
Changes in trade receivables		(23,187)	(10,795)	(1,891)
Changes in other receivables and assets		(30,146)	(8,696)	2,878
Changes in inventories		(7,185)	(13,203)	(2,789)
Changes in trade payables		(2,736)	3,650	1,807
Changes in other payables and liabilities		876	20,728	(942)
Taxes paid	21	(7,547)	(5,429)	(2,742)
Performance bonuses paid	20	(2,797)	(1,627)	(1,998)
Cash flows generated from operating activities		**1,859**	**21,142**	**21,368**
Purchases of property and equipment	9	(37,464)	(28,275)	(27,775)
Purchases of intangible assets	10	(8,230)	(7,378)	(3,061)
Disposal of tangible and intangible assets		2,835	1,949	112
Cash flows used in investing activities		**(42,859)**	**(33,704)**	**(30,724)**
Interest paid		(16,523)	(11,744)	(8,982)
Interest received		1,442	1,122	1,653
Loans obtained		545,813	624,198	271,974
Loans paid		(487,879)	(596,425)	(256,789)
Financial lease payments		4,174	(2,578)	(711)
Cash flows generated from financing activities		**47,027**	**14,573**	**7,145**
Effect of currency translation differences		16	492	(821)
Net increase/(decrease) in cash and cash equivalents		**6,043**	**2,503**	**(3,032)**
Cash and cash equivalents at the beginning of the period	**12**	**13,459**	**10,956**	**13,988**
Cash and cash equivalents at the end of the period	**12**	**19,502**	**13,459**	**10,956**

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL INFORMATION

AS AT AND FOR THE YEARS ENDED 31 DECEMBER 2016, 2015 AND 2014

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

NOTE 1—GROUP'S ORGANISATION AND NATURE OF ACTIVITIES

DP Eurasia N.V. (the "Company"), public limited company, having its statutory seat in Amsterdam, the Netherlands, was incorporated under the law of the Netherlands on 18 October 2016. The principal activity of the Company consists of acting as an investment company. Upon the incorporation of the Company, the shareholders of the Company have transferred their shares in the subsidiaries listed below as a part of the reorganisation explained in Note 2.2.

The Company's registered address is: Herikerbergweg 238, Amsterdam, the Netherlands.

The Company and its subsidiaries (together referred as the "Group") operate company and franchise-owned stores in Turkey and the Russian Federation, including provision of technical support, control and consultancy services to the franchisees.

As at 31 December 2016, the Group operates in 567 stores (355 franchise stores, 212 company-owned stores). (31 December 2015: 509 stores (315 franchise stores, 194 company-owned stores), 31 December 2014: 451 stores (276 franchise stores, 175 company-owned stores)).

Subsidiaries

The Company has a total of six fully-owned subsidiaries. The entities included in the scope of the combined and consolidated financial information and nature of their business is as follows:

Subsidiaries	Effective ownership (%)	Registered country	Nature of business
Fides Grup Gıda Restaurant İşletmeciliği A.Ş. ("Fides Turkey")	100.00	Turkey	Food delivery
Pizza Restaurantları A.Ş. ("Domino's Turkey") . . .	100.00	Turkey	Food delivery
OOO Fides ("Fides Russia")	100.00	Russia	Food delivery
OOO Pizza Restaurants ("Domino's Russia")	100.00	Russia	Food delivery
Fidesrus B.V. ("Fidesrus")	100.00	the Netherlands	Investment company
Fides Food Systems B.V. ("Fides Food")	100.00	the Netherlands	Investment company

NOTE 2—BASIS OF PRESENTATION OF COMBINED AND CONSOLIDATED FINANCIAL INFORMATION

2.1 Financial reporting standards

The combined and consolidated financial information has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS as adopted by EU") and interpretations issued by the IFRS Interpretations Committee ("IFRS IC") applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board ("IASB"). The policies set out below have been consistently applied to all the periods and the years presented, unless otherwise stated. The combined and consolidated financial information has been prepared under the historical cost convention.

The financial statements of the subsidiaries have been consolidated as if the Group structure was valid since the beginning of the earliest year presented.

The combined and consolidated historical financial information has not been prepared in accordance with IAS 33 given the changes in the capital structure. An illustrative earnings per share measure for the three years ended 31 December 2016, 2015 and 2014 is included in Note 8.

The Company, is registered in the Netherlands, maintains its accounting records in euro ("EUR") and prepares its statutory financial statements in accordance with the provisions of the EU-Directives as implemented in Part 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Guidelines for Annual reporting in the Netherlands as issued by the Dutch Accounting Standards Board. The stand-alone financial statements of

NOTE 2—BASIS OF PRESENTATION OF COMBINED AND CONSOLIDATED FINANCIAL INFORMATION (Continued)

the Company are based on the statutory accounting records, with adjustments and reclassifications recorded for the purpose of fair presentation in accordance with IFRS, including conversion from EUR to Turkish Lira ("TRY"), which is determined as the presentation currency of the Company for consolidation purposes.

Going concern assumption

The combined and consolidated financial information has been prepared assuming that the Group will continue as a going concern on the basis that the Group will be able to realise its assets and discharge its liabilities in the normal course of business.

2.2 Principles of consolidation

The combined and consolidated financial information includes the parent company, DP Eurasia N.V. and its subsidiaries for the years ended at 31 December 2016, 2015 and 2014. The combined financial information is based on the aggregation of the consolidated financial information of Fidesrus and Fides Food. These two subsidiaries of the Group have been under common control throughout the period presented as combined financial information. Subsidiaries are fully consolidated from when control is transferred to the Company (the "Acquisition"). 18 October 2016 was the date of Acquisition and from this point forward the consolidated Group was formed. This occurred when the Company acquired the Fidesrus and Fides Foods and their subsidiaries. This was a transaction under common control.

Basis of Consolidation

The combined and consolidated financial information include the accounts of the Group on the basis set out in sections below. The financial results of the subsidiaries are fully consolidated from the date on which control is transferred to the Group. The combined financial information has been presented by applying the principles underlying the consolidation procedures of IFRS 10 *Consolidated Financial Statements*.

Control is evidenced through exposure to the risks and rewards of a subsidiary's variable return. Subsidiaries are companies over which the company has the power to control the financial and operating policies for the benefit of the Group.

For Group subsidiaries which are fully consolidated, the proportion of ownership interest and the effective interest of the Group in these subsidiaries as of 31 December 2016, 2015 and 2014 are disclosed in Note 1.

The statements of financial position and statements of income of the subsidiaries are consolidated on line-by-line basis and the carrying value of the investment held by the Company and its subsidiaries is netted off against the related shareholders' equity. Intercompany transactions and balances between the Company and its Subsidiaries are netted off during the consolidation. The cost of, and the dividends arising from, shares held by the Group in its subsidiaries are netted off from shareholders' equity and income for the period, respectively.

Consolidation of foreign subsidiaries

Financial statements of subsidiaries operating in foreign countries are prepared in local currency in accordance with the legislation of the country in which they operate. Assets and liabilities in financial statements prepared according to the Group's accounting policies are translated into the Group's presentation currency, Turkish Liras, from the foreign exchange rate at the statement of financial position date whereas income and expenses are translated into TRY at the average foreign exchange rate. Exchange differences arising from the translation of the opening net assets of foreign undertakings and differences between the average and statement of financial position date rates are included in the "currency translation differences" under shareholders' equity.

NOTE 2—BASIS OF PRESENTATION OF COMBINED AND CONSOLIDATED FINANCIAL INFORMATION (Continued)

The foreign currency exchange rates used in the translation of the foreign operations within the scope of consolidation are as follows:

	31 December 2016		31 December 2015		31 December 2014	
Currency	Period End	Period Average	Period End	Period Average	Period End	Period Average
euro	3.70990	3.33755	3.17760	3.01871	2.82070	2.90423
Russian Rubles	0.05732	0.04506	0.03961	0.04456	0.04024	0.05756

Business combinations of entities under common control

The purpose of the Acquisition is to reorganise the entities under Fides Food Systems Coöperatief UA and Vision Lovemark Coöperatief UA, the two immediate parent companies of the Group, and form a structure in which these entities have a common functional management unit, the Company. Since all of the entities subject to reorganisation are ultimately controlled by the same parties both before and after the reorganisation, the takeovers within the context of the reorganisation are transactions among entities under common control. Predecessor values are used and no goodwill is recognised on these transactions. The financial statements of the subsidiaries have been consolidated as if the latest Group structure was valid since the beginning of the earliest year reported.

The initial recognition of these takeovers in 2014 is accounted for as follows:

- The statement of financial position of the subsidiaries are included in the combined and consolidated financial information of the Group.
- The opening balance of retained earnings from subsidiaries are included in equity.

The statement of financial position and income statements of the subsidiaries are consolidated on a line-by-line basis and the carrying value of the investment held by the Company and its subsidiaries is eliminated against the related equity. Intercompany transactions and balances between the Company and its subsidiaries are eliminated on consolidation. The cost of, and the dividends arising from, shares held by the Company and its subsidiaries in the subsidiaries are eliminated from equity and income for the period, respectively.

2.3 New and amended international financial reporting standards

Standards, amendments and interpretations effective after 1 January 2018

- IFRS 9 '*Financial instruments*',

  Nature of change: IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Group has performed an IFRS 9 impact assessment and note that there is no material effect on the financial statement.

- IFRS 15 '*Revenue from contracts with customers*',

  Nature of change: The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

  Impact: Management is currently assessing the effects of applying the new standard on the Group's financial statements and has identified the following areas that are likely to be affected:

- Variable considerations (e.g. rebates, discounts, performance bonuses)—IFRS 15 often requires earlier revenue recognition when contingencies exist.

At this stage, the Group is not able to estimate the impact of the new rules on the group's financial statements. The Group will make more detailed assessments of the impact over the next twelve months.

NOTE 2—BASIS OF PRESENTATION OF COMBINED AND CONSOLIDATED FINANCIAL INFORMATION (Continued)

Mandatory application: Mandatory for financial years commencing on or after 1 January 2018.

Expected date of adoption by the group: 1 January 2018.

- IFRIC 22, '*Foreign currency transactions and advance consideration*', effective from annual periods beginning on or after 1 January 2018. This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice. This amendment is not expected to have a significant effect on the financial position and performance of the Group.
- Annual improvements 2014 – 2016, effective from annual periods beginning on or after 1 January 2018. These amendments impact 3 standards. These improvements are not expected to have a significant effect on the financial position and performance of the Group.
  - IFRS 1, '*First-time adoption of IFRS*', regarding the deletion of short-term exemptions for first-time adopters regarding IFRS 7, IAS 19, and IFRS 10 effective 1 January 2018.
  - IFRS 12, '*Disclosure of interests in other entities*' regarding clarification of the scope of the standard. These amendments should be applied retrospectively for annual periods beginning on or after 1 January 2017.
  - IAS 28, '*Investments in associates and joint ventures*' regarding measuring an associate or joint venture at fair value effective 1 January 2018.

Standards, amendments and interpretations effective after 1 January 2019

IFRS 16 '*Leases*',

Nature of change: IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

Impact: The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the group has non-cancellable operating lease commitments of TRY27,743 (Note 22). However, the group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under IFRS 16.

Mandatory application: Mandatory for financial years commencing on or after 1 January 2019. At this stage, the group does not intend to adopt the standard before its effective date.

2.4 Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

The combined and consolidated financial information are presented in TRY, which is the Group's presentation currency.

2.5 Summary of significant accounting policies

Accounting estimates

The preparation of combined and consolidated financial information in accordance with IFRS requires Group management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the combined and consolidated financial

NOTE 2—BASIS OF PRESENTATION OF COMBINED AND CONSOLIDATED FINANCIAL INFORMATION (Continued)

information and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. Those estimates are reviewed periodically, and as adjustments become necessary, they are recognised in the income statement on an accruals basis.

The most significant estimates used in the preparation of the combined and consolidated financial information and judgments on amounts recognised in the combined and consolidated financial information are mainly related to deferred tax assets and impairment of tangible assets and goodwill (Note 2.6).

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration net of returns, discounts, rebates and value-added taxes. The following criteria must also be met before revenue is recognised:

Sale of goods—corporate (retail)

Revenue from pizza delivery sales from company-owned stores is recognised on delivery to customers.

Sale of goods—franchise (wholesale)

Revenue from raw materials and equipment sales to franchise-owned stores is recognised on delivery to franchisees at a specified location.

Franchise fees

The franchise fee is effectively a joining fee; it is non-refundable and no element of the franchise fee relates to subsequent services. Revenue from franchisee fees is recognised when a franchisee opens a store for trading.

Royalty income

Royalties are calculated based on franchise-owned store sales to customers, which are recognised on the same basis as the corporate (retail) sales by the Group.

Finance income

Interest income is recognised as the interest accrues, using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, credit card receivables and cash at banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

Trade receivables

Trade receivables that are recognised by way of providing goods or services directly to a debtor are accounted for initially at fair value and subsequently are measured at amortised cost, using the effective interest method, less provision for impairment, if any.

A credit risk provision for trade receivables is established if there is objective evidence that the Group will not be able to collect all amounts due. The amount of the provision is the difference between the carrying amount and the recoverable amount. The recoverable amount is the present value of all cash flows.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to the statement of income.

Trade and other payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognised initially at fair value and subsequently measured at

NOTE 2—BASIS OF PRESENTATION OF COMBINED AND CONSOLIDATED FINANCIAL INFORMATION (Continued)

amortised cost. Trade payables are classified as current liabilities if payment is due within one year or less, otherwise they are presented as non-current liabilities.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds and the redemption value is recognised in the income statement over the period of borrowing using the effective interest rate method.

Inventories

Raw materials and trade goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Property and equipment

Property and equipment are carried at cost less accumulated depreciation and any impairment in value. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the related accounts and any gain or loss resulting from their disposal is included in the statement of income.

The initial cost of property and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset ready for use. Expenditures incurred after the fixed assets have been put into operation, such as repairs and maintenance, are normally charged to income in the year the costs are incurred. If the asset recognition criteria are met, the expenditures are capitalised as an additional cost of property and equipment.

Except for assets under construction, depreciation is computed on a straight-line basis over the estimated useful lives. The depreciation terms are as follows:

	Useful Life (Year)
Machinery and equipment	3 – 40
Motor vehicles	4 – 5
Furniture and fixtures	6 – 10
Leasehold improvements	5

Expected useful life, residual value and amortisation method are evaluated every year for the probable effects of changes arising in the expectations and are accounted for prospectively.

Properties and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. Fair value less cost to sell is the amount obtainable from the sale of an asset less the costs of disposal.

Gains or losses on disposals or suspension of property and equipment are determined by sale revenue less net book value and collected amount and included in the related other income or other expense accounts, as appropriate.

Intangible assets

Key money

Key money comprises payments made to the incumbent tenants to obtain leases for stores. Key money is capitalised as long-lived assets and amortised over 5 years on a straight line basis in line with the minimum lease term for a franchised store.

NOTE 2—BASIS OF PRESENTATION OF COMBINED AND CONSOLIDATED FINANCIAL INFORMATION (Continued)

Franchise contracts

Franchise contracts are composed of fees paid for the acquisition of the master franchise for the markets in which the Group operates. These are carried at cost less accumulated amortisation and any impairment loss. The useful economic lives of the assets are 10 years and are amortised on a straight line basis.

Software

Computer software, for online customer interface and financial reporting, is carried at cost less accumulated amortisation and any impairment loss. Externally acquired computer software and software licences are capitalised at the cost incurred to acquire and bring into use the specific software. Internally developed computer software programmes are capitalised to the extent that costs can be separately identified and attributed to particular software programmes, measured reliably, and that the asset developed can be shown to generate future economic benefits. These assets are considered to have finite useful lives and are amortised on a straight-line basis over the estimated useful economic lives of each of the assets, considered to be between three and five years. Estimated useful life and the amortisation method are reviewed at the end of each year and the effect of any change in the estimate is accounted for prospectively.

Advertising, promotion and marketing costs are not capitalised and are recognised in the income statement.

Business combinations and goodwill

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses. Business combinations are accounted for using the acquisition accounting method in accordance with IFRS 3.

The cost of a business combination is the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquired business. The consideration transferred is measured at fair value and includes the fair value of any contingent consideration. Costs of the acquisition are recognised in the income statement for the related period.

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquired business and the fair value of the non-controlling interest in the acquire.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Cash Generating Units (CGUs), or Company's of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Impairment of non-financial assets

The carrying values of assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Value in use is the present value of estimated future cash flows expected to arise from the use of an asset and from its disposal at the end of its useful life while the net selling price is the amount that will be collected from the sale of the asset less costs of disposal. Cash flows are typically based on 5 year forecasts and terminal values are considered where the asset has an indefinite useful economic life.

NOTE 2—BASIS OF PRESENTATION OF COMBINED AND CONSOLIDATED FINANCIAL INFORMATION (Continued)

Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised on the income statement. See Note 2.4 regarding presentational currency.

Lease transactions

Finance leases—The Group as the lessee

Leasing of property and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Financial costs of leasing are distributed over the lease period with a fixed interest rate. The property and equipment acquired under financial leases are depreciated over the useful lives of the assets.

The foreign exchange and interest expenses related to finance leases have been recorded in the income statement. Lease payments have been deducted from leasing debts.

Operating leases—The Group as the lessee

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of income on a straight-line basis over the period of the lease.

Provisions, contingent assets and liabilities

Provisions are recognised, when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. The discount rate, used to calculate the present value of the provision should be pre-tax rate reflecting the current market assessments of the time value of money and the risks specific to the liability. The discount rate shall not reflect risks for which future cash flow estimates have been adjusted.

A possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group have not been recognised and are treated as contingent liabilities and contingent assets.

Volume rebates

Volume rebates received in advance are recognised as income within cost of sales on an accruals basis, on the entitlement earned up to the statement of financial position date. Up-front fees received as volume rebates are recognised as liabilities in the statement of financial position.

Performance bonus accruals

Realisation of performance bonus depends on financial and non-financial performance of the Group. Performance bonus accrual is recognised when the Group achieved its minimum requirements and recognised within related payroll expense accounts.

NOTE 2—BASIS OF PRESENTATION OF COMBINED AND CONSOLIDATED FINANCIAL INFORMATION (Continued)

Related parties

Key management personnel including, shareholders, Directors of the Group and its subsidiaries and members of the senior leadership team, together with their families and companies controlled by them, are considered and referred to as related parties.

Taxes

Current and deferred tax

Taxes on income for the year comprise of current tax and the change in deferred income taxes. Current year tax liability consists of the taxes calculated over the taxable portion of the current year income by reference to corporate income tax rates enacted as of the statement of financial position and adjustments provided for previous years' income tax liabilities.

Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax liabilities are recognised for all taxable temporary differences, whereas deferred tax assets resulting from deductible temporary differences are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred income tax liabilities are recognised for all taxable temporary differences, whereas deferred income tax assets resulting from deductible temporary differences are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized.

Deferred income tax assets and deferred income tax liabilities related to income taxes levied by the same taxation authority are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities.

Employment termination benefit

Provision for employment termination benefits, as required by the Turkish Labour Law represents the estimated present value of the total reserve of the future probable obligation of the Group companies operating in Turkey arising in case of the retirement of the employees, termination of employment without due cause or call for military service. The provision is based upon actuarial estimations using the estimated liability method. Actuarial gain and losses arising from experience adjustments and changes in actuarial assumptions are recorded to the income statement and movements through other comprehensive income in the period in which they arise.

Wages, salaries, contributions to the Russian Federation state pension and social insurance funds, paid annual leave and sick leave and bonuses are accrued in the year in which the associated services are rendered by the employees. The Group has no legal or constructive obligation to make pension or similar benefit payments beyond the unified social tax for its employees in Russian operations.

Unused vacation rights

Unused vacation rights accrued in the combined and consolidated financial information represent the estimated total provision for potential liabilities related to employees' unused vacation days as of the statement of financial position date.

Share-based payments

Share-based compensation benefits are provided to members of management via the Phantom Option Structure. Information relating to that incentive scheme is set out in Note 23.

The fair value of options granted under the Phantom Option Structure and shares under the CEO Share Incentive Scheme are recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

NOTE 2—BASIS OF PRESENTATION OF COMBINED AND CONSOLIDATED FINANCIAL INFORMATION (Continued)

- including any market performance conditions (e.g. the entity's share price)
- excluding the impact of any service and non-market performance vesting conditions (e.g. remaining an employee of the Group over a specified time period or until the)

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

For the Phantom Option Scheme, when the options are exercised, they are settled in cash by the Group's owners. This is treated capital contribution.

For the CEO Share Incentive Scheme, annual awards are recognised as an expense in the income statement, provided the annual vesting conditions are met. New shares were issued from share premium.

Earnings/(loss) per share

Earnings per share disclosed in these consolidated statement of profit or loss is determined by dividing net income/(loss) by the shares issued as at the date of the Acquisition.

Subsequent events

The Group adjusts the amounts recognised in the combined and consolidated financial information to reflect the adjusting events after the statement of financial position date. If non-adjusting events after the statement of financial position date have material influences on the economic decisions of users of the combined and consolidated financial information, they are disclosed in the notes to the combined and consolidated financial information.

Segment reporting

The Group has two business segments, determined by management according to the information used for the evaluation of performance and the allocation of resources, the Turkish and Russian operations. These segments are managed separately because they are affected by the economic conditions and geographical positions in terms of risks and returns.

IFRS 8 requires operating segments to be reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the management team, including the Chief Executive Officer, Chief Strategy Officer and Chief Financial Officer.

The Group Management assesses the performance of operating segments by the "Earnings Before Interest Tax Depreciation and Amortisation" ("EBITDA") and by additionally removing the effect of non-trade and non-recurring income/expenses being "Adjusted EBITDA". Management primarily uses the Adjusted EBITDA measure when making decisions about the Group's activities. As EBITDA and Adjusted EBITDA are non-GAAP measures, Adjusted EBITDA and adjusted operating profit measures used by other entities may not be calculated in the same way and hence not directly comparable.

The Group Management assesses liquidity and levels of borrowing by "Net Debt" (total borrowings less cash and cash equivalents) and by additionally removing the effect of long term guarantee deposits and cash in transit no included in the year end cash balance "Adjusted Net Debt". Management primarily uses the Adjusted Net Debt measure when making decisions about the Group's financing. As Net Debt and Adjusted Net Debt are non-GAAP measures, Adjusted Net Debt measures used by other entities may not be calculated in the same way and hence not directly comparable.

2.6 Significant accounting estimates

The preparation of combined and consolidated financial information requires estimates and assumptions to be made regarding the amounts for assets and liabilities at the statement of financial position date, and bases for

NOTE 2—BASIS OF PRESENTATION OF COMBINED AND CONSOLIDATED FINANCIAL INFORMATION (Continued)

the contingent assets and liabilities as well as the amounts of income and expenses realised in the reporting period. The Group makes estimates and assumptions concerning the future, which, by definition, may not equate to the related actual results. The estimates and assumptions that may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial period are addressed below:

The areas involving significant estimates or judgements are:

- Impairment tests for goodwill (Note 11)
- Impairment tests for tangible assets (Note 9)
- Impairment tests for intangible assets (Note 10)
- Deferred income tax assets recognition of Domino's Russia (Note 21)

NOTE 3—SEGMENT REPORTING

The business operations of the Group are organised and managed with respect to geographical positions of its operations. The information regarding the business activities of the Group as of 31 December 2016, 2015 and 2014 comprise the performance of Turkish and Russian operations and Head Office.

The segment analysis for the period ended 31 December 2016, 2015 and 2014 are as follows:

1 January – 31 December 2016	Turkey	Russia	Other	Elimination	Total
Corporate revenue	175,040	75,036	—	—	250,076
Franchise revenue and royalty revenue obtained from franchisees	181,122	2,652	—	—	183,774
Other revenue	17,247	—	—	—	17,247
Total revenue	**373,409**	**77,688**	**—**	**—**	**451,097**
Operating profit	44,194	(2,347)	—	—	41,847
Capital expenditures	24,960	20,734	—	—	45,694
Depreciation and amortisation expenses	(21,558)	(5,112)	—	—	(26,670)

31 December 2016	Turkey	Russia	Other	Elimination	Total
Borrowings					
—TRY	*55,894*	—	—	—	*55,894*
—EUR	*38,806*	*96,520*	—	—	*135,326*
—RUB	—	*8,281*	—	—	*8,281*
Total	**94,700**	**104,801**	**—**	**—**	**199,501**

1 January – 31 December 2015	Turkey	Russia	Other	Elimination	Total
Corporate revenue	167,227	31,958	—	—	199,185
Franchise revenue and royalty revenue obtained from franchisees	160,998	—	—	—	160,998
Other revenue	14,821	—	—	—	14,821
Total revenue	**343,046**	**31,958**	**—**	**—**	**375,004**
Operating profit	19,691	(14,185)	—	—	5,506
Capital expenditures	20,724	14,929	—	—	35,653
Depreciation and amortisation expenses	(22,622)	(2,024)	—	—	(24,646)

31 December 2015	Turkey	Russia	Other	Elimination	Total
Borrowings					
—TRY	*48,529*	—	—	—	*48,529*
—EUR	*27,010*	*45,873*	—	—	*72,883*
—RUB	—	*2,293*	—	—	*2,293*
Total	**75,539**	**48,166**	**—**	**—**	**123,705**

NOTE 3—SEGMENT REPORTING (Continued)

1 January – 31 December 2014	Turkey	Russia	Other	Elimination	Total
Corporate revenue	149,662	19,848	—	—	169,510
Franchise revenue and royalty revenue obtained from franchisees	141,927	—	—	—	141,927
Other revenue	7,736	—	—	—	7,736
Total revenue	**299,325**	**19,848**	**—**	**—**	**319,173**
Operating profit	12,660	(10,316)	—	—	2,344
Capital expenditures	26,376	4,460	—	—	30,836
Depreciation and amortisation expenses	(18,490)	(1,104)	—	—	(19,594)

31 December 2014	Turkey	Russia	Other	Elimination	Total
Borrowings					
—TRY	*31,719*	—	—	—	*31,719*
—EUR	*33,266*	*23,762*	—	—	*57,028*
—RUB	—	*1,060*	—	—	*1,060*
Total	**64,985**	**24,822**	**—**	**—**	**89,807**

The reconciliation of adjusted EBITDAs as of 31 December 2016, 2015 and 2014 is as follows:

Turkey	2016	2015	2014
Revenue	373,409	343,046	299,325
Operating profit	44,194	19,691	12,660
Depreciation and amortisation	21,558	22,622	18,490
EBITDA	**65,752**	**42,313**	**31,150**
Non-recurring, and non-trade (income)/ expenses per Group Management			
IPO Costs	*553*	—	—
Severance costs	—	*398*	—
Share-based incentive plans	*5,696*	*3,248*	*2,819*
Adjusted EBITDA	***72,001***	***45,959***	***33,969***

Russia	2016	2015	2014
Revenue	77,688	31,958	19,848
Operating profit	(2,347)	(14,185)	(10,316)
Depreciation and amortisation	5,112	2,024	1,104
EBITDA	**2,765**	**(12,161)**	**(9,212)**
Non-recurring and non-trade (income)/ expenses per Group Management			
IPO Costs	*376*	—	—
Severance Costs	—	*327*	*260*
Adjusted EBITDA	***3,141***	***(11,834)***	***(8,952)***

EBITDA, adjusted EBITDA and non-recurring and non-trade income/expenses are not defined by IFRS. Adjusted EBITDA excludes income and expenses which are not part of the normal course of business and are non-recurring items. Management uses this measurement basis to focus on core trading activities of the business segments, and to assist it in evaluating underlying business performance.

NOTE 3—SEGMENT REPORTING (Continued)

The reconciliation of adjusted net debt as of 31 December 2016, 2015 and 2014 is as follows:

	2016	2015	2014
Short term bank borrowings	73,557	46,382	26,382
Short-term portions of long-term borrowings	42,316	24,948	11,570
Short-term portions of long-term financial lease borrowings	3,034	2,217	1,856
Long-term bank borrowings	73,343	47,935	47,517
Long-term financial lease borrowings	7,251	2,223	2,482
Total borrowings	**199,501**	**123,705**	**89,807**
Cash and cash equivalents	19,502	13,459	10,956
Net debt	**179,999**	**110,246**	**78,851**
Non-recurring items per Group Management			
Long term deposit for loan guarantee	*(23,183)*	—	—
Adjusting delay in collection/payment day coinciding on a weekend	*(10,408)*	—	—
Adjusted Net debt	***146,408***	***110,246***	***78,851***

Net debt, adjusted net debt and non-recurring and non-trade items are not defined by IFRS. Adjusted net debt excludes cash deposits used as a loan guarantee and cash paid, but not collected during the non-working day at the year end. Management uses these numbers to focus on net debt to take into account deposits not otherwise considered cash and cash equivalents under IFRS.

The reconciliation of adjusted net income as of 31 December 2016, 2015 and 2014 is as follows:

	2016	2015	2014
Profit/(Loss) for the year as reported	29,321	(22,935)	(15,936)
Non-recurring and non-trade (income)/ expenses per Group Management			
IPO Costs	*929*	—	—
Severance costs	—	*725*	*260*
Share-based incentives	*5,696*	*3,248*	*2,819*
Tax effect	*(186)*	*(145)*	*(52)*
Adjusted net income/(loss) for the year	***35,760***	***(19,107)***	***(12,909)***

Adjusted net income and non-recurring and non-trade income/expenses are not defined by IFRS. Adjusted net income excludes income and expenses which are not part of the normal course of business and are non-recurring items. Management uses this measurement basis to focus on core trading activities of the business segments, and to assist it in evaluating underlying business performance.

NOTE 4—REVENUE AND COST OF SALES

	2016	2015	2014
Corporate revenue	250,076	199,185	169,510
Franchise revenue and royalty revenue obtained from franchisees	183,774	160,998	141,927
Other revenue	17,247	14,821	7,736
Revenue	**451,097**	**375,004**	**319,173**
Cost of sales	(279,587)	(248,378)	(208,234)
Gross profit	**171,510**	**126,626**	**110,939**

NOTE 5—EXPENSES BY NATURE

	2016	2015	2014
Personnel expenses	104,060	89,591	77,579
Depreciation and amortization expenses	26,670	24,646	19,594
	130,730	**114,235**	**97,173**

NOTE 6—OTHER OPERATING INCOME AND EXPENSES

Other income	2016	2015	2014
Foreign exchange gains	2,892	904	381
Interest income arising from sales with extended terms	1,727	508	61
Other	647	623	446
	5,266	**2,035**	**888**

Other expense	2016	2015	2014
Foreign exchange losses	1,171	2,395	542
Losses from sale of property and equipment	940	1,642	—
Other	2,627	1,722	1,664
	4,738	**5,759**	**2,206**
Other operating income / (expense), net	**528**	**(3,724)**	**(1,318)**

NOTE 7—FINANCIAL INCOME AND EXPENSES

	2016	2015	2014
Financial income			
Foreign exchange gains	12,006	—	—
Interest income	1,442	1,122	1,653
Other	—	—	327
	13,448	**1,122**	**1,980**
Financial expense			
Foreign exchange losses	—	11,875	8,925
Interest expense	16,617	13,107	9,007
Other	375	146	460
	16,992	**25,128**	**18,392**

NOTE 8—EARNINGS/(LOSS) PER SHARE

	31 December 2016	31 December 2015	31 December 2014
Earnings per share			
Average number of shares existing during the period	4,532,740	4,500,000	4,500,000
Net profit/(loss) for the period attributable to equity holders of the parent as reported	29,321	(22,935)	(15,936)
Earnings/(loss) per share	**6.47**	**(5.10)**	**(3.54)**

The earning per share presented for the years ended 31 December 2015 and 2014 are based on the issued share capital of DP Eurasia N.V. at the date of Acquisition (for further details, see Note 2).

NOTE 9—PROPERTY PLANT AND EQUIPMENT

	1 January 2016	Additions	Disposals	Transfers	Currency translation adjustments	31 December 2016
Cost						
Machinery and equipment	13,374	7,119	—	—	5,024	25,517
Motor vehicles	6,350	7,418	(941)	—	2,695	15,522
Furniture and fixtures	46,289	7,814	(3,420)	—	259	50,942
Leasehold improvements	46,419	7,025	(3,064)	3,034	4,715	58,129
Construction in progress	2,684	8,088	—	(3,034)	1,058	8,796
	115,116	**37,464**	**(7,425)**	**—**	**13,751**	**158,906**
Accumulated depreciation						
Machinery and equipment	(2,871)	(2,261)	—	—	(938)	(6,070)
Motor vehicles	(3,122)	(2,788)	819	—	(643)	(5,734)
Furniture and fixtures	(17,153)	(6,981)	2,191	—	(55)	(21,998)
Leasehold improvements	(20,273)	(7,725)	1,565	—	(823)	(27,256)
	(43,419)	**(19,755)**	**4,575**	**—**	**(2,459)**	**(61,058)**
Net book value	**71,697**					**97,848**

Depreciation expense of TRY14,619 has been charged in cost of sales and TRY5,136 has been charged in general administrative expenses.

	1 January 2015	Additions	Disposals	Transfers	Currency translation adjustments	31 December 2015
Cost						
Machinery and equipment	8,514	5,492	—	—	(632)	13,374
Motor vehicles	7,439	2,748	(3,588)	—	(249)	6,350
Furniture and fixtures	40,811	8,680	(3,176)	—	(26)	46,289
Leasehold improvements	39,074	8,667	(1,199)	462	(585)	46,419
Construction in progress	1,949	2,688	—	(1,742)	(211)	2,684
	97,787	**28,275**	**(7,963)**	**(1,280)**	**(1,703)**	**115,116**
Accumulated depreciation						
Machinery and equipment	(1,667)	(1,292)	—	—	88	(2,871)
Motor vehicles	(3,791)	(2,466)	3,077	—	58	(3,122)
Furniture and fixtures	(11,503)	(6,714)	1,059	—	5	(17,153)
Leasehold improvements	(13,523)	(7,281)	458	—	73	(20,273)
	(30,484)	**(17,753)**	**4,594**	**—**	**224**	**(43,419)**
Net book value	**67,303**					**71,697**

Depreciation expense of TRY14,482 has been charged in cost of sales and TRY3,271 has been charged in general administrative expenses.

NOTE 9—PROPERTY PLANT AND EQUIPMENT (Continued)

	1 January 2014	Additions	Disposals	Transfers	Currency translation adjustments	31 December 2014
Cost						
Machinery and equipment	6,835	2,961	(5)	—	(1,277)	8,514
Motor vehicles	5,545	2,644	(55)	—	(695)	7,439
Furniture and fixtures	30,099	9,480	(181)	1,496	(83)	40,811
Leasehold improvements	29,039	7,946	—	2,725	(636)	39,074
Construction in progress	1,686	4,744	—	(4,221)	(260)	1,949
	73,204	**27,775**	**(241)**	**—**	**(2,951)**	**97,787**
Accumulated depreciation						
Machinery and equipment	(952)	(924)	—	—	209	(1,667)
Motor vehicles	(2,232)	(1,734)	18	—	157	(3,791)
Furniture and fixtures	(6,916)	(4,708)	111	—	10	(11,503)
Leasehold improvements	(7,526)	(6,069)	—	—	72	(13,523)
	(17,626)	**(13,435)**	**129**	**—**	**448**	**(30,484)**
Net book value	**55,578**					**67,303**

Depreciation expense of TRY10,055 has been charged in cost of sales and TRY3,380 has been charged in general administrative expenses.

At 31 December 2016, 2015 and 2014, leased assets included in the table above, where the Group is lessee under a finance lease are as follows:

	31 December 2016	31 December 2015	31 December 2014
Vehicles	8,190	1,758	3,224
Accumulated depreciation	(1,607)	(505)	(2,469)
Net book value	**6,583**	**1,253**	**755**

The Group leases various vehicles and machinery and equipment under non-cancellable finance lease agreements. The lease terms are between 3 and 5 years.

Impairment test for tangible assets

In accordance with accounting policies explained in Note 2.5, all property, plant and equipment is initially recorded at cost and recorded at cost less accumulated depreciation and any accumulated impairment loss. The Group assesses its performance separately for each store and decides whether to cease operating a store by reference to its discounted cash flows. For the purpose of assessing impairment, the discounted cash flows, calculated based on the Group's revenue projections for five years, are compared to the carrying value of the stores. The Group has assessed the performance of its stores and has not identified any events or changes in circumstances indicating that the carrying amount may not be recoverable as of 31 December 2016.

NOTE 10—INTANGIBLE ASSETS

	1 January 2016	Additions	Disposals	Currency translation adjustments	31 December 2016
Cost					
Key money	4,675	13	(1,954)	—	2,734
Franchise contracts	48,485	—	—	—	48,485
Computer software	10,995	8,217	(116)	406	19,502
	64,155	**8,230**	**(2,070)**	**406**	**70,721**
Accumulated amortisation					
Key money	(1,483)	(894)	1,057	—	(1,320)
Franchise contracts	(25,859)	(4,848)	—	—	(30,707)
Computer software	(3,421)	(1,173)	88	(145)	(4,651)
	(30,763)	**(6,915)**	**1,145**	**(145)**	**(36,678)**
Net book value	**33,392**				**34,043**

Amortisation expense of TRY4,424 has been charged in cost of sales and TRY2,491 has been charged in general administrative expenses.

	1 January 2015	Additions	Disposals	Currency translation adjustments	Transfers	31 December 2015
Cost						
Key money	2,455	2,471	(251)	—	—	4,675
Franchise contracts	48,485	—	—	—	—	48,485
Computer software	4,859	4,907	—	(51)	1,280	10,995
	55,799	**7,378**	**(251)**	**(51)**	**1,280**	**64,155**
Accumulated amortisation						
Key money	(811)	(701)	29	—	—	(1,483)
Franchise contracts	(21,010)	(4,849)	—	—	—	(25,859)
Computer software	(2,094)	(1,343)	—	16	—	(3,421)
	(23,915)	**(6,893)**	**29**	**16**	**—**	**(30,763)**
Net book value	**31,884**					**33,392**

Amortisation expense of TRY5,380 has been charged in cost of sales and TRY1,513 has been charged in general administrative expenses.

	1 January 2014	Additions	Disposals	Currency translation adjustments	Transfers	31 December 2014
Cost						
Key money	1,535	920	—	—	—	2,455
Franchise contracts	48,485	—	—	—	—	48,485
Computer software	2,885	2,141	—	(167)	—	4,859
	52,905	**3,061**	**—**	**(167)**	**—**	**55,799**
Accumulated amortisation						
Key money	(482)	(329)	—	—	—	(811)
Franchise contracts	(16,162)	(4,848)	—	—	—	(21,010)
Computer software	(1,149)	(982)	—	37	—	(2,094)
	(17,793)	**(6,159)**	**—**	**37**	**—**	**(23,915)**
Net book value	**35,112**					**31,884**

NOTE 10—INTANGIBLE ASSETS (Continued)

Amortisation expense of TRY4,431 has been charged in cost of sales and TRY1,728 has been charged in general administrative expenses.

Franchise contracts

The Group has recognised franchise contracts resulting from a business combination on 26 January 2011 amounting to TRY48,485 and accounted for them as intangible assets in its combined and consolidated financial information.

NOTE 11—GOODWILL

The goodwill balance amounts to TRY43,560 in the combined and consolidated financial information as of 31 December 2016 (31 December 2015 and 2014: TRY43,560).

Acquisition of Pizza Restaurantları A.Ş.

On 1 September 2010 the Group acquired the shares of Pizza Restaurantları A.Ş., which operated a pizza delivery business under the Domino's Pizza brand with a network of company and franchise-owned stores in Turkey. Following the acquisition, goodwill amounting to TRY37,961 was recognised in the combined and consolidated financial information based upon acquisition accounting applied under IFRS 3 "Business Combinations".

Acquisition of Russian Operations

On 15 February 2013, the Group acquired the fixed assets of a pizza delivery business operating in Moscow, Russia. Although the Group did not acquire shares of a company, the acquisition is treated as a business combination in accordance with IFRS 3 "Business Combinations" as the inputs and operational processes that have the ability to create outputs, have been transferred to the Group.

TRY5,599 of the goodwill recognised in the combined and consolidated financial information has arisen from acquisition of the Russian pizza delivery network. The access to the related market and creation of synergy with the wider Group are the main reasons behind the recognised goodwill.

Goodwill impairment test

In accordance with IFRS and the accounting policies explained in Note 2.5, the Group performs impairment test on goodwill to assess whether impairment exists. The Group is obliged to test goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired, as goodwill is deemed to have an indefinite useful life.

In order to perform this test, management is required to compare the carrying value of the relevant cash generating unit ('CGU'), defined as stores of the Group including goodwill with its recoverable amount. The recoverable amounts of the CGU are determined based on a value in use calculation.

The recoverable amount of cash generating units are calculated based on value in use. These calculations require estimations and uses pre-tax cash flow projections based on financial budgets approved by management covering a 5-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. For the purpose of assessing impairment, the discounted cash flows calculated based on the Group's revenue projections for five years are compared to the carrying value of goodwill.

The Group prepares pre-tax cash flow forecasts derived from the most recent financial budgets approved by management for the next five years and extrapolates cash flows for the remaining term based on average long-term growth rates ranging from three per cent. to seven per cent. reflective of country specific Group risks.

Other key assumptions applied in the impairment tests include the expected product price, demand for the products, product cost and related expenses. Management determined these key assumptions based on past performance and its expectations on market development. Further, management applied discount rates ranging from 12% to 17%, to reflect country specific risks.

NOTE 11—GOODWILL (Continued)

Sensitivities—Turkish operations

The assumptions used for value-in-use calculations to which the recoverable amount is more sensitive are growth rate beyond 5 years and pre-tax discount rate. Management determined these key assumptions based on past performance and its expectations on market development. Further, management adopts discount rates that reflect specific risks related to the Group.

If the estimated pre-tax discount rate used for the calculation of discounted cash flows had been one per cent. higher/lower than the management's estimate, the fair value as at 31 December 2014 would decrease by TRY49 or increase by TRY63.

If the estimated pre-tax discount rate used for the calculation of discounted cash flows had been one per cent. higher/lower than the management's estimate, the fair value as at 31 December 2015 would decrease by TRY51 or increase by TRY64.

If the estimated pre-tax discount rate used for the calculation of discounted cash flows had been one per cent. higher/lower than the management's estimate, the fair value as at 31 December 2016 would decrease by TRY71 or increase by TRY91.

If the estimated terminal growth rate for the calculation of discounted cash flows had been one per cent. higher/lower than the management's estimate, the fair value as at 31 December 2014 would increase by TRY47 and decrease by TRY37.

If the estimated terminal growth rate for the calculation of discounted cash flows had been one per cent. higher/lower than the management's estimate, the fair value as at 31 December 2015 would increase by TRY47 and decrease by TRY38.

If the estimated terminal growth rate for the calculation of discounted cash flows had been one per cent. higher/lower than the management's estimate, the fair value as at 31 December 2016 would increase by TRY68 and decrease by TRY54.

As a result of the impairment tests performed with the use of the above assumptions and sensitivities, no impairment loss has been identified as at 31 December 2016, 2015 or 2014.

Sensitivities—Russian operations

The assumptions used for value-in-use calculations to which the recoverable amount is more sensitive are growth rate beyond 5 years and pre-tax discount rate. Management determined these key assumptions based on past performance and its expectations on market development.

If the estimated pre-tax discount rate used for the calculation of discounted cash flows had been one per cent. higher/lower than the management's estimate, the fair value as at 31 December 2016 would decrease by TRY27,863 or increase by TRY32,683.

If the estimated terminal growth rate for the calculation of discounted cash flows had been one per cent. higher/lower than the management's estimate, the fair value as at 31 December 2016 would increase by TRY23,119 or decrease by TRY19,850.

As a result of the impairment tests performed with the use of the above assumptions and sensitivities, no impairment loss has been identified as at 31 December 2016, 2015 and 2014.

NOTE 12—CASH AND CASH EQUIVALENTS

The details of cash and cash equivalents as of 31 December 2016, 2015 and 2014 are as follows:

	31 December 2016	31 December 2015	31 December 2014
Cash in hand	987	966	470
Cash at bank	10,412	5,679	4,476
Credit card receivables	8,103	6,814	6,010
	19,502	**13,459**	**10,956**

NOTE 12—CASH AND CASH EQUIVALENTS (Continued)

Maturity term of credit card receivables are 30 days on average (31 December 2015 and 2014: 30 days).

NOTE 13—TRADE RECEIVABLES AND PAYABLES

a) Short-term trade receivables

	31 December 2016	31 December 2015	31 December 2014
Trade receivables	43,615	25,516	19,795
Corporate store conversion receivables	11,782	9,457	7,040
	55,397	**34,973**	**26,835**
Less: Unearned financial income	(580)	(1,232)	(850)
Less: Doubtful trade receivable	(141)	—	—
Short-term trade and other receivables, net	**54,676**	**33,741**	**25,985**

The average collection period for trade receivables is between 30 and 60 days (2015 and 2014: 30 and 60 days).

Movement of provision for doubtful receivables is as follows:

	2016
1 January	—
Current year charge	141
31 December	**141**

b) Long-term trade receivables

	31 December 2016	31 December 2015	31 December 2014
Post-dated cheques	9,730	7,806	4,463
Less: Unearned financial income	(119)	(447)	(143)
	9,611	**7,359**	**4,320**

c) Short-term trade and other payables

	31 December 2016	31 December 2015	31 December 2014
Trade payables	36,063	39,089	36,734
Other payables	3,293	3,003	830
	39,356	**42,092**	**37,564**

The weighted average term of trade payables is less than 3 months. Short-term payables with no stated interest are measured at original invoice amount unless the effect of imputing interest is significant (31 December 2015 and 2014: Less than 3 months).

d) Long-term trade

	31 December 2016	31 December 2015	31 December 2014
Trade payables	—	—	878
	—	**—**	**878**

NOTE 14—TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The details of receivables and payables from related parties as of 31 December 2016, 2015 and 2014 and transactions is as follows:

a) Due from related parties

	31 December 2016	31 December 2015	31 December 2014
Receivables from key management*	1,247	1,382	—
Fides Food Coop.	12	—	—
	1,259	**1,382**	**—**

(*) The maturity of the advances to key management are less than one year and the effective interest rate is 10.50%

(b) Due to related parties

	31 December 2016	31 December 2015	31 December 2014
Payables to key management	386	424	—
	386	**424**	**—**

c) Service expenses

	2016	2015	2014
Fides Food Coop.	12	—	—
	12	**—**	**—**

(d) Key management compensation

	31 December 2016	31 December 2015	31 December 2014
Salary and benefits	8,897	7,324	4,863
Share-based incentives (Note 23)	5,696	3,249	2,819
	14,593	**10,573**	**7,682**

NOTE 15—INVENTORIES

	31 December 2016	31 December 2015	31 December 2014
Raw materials	36,388	31,735	20,373
Other inventory	5,637	3,104	1,263
	42,025	**34,839**	**21,636**

NOTE 16—OTHER RECEIVABLES, ASSETS AND LIABILITIES

Other current assets

	31 December 2016	31 December 2015	31 December 2014
Advance payments to suppliers	15,088	7,552	2,264
VAT receivable	2,016	2,349	408
Prepaid rent expenses	1,644	1,402	1,741
Prepaid marketing expenses	864	924	798
Other	2,436	2,901	3,290
Total	**22,048**	**15,128**	**8,501**

NOTE 16—OTHER RECEIVABLES, ASSETS AND LIABILITIES (Continued)

Other non-current assets

	31 December 2016	31 December 2015	31 December 2014
Long term deposits for loan guarantees	23,183	—	—
Deposits given	2,797	2,276	1,686
Other	—	360	266
Total	**25,980**	**2,636**	**1,952**

Long term deposits for loan guarantees are provided as collateral by the Group's Turkish business for term loans made to the Group's Russian business. Maturity date of long term deposit is 11 February 2019 and annual interest rate is three per cent. The principal of EUR 6,249 thousands (TRY22,259) is blocked until the Group's Russian business completes its loan repayments, however the Turkish business is entitled to receive the accrued interest on the deposit.

Other current liabilities

	31 December 2016	31 December 2015	31 December 2014
Volume rebate advances	11,562	16,301	6,245
Advances received from franchisees	9,054	7,640	417
Payable to personnel	3,599	3,583	3,773
Unused vacation liabilities	3,909	2,568	1,849
Taxes and funds payable	3,623	3,299	1,970
Social security premiums payable	4,036	1,809	1,613
Other expense accruals	3,143	2,093	1,178
Total	**38,926**	**37,293**	**17,045**

Other non-current liabilities

	31 December 2016	31 December 2015	31 December 2014
Employee benefits	922	851	617
Total	**922**	**851**	**617**

NOTE 17—FINANCIAL LIABILITIES

	31 December 2016	31 December 2015	31 December 2014
Short term bank borrowings	73,557	46,382	26,382
Short-term borrowings	**73,557**	**46,382**	**26,382**
Short-term portions of long-term borrowings	42,316	24,948	11,570
Short-term portions of long-term financial lease borrowings	3,034	2,217	1,856
Current portion of long-term borrowings	**45,350**	**27,165**	**13,426**
Total short term borrowings	**118,907**	**73,547**	**39,808**
Long-term bank borrowings	73,343	47,935	47,517
Long-term financial lease borrowings	7,251	2,223	2,482
Long-term borrowings	**80,594**	**50,158**	**49,999**
Total financial liabilities	**199,501**	**123,705**	**89,807**

NOTE 17—FINANCIAL LIABILITIES (Continued)

The summary information of short-term and long-term bank borrowings is as follows:

31 December 2016

Currency	Maturity	Interest rate (%)	Short-term	Long-term
EUR borrowings	2016 – 2019	3.5 – 7.50	61,984	73,343
TRY borrowings	2016	11.78	53,889	—
			115,873	**73,343**

31 December 2015

Currency	Maturity	Interest rate (%)	Short-term	Long-term
EUR borrowings	2015 – 2018	3.5 – 4.46	24,948	47,935
TRY borrowings	2016	11.78	46,382	—
			71,330	**47,935**

31 December 2014

Currency	Maturity	Interest rate (%)	Short-term	Long-term
EUR borrowings	2015 – 2018	4.46	9,511	47,517
TRY borrowings	2016	11.15	28,441	—
			37,952	**47,517**

The redemption schedule of the borrowings as of 31 December 2016, 2015 and 2014 is as follows:

	31 December 2016	31 December 2015	31 December 2014
To be paid in 1 year	115,873	71,330	37,952
To be paid between 1 – 2 years	40,424	26,197	22,130
To be paid between 2 – 3 years	32,919	21,738	25,387
	189,216	**119,265**	**85,469**

The loan agreement signed with Türkiye İş Bankası A.Ş. by Domino’s Turkey is subject to covenant clauses whereby Domino’s Turkey is required to meet certain ratios. The financial indicator of leverage ratio which requires the ratio of net debt to adjusted EBITDA for the relevant period should not be more than 2.50:1; and total free cash flow to total debt service ratio should not be less than 1.10 at the end of the each financial year. If the Company ends up with any ratio above 2.50:1 or below 1.10:1 at the end of a financial period, they need to meet the covenant in the subsequent 15 working days.

Throughout the period Domino’s Turkey has met financial covenants clauses of Türkiye İş Bankası.

The loan agreement between Denizbank Moscow and Domino’s Russia requires that unless there is written approval from Denizbank Moscow, there will not be any changes in more than 50% of the capital directly and that no agreements or documents that may result in the above results will be signed or interpreted this way.

Throughout the period Domino’s Russia has met covenants clauses of Denizbank Moscow.

NOTE 17—FINANCIAL LIABILITIES (Continued)

The details of the short term finance lease liabilities as of 31 December 2016 and 2015 are as follows:

	31 December 2016	31 December 2015	31 December 2014
Total financial lease payments	15,523	6,755	7,742
Interest to be paid in upcoming years	(5,238)	(2,316)	(3,404)
	10,285	**4,439**	**4,338**
Financial lease liabilities to be paid in 1 year	3,034	2,217	1,856
Financial lease liabilities to be paid between 1 – 2 years	2,845	1,161	1,806
Financial lease liabilities to be paid between 2 – 3 years	4,406	1,062	676
	10,285	**4,440**	**4,338**

The fair values of the borrowings and finance lease liabilities as of 31 December 2016, 2015 and 2014 are as follow:

	31 December 2016		31 December 2015		31 December 2014	
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
Borrowings	189,216	191,476	119,265	119,649	85,469	85,117
Financial lease liabilities	10,285	9,086	4,440	4,585	4,338	4,319
Total	**199,501**	**200,562**	**123,705**	**124,234**	**89,807**	**89,436**

NOTE 18—FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

a) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

To maintain or re-arrange the capital and debt structure, the Group may change the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets.

The Group monitors the capital structure by reference to the debt/equity ratio, by dividing the net debt by total equity plus net debt. Net debt is calculated by deducting cash and cash equivalents from the total financial debt (long and short term).

	31 December 2016	31 December 2015	31 December 2014
Total financial debt	199,501	123,705	89,807
Less: cash and cash equivalents	(19,502)	(13,459)	(10,956)
Net debt	**179,999**	**110,246**	**78,851**
Total equity	59,473	42,560	60,233
Net debt/(Total Equity + net debt)	**75%**	**72%**	**57%**

b) Financial risk factors

The Group is exposed to a variety of financial risks due to its operations. These risks include credit risk, market risk (foreign exchange risk and interest rate risk) and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and performance.

b.1) Credit risk

The Group considers its maximum credit risk at 31 December 216 to be TRY83,789 (31 December 2015—TRY54,559 and 31 December 2014—TRY41,261), which is the total of the Group's financial assets.

NOTE 18—FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Credit risk is managed on a group basis, except for credit risk relating to accounts receivable balances. Each local entity is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Advanced payment may be required where client credit risk is assessed as significant by the local team. It is Group policy that deposits are made with repositories of BA2 credit rating or higher as defined by Moody's.

The aging of past due but not impaired financial assets is as follows:

	31 December 2016	31 December 2015	31 December 2014
Less than a month	914	449	669
1 to 3 months	700	933	116
3 to 6 months	98	1,122	11
Over 6 months	1,515	595	329
Total	**3,227**	**3,100**	**1,125**

	31 December 2016	31 December 2015	31 December 2014
Trade receivables			
Counterparties without external credit rating			
Group 1	3,348	1,911	4,241
Group 2	60,799	39,189	26,064
Group 3	140	—	—
Total	**64,287**	**41,100**	**30,305**

Group 1—New customers (less than 6 months)

Group 2—Existing customers (more than 6 months) with no defaults in the past

Group 3—Existing customers (more than 6 months) with some defaults in the past.

b.2) Liquidity risk

The Group uses banks as well as its suppliers and shareholders as funding resources. The Group's liquidity risk is continuously evaluated through determining and monitoring changes in funding conditions required for achieving the targets set in the Group's strategy.

The Group manages its liquidity risk by monitoring expected and actual cash flows on regular basis and by maintaining continuity of funds, borrowings and reserves through matching the maturities of financial assets and liabilities. The Group periodically reviews its covenant compliance and uses loans between Group companies to ensure there is enough liquidity to carry out its operations.

As of 31 December 2016, 2015 and 2014 the liquidity risks arising from the Group's financial liabilities consisted of the following:

	31 December 2016					
Maturities in accordance with agreements	Carrying value	Total cash outflows in accordance with contract	Less than 3 months	3 – 12 months	1 – 5 years	Over 5 years
Non derivative financial liabilities						
Borrowings and finance leases	199,501	211,480	83,966	41,286	86,228	—
Trade payables	39,742	39,742	39,742	—	—	—
Total	**239,243**	**251,222**	**123,708**	**41,286**	**86,228**	**—**

NOTE 18—FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

	31 December 2015					
Maturities in accordance with agreements	**Carrying value**	**Total cash outflows in accordance with contract**	**Less than 3 months**	**3 – 12 months**	**1 – 5 years**	**Over 5 years**
Non derivative financial liabilities						
Borrowings and finance leases	123,705	132,623	56,790	20,219	55,615	—
Trade payables	42,516	42,516	42,516	—	—	—
Total	**166,221**	**175,139**	**99,306**	**20,219**	**55,615**	**—**

	31 December 2014					
Maturities in accordance with agreements	**Carrying value**	**Total cash outflows in accordance with contract**	**Less than 3 months**	**3-12 – 1-5 months**	**Over 5 years**	**years**
Non derivative financial liabilities						
Borrowings and finance leases	89,807	98,580	35,003	9,147	54,403	—
Trade payables	37,564	37,564	37,564	—	—	—
Total	**127,371**	**136,144**	**72,567**	**9,147**	**54,403**	**—**

Loans from banks comprise short term loans obtained for working capital needs and other long term loans. The total amount includes accrued interest on the related loans.

b.3) Market risk

The Group's activities also expose it to market risk including interest rate risk, foreign currency risk, and price risk.

The Group manages its financial instruments centrally in accordance with the Group's risk policies via the Treasury Group in the Finance Department. The Group's cash inflows and outflows are monitored on a regular basis and compared to the monthly and yearly cash flow budgets and forecasts.

Interest rate risk

The Group is exposed to market interest rate fluctuations on its floating rate debt. Increases in benchmark interest rates could increase the interest cost of floating rate debt and increase the cost of future borrowings. The Group's ability to manage interest costs also has an impact on reported results.

At 31 December 2016, interest rates were fixed on approximately 57% of the net debt for 2016 (41% for 2015 and 37% for 2014).

The average interest rate on short-term borrowings in 2016 was 11% (2015: 11%, 2014: 11%).

The financial instruments of the Group which are sensitive to interest rates are presented below:

	2016	**2015**	**2014**
Financial instruments with floating interest			
Financial liabilities	86,071	72,973	56,849
Financial instruments with fixed interest			
Financial liabilities—repricing dates	113,430	50,732	32,958
– 6 months or less	*84,058*	*50,732*	*32,958*
– 6 – 12 months	*7,434*	—	—
– 1 – 5 years	*21,938*	—	—

Assuming that all other variables remain constant, a 1.0 percentage point increase in floating interest rates on a full-year basis as at 31 December 2016 would have led to an additional TRY623 finance costs (2015: TRY923, 2014: TRY219 additional finance costs). A 1.0 percentage point decrease in floating interest rates on a full-year basis would have an equal but opposite effect.

NOTE 18—FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

The Group's objective is to minimise net interest cost and balance the amounts of debt at fixed and floating rates over time. The majority of the debt now has interest charged at a fixed rate. This limits the impact that changes to floating rates have on the Group's finance expenses.

Foreign currency risk

The Group is operating in multiple countries and subject to the risk that changes in foreign currency values impact the value of Group's sales, purchases, assets and liabilities. At 31 December 2016, the exposure to the Group from companies holding assets and liabilities other than in their functional currency amounted to TRY111,013 (31 December 2015: TRY80,454, 31 December 2014: TRY56,602).

As an estimation of the approximate impact of the residual risk, with respect to financial instruments, the Group has calculated the impact of a ten per cent. change in exchange rates.

A ten per cent. strengthening of the euro against key currencies to which the Group is exposed would have led to approximately an additional TRY11,521 loss in the income statement (2015: TRY 7,714 loss, 2014: TRY5,653 loss). A ten per cent. weakening of the euro against these currencies would have led to an equal but opposite effect.

Price risk

As of December 2016, the Group does not have financial instruments classified as available for sale, or fair value through profit and loss, which are exposed to market price fluctuations. Price risk does arise from an increases in commodity prices. This price risk is managed locally where advanced purchases of raw materials are made to achieve lower prices and bulk purchases are made to achieve discounts from suppliers.

NOTE 19—FAIR VALUE DISCLOSURES OF FINANCIAL INSTRUMENTS

The Group classifies the fair value measurement of each class of financial instruments according to the source, using the three-level hierarchy, as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

As of 31 December 2016, the Group does not have any financial assets and liabilities classified as available for sale or fair value through profit and loss. For loans and receivables the book value is equivalent to the fair value.

NOTE 20—PROVISIONS

Short-term provisions

	31 December 2016	31 December 2015	31 December 2014
Performance bonuses	3,244	2,797	1,627
Legal provisions and other	1,234	1,239	1,020
	4,478	**4,036**	**2,647**

The movement of provisions as of 31 December 2016, 2015 and 2014 is as follows:

	Performance bonuses	Legal and other
1 January 2016	**2,797**	**1,239**
Additions	3,244	1,234
Paid	(2,797)	(1,239)
31 December 2016	**3,244**	**1,234**

NOTE 20—PROVISIONS (Continued)

	Performance bonuses	Legal and other
1 January 2015	**1,627**	**1,020**
Additions	2,797	1,239
Paid	(1,627)	(1,020)
31 December 2015	**2,797**	**1,239**
1 January 2014	**1,998**	**649**
Additions	1,627	1,020
Paid	(1,998)	(649)
31 December 2014	**1,627**	**1,020**

Legal provisions mostly relate to ongoing employment and rental disputes.

NOTE 21—TAX ASSETS AND LIABILITIES

Corporate tax

The Group is subject to taxation in accordance with the tax regulations and the legislation effective in the countries in which the Group companies operate. Therefore, provision for taxes, as reflected in the combined and consolidated financial information, has been calculated on a separate-entity basis.

Corporate tax liability for the year consists of the following:

	2016	2015	2014
Corporate tax calculated	7,251	7,336	2,135
Prepaid taxes	(4,934)	(4,723)	(1,429)
Tax liability	**2,317**	**2,613**	**706**

Tax income and expenses included in the statements of comprehensive income are as follows:

	2016	2015	2014
Current period corporate tax expense	(7,251)	(7,336)	(2,135)
Deferred tax (expense)/ income	(1,731)	2,901	267
Total tax expense	**(8,982)**	**(4,435)**	**(1,868)**

The reconciliation of the tax expense in the statement of comprehensive income is as follows:

	2016	2015	2014
Profit/(Loss) before tax	38,303	(18,500)	(14,068)
Corporate tax at statutory rates (25.5%)	(9,767)	4,718	3,587
Disallowable expenses	(1,271)	(2,374)	(624)
Deductions	—	—	468
Differences in tax rates	2,148	(822)	(619)
Adjustments on which no deferred tax has been calculated	(314)	(5,970)	(4,965)
Other, net	222	13	285
Total tax income	**(8,982)**	**(4,435)**	**(1,868)**

NOTE 21—TAX ASSETS AND LIABILITIES (Continued)

The breakdown of cumulative temporary differences and the resulting deferred income tax assets/liabilities at 31 December 2016, 2015 and 2014 using statutory tax rates are as follows:

	31 December 2016		31 December 2015		31 December 2014	
	Temporary differences	Deferred tax assets/ (liabilities)	Temporary differences	Deferred tax assets/ (liabilities)	Temporary differences	Deferred tax assets/ (liabilities)
Carry forward tax losses	22,517	—	25,941	—	11,615	—
Property and equipment and intangible assets	(45,098)	(9,018)	(43,280)	(8,655)	(44,216)	(8,842)
Bonus accruals	3,245	649	2,797	560	1,627	325
Unused vacation liabilities	2,199	440	1,963	393	1,807	361
Volume rebate advances	11,562	2,312	16,301	3,260	6,245	1,249
Other	2,125	424	3,825	823	1,536	307
Deferred income tax assets		3,823		5,036		2,242
Deferred income tax liabilities		(9,018)		(8,655)		(8,842)
Deferred income tax liabilities, net		**(5,193)**		**(3,619)**		**(6,600)**

Consists of unused carry forward losses of Domino's Russia.

Deferred income tax assets recognition of Fidesrus

Deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Various factors are considered to assess the probability of the future utilisation of deferred tax assets, including past operating results, operational plan, expiration of tax losses carried forward, and tax planning strategies. If actual results differ from these estimates or if these estimates must be adjusted in future periods, the financial position, results of operations and cash flows may be negatively affected. In the event that the assessment of future utilisation of deferred tax assets must be reduced, this reduction will be recognised in the statement of profit or loss.

As of 31 December 2016, the Group has unrecognised potential deferred tax assets in respect of unused tax loss carry forwards of TRY22,517 (RUB392,834 thousand) 31 December 2015:
TRY25,941 (RUB654,923 thousand), 31 December 2014: TRY11,615 (RUB288,657 thousand).

Based on the change in the tax code in the Russian Federation after 31 December 2015, previously applied limitation on carry forward tax losses for a 10-year period has been abolished and any losses incurred since 2007 will be carried forward until fully recognised.

As historically there has been no profit recorded, Domino's Russia management did not recognise deferred tax assets from carry forward tax losses and further potential deferred tax assets.

	2016	2015	2014
Balance at the beginning at the year	**(3,619)**	**(6,600)**	**(6,870)**
Charged to the statement of income	(1,731)	2,901	267
Charged to equity	157	80	3
Balance at the end of the year	**(5,193)**	**(3,619)**	**(6,600)**

NOTE 22—COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

a) Guarantees given to third parties as of 31 December 2016, 2015 and 2014 are as follows;

	31 December 2016	31 December 2015	31 December 2014
Guarantee letters given	1,735	1,070	1,585
	1,735	**1,070**	**1,585**

NOTE 22—COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

b) Guarantees received for trade receivables are as follows:

	31 December 2016	31 December 2015	31 December 2014
Guarantee notes received	29,987	27,188	26,304
Guarantee letters received	12,463	5,857	726
	42,450	**33,045**	**27,030**

c) Tax contingencies

Russian tax legislation which was enacted or substantively enacted at the end of the reporting period, is subject to varying interpretations when being applied to the transactions and activities of the Group. Consequently, tax positions taken by management and the formal documentation supporting the tax positions may be challenged by tax authorities.

As Russian tax legislation does not provide definitive guidance in certain areas, the Group adopts, from time to time, interpretations on uncertain matters. While management currently estimates that the tax positions and interpretations that it has taken can be sustained, there is a risk that an outflow of resources will be required should such tax positions and interpretations be challenged by the tax authorities. The impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial position and/or the overall operations of the Group.

d) Operating lease commitments

	31 December 2016	31 December 2015	31 December 2014
In one year	10,284	10,179	10,232
1 – 5 years	14,928	18,308	23,832
5 – 10 years	2,531	2,974	3,160
	27,743	**31,461**	**37,225**

NOTE 23—SHARE-BASED PAYMENTS

The Phantom Option Scheme

The Phantom Option Scheme was put in place to incentivise senior members of management. The incentive plan entitles the employees to a cash payment at the date of an exit by Fides Food Systems Coöperatief U.A. and Vision Lovemark Coöperatief U.A. The amount payable will be determined based on the difference between the equity value of the entities at the time of exit and their grant dates. Granted options will only vest if certain conditions are met, including continued employment with the Group, and if there is an event of 100% exit by Fides Food Systems Coöperatief UA and Vision Lovemark Coöperatief UA. However, shareholders have the right to exercise these plans even if they do not exit 100% of their stake and may determine the amount payable to employees pro rata their exited shareholding.

Based on this scheme, the difference between the grant equity value and the exit value of the entities have been allocated for Pizza Restaurantları A.Ş. and OOO Pizza Restaurants separately and multiplied by the respective option amount of each individual.

Options are granted under the plan for no consideration and carry no dividend or voting rights.

When exercised, the whole payout will be made by the ultimate shareholders of the Group in cash and any taxes, fees or any other costs related to the incentive will be borne by employees within the incentive plan.

For the Phantom Option Scheme, the exit equity value of the options have been calculated by discounted cash flow models of the Group for the financial statements. The fair value of the incentive schemes have been determined by using pre-tax cash flow projections. The Group prepares pre-tax cash flow forecasts derived from the most recent financial budgets approved by management for the next five years and extrapolates cash flows for the remaining term based on the average long-term growth rates of three per cent. to seven per cent. This valuation, less the exercise price of the option and after applying the probability of vesting gives the value of the options. Significant assumptions are noted below.

NOTE 23—SHARE-BASED PAYMENTS (Continued)

Other key assumptions applied in the valuation model include the expected product price, demand for the products, product cost and related expenses. Management determined these key assumptions based on past performance and its expectations on market development. Further, management applied discount rates of 12% to 17% which were, reflective of country specific Group risks and are exercisable for nil consideration.

CEO Share Incentive Scheme

Additionally, a share incentive scheme was put in place between Fides Food Systems Coöperatief UA, and Vision Lovemark Coöperatief UA. Based on performance targets, and continuing employment of the CEO, the shares would be granted each year to Vision Lovemark Coöperatief UA for nil consideration.

The share incentive scheme has been terminated as of year-end 2016. The fair value of the shares granted was determined with reference to an EBITDA based enterprise value of the Group's Turkish segment. The vesting period for each grant was 1 year.

In addition, on 30 December 2016, as part of the arrangements to terminate the CEO Share Incentive Scheme, the Company issued 32,740 ordinary shares each with a nominal value of €0.01 to Vision Lovemark Coöperatief U.A., which was paid up by debiting the Company's share premium reserve by €327.40.

Under these two existing plans, the cumulative charge is TRY16,666 as at 31 December 2016, TRY10,970 as at 31 December 2015 and TRY7,721 as at 31 December 2014. There are not any plans forfeited in the years 2016, 2015 and 2014. Please see Note 14(d) for the yearly charges.

NOTE 24—EQUITY

The shareholders and the shareholding structure of the Group at 31 December 2016 is as follows:

	31 December 2016	
	Share %	**Amount**
Fides Food Systems Coöperatief UA	90.0	108
Vision Lovemark Coöperatief UA	10.0	12
		120

As of 31 December 2016, the Group's 4,532,740 shares are issued and fully paid for.

The nominal value of each share is EUR 0.01 (2015 and 2014: EUR 0.01). There is no preference stock.

Share capital is the Company's and was issued during the Acquisition.

Share premium

Share premium represents differences resulting from the incorporation of the Company by Fides Food Systems Coöperatief UA at a price exceeding the face value of those shares and differences between the face value and the fair value of shares issued for acquired companies.

Ultimate controlling party

The ultimate controlling party of the Company is Turkish Private Equity Fund II LP. There is no individual ultimately controlling the Group.

NOTE 25—SUBSEQUENT EVENTS

On 5 June 2017 the Group issued a notice of intention to seek admission to the London Stock Exchange through the issue of shares in the Company.

On 9 June 2017, pursuant to an amendment of the articles of association of the Company, the nominal value of each ordinary share in the capital of the Company was increased from €0.01 to €0.12, which increase was paid up by debiting the Company's share premium reserve by €498,601.40. As a result, the Company's total issued and outstanding share capital was increased on 9 June 2017 from €45,327 (divided into 4,532,740 ordinary shares) to €543,928.80 (divided into 4,532,740 ordinary shares).

NOTE 25—SUBSEQUENT EVENTS (Continued)

On Admission, the Company intends to issue, in addition to the New Shares, (i) 13,046,726 ordinary shares, with a nominal value of €0.12 each, in the capital of the Company to Vision Lovemark and (ii) 117,420,534 ordinary shares, with a nominal value of €0.12 each, in the capital of the Company to Fides Food Systems, which will be paid up by debiting the Company's share premium reserve by €15,656,071.20. As a result, the Company's issued and outstanding share capital, excluding the shares issued and sold to investors in the IPO, will increase to €16,200,000 (divided into 135,000,000 ordinary shares).

The Group will issue at or around Admission share options to a member of senior management under a long term incentive scheme. Options will be granted to acquire shares in the Company following Admission. These options consist of 5 annual awards with the final instalment vesting on the fifth year following Admission. The terms of these options are such that a share based payments charge will be recognised in respect of them in the first set of financial statements post Admission. Because of the uncertainty around the grant date, no reliable estimate can be made on the financial impact of this scheme.

APPENDIX 2
UNAUDITED INTERIM FINANCIAL INFORMATION

UNAUDITED CONDENSED COMBINED AND CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIODS ENDED 31 MARCH 2017 AND 31 MARCH 2016

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

	Notes	31 March 2017	31 March 2016
INCOME OR LOSS			
Revenue	4	145,363	107,356
Cost of sales	4	(91,390)	(67,767)
GROSS PROFIT	**4**	**53,973**	**39,589**
General administrative expenses		(23,752)	(18,944)
Marketing and selling expenses		(21,349)	(15,040)
Other operating income		1,317	138
OPERATING PROFIT		**10,189**	**5,743**
Financial income	6	4,271	1,701
Financial expense	6	(5,771)	(3,565)
PROFIT BEFORE INCOME TAX		**8,689**	**3,879**
Tax expense		**(3,213)**	**(1,450)**
Income tax expense		(3,049)	(1,065)
Deferred tax expense		(164)	(385)
PROFIT FOR THE PERIOD		**5,476**	**2,429**
OTHER COMPREHENSIVE INCOME		**(6,295)**	**(1,852)**
Items that will not be reclassified to profit or loss			
—Remeasurements of post-employment benefit obligations, net		247	166
Items that may be reclassified to profit or loss			
—Currency translation differences		(6,542)	(2,018)
Total comprehensive (loss)/income for the period		**(819)**	**577**
TOTAL COMPREHENSIVE (LOSS)/INCOME		**(819)**	**577**
Earnings per share	8	**1.21**	**0.54**

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2017 AND 31 DECEMBER 2016

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

	Notes	31 March 2017 (unaudited)	31 December 2016
ASSETS			
Property and equipment	8	101,023	97,848
Intangible assets	9	34,962	34,043
Goodwill	10	43,560	43,560
Trade receivables	12	11,004	9,611
Other non-current assets	15	27,645	25,980
Non-current assets		**218,194**	**211,042**
Cash and cash equivalents	11	21,344	19,502
Trade and other receivables	12	41,890	54,676
Due from related parties	13	1,287	1,259
Inventories	14	46,170	42,025
Other current assets	15	20,275	22,048
Current assets		**130,966**	**139,510**
TOTAL ASSETS		**349,160**	**350,552**
LIABILITIES			
Financial liabilities	16	119,615	118,907
Trade and other payables	12	33,547	39,356
Due to related parties	13	—	386
Current income tax liabilities		2,978	2,317
Provisions	17	2,751	4,478
Other current liabilities	15	40,904	38,926
Current liabilities		**199,795**	**204,370**
Financial liabilities	16	82,564	80,594
Deferred tax liability		5,419	5,193
Long term provisions for employee benefits	15	887	922
Non-current liabilities		**88,870**	**86,709**
TOTAL LIABILITIES		**288,665**	**291,079**
EQUITY		**60,495**	**59,473**
Paid in share capital	21	120	120
Share premium	21	63,757	63,757
Other comprehensive income/expense that will not be reclassified to profit or loss			
—*Remeasurements of post-employment benefit obligations*		(1,680)	(1,927)
Other comprehensive income/expense that may be reclassified to profit or loss			
—*Currency translation differences*		(14,623)	(8,081)
Retained earnings		12,921	5,604
Total Equity		**60,495**	**59,473**
TOTAL LIABILITIES		**349,160**	**350,552**

UNAUDITED CONDENSED COMBINED AND CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIODS ENDED 31 MARCH 2017 AND 31 MARCH 2016

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

	Share capital	Share premium	Invested Capital	Remeasurement of post-employment benefit obligations	Currency translation differences	Retained earnings	Total Equity
Balances at 1 January 2016	—	—	**42,560**	—	—	—	**42,560**
Currency translation adjustments	—	—	(2,018)	—	—	—	**(2,018)**
Share based payment charge (Note 20)	—	—	2,644	—	—	—	**2,644**
Total profit for the period	—	—	2,429	—	—	—	**2,429**
Remeasurements of post-employment benefit obligations, net	—	—	166	—	—	—	**166**
Balances at 31 March 2016	—	—	**45,781**	—	—	—	**45,781**
Balances at 1 January 2017	**120**	**63,757**	—	**(1,927)**	**(8,081)**	**5,604**	**59,473**
Transfers	—	—	—	—	—	—	—
Currency translation adjustments	—	—	—	—	(6,542)	—	**(6,542)**
Share based payment charge (Note 20)	—	—	—	—	—	1,841	**1,841**
Total profit for the period	—	—	—	—	—	5,476	**5,476**
Remeasurements of post-employment benefit obligations, net	—	—	—	247	—	—	**247**
Balances at 31 March 2017	**120**	**63,757**	—	**(1,680)**	**(14,623)**	**12,921**	**60,495**

UNAUDITED CONDENSED COMBINED AND CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2017 AND 31 MARCH 2016

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

	Notes	31 March 2017	31 March 2016
Profit before income tax		8,689	3,879
Adjustments for			
Depreciation	8	6,477	5,014
Amortisation	9	2,793	1,808
Losses on sale of property and equipment		404	115
Provision for performance bonus	17	1,116	1,006
Non-cash employee benefits expense—share based payments		1,841	2,644
Interest income	6	(159)	(328)
Interest expense	6	5,656	3,565
Unrealised foreign exchange (gains) on borrowings		(3,201)	(4,313)
Changes in operating assets and liabilities			
Changes in trade receivables		11,394	(4,042)
Changes in other receivables and assets		746	(16,733)
Changes in inventories		(4,145)	(83)
Changes in trade payables		(5,809)	(8,485)
Changes in other payables and liabilities		2,268	2,856
Taxes paid		(3,049)	(2,671)
Performance bonuses paid		(3,244)	(2,797)
Cash flows generated from/(used in) operating activities		**21,777**	**(18,565)**
Payments for property and equipment	8	(6,932)	(4,669)
Payments for intangible assets	9	(3,533)	(943)
Proceeds from sale of tangible and intangible assets		1,969	153
Cash flows used in investing activities		**(8,496)**	**(5,459)**
Interest Paid		(3,618)	(3,471)
Interest received		159	328
Proceeds from borrowings		125,475	159,370
Repayment of borrowings		(133,895)	(114,599)
Financial lease payments, net		(87)	300
Cash flows (used in)/generated from financing activities		**(11,966)**	**41,928**
Effect of currency translation differences		527	432
Net increase in cash and cash equivalents		**1,842**	**18,336**
Cash and cash equivalents at the beginning of the period	11	**19,502**	**13,459**
Cash and cash equivalents at the end of the period	11	**21,344**	**31,795**

NOTE 1—GROUP'S ORGANISATION AND NATURE OF ACTIVITIES

DP Eurasia N.V. (the "Company"), public limited company, having its statutory seat in Amsterdam, the Netherlands, was incorporated under the law of the Netherlands on 18 October 2016. The principal activity of the Company consists of acting as an investment company.

The Company's registered address is: Herikerbergweg 238, Amsterdam, the Netherlands.

The Company and its subsidiaries (together referred as the "Group") operate company and franchise-owned stores in Turkey and the Russian Federation, including provision of technical support, control and consultancy services to the franchisees.

As at 31 March 2017, the Group operates in 571 stores (359 franchise stores, 212 company-owned stores). (31 December 2016: (567 stores; 355 franchise stores, 212 company-owned stores)).

Subsidiaries

The Company has a total of six fully-owned subsidiaries. The entities included in the scope of the condensed combined and consolidated financial information and nature of their business is as follows:

Subsidiaries	Effective ownership (%)	Registered country	Nature of business
Fides Grup Gıda Restaurant İşletmeciliği A.Ş. ("Fides Turkey")	100.00	Turkey	Food delivery
Pizza Restaurantları A.Ş. ("Domino's Turkey")	100.00	Turkey	Food delivery
OOO Fides ("Fides Russia")	100.00	Russia	Food delivery
OOO Pizza Restaurants ("Domino's Russia")	100.00	Russia	Food delivery
Fidesrus B.V. ("Fidesrus")	100.00	the Netherlands	Investment company
Fides Food Systems B.V. ("Fides Food")	100.00	the Netherlands	Investment company

NOTE 2—BASIS OF PRESENTATION OF CONDENSED COMBINED AND CONSOLIDATED FINANCIAL INFORMATION

2.1 Financial reporting standards

This condensed combined and consolidated interim financial statements for the period ended 31 March 2017 has been prepared in accordance with Accounting Standard IAS 34 Interim Financial Reporting ("IAS 34").

This condensed combined and consolidated interim financial report does not include all the notes of the type normally included in an annual financial statement. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2016 and any public announcements made by DP Eurasia N.V. during the interim period.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

The Company, is registered in the Netherlands, maintains its accounting records in euro ("EUR") and prepares its statutory financial statements in accordance with the provisions of the EU-Directives as implemented in Part 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Guidelines for Annual reporting in the Netherlands as issued by the Dutch Accounting Standards Board. The stand-alone financial statements of the Company are based on the statutory accounting records, with adjustments and reclassifications recorded for the purpose of fair presentation in accordance with IFRS, including conversion from EUR to Turkish Lira ("TRY"), which is determined as the presentation currency of the Company for consolidation purposes.

The condensed combined and consolidated historical financial information has not been prepared in accordance with IAS 33 given the changes in the capital structure. An illustrative earnings per share measure for the three months ended 31 March 2017 and 2016 is included in Note 7.

NOTE 2—BASIS OF PRESENTATION OF CONDENSED COMBINED AND CONSOLIDATED FINANCIAL INFORMATION (Continued)

The financial statements of the subsidiaries have been consolidated as if the Group structure was valid since the beginning of the earliest period presented.

2.2 New and amended international financial reporting standards as adopted by European Union

The new standards, amendments and interpretations which are effective for the financial statements as of 31 March 2017:

A number of new or amended standards became applicable for the current reporting period. However, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

The new standards, amendments and interpretations which are effective for the financial statements after 31 March 2017:

- Amendment to IAS 7 "Statement of cash flows" on disclosure initiative, effective from annual periods beginning on or after 1 January 2017. These amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.
- Amendment IAS 12 "Income Taxes", effective from annual periods beginning on or after 1 January 2017. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. It also clarify certain other aspects of accounting for deferred tax assets.
- Amendment to IFRS 2 "Share based payments" on clarifying how to account for certain types of share-based payment transactions, effective from annual periods beginning on or after 1 January 2018. This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority.
- IFRS 9 "Financial instruments", effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.
- IFRS 15 "Revenue from contracts with customers", effective from annual periods beginning on or after 1 January 2018. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally.
- Amendment to IFRS 15 "Revenue from contracts with customers", effective from annual periods beginning on or after 1 January 2018. These amendment comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of those areas of guidance.
- IFRS 16 "Leases", effective from annual periods beginning on or after 1 January 2019, This standard replaces the current guidance in IAS 17 and is a far-reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a "right-of-use asset" for virtually all lease contracts. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

NOTE 2—BASIS OF PRESENTATION OF CONDENSED COMBINED AND CONSOLIDATED FINANCIAL INFORMATION (Continued)

The Group will evaluate the effect of the aforementioned changes within its operations and apply changes starting from effective date. It is expected that the application of the standards and interpretations will not have a significant effect on the financial statements of the Group.

NOTE 3—SEGMENT REPORTING

(1) The business operations of the Group are organised and managed with respect to geographical positions of its operations. The information regarding the business activities of the Group as of 31 March 2017 and December 2016 comprise the performance of Turkish and Russian operations and Head Office.

(2) The segment analysis for the period ended 31 March 2017 and March 2016 are as follows:

1 January – 31 March 2017	Turkey	Russia	Other	Elimination	Total
Corporate revenue	46,257	41,324	—	—	87,581
Franchise revenue and royalty revenue obtained from franchisees	50,487	2,784	—	—	53,271
Other revenue	4,511	—	—	—	4,511
Total revenue	**101,255**	**44,108**	—	—	**145,363**
Operating profit	9,246	943	—	—	10,189
Capital expenditures	4,755	5,710	—	—	10,465
Depreciation and amortisation expenses	(6,564)	(2,706)	—	—	(9,270)

31 March 2017	Turkey	Russia	Other	Elimination	Total
Borrowings					
—*TRY*	58,458	—	—	—	58,458
—*EUR*	31,869	99,994	—	—	131,863
Total	**90,327**	**99,994**	—	—	**190,321**

1 January – 31 March 2016	Turkey	Russia	Other	Elimination	Total
Corporate revenue	46,353	14,057	—	—	60,410
Franchise revenue and royalty revenue obtained from franchisees	45,868	—	—	—	45,868
Other revenue	1,078	—	—	—	1,078
Total revenue	**93,299**	**14,057**	**—**	**—**	**107,356**
Operating profit	6,611	(868)	—	—	5,743
Capital expenditures	2,903	2,709	—	—	5,612
Depreciation and amortisation expenses	(5,927)	(895)	—	—	(6,822)

31 December 2016	Turkey	Russia	Other	Elimination	Total
Borrowings					
—*TRY*	*55,894*	—	—	—	*55,894*
—*EUR*	*38,806*	*96,520*	—	—	*135,326*
—*RUB*	—	*8,281*	—	—	*8,281*
Total	**94,700**	**104,801**	**—**	**—**	**199,501**

NOTE 3—SEGMENT REPORTING (Continued)

The reconciliation of adjusted EBITDAs as of 31 March 2017 and March 2016 is as follows:

Turkey	31 March 2017	31 March 2016
Revenue	101,255	93,299
Operating profit	9,246	6,611
Depreciation and amortisation	6,564	5,927
EBITDA	**15,810**	**12,537**
Non-recurring and non-trade (income)/ expenses per Group Management		
IPO Costs	*117*	—
Share-based incentives	*1,841*	*2,644*
Adjusted EBITDA	***17,768***	***15,182***

EBITDA, adjusted EBITDA, non-recurring and non-trade income/expenses are not defined by IFRS. These items determined by the principles defined by the Group management comprises incomes/expenses which are assumed by the Group management that are not part of the normal course of business and are non-recurring items. These items which are not defined by IFRS are disclosed by the Group management separately for a better understanding and measurement of the sustainable performance of the Group.

Russia	31 March 2017	31 March 2016
Revenue	44,108	14,057
Operating profit	943	(868)
Depreciation and amortisation	2,706	895
EBITDA	**3,649**	**27**
Non-recurring and non-trade (income)/ expenses per Group Management		
IPO Costs	—	*82*
Adjusted EBITDA	***3,649***	***109***

EBITDA, adjusted EBITDA, non-recurring and non-trade income/expenses are not defined by IFRS. These items determined by the principles defined by the Group management comprises incomes/expenses which are assumed by the Group management that are not part of the normal course of business and are non-recurring items. These items which are not defined by IFRS are disclosed by the Group management separately for a better understanding and measurement of the sustainable performance of the Group.

The reconciliation of adjusted net debt as of 31 March 2017 and 31 December 2016 is as follows:

	31 March 2017	31 December 2016
Short term bank borrowings	79,177	73,557
Short-term portions of long-term borrowings	37,019	42,316
Short-term portions of long-term financial lease borrowings	3,419	3,034
Long-term bank borrowings	74,125	73,343
Long-term financial lease borrowings	8,439	7,251
Total borrowings	**202,179**	**199,501**
Cash and cash equivalents	21,344	19,502
Net debt	**180,835**	**179,999**
Non-recurring items per Group Management		
Long term deposit for loan guarantee	(24,423)	(23,183)
Adjusting delay in collection/payment day coinciding on a weekend	—	(10,408)
Adjusted net debt	**156,412**	***146,408***

Net debt, adjusted net debt and non-recurring items are not defined by IFRS. These items determined by the principles defined by the Group management comprises items which are assumed by the Group management that are not part of the normal course of business and are non-recurring items. These items which are not

NOTE 3—SEGMENT REPORTING (Continued)

defined by IFRS are disclosed by the Group management separately for a better understanding and measurement of the sustainable performance of the Group.

The reconciliation of adjusted net income as of 31 March 2017 and 2016 is as follows:

	31 March 2017	31 March 2016
Profit for the period as reported	5,476	2,429
Non-recurring and non-trade (income)/expenses per Group Management		
IPO Costs	*117*	*82*
Share-based incentives	*1,841*	*2,644*
Tax effect (–)	*(23)*	—
Adjusted net income for the period	***7,411***	***5,155***

Adjusted net income and non-recurring and non-trade income/expenses are not defined by IFRS. These items determined by the principles defined by the Group management comprises incomes/expenses which are assumed by the Group management that are not part of the normal course of business and are non-recurring items. These items which are not defined by IFRS are disclosed by the Group management separately for a better understanding and measurement of the sustainable performance of the Group.

NOTE 4—REVENUE AND COST OF SALES

	31 March 2017	31 March 2016
Corporate revenue	87,581	60,410
Franchise revenue and royalty revenue obtained from franchisees	53,271	45,868
Other revenue	4,511	1,078
Revenue	**145,363**	**107,356**
Cost of sales	(91,390)	(67,767)
Gross profit	**53,973**	**39,589**

NOTE 5—EXPENSES BY NATURE

	31 March 2017	31 March 2016
Personnel expenses	(34,719)	(25,734)
Depreciation and amortisation expenses	(9,270)	(6,822)
	(43,989)	**(32,556)**

NOTE 6—FINANCIAL INCOME AND EXPENSES

Financial income	31 March 2017	31 March 2016
Foreign exchange gains	4,112	1,373
Interest income	159	328
	4,271	**1,701**

Financial expense	31 March 2017	31 March 2016
Interest expense	(5,656)	(3,565)
Other	(115)	—
	(5,771)	**(3,565)**

NOTE 7—EARNINGS PER SHARE

	31 March 2017	31 March 2016
Average number of shares existing during the period	4,532,740	4,500,000
Net profit for the period attributable to equity holders of the parent	5,476	2,429
Earnings per share	**1.21**	**0.54**

The earning per share presented for the period ended 31 March 2017 are based on the issued share capital of DP Eurasia N.V. at 31 March 2017. The earnings per share presented for the period ended 31 March 2016 are based on the issued share capital of DP Eurasia N.V. at the date of Acquisition.

NOTE 8—PROPERTY AND EQUIPMENT

	1 January 2017	Additions	Disposals	Transfers	Currency translation adjustments	31 March 2017
Cost						
Machinery and equipment	25,517	24	(395)	1,991	2,305	29,442
Motor vehicles	15,522	1,539	(106)	—	1,295	18,250
Furniture and fixtures	50,942	1,421	(752)	—	118	51,729
Leasehold improvements	58,129	532	(1,573)	1,424	1,575	60,087
Construction in progress	8,796	3,416	(773)	(3,453)	1,082	9,068
	158,906	**6,932**	**(3,599)**	**(38)**	**6,375**	**168,576**
Accumulated depreciation						
Machinery and equipment	(6,070)	(1,042)	79	—	(467)	(7,500)
Motor vehicles	(5,734)	(1,267)	106	—	(321)	(7,216)
Furniture and fixtures	(21,998)	(1,540)	331	—	(27)	(23,234)
Leasehold improvements	(27,256)	(2,628)	712	—	(431)	(29,603)
	(61,058)	**(6,477)**	**1,228**	—	**(1,246)**	**(67,553)**
Net book value	**97,848**					**101,023**

Depreciation expense of TRY3,763 has been charged in cost of sales and TRY2,714 has been charged in general administrative expenses.

	1 January 2016	Additions	Disposals	Transfers	Currency translation adjustments	31 March 2016
Cost						
Machinery and equipment	13,374	696	—	—	436	14,506
Motor vehicles	6,350	998	(73)	—	221	7,496
Furniture and fixtures	46,289	1,015	(170)	—	39	47,173
Leasehold improvements	46,419	1,454	(184)	971	498	49,158
Construction in progress	2,684	506	—	(971)	(58)	2,161
	115,116	**4,669**	**(427)**	—	**1,136**	**120,494**
Accumulated depreciation						
Machinery and equipment	(2,871)	(453)	—	—	(76)	(3,400)
Motor vehicles	(3,122)	(624)	26	—	(51)	(3,771)
Furniture and fixtures	(17,153)	(1,858)	80	—	(58)	(18,989)
Leasehold improvements	(20,273)	(2,079)	54	—	(4)	(22,302)
	(43,419)	**(5,014)**	**160**	**—**	**(189)**	**(48,462)**
Net book value	**71,697**					**72,032**

Depreciation expense of TRY2,962 has been charged in cost of sales and TRY2,052 has been charged in general administrative expenses.

NOTE 9—INTANGIBLE ASSETS

	1 January 2017	Additions	Disposals	Currency translation adjustments	Transfers	31 March 2017
Cost						
Key money	2,734	1,763	(4)	207	—	4,700
Computer software	19,502	1,706	(1)	—	—	21,207
Franchise contracts	48,485	—	—	—	—	48,485
Other	—	64	—	4	38	106
	70,721	**3,533**	**(5)**	**211**	**38**	**74,498**
Accumulated amortisation						
Key money	(1,320)	(432)	3	(68)	—	(1,817)
Computer software	(4,651)	(1,150)	—	—	—	(5,801)
Franchise contracts	(30,707)	(1,211)	—	—	—	(31,918)
Other	—	—	—	—	—	—
	(36,678)	**(2,793)**	**3**	**(68)**	**—**	**(39,536)**
Net book value	**34,043**					**34,962**

Amortisation expense of TRY1,623 has been charged in cost of sales and TRY1,170 has been charged in general administrative expenses.

	1 January 2016	Additions	Disposals	Currency translation adjustments	Transfers	31 March 2016
Cost						
Rights	4,675	94	(4)	39	—	4,804
Key money	10,995	849	—	1	—	11,845
Franchise contracts	48,485	—	—	—	—	48,485
	64,155	**943**	**(4)**	**40**	**—**	**65,134**
Accumulated amortisation						
Rights	(1,483)	(343)	2	(13)	—	(1,837)
Key money	(3,421)	(253)	—	—	—	(3,674)
Franchise contracts	(25,859)	(1,212)	—	—	—	(27,071)
	(30,763)	**(1,808)**	**2**	**(13)**	**—**	**(32,582)**
Net book value	**33,392**					**32,552**

Amortisation expense of TRY1,068 has been charged in cost of sales and TRY740 has been charged in general administrative expenses.

NOTE 10—GOODWILL

The goodwill balance amounts to TRY43,560 in the condensed combined and consolidated financial information as of 31 March 2017 (31 December 2016: TRY43,560).

Acquisition of Pizza Restaurantları A.Ş.

On 1 September 2010, the Group acquired the shares of Pizza Restaurantları A.Ş., which operates in pizza delivery business with a network of company and franchise-owned stores in Turkey. Following the acquisition, goodwill amounting to TRY37,961 was recognized in the condensed combined and consolidated financial information based acquisition accounting applied under IFRS 3 “Business Combinations”.

Acquisition of Russian Operations

On 15 February 2013, the Group acquired the fixed assets of a pizza network operating in Moscow, Russia. Although the Group did not acquire shares of a company, the acquisition is treated as a business combination in

NOTE 10—GOODWILL (Continued)

accordance with IFRS 3 "Business Combinations" as the inputs and operational processes that have the ability to create outputs, have been transferred to the Group.

TRY5,599 of the goodwill recognised in the condensed combined and consolidated financial information has arisen from acquisition of the Russian pizza delivery network. The access to the related market and creation of synergy with the wider Group are the main reasons behind the recognised goodwill.

As there were no indicators for impairment, the management of the Group has not updated any of the other impairment calculations performed as at 31 December 2016.

NOTE 11—CASH AND CASH EQUIVALENTS

The details of cash and cash equivalents as of 31 March 2017 and December 2016 are as follows:

	31 March 2017	31 December 2016
Cash in hand	900	987
Cash at bank	12,680	10,412
Credit card receivables	7,764	8,103
	21,344	**19,502**

Maturity term of credit card receivables are 30 days on average (31 December 2016: 30 days).

NOTE 12—TRADE RECEIVABLES AND PAYABLES

b) Short-term trade receivables

	31 March 2017	31 December 2016
Trade receivables	33,250	43,615
Corporate store conversion receivables	9,276	11,782
	42,526	**55,397**
Less: Unearned financial income	(495)	(580)
Less: Doubtful trade receivable	(141)	(141)
Short-term trade and other receivables, net	**41,890**	**54,676**

The average collection period for trade receivables is between 30 and 60 days (2016: 30 and 60 days).

b) Long-term trade receivables

	31 March 2017	31 December 2016
Corporate store conversion receivables	11,123	9,730
Less: Unearned financial income	(119)	(119)
	11,004	**9,611**

c) Short-term trade and other payables

	31 March 2017	31 December 2016
Trade payables	29,898	36,063
Other payables	3,649	3,293
	33,547	**39,356**

The weighted average term of trade payables is less than 3 months. Short-term payables with no stated interest are measured at original invoice amount unless the effect of imputing interest is significant
(31 December 2016: Less than 3 months).

NOTE 13—TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The details of receivables and payables from related parties as of 31 March 2017 and 31 December 2016 and transactions is as follows:

b) Due from related parties

	31 March 2017	31 December 2016
Receivables from key management	1,278	1,247
Fides Food Coop.	9	12
Total	**1,287**	**1,259**

b) Due to related parties

	31 March 2017	31 December 2016
Payables to key management	—	386
	—	**386**

As at 31 December 2016 bonuses of Fidesrus B.V. are presented in payables to key management. As at 31 March 2017 it is reclassed to bonus provisions.

c) Key management compensation

	31 March 2017	31 March 2016
Salary and benefits	2,461	1,669
Share-based incentives (Note 20)	1,841	2,644
	4,302	**4,313**

NOTE 14—INVENTORIES

	31 March 2017	31 December 2016
Raw materials	40,571	36,388
Other inventory	5,599	5,637
	46,170	**42,025**

NOTE 15—OTHER ASSETS AND LIABILITIES

Other current assets

	31 March 2017	31 December 2016
Advance payments to suppliers	12,782	15,088
VAT receivable	2,545	2,016
Prepaid rent expenses	1,349	1,644
Prepaid marketing expenses	93	864
Other	3,506	2,436
Total	**20,275**	**22,048**

Other non-current assets

	31 March 2017	31 December 2016
Long term deposits for loan guarantees	24,423	23,183
Deposits given	3,193	2,797
Other	29	—
Total	**27,645**	**25,980**

NOTE 15—OTHER ASSETS AND LIABILITIES (Continued)

Long term deposits for loan guarantees are provided as collateral by the Group's Turkish business for term loans made to the Group's Russian business. Maturity date of long term deposit is 11 February 2019 and annual interest rate is three per cent. The principal of EUR 6,249 thousands (TRY22,259) is blocked until the Group's Russian business completes its loan repayments, however the Turkish business is entitled to receive the accrued interest on the deposit.

Other current liabilities

	31 March 2017	31 December 2016
Volume rebate advances	10,231	11,562
Advances received from franchisees	8,725	9,054
Social security premiums payable	5,210	4,036
Taxes and funds payable	4,972	3,623
Payable to personnel	4,607	3,599
Unused vacation liabilities	4,311	3,909
Other expense accruals	2,848	3,143
Total	**40,904**	**38,926**

Other non-current liabilities

	31 March 2017	31 December 2016
Employee benefits	887	922
Total	**887**	**922**

NOTE 16—FINANCIAL LIABILITIES

	31 March 2017	31 December 2016
Short term bank borrowings	79,177	73,557
Short-term financial liabilities	**79,177**	**73,557**
Short-term portions of long-term borrowings	37,019	42,316
Short-term portions of long-term financial lease borrowings	3,419	3,034
Current portion of long-term financial liabilities	**40,438**	**45,350**
Total short term financial liabilities	**119,615**	**118,907**
Long-term bank borrowings	74,125	73,343
Long-term financial lease borrowings	8,439	7,251
Long-term financial liabilities	**82,564**	**80,594**
Total financial liabilities	**202,179**	**199,501**

The loan agreement signed with Türkiye İş Bankası A.Ş. by Domino's Turkey is subject to covenant clauses whereby Domino's Turkey is required to meet certain ratios. The financial indicator of leverage ratio which requires the ratio of net debt to adjusted EBITDA for the relevant period should not be more than 2.50:1; and total free cash flow to total debt service ratio should not be less than 1.1 at the end of the each financial year. If the Company ends up with any ratio above 2.50:1 or below 1.1 at the end of financial period, they need to meet the covenant in the subsequent 20 working days.

Throughout the period Domino's Turkey has met financial covenants clauses of Türkiye İş Bankası.

NOTE 16—FINANCIAL LIABILITIES (Continued)

The loan agreement between Denizbank Moscow and Domino's Russia requires that unless there is written approval from Denizbank Moscow, there will not be any changes in more than 50% of the capital directly and that no agreements or documents that may result in the above results will be signed or interpreted this way.

Throughout the period Domino's Russia met the covenants clauses of Denizbank Moscow.

NOTE 17—PROVISION

Short-term provisions

	31 March 2017	31 December 2016
Performance bonuses	1,116	3,244
Legal provisions and other	1,635	1,234
	2,751	**4,478**

The movement of provisions as of 31 March 2017 is as follows:

	Performance bonuses	Legal and other
Balance at 1 January 2017	3,244	1,234
Provision set during the period	1,116	672
Paid during the period	(3,244)	(271)
Balance as at 31 March 2017	**1,116**	**1,635**

NOTE 18—COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

a) Guarantees given to third parties as of 31 March 2017 and December 2016 are as follows;

	31 March 2017	31 December 2016
Guarantee letters given	33,206	1,735
	33,206	**1,735**

Guarantee letter amounting to EUR 8,000,000 has given to Denizbank Moscow on 17 February 2017.

b) Guarantees received for trade receivables are as follows:

	31 March 2017	31 December 2016
Guarantee notes received	30,462	29,987
Guarantee letters received	13,523	12,463
	43,985	**42,450**

c) Tax contingencies

Russian tax legislation which was enacted or substantively enacted at the end of the reporting period, is subject to varying interpretations when being applied to the transactions and activities of the Group. Consequently, tax positions taken by management and the formal documentation supporting the tax positions may be challenged by tax authorities.

NOTE 18—COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

As Russian tax legislation does not provide definitive guidance in certain areas, the Group adopts, from time to time, interpretations on uncertain matters. While management currently estimates that the tax positions and interpretations that it has taken can be sustained, there is a risk that an outflow of resources will be required should such tax positions and interpretations be challenged by the tax authorities. The impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial position and/or the overall operations of the Group.

NOTE 19—INCOME TAX

The Group is subject to taxation in accordance with the tax regulations and the legislation effective in the countries in which the Group companies operate. Therefore, provision for taxes, as reflected in the combined and consolidated financial information, has been calculated on a separate-entity basis. The estimated average annual tax rate used for the period to 31 March 2017 is 25.5% (the estimated tax rate for the year ended 31 December 2017 was 25.5%).

NOTE 20—SHARE BASED PAYMENTS

The Phantom Option Scheme and the CEO share incentive scheme were put in place to incentivise senior members of management. Under these plans, cumulative granted options amount to TRY18,507 as at 31 March 2017, TRY16,666 as at 31 December 2016. The CEO share incentive scheme was terminated at the end of 2016 and consequently no shares were granted for the period to 31 March 2017 under this scheme. There are not any plans forfeited in the years 2017 and 2016.

In addition, on 30 December 2016, as part of the arrangements to terminate the CEO share incentive scheme, the Company issued 32,740 ordinary shares each with a nominal value of €0.01 to Vision Lovemark Coöperatief UA which was paid up by debiting the Company's share premium reserve by €327.40. Please see Note 13(c) for the quarterly charges.

NOTE 21—EQUITY

The shareholders and the shareholding structure of the Group at 31 March 2017 and December 2016 are as follows:

	31 March 2017		31 December 2016	
	Share (%)	Amount	Share(%)	Amount
Fides Food Systems Coöperatief UA	90.0	108	90.0	108
Vision Lovemark Coöperatief UA	10.0	12	10.0	12
		120		**118**

As of 31 March 2017, the Group's 4,532,740 shares are issued and fully paid for.

The nominal value of each share is EUR 0.01 (2016: EUR 0.01). There is no preference stock.

Share premium

Share premium represents differences resulting from the incorporation of the Company at a price exceeding the face value of those shares and differences between the face value and the fair value of shares issued for acquired companies.

Ultimate controlling party

The ultimate controlling party of the Company is Turkish Private Equity Fund II LP. There is no individual ultimately controlling the Group.

NOTE 22—SUBSEQUENT EVENTS

On 5 June 2017, the Group issued a notice of intention to seek admission to the London Stock Exchange through the issue of shares in the Company.

On 9 June 2017, pursuant to an amendment of the articles of association of the Company, the nominal value of each ordinary share in the capital of the Company was increased from €0.01 to €0.12, which increase was paid up by debiting the Company's share premium reserve by €498,601.40. As a result, the Company's total issued and outstanding share capital was increased on 9 June 2017 from €45,327 (divided into 4,532,740 ordinary shares) to €543,928.80 (divided into 4,532,740 ordinary shares).

On Admission, the Company intends to issue, in addition to the New Shares, (i) 13,046,726 ordinary shares, with a nominal value of €0.12 each, in the capital of the Company to Vision Lovemark and (ii) 117,420,534 ordinary shares, with a nominal value of €0.12 each, in the capital of the Company to Fides Food Systems, which will be paid up by debiting the Company's share premium reserve by €15,656,071.20. As a result, the Company's issued and outstanding share capital, excluding the shares issued and sold to investors in the IPO, will increase to €16,200,000 (divided into 135,000,000 ordinary shares).

The Group will issue at or around Admission share options to a member of senior management under a long term incentive scheme. Options will be granted to acquire shares in the Company following admission. These options consist of 5 annual awards with the final instalment vesting on the fifth year following admission. The terms of these options are such that a share based payments charge will be recognised in respect of them in the first set of financial statements post Admission. Because of the uncertainty around the grant date, no reliable estimate can be made on the financial impact of this scheme.

Merrill Corporation Ltd, London
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