

BOND TERMS

The Bonds are governed by Turkish law, issued and offered by way of sales to qualified investors (“**Qualified Investors**”) as described under the Capital Markets Board of Turkey’s “Communique on Sales of Capital Market Instruments (II-5.2)” and “Communique on the Principles of Establishment and Activities of Investment Firms (III-39.1)”.

The terms of the Bonds set out below constitute valid and binding obligations of the Issuer, enforceable in accordance with their terms, and the Issuer irrevocably undertakes with each Bond Investor to comply with them in all respects.


The Issuer hereby represents and warrants to all Bond Investors that all information specified herein is true and accurate in all respects and that the terms of the Bonds have been duly authorised by the Issuer.

Signed by Migros Ticaret A.Ş. on 16.07.2018.



Name: Ömer Özgür Tort

Title: General Manager (CEO)



Name: Erkin Yılmaz

Title: Chief Financial Officer (CFO)

Country of Issuance	Republic of Turkey
Country of Sale	Republic of Turkey
Issuer	Migros Ticaret A.Ş. Registered number 659896 with the Istanbul Trade Registry MERSİS No: 0622052951300016
Use of Proceeds	The proceeds of the bond will be applied towards the refinancing of certain existing loans of the Issuer.
Issue Size	Up to TRY 150,000,000 (as may be adjusted by the Issuer depending on final book size)
Issue Date (Settlement Date)	19.07.2018
ISIN	For the First Tranche: TRSMGTI72011 For the Second Tranche: TRSMGTI72110

Issue Market/Issue Method	TRY domestic/sales to qualified investors
Issue Type	Bonds
Issuer Credit Rating	Fitch (national): AA-/Stable (according to the Initial Credit Report)
Legal Framework of Issuance	The Turkish Capital Markets Law No. 6362, Communiqué on Sales of Capital Market Instruments (II-5.2), Communiqué on Debt Instruments (VII-128.8), Communiqué on Offering Circular and Issuance Certificate (II-5.1), each as may be amended, modified or replaced from time to time and other applicable laws and regulations.
Bond Investors	Qualified investors (in Turkish, “ <i>nitelikli yatırımcılar</i> ”) as described in the Communiqué on Sales of Capital Market Instruments (II-5.2) and Communiqué on the Principles of Establishment and Activities of Investment Firms (III-39.1) of the CMB, each as may be amended, modified or replaced from time to time and any other relevant capital markets regulations.
First Tranche	The first tranche of the Bonds amounting up to TRY75,000,000 (as may be adjusted by the Issuer depending on final book size) will be based on CMTR as a benchmark rate and will have a maturity of 2 years (728 days)
Second Tranche	The second tranche of the Bonds amounting up to TRY75,000,000 (as may be adjusted by the Issuer depending on final book size) will be based on TRLIBOR as a benchmark rate and will have a maturity of 3 years (1,091 days)
Maturity Date	First Tranche: 16.07.2020 (being the last Coupon Payment Date for the First Tranche) Second Tranche: 14.07.2021 (being the last Coupon Payment Date for the Second Tranche)
Pricing	First Tranche Floating rate Bonds priced based on the Benchmark Rate for the First Tranche of the Issuance and Margin specified below. Reference Annual Compound Yield is calculated by using the last three traded days’ arithmetical average of the weighted average compound yield (same day value) of the Benchmark Rate occurring on Borsa İstanbul’s Debt Securities Market on the Book-building Date for the first Coupon Payment Date and on each Interest Determination Date for the remaining Coupon Payment Dates;

	<p>From the “Reference Annual Compound Yield” calculated as above, <i>Quarterly Reference Rate</i> will be derived by using the following formula.</p> $\text{Quarterly Reference Rate} = ((\text{Reference Annual Compound Yield} + 1)^{(\text{Number of Days in the Relevant Coupon Term}/365)}) - 1$ <p>“Quarterly Coupon Rate” will be calculated as below by adding Quarterly Reference Rate to the relevant quarterly Margin, which is Annual Margin \times (<i>Number of Days in the Relevant Coupon Term / 365</i>);</p> $\text{Quarterly Coupon Rate} = \text{Quarterly Reference Rate} + (\text{Annual Margin} \times (\text{Number of Days in the Relevant Coupon Term} / 365));$ <p>Four digits after the decimal point are taken into account for the aforementioned calculations.</p>
	<p>Second Tranche</p> <p>Floating rate Bonds priced based on the Benchmark Rate for the Second Tranche of the Issuance and Margin specified below.</p> <p>The “Coupon Rate” of the Bonds will be calculated in accordance with the following formula:</p> $\text{Coupon Rate} = (\text{Benchmark Rate} + \text{Margin}) \times \text{Number of Days in the Relevant Coupon Term} / 365$ <p>Six digits after the decimal point are taken into account for the aforementioned calculations.</p>
Margin	<p>For the First Tranche: 3.5% (350 bps) per annum</p> <p>For the Second Tranche: 3.75% (375 bps) annum</p>
Book-building Date	17.07.2018
Benchmark Rate for the First Tranche of the Issuance	<p>The Benchmark Rate for pricing of the First Tranche will be constant maturity treasury reference 2 year maturity fixed coupon government bond (in Turkish, “<i>devlet iç borçlanma senedi</i>”) issued as benchmark bond by the Department Undersecretariat of Treasury of Turkey (T.C. “<i>Hazine Müsteşarlığı</i>”). (Constant Maturity Treasury Reference, “CMTR”).</p> <p>If a CMTR has been issued for the first time and has not been exchanged on Borsa Istanbul for the last three traded days on the Interest Determination Date, the calculations for that Interest Determination Date will be based on the previous CMTR.</p> <p>If CMTR has not been traded for the last three trade days on the Interest Determination Date, the calculations will be based on the last three traded days.</p>

	The first CMTR in respect of the issue of 2-year maturity Bonds shall be the government bond with the ISIN number TRT131119T19.	
Benchmark Rate for the Second Tranche of the Issuance	<p>3 month TRLIBOR.</p> <p>For the first Coupon Payment Date, the 3 month TRLIBOR rate displayed on the TRLIBOR website (www.trlibor.org) at 11:15 AM Turkish time/EET on the Book-building Date will be utilised.</p> <p>For any other Coupon Payment Date, the 3 month TRLIBOR rate displayed on the TRLIBOR website (www.trlibor.org) at 11.15 AM Turkish time/EET on the relevant Interest Determination Date will be utilised.</p>	
Interest Determination Date	<p>1 Business Day before each Coupon Payment Date for the First Tranche.</p> <p>2 Business Days before each Coupon Payment Date for the Second Tranche.</p>	
Interest Period/Coupon Payment Dates	<p>Interest Period means, for the first period, a period starting on the Issue Date (including) and ending on the next Coupon Payment Date (including) and for any following period, a period starting on a Coupon Payment Date (including) and ending on the next Coupon Payment Date (including).</p> <p>Coupon Payment Dates are as follows:</p>	
	First Tranche	
	1st Coupon Payment Date:	18.10.2018
	2nd Coupon Payment Date:	17.01.2019
	3rd Coupon Payment Date:	18.04.2019
	4th Coupon Payment Date:	18.07.2019
	5th Coupon Payment Date:	17.10.2019
	6th Coupon Payment Date:	16.01.2020
	7th Coupon Payment Date:	16.04.2020
	8th Coupon Payment Date:	16.07.2020
	Second Tranche	
	1st Coupon Payment Date:	18.10.2018
	2nd Coupon Payment Date:	17.01.2019

	3rd Coupon Payment Date:	18.04.2019
	4th Coupon Payment Date:	18.07.2019
	5th Coupon Payment Date:	17.10.2019
	6th Coupon Payment Date:	16.01.2020
	7th Coupon Payment Date:	16.04.2020
	8th Coupon Payment Date:	16.07.2020
	9th Coupon Payment Date:	15.10.2020
	10th Coupon Payment Date:	14.01.2021
	11th Coupon Payment Date:	15.04.2021
	12th Coupon Payment Date:	14.07.2021
Business Day	Means a day (other than a Saturday or a Sunday) on which commercial banks are open for the transaction of general business in, and on which commercial banks and foreign exchange markets settle payments in TRY in Istanbul, Turkey.	
Business Day convention	Following	
Day count convention	Interest will accrue from and including the second day of each Interest Period up to and including the last day of such Interest Period on the basis of ACT/365.	
Repayment Schedule/Term	Principal repaid in single bullet repayment on the Maturity Date.	
Status	The Bonds constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and rank <i>pari passu</i> (without any preference among themselves) with the claims of all other unsecured creditors of it other than those claims which are expressly preferred by laws of the Republic of Turkey of general application to companies.	
Trading	The Bonds will be traded on Outright Purchases and Sales Market under Borsa Istanbul's Debt Securities Market (in Turkish " <i>Kesin Alım-Satım Pazarı</i> ").	

Payment and Discharge	<p>1) Payments: All payments in respect of the Bonds shall be made to the Central Registry Agency's account at the Settlement and Custody Bank (in Turkish "<i>Takasbank</i>") to be credited to the accounts of the relevant Bond Investors.</p> <p>2) Currency of account: All payments shall be made in Turkish Lira (TRY).</p>
Form of demand to purchase the Bonds	Demands to purchase Bonds should be issued in a minimum amount of TRY10,000 and in integral multiples of TRY1,000.
Par value	TRY1
Tax gross-up	All payments in respect of the Bonds by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges (including related interest and penalties) of whatever nature (" Taxes ") imposed, assessed or levied by or on behalf of any relevant jurisdiction, unless such withholding or deduction of Taxes is required by law. In that event, the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by the Bond Investors after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Bonds in the absence of the withholding or deduction.
Furnishing of Information	<p>Pursuant to the Communiqué on the Principles of Financial Reporting in Capital Markets (II-14.1), as soon as it becomes available but, in any event within 70 days after the end of each Financial Year (or, if the Issuer obtains an extension from CMB, by the expiry of that extension but in any case no later than 140 days after the end of the relevant Financial Year), the Issuer shall disclose its audited consolidated Financial Statements for such Financial Year on KAP.</p> <p>Pursuant to the Communiqué on the Principles of Financial Reporting in Capital Markets (II-14.1), as soon as it becomes available but, in any event, within 50 days after the end of each Interim Financial Period of each Financial Year (or, if the Issuer obtains an extension from CMB, by the expiry of that extension but in any case no later than 100 days after the end of the relevant Interim Financial Period), the Issuer shall disclose its audited consolidated Financial Statements for that Interim Financial Period on KAP. For this purpose, "Interim Financial Period" means each period of 3 months, 6 months and 9 months of a Financial Year.</p> <p>The Issuer also hereby undertakes to publicly disclose, by announcing on its official website, the results of an updated or new credit rating report on the Issuer (having the same scope as</p>

	the Initial Credit Report) prepared by one of JCR Eurasia Rating, Standard & Poor's, Moody's Investor Service or Fitch Ratings as soon as available but, in any event, within 120 days after the end of each Financial Year.
Indemnity	<p>The Issuer assumes liability for, and agrees to and shall indemnify and hold harmless the Bond Investors against and from, any and all liabilities, obligations, losses, damages, penalties, claims, actions, taxes, suits, costs and expenses including, reasonable legal counsel's fees and expenses and costs of investigation (and including, without prejudice to the generality of the foregoing, those arising in contract or tort (including negligence) or by strict liability or otherwise), which are imposed on, incurred by or asserted against any of the Bond Investors and which in any way relate to or arise out of any failure by the Issuer to comply with its undertaking given in these Bond Terms, and, if capable of remedy, such failure to comply is not remedied within a remedy period, if applicable, and provided that the</p> <p>Bond Investors shall not have any right to be indemnified hereunder for (i) their own gross negligence or wilful misconduct, (ii) consequential losses (in Turkish, "<i>dolaylı zarar</i>") such as loss of profit, loss of business or loss of opportunity. The Bond Investors shall not be entitled to recover damages or obtain payment, reimbursement, restitution or indemnity more than once in respect of the same loss.</p>
Early Redemption	<p>Upon written notice by any Bond Investor to the Issuer, the principal amount of all Bonds held by that Bond Investor plus that Bond Investor's Unwinding Costs (if any), together with interest accrued to the date of repayment shall become immediately due and payable within no less than 3 Business Days after the written notice to the Issuer, in any of the following events (each an "Early Redemption Event"): </p> <ul style="list-style-type: none"> (a) the Issuer does not pay principal or interest in respect of the Bonds on its due date and such default continues for 3 days; (b) it becomes unlawful under any applicable laws for the Issuer or that Bond Investor to remain as the issuer or holder of the Bonds, as applicable; (c) the occurrence of any event or circumstance which causes the, partial or total, invalidity, illegality or unenforceability of the Bonds; (d) the Issuer fails to comply with the terms of any undertakings it makes to the Bond Investors under these Bond Terms and does not remedy within 3 Business Days;

	<p>(e) any other notes issued by the Issuer, any loan or other indebtedness for borrowed money of the Issuer for an amount that exceeds TRY25,000,000 becomes due and repayable prematurely by reason of an event of default or the Issuer fails to make any payment in respect thereof on the due date for such payment or any noteholder or creditor of such notes, loan or other indebtedness becomes entitled to declare such notes, loan or other indebtedness prematurely due and payable as a result of an event of default; or</p> <p>(f) any proceedings under liquidation, insolvency, composition or reorganisation or other similar laws are initiated by the Issuer or by a third party against the Issuer (unless, if initiated by a third party against the Issuer, such proceedings are frivolous or vexatious and are dismissed within 5 Business Days of commencement).</p>
Governing Law	The Bonds will be governed by, and shall be construed in accordance with, the laws of the Republic of Turkey.
Language	This document has been signed in both English and Turkish languages. The English version shall in each case prevail in the event of any conflict or discrepancy between the two versions.
Sale and Transfer Principles	The Bonds have been approved by the CMB for sale to Qualified Investors. Therefore, the Issuer and/or the intermediary institution shall not accept demands to purchase the Bonds from any person who is not a Qualified Investor. All purchasers of these Bonds will benefit from the same terms as set out herein. Upon request of a Bond Investor, the Issuer will promptly provide evidence satisfactory to that Bond Investor (acting reasonably) that the same terms have been offered to, and accepted by, all Bond Investors.
Permitted Transfers	<p>The Bonds may only be traded between Qualified Investors.</p> <p>All rights in respect of the Bonds as evidenced herein will pass to any subsequent purchaser of the Bonds and all terms and conditions herein will inure to the benefit of and be enforceable by any such subsequent investor.</p>
Allocation process	<p>The following order of events shall occur to complete the allocation of the Bonds to the Bond Investors:</p> <p>(a) signing and dating the English and Turkish versions of the Bond Terms by the Issuer and publication of the same on KAP prior to the Book-building Date;</p>

	<p>(b) bids to be made by each investor for the Bonds by submitting subscription form(s) provided by the intermediary institution;</p> <p>(c) allocation of trade tickets or other acceptable confirmation of allocation to such investors by the intermediary institution within 2 hours after close of the book-building at 18:00 PM Turkish time/EET; and</p> <p>(d) settlement on the Issue Date.</p>
Definitions	<p>Wherever used in this Bond Terms hereto, unless the context otherwise requires, the following terms have the following meanings:</p> <p>“CMB” means the Capital Markets Board of the Republic of Turkey.</p> <p>“CMB Standards” the Turkish Accounting Standards and Turkish Financial Reporting Standards issued or adopted by the Public Oversight Accounting and Standards Authority (<i>Kamu Gözetimi, Muhasebe ve Denetim Standartları Kurumu</i>) as applied pursuant to the Communiqué on the Principles of Financial Reporting in Capital Markets (II-14.1) (as may be amended, modified or replaced from time to time).</p> <p>“Financial Statements” means the consolidated financial statements (including balance sheet, income statement, statement of changes in equity, cash flow statement and notes, comprising a summary of significant accounting policies and other explanatory notes) of the Issuer prepared in the Turkish and English languages in accordance with CMB Standards, consistently applied.</p> <p>“Financial Year” means the period commencing each year on 1 January and ending on 31 December, or such other period as the Issuer may from time to time designate as the accounting year of the Issuer.</p> <p>“Issuance Certificate” means the issuance certificate dated 11 June 2018 and numbered 102/BA-699.</p> <p>“Initial Credit Report” means the credit report prepared by Fitch Ratings Ltd. in respect of the Issuer dated 07 May 2018, the results of which are available on the official websites of the Issuer (www.migroskurumsal.com) and Fitch Ratings Ltd. (www.fitchratings.com).</p>

	<p>“KAP” means the public disclosure platform (<i>kamuyu aydınlatma platformu</i>), an electronic disclosure system administered by Merkezi Kayıt Kuruluşu A.Ş. for the disclosure of financial and other information as required by capital markets legislation.</p>
	<p>“Presentation” means the Issuer's presentation containing certain disclosures about the Issuer dated 27 June 2018, available on the official website of the Issuer (www.migroskurumsal.com).</p>
	<p>“Tax” means any tax, royalty, stamp or other duty, assessment, levy, charge, value added tax, or impost of any nature whatsoever (including any related penalty or interest) imposed under any law.</p>
	<p>“TRLIBOR” means the percentage rate per annum determined by the Banks Association of Turkey for the relevant period displayed on the TRLIBOR website (www.trlibor.org) or on the appropriate page of such other information service which publishes that rate from time to time.</p>
	<p>“Unwinding Costs” means any cost (including any termination, close out or other costs of any nature whatsoever under or in connection with the currency hedging arrangements related to the purchase of the Bonds) as calculated by the relevant Bond Investor incurred or arising by that Bond Investor as a result of the occurrence of any Early Redemption Event, including, without limitation, any such cost, loss (provided that relevant costs and losses are evidenced with documentation) or liability as may be incurred by such Bond Investor if, following the occurrence of an Early Redemption Event, that Bond Investor elects (which election shall be in its sole discretion) to terminate or close out all or part of any currency hedging arrangement related to the purchase of the Bonds.</p>