



# AKFEN REAL ESTATE INVESTMENT TRUST CO. INC.

1 January – 30 September 2015

ACTIVITY REPORT

PREPARED BASED ON CAPITAL MARKET BOARD 'S COMMUNIQUE WITH II, 14.1 NO.



AKFEN GYO MENKUL DEĞERLER YATIRIM ORTAKLIĞI A.Ş.



- **General Information About Akfen REIT**
- **Highlights of 2015**
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Akfen REIT was established in 2006 through a change in trade registry name and a restructuring of Aksel Tourism Investments and Operations (Aksel), which was founded on June 25, 1997, into a real estate investment trust. Akfen REIT's core business is to invest in real estate-based capital markets instruments and to create and develop a real estate portfolio. Specialized in the development and construction of middle market hotel projects, Akfen REIT develops city hotel projects under Ibis Hotel and Novotel brands through a strategic cooperation with Accor, Europe's largest international hotel operator chain.

Akfen REIT's hotels currently in operation include Ibis and Novotel in İstanbul; Ibis in Esenyurt; Ibis in Ankara; Ibis in Eskişehir; Novotel in Trabzon; Ibis and Novotel in Kayseri; Ibis and Novotel in Gaziantep; Ibis in Bursa; Ibis in Adana; Ibis in İzmir; Ibis in Yaroslavl, Russia; Ibis in Samara, Russia; Ibis in Kaliningrad, Russia; Ibis in Moscow and the five-star Merit Park Hotel in TRNC. The Company's hotel properties under construction include Ibis in Tuzla and Novotel in Karaköy.

The Company has a portfolio of 20 hotels in total. Aiming to set an example by building three and four star hotels that embody the modern city hotel concept, the Company's business model is based on leasing these properties to the strategic partner, Accor, through longterm contracts to obtain steady and predictable rental income.

## **Vision and Mission**

### **Mission**

To become leader hotel investor developping hotel projects located in Turkey and neighbourhood geography that are managed by international hotel operators in highest standards.

### **Vision**

To provide high capital and dividend yield to shareholders by steady balance sheet growth and developping high profit projects in real estate sector at the same time.

### **Strategic Perspective**

Akfen GYO has the best position for steady growth in city hotel business and specialized in the area of hotel investment with international standards.

- Strategic partnership with Accor – one of the biggest operator of hotel chains in Europe,
- Investing economic city hotel business,
- Sustainable and predictable cash flow with long term lease agreements,
- Increasing hotel revenues with hotel performances,
- Know-how obtained by specialization,
- Capability of working with personnels in minimum number since hotel personnels' being in Accor's staff.

## SHAREHOLDER STRUCTURE, SEPTEMBER 30, 2015

Shareholder	Class	Share Value (TL)	Number of shares
Akfen Holding A.Ş.*	B	95.154.384	95.154.384
Akfen Holding A.Ş.	A	1.000	1.000
Akfen Holding A.Ş.	D	1.000	1.000
Hamdi Akın	B	30.195.839	30.195.839
Hamdi Akın	C	999	999
İbrahim Süha Güçsav	B	4.140.380	4.140.380
Akınısı Makine Sanayi ve Ticaret A.Ş.	B	43.512	43.512
Akınısı Makine Sanayi ve Ticaret A.Ş.	C	1	1
Akfen İnşaat Turizm ve Ticaret A.Ş.	B	2	2
Mehmet Semih Çiçek	B	1	1
Mustafa Dursun Akın	B	1	1
Ahmet Seyfi Usluoğlu	B	1	1
Free Float	B	54.462.880	54.462.880
<b>TOTAL</b>		<b>184.000.000</b>	<b>184.000.000</b>

\* There are 9.500.447 unit shares belonging to Akfen Holding in Free Float.

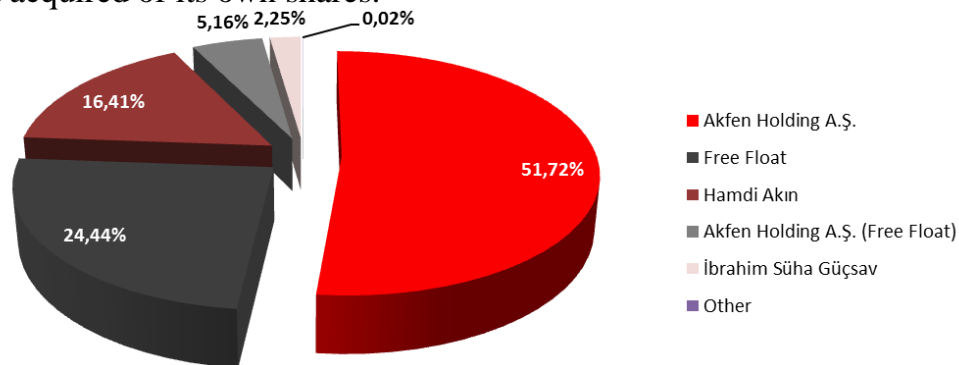
## SHAREHOLDER STRUCTURE, DECEMBER 31, 2014

Shareholder	Class	Share Value (TL)	Number of shares
Akfen Holding A.Ş.*	B	95.154.384	95.154.384
Akfen Holding A.Ş.	A	1.000	1.000
Akfen Holding A.Ş.	D	1.000	1.000
Hamdi Akın	B	30.195.839	30.195.839
Hamdi Akın	C	999	999
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Akınısı Makine Sanayi ve Ticaret A.Ş.	B	43.512	43.512
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Akfen İnşaat Turizm ve Ticaret A.Ş.	B	2	2
Mehmet Semih Çiçek	B	1	1
Mustafa Dursun Akın	B	1	1
Ahmet Seyfi Usluoğlu	B	1	1
Free Float	B	54.462.880	54.462.880
<b>TOTAL</b>		<b>184.000.000</b>	<b>184.000.000</b>

\* There are 9.500.447 unit shares belonging to Akfen Holding in Free Float.

AA, C and D-group shares have privilege for nominating persons for election to the Board of Directors. Members of the Board of Directors are elected by the general assembly, whereby, 2 of them are elected among the candidates nominated by A-Group shareholders, 2 of them are elected among the candidates nominated by C-Group shareholders, and 2 of them are elected among the candidates nominated by D-Group shareholders.

The Company has no shares which it had acquired of its own shares.

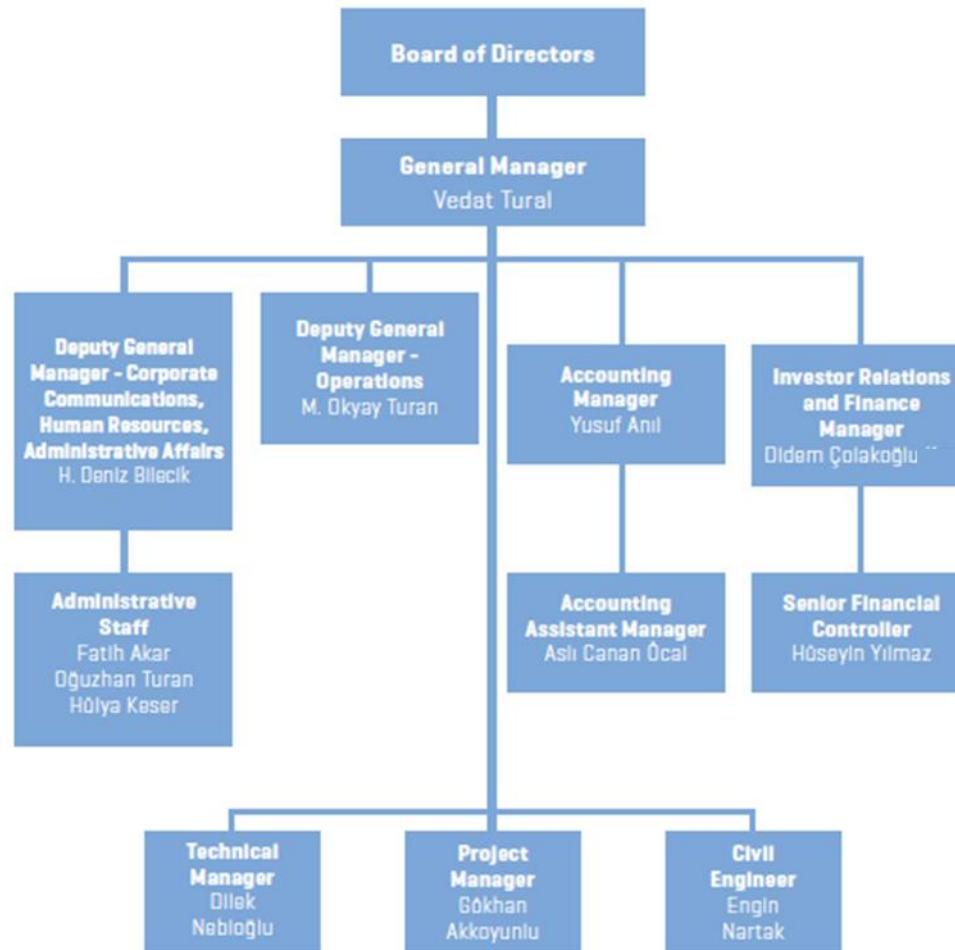


## Shares Representing the Capital

Group	Registered/ Bearer	Nominal Value per Share (TL)	Total Nominal Value (TL)	Share in Capital (%)	Type of Privilege	Traded at the exchange or not
A	Registered	1	1.000,00	<0,001	Has the privilege of selecting two board members in General Meetings.	Not traded at the exchange
B	Bearer	1	183.997.000,00	99,99	Has no privilege.	54.117.500 units are traded in the ISE's Corporate Merchandise Market.
C	Registered	1	1.000,00	<0,001	Has the privilege of selecting two board members in General Meetings.	Not traded at the exchange
D	Registered	1	1.000,00	<0,001	Has the privilege of selecting two board members in General Meetings.	Not traded at the exchange
<b>TOTAL</b>			<b>184.000.000,00</b>	<b>100</b>		



## Organization Scheme



Board of Directors	Title
İbrahim Süha Güçsav	Chairman
Mustafa Keten	Vice Chairman
Pelin Akın	Board Member
Sıla Ciliz İnanç	Board Member
Selim Akın	Board Member
İrfan Erciyas	Board Member
Adnan Aydoğan	Board Member and Member Board of Auditors
Halil Eroğlu	Board Member and Chairman of Board of Auditors
Ahmet Ertürk	Board Member and Member Board of Auditors

Senior Level Executives	Title
Vedat Tural	General Manager
Hülya Deniz Bilecik	Vice General Manager - Corporate Relations, Human Resources and Administrative Affairs
Memduh Okyay Turan	Vice General Manager - Operations

Audit Committee	Title
Ahmet Ertürk	Committee Chairman / Independent Member
Adnan Aydoğan	Member / Independent Member
Halil Eroğlu	Member / Independent Member

Corporate Governance Committee	Title
Halil Eroğlu	Committee Chairman / Independent Member
Ahmet Ertürk	Member / Independent Member
Adnan Aydoğan	Member / Independent Member
Didem Çolakoğlu	Member

Early Detection of Risk Committee	Title
Halil Eroğlu	Committee Chairman / Independent Member
Pelin Akın	Member
Selim Akın	Member

Board of Directors' assembled 19 times as of the third quarter of 2015, all Board of Directors' Members have participated in most of the meetings and all decisions have been taken unanimously.

The amount of financial benefits provided for the Company's executives, such as honorariums, remunerations, premiums, bonuses, dividends are given below. No other financial rights, allowances, representation expenses, any real rights or rights in cash, insurance or similar guarantees were provided or paid. Total short term benefits for top management of Akfen GYO and its subsidiaries as of 30 September 2015 is TL 1,493,454 (30 September 2014: TL 1,236,951), the Company confirms the statement according legal regulations and behaves according to wage policy of the Company.

<b>Remuneration of Top Management (thousand TL)</b>	<b>30-Sep-15</b>	<b>30-Sep-14</b>
Short term benefits	<b>1.493</b>	<b>1.237</b>



## **İBRAHİM SÜHA GÜÇSAV** **Chairman of the Board of Directors**

İbrahim Süha Güçsav graduated from İstanbul University, Faculty of Economics in 1992 and received his Master's in business administration from Gazi University, Institute of Social Sciences. He began his professional career at Alexander & Alexander Insurance Brokerage in 1992 and joined the Akfen family in 1994. Mr. Güçsav served as the Head of Financing Department at Akfen Holding and then as Chief Executive Officer. He assumed important roles in the privatizations of Vehicle Inspection Stations, Mersin International Port and İDO; the establishment and investment stages of Akfen REIT; initial public offerings of Akfen Holding and Akfen REIT; share sales of subsidiaries and long-term project financing. Mr. Güçsav also held the position of Vice Chairman of the Board of Directors of Akfen Holding from 2003 to March 2010. Since then, he has served as the CEO and on the Board of Akfen Holding. He was a member of the Board of Directors at Akfen Holding from March 2010 until May 2012 and has been CEO of Akfen Holding since March 2010. He also serves as the Chairman of the Board of Directors at Akfen REIT and Akfen Water and is a member of the Board at Mersin International Port, Akfenhes Investments and Energy Production A.Ş. and several other subsidiaries. Mr. Güçsav is the Chairman of Turkey-Singapore Business Council, and in October 2014 he became Turkey Honorary Business Representative for Turkey at the International Commerce and Investment Agency under the umbrella of the Ministry of Singapore and Commerce.

## **MUSTAFA KETEN** **Vice Chairman of the Board of Directors**

Mustafa Keten graduated from the İstanbul Academy of Economics and Commercial Sciences, Department of Economic Administration in 1968 and began his professional career in 1970 as an Assistant Specialist in the State Planning Organization. In 1978, he earned an MA in Development Administration from the Institute of Social Studies in the Netherlands. From 1979 to 1983, Mr. Keten worked in the State Planning Organization as President of Priority Development Regions, the years between 1984-1999 as Undersecretary of Agriculture, Forestry and Village Affairs, Advisor to the Prime Minister, President of the Special Environmental Protection Board, President of Prime Ministerial Foundations and President of the Foundation's Board. During his time in the public sector, Mr. Keten also served on the Board of Directors at Petkim (petrochemicals) and Tamek Gıda (foods) and as the Chairman of the Board of Directors at Güneş Sigorta (insurance) and at Vakıfbank. He has also been a faculty member at various educational institutions. Mr. Keten joined Akfen Holding in 1999 as Vice Chairman of the Board of Directors and has also served on the Board at the Eurasian Business Council, Turkish- Russian Business Council, Turkish-Georgian Business Council and as the President of the Turkish-Moldovan Business Council. He is currently the Vice Chairman of the Turkish Tourism Investors Association (TYD) and President of the Tourism Assembly at TOBB and Board member of TMOK.

## **PELİN AKIN** **Board Member**

After graduating from Surrey University, England, Spanish Business Administration Department in 2010, Pelin Akin started her career in the Strategy department within the Finance department of Deutsche Bank's Madrid office. Following her return to Turkey, she was accepted to the MT program of TAV Airports Holdings, to be trained as a future executive. Currently Pelin Akin serves as a Member of the Corporate Governance Committee and Member of the Board at Akfen Holding and TAV Airports Holding Corporate Governance Committee. In addition, Pelin Akin also serves as a Board Member of Akfen REIT and IBS Insurance and Reinsurance Brokerage.

Pelin Akin, takes place in different groups of both Spanish Business Council and British Business Council of DEİK. She is also an active member of the Board of Trustees and the Board of Directors at TİKAV (Turkish Human Resources Education and Health Foundation) founded in Hamdi Akin's leadership in 1999. Pelin Akin is Vice President of The Duke of Edinburgh's International Award-Türkiye National Committee whose main sponsor is Akfen Holding. She is also Chairwoman at the Advisory Board of the Contemporary Turkish Studies Chair founded in London School of Economics since 2010. Pelin has been organising the 'Tatlıldil Forum' that was founded in 2011 in order to strengthen political, economic and cultural relations between Turkey and the U.K for the last two years. She is also a member of the Turkish Industrialists' and Businessmen's Association (TUSIAD), Turkish Businesswomen Association (TIKAD), Turkish Enterprise and Business Confederation (TURKONFED), Young Presidents Organization (YPO), B-20 Infrastructure Work Force, TOBB Young Entrepreneurs Advisory Board Member and World Economic Forum Global Shapers. Akin was chosen to be an Associate Member for TÜSİAD's Board and was also chosen as Board Member for PODEM, TÜRKONFED as well as Family Business Association (TAİDER) in 2015.

## **SELİM AKIN** **Board Member**

Selim Akin graduated from Surrey University, Department of Business Administration, in the United Kingdom. He was the president of the Surrey University Turkish Association during his years at the university and became a member of Young Businessmen Association of Turkey (TUGIAD) after his return to Turkey. Concurrently, he is a member of the DEİK Turkish-Russian Business Council and a member on the Executive Board of the DEİK Turkish-Iraqi Business Council. Mr. Akin began his professional career in the Accounting Department at Akfen Holding and also held positions in the Project Development and Finance Departments. Some of the projects in which he participated include the privatization and financing of Vehicle Inspection Stations, privatization and financing of Mersin Port and Akfen Holding's IPO and corporate bond issues. Mr. Akin currently serves as a Vice Chairman of the Board of Directors of Akfen Holding and as a member of the Board of Directors of its subsidiaries.

## **İRFAN ERCİYAS** Board Member

Having graduated from Gazi University, Department of Economics and Finance in 1977, İrfan Erciyas started his professional career at Türkiye Vakıflar Bankası. After serving as Inspector and branch manager at Türkiye Vakıflar Bankası, he worked as Executive Vice President from 1996-2002 and as CEO from 2002-2003. In 2003, he joined Akfen Holding as Vice Chairman and played a key role in Vehicle Inspection Stations, privatization of Mersin International Port and İDO, establishment of Akfen REIT and Akfen Energy, the IPO of Akfen Holding and Akfen REIT, sales of subsidiaries' shares and longterm finance. Since March 2010, İrfan Erciyas has served as Executive Director at Akfen Holding; in addition, he is the Chairman, Vice Chairman and Board Member at a number of Akfen Holding affiliates and subsidiaries.

## **SILA CILIZ İNANÇ** Board Member

Sıla Cılız İnanç graduated from Marmara University, Faculty of Law in 1995. After completing her internship, she joined Akfen Holding in 1997. She has worked in the area of Public-Private Sector Partnerships in Turkey as well as in antitrust law processes in terms of joint ventures and transfer of shares and in processes related to Public Procurement Law and secondary public procurement legislation. Ms. İnanç has actively participated in every aspect of build-operate-transfer, transfer of rights/privileges and privatization projects, from tender offer to transfer; she also was active in the establishment of the project financing structure and loan agreements and IPO processes of Akfen Holding A.Ş. and Akfen REIT. Currently, she has focused her efforts on company and holding structures. Sıla Cılız İnanç is serving as the Vice President of Akfen Holding A.Ş. and as member of the Board of Directors at various Akfen Holding subsidiaries.

## **HALİL EROĞLU** Board Member

Mr. Eroğlu who was born in Karşıyaka in 1952, had his primary school education in seven different primary schools as his father was working as a public servant. After being a boarder for seven years in İzmir Maarif Koleji (Bornova Anatolian High School – BAL), he is graduated from Faculty of Political Sciences of Ankara University in 1974. After being an inspector for ten years (1976 – 1986) in Türkiye İş Bankası where he started to work as a bank officer, he acted in different position in the headquarters and branches (1986-1996), he occupied the position of General Manager in Dışbank, which is closed now, for three years (1996-1998) and for another three years in İŞ Leasing (1998 – 2001). In 2001, he became the General Manager of Sınai Yatırım Bankası (Industrial Investment Bank). As the bank had joined Türkiye Sınai Kalkınma Bankası (TSKB – Turkish Industrial development bank) in 2002, he worked as general manager for ten years and got retired in 2011. Before and after his retirement, he worked as Chairman and member of Board of Directors in several institutions.

## **ADNAN AYDOĞAN** Board Member

Adnan Aydoğan is graduated from Diyarbakır Maarif Kolej in 1980, Elazığ High School 1983 and from Faculty of Economic and Administrative Sciences of Gazi University in 1987, from public administration department. He had his master degree in Gazi University, Social Sciences Institute, Administrative Science. He worked as Manager of Recreational Facilities in Türkiye Demir-Çelik İşletmeleri (Turkish Iron-Steel Administration), as Research Assistant in Sakarya University, as a Specialist (project coordinator) in the Undersecretariat of Defense Department, Branch Manager for Project Follow-up and Financing and Chief of Fund Management Office. Finally, Aydoğan had worked as Financial Affairs and Participations Director in TAI, he left TAI in 2013.

## **AHMET ERTÜRK** Board Member

Ahmet Ertürk was born in Malatya in 1953 and graduated from the School of Political Science of Ankara University in 1975. He worked as an auditor between 1976 and 1985 and conducted a research on the “Privatization experience of the UK” for the Finance Ministry in London in 1983-1985. He was the Deputy General Secretary of TÜSİAD from 1986 to 1988 and worked as the Deputy General Manager and Advisor to the General Manager at the Turkish Maritime Operations between 1989 and 1991.

He worked in the finance sector between 1992 and 2002 as the Deputy General Manager of Albaraka Türk. After working as a member of the Capital Markets Board (CMB) in 2013, he was appointed as the Chairman of Savings Deposit Insurance Fund (SDIF) in 2004 and remained in this position until 2009. Ertürk was the Chief Economy Advisor of the President from 2010 until 2014.

## **VEDAT TURAL** General Manager

Vedat Tural graduated from Firat University, Department of Civil Engineering in 1982. During his term in the military service, Mr. Tural worked as the construction supervisor for a year on behalf of the Air Force Technical School Command of a 736-unit housing project built by Ekinçiler Construction and Ceylan Construction. He started his professional career at the Altınkaya Dam Project undertaken through the joint venture of Yüksel Construction & Güriş A.Ş., where he worked as Field Engineer and Performance Engineer from 1984 to 1989. Mr. Tural then served as a Project Manager between 1989 and 2005 on several construction projects of Yüksel Construction, including the Swiss Hotel (as Field Supervisor), Zincirlikuyu Tat Towers, Şişli Tat Towers, MetroCity, Etiler Tat 2000 and Kadıköy Moda Tram. He joined Akfen Group in 2005 to work on the Novotel and Ibis Hotel Zeytinburnu project. On May 1, 2007, he was appointed Assistant General Manager Responsible for Technical Affairs at Akfen REIT. Mr. Tural has served as the General Manager of Akfen REIT since November 1, 2012. To date, he has taken part in the construction of 20 domestic and overseas hotel projects developed by Akfen REIT.

## **H. DENİZ BİLECİK** Deputy General Manager – Corporate Communications, Human Resources and Administrative Affairs.

Hülya Deniz Bilecik graduated from İstanbul University, Department of Business Administration in 1990 and also attended the Human Resources Certificate Program at Boğaziçi University in 2009. She began her professional career as an investment specialist at Deha Menkul Değerler A.Ş. in 1990. After working at Nurol Menkul Değerler A.Ş. between 1992 and 1993, at Karon Menkul Değerler A.Ş. from 1994 to 1995, and as chief broker at Tür Menkul Değerler A.Ş. in 1995, Ms. Bilecik held the position of Manager in the Department of Domestic Markets at Alternatif Menkul Değerler A.Ş. from 1996 until 2006. She joined Akfen REIT in 2006 and has been actively involved in the establishment and the public offering of the company. Ms. Bilecik is currently serving as Deputy General Manager of Corporate Communications, Human Resources and Administrative Affairs. She is also a member of GYODER and TÜYİD, and KİD; in addition, she holds the CMB Advanced Level License.

## **MEMDUH OKYAY TURAN** Deputy General Manager – Operations

Memduh Okyay Turan graduated from Bilkent University, Department of Tourism and Hotel Management in 1993. He began his professional career at Antalya Club Hotel Sera City & Resort and also at Antalya Dedeman Convention Center. He holds a Tourism Agencies Information Certificate granted by the Ministry of Tourism. Mr. Turan held managerial positions in the Front Office and Sales & Marketing Departments at Mega Residence Hotel and has served as the General Manager at St. Paul Tourism & Travel Agency and at the Mersin Hotel Chain Group. In addition, Mr. Turan served as General Coordinator at City Residence and at Kuşadası Mersin Beach Resort, both of which belong to the same group. Mr. Turan joined Akfen Group in June 2005 and has served as Deputy General Manager of Operations at Akfen REIT since 2008.

## **CÜNEYT BALTAOĞLU** COORDINATOR OF AKFEN REIT RUSSIA INVESTMENT PROJECTS

Cüneyt Baltaoğlu graduate from İstanbul German High School and İstanbul Technical University Faculty of Architecture started his work life with participation in Russia – Tyumen Hotel Project belonging to Gama Construction in 1994.

Baltaoğlu participated in the real estate development/investment projects belonging to Koray-Enka partnership and Koray İnşaat between 1995 and 1998, finalized his MBA education in Netherland Erasmus University - Rotterdam School of Management between 1999-2001, later on became Founder General Manager in Lycos-Europe within Bertelsmann AG in Moscow.

Baltaoğlu has been Coordinator of Russia Investment Project of Akfen REIT since 2007.

## Human Resources Policies

The Company's human resources policies are summarized as follows:

- The principle of providing equal opportunities to employees with equal qualifications is adopted in recruitment, training and development, compensation and career planning.
- The recruitment criteria are outlined in written form and are followed in practice.
- Employees are treated equally in terms of development and promotion; development policies and plans are prepared to help employees to improve their knowledge, skills and experience.
- The job definitions, performance evaluations and remuneration criteria of employees are determined by managers and shared with employees.
- Relations with employees are maintained by the Corporate Communications, Human Resources and Administrative Affairs Department and without discrimination among employees. The Company has not received any complaints of discrimination from employees.

The Company's goal is to create an employee profile that gives importance to professional developments while carrying out tasks at the highest performance level. To achieve this goal, the Company provides its employees with the in-house and external training opportunities in order to increase their success and efficiency.

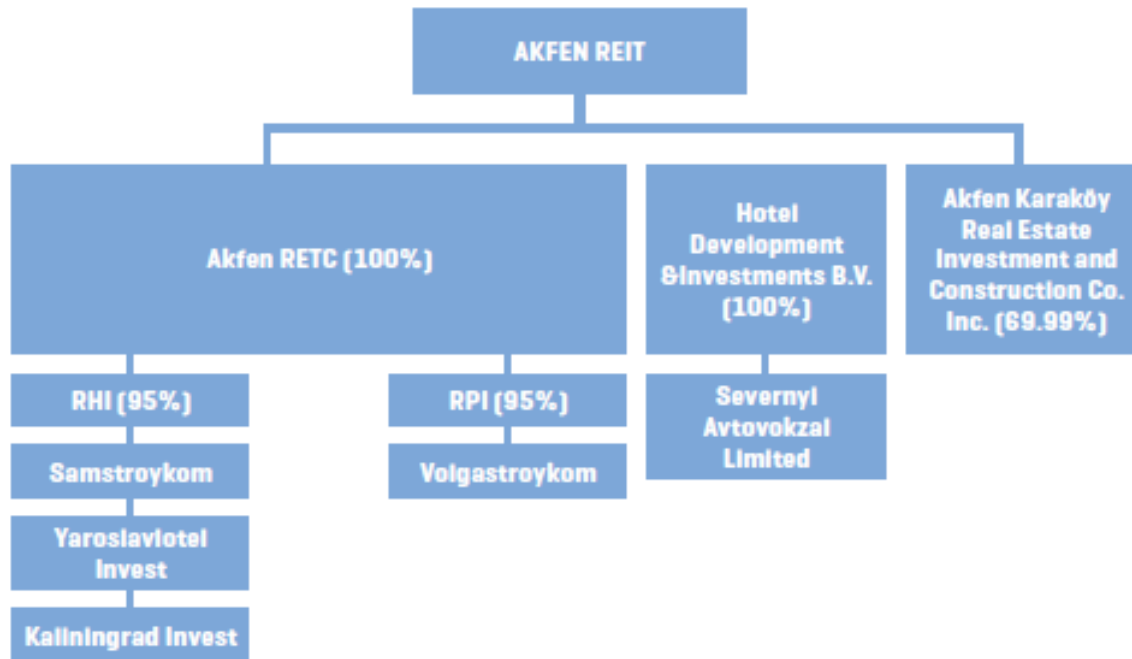
Within the framework of this understanding, Akfen REIT builds an employee profile that adopts the Company's vision and mission, believes in teamwork and team spirit, embraces ethical values, social responsibility and who are customer-oriented. As of 30 September 2015, Akfen REIT had 13 employees (31 December 2014:13) ; its subsidiaries had 12 employees (31 December 2014: 14). The average age of employees is 40 and women account for 30% of the total workforce.

The Company will continue to work along with its human resources approach in the coming period with the aim of moving these values to higher levels.

### *Employee benefits (TL)*

	<b>30 September 2015</b>	<b>31 December 2014</b>
Provision for vacation pay liability-short term	445.845	356.194
Provision for employee termination benefits-long term	71.398	59.832
	<b>517.243</b>	<b>416.026</b>

# Organizational Structure



## Group Companies

Commercial Title	Field of Activity	Paid-in/Issued Capital	Share of Company in Capital	Currency	Share of Company in Capital	Nature of Relationship with the
Akfen Gayrimenkul Ticareti ve İnşaat A.Ş.	To create real estate portfolio	121.000.000,00	121.000.000,00	TL	100	Subsidiary
Russian Hotel Investment BV	To develop hotel projects in Russia	18.000,00	17.101,00	Euro	95,01	Subsidiary
Russian Property Investment BV	To develop hotel projects in Russia	7.258.867,00	6.906.859,00	Euro	95,15	Subsidiary
Hotel Development Investment BV	To develop hotel projects in Russia	8.510.640,00	8.510.640,00	Euro	100	Subsidiary
Akfen Karaköy Gayrimenkul Yatırımları ve İnşaat A.Ş.	To invest in real estate	17.200.000,00	12.039.656,00	TL	69,99	Subsidiary



## **Risk Management**

With consulting support from DRT Independent Audit and Public Accountancy Co. Inc. (Deloitte), works concerning Early Detection of Risk were finalized in 2012 and the Risk Management Handbook was presented to the Company's Board of Directors. It was resolved to have the principles contained in the Risk Management Handbook to be taken as basis for future internal audits of the Auditing Committee.

With the Board of Directors' decision No:2013/9 of March 19, 2013; it was unanimously decided by all attendees of the meeting that duties of the Early Detection of Risk Committee, which were executed by the Corporate Governance Committee be executed by establishing an individual committee as per Communiqué Serial:IV No:63, amending the Communiqué Serial:IV, No:56 of the Capital Markets Board; and that Mr M. Dursun Akin be appointed as the chairman of the Early Detection of Risk Committee to be established, whereby Ms Pelin Akin and Mr Selim Akin be appointed as members of the aforementioned committee. Committee assembled once since its establishment to report date for detection of reasons for jeopardizing the Group's presence, development, the precautions and implementations for this and management of the risk and the committee presented the report to the board of directors.

As of 30 September 2015, the financial structure, financial position and performance of the Company has been evaluated, loss of capital and no situation related the Company's being heavily in debt has not been detected.

## **Audited Committee**

- Şirketin;
- 01.01.2015 - 31.03.2015 period not reviewed by independent audit company; by Audited Committee and Board of Directors on 05.05.2015,
  - 01.01.2015 - 30.06.2015 period reviewed by independent audit company; by Audited Committee and Board of Directors on 10.08.2015,
  - 01.01.2015 - 30.09.2015 period not reviewed by independent audit company; by Audited Committee and Board of Directors on 26.10.2015,

Consolidated and individual financial statements, comprehensive Income Statement and cash flows with their footnotes prepared in accordance with Capital Market Board Communiqué and activity report has been approved.

## **16 July 2015, Opening of Ibis Hotel Moscow**

Ibis Hotel Moscow with 317 rooms constructed in the capital of Russia by Hotel Development Investment BV - %100 subsidiary of Akfen GYO – has been started its operations on 2015, 16 July.

## **11 May 2015, Selection of the Committee Members in accordance with the Corporate Governance Communiqué of the Capital Market Board**

Pursuant to the Board of Directors Decision made by the Board of Directors of our Company, with the date of 11.05.2015 and the number 2015/16;

According to the Communiqué Regarding Corporate Governance number II-17.1 by the Capital Market Board;

The following has been decided unanimously by the meeting attendants;

1. Non-Executive Board Member Halil Erođlu, Non-Executive Board Member Adnan Aydođan, Non-Executive Board Member Ahmet Ertürk and Investor Relations (and Financing) Director Servet Didem Koç will be appointed to the Corporate Governance Committee, as well as Halil Erođlu, who will be serving as the Corporate Governance Committee Chairman for the duration of 1 (one) year,
2. The Nomination Committee of the Corporate Governance Committee will act as the Compensation Committee, as well,
3. Non-Executive Board Member Halil Erođlu, Non-Executive Board Member Adnan Aydođan, Non-Executive Board Member Ahmet Ertürk will be appointed to the Audit Committee, as well as Ahmet Ertürk, who will be serving as the Audit Committee Chairman for the duration of 1 (one) year,
4. Non-Executive Board Member Halil Erođlu, Executive Board Member Selim Akın and Executive Board Member Pelin Akın will be appointed to the Early Detection of the Risk Committee, as well as Halil Erođlu, who will be serving as the Early Detection of the Risk Committee Chairman for the duration of 1 (one) year.

## **11 May 2015, Amendment of the Decision with regard to the Real Estate Appraisal Company Selection**

The Company Board of Directors has convened at the Company Headquarters and the following decisions have been made:

In accordance with the Decision of the Board of Directors of our Company, with the date of 30.01.2015 and with the number 2015/2, the following has been decided for the year of 2015;

- Services will be purchased from the PWC – Bařaran Nas Bađımsız Denetim ve Serbest Muhasebeci Mali Műřavirlik A.ř. (Independent Supervising and Independent Public Accountant Bureau Inc.), which consists of an independent supervising company,
- Services will be purchased from Kurumsal Vizyon Bađımsız Denetim ve Yeminli Mali Műřavirlik A.ř. (Independent Supervising and Independent Certified Accountant Bureau Inc.) in regards to tax supervision and counseling affairs,
- Appraisal services will be purchased from the Epos Gayrimenkul Danıřmanlık ve Deđerleme A.ř. (Real Estate Counseling and Appraisal Inc.) in regards to the assets found in the portfolio of the Company; furthermore, the companies Epos Gayrimenkul Danıřmanlık ve Deđerleme A.ř. and TSKB Gayrimenkul Deđerleme A.ř. (Real Estate Appraisal Inc.) will be designated as the companies from which the appraisal services will be purchased, concerning the appraisal of the assets that might eventually be acquired in the course of the year of 2015, requiring appraisal.

The decision in question has been announced on the Public Disclosure Platform, on the date of 30.01.2015. Moreover, it has been passed on the General Assembly by means of submitting it to the approval of the shareholders during the Ordinary General Assembly, with regard to the year of 2014, which has been held on the date of 14.04.2015.

## **11 May 2015, Amendment of the Decision with regard to the Real Estate Appraisal Company Selection (continued)**

However, according to the 3rd Clause of the Article number 35 of the Communiqué with Regard to the Principles on the Real Estate Investment Partnerships, number III.48-1 (“Communiqué”), sent to our Company by the Capital Market Board, as well as the letter with the date of 17.04.2015 and number 12233903-325.99-368 (“CMB Letter”), to reacquisition services from the TSKB Gayrimenkul Değerleme A.Ş., there must be an interval of at least two years following the date of 2013, on which their services have been obtained, therefore only making it impossible to acquire the services of TSKB Gayrimenkul Değerleme A.Ş. until the year of 2016; taking this factor into consideration, our Company has been notified for the Board of Directors to make a new decision in this regard.

In conclusion, within the scope of the Letter, the date and number of which have been mentioned above, along with the 3rd Clause of the Article number 35 of the Communiqué, it has been decided that, instead of the TSKB Gayrimenkul Değerleme A.Ş., the company named EVA Gayrimenkul Değerleme Danışmanlık A.Ş. (Real Estate Appraisal Counseling Inc.) will be chosen for the appraisal of assets that might be included in the portfolio of the Company in the course of the year of 2015.

## **30 April 2015, Board Decision Related to Duty delegation of Board of Directors and Top Management Assignments**

During the Meeting of the Board of Directors of our Company on the date of 30.04.2015 and with the number 2015/13, regardless of the duration of their previous duties, İbrahim Süha GÜÇSAV will be appointed as the Chairman of the Board of Directors, as well as the Chief Executive Officer of our Company and, Mustafa KETEN will be appointed as the Vice President of the Chairman of the Board of Directors for the duration of 1 (one) year each, starting from the date indicated herein,

During the Meeting of the Board of Directors of Company dated 30.04.2015 and with the number 2015/14, for the purpose of serving for the duration of 3 (three) years, having the sole authority to represent and bind within the scope of the Internal Directive of the Company Administration that has been approved during the Meeting of the Board of Directors dated 30.04.2015, which was held pursuant to the Articles number 367 and 371 of the Turkish Code of Commerce dated 13/01/2011 and number 6102, it has been decided that;

Vedat Tural, as the General Director of our Company,

-Deniz Bilecik, as the Vice General Director of our Company that is responsible Corporate Communication, Human Resources and Administrative Affairs

-Memduh Okyay Turan, as the Vice General Director of our Company that is responsible for the Hotel Operations,

Will be appointed for the said positions and the necessary procedures will be carried for the notice and registrations at the commercial register.

## **20 April 2015, Registration of 2014 General Assembly**

The Company’s Ordinary General Assembly for the Year 2014 held on 20 April 2015 has been registered on 14 May 2014 by İstanbul Registry of Commerce.

## **14 April 2015, Results of 2014 General Assembly**

Ordinary general assembly regarding to fiscal 2014 of AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. was convened on 14.04.2015 at 14:00 hours at company headquarters address Levet Loft Building, Büyükdere Caddesi, No: 201, C Blok, Kat:8 Levent İstanbul under supervision of representative of ministry Mr. Mehmet Ali Köse who was assigned by T.R. Governorate of İstanbul, Trade Directorate of İstanbul with assignment letter date of 10.04.2015 number of 7212007.

It has been seen that; invitation to general assembly which is required in accordance with Turkish Trade Code article 414, is made in due time as stipulated in Turkish Trade Code and charters of the Company and in a manner that included items of general assembly agenda, by announced in Turkish Trade Registry Gazette issue no of 8780 date of 17 March 2015, in web page of the Company and in electronic general assembly system of Central Registry Agency.

Agenda items have been read out loud by member of the board Sıla CILIZ İNANÇ and it is continued to debate on agenda items in order as it has been announced due there has not been any objection against order of agenda items.

## **14 April 2015, Results of 2014 General Assembly (continued)**

The decisions in the General Assembly have been accepted unanimously and by a large majority. Minutes of Ordinary General Assembly Meeting and List of Attendants may be found on the web site of the Company.

According to inspection of list of participants, it has been understood that; 1000 group A shares corresponding to 1.000 TL, 1000 group C shares corresponding to 1.000 TL, 1000 group D shares corresponding to 1.000 TL, and 8.356.064 shares through electronic environment and 139.418.645 shares physically being in total 147.774.709 group B shares corresponding to 147.774.709 TL are represented in general assembly, thus quorum is constituted in accordance with both legislation and charter of the Company.

It has been established that; member of the board and executive director İbrahim Süha GÜÇSAV, member of the board Sila CILIZ İNANÇ and representative of Pwc-Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Ali Müşavirlik A.Ş. (Pwc) Görkem SOKULLU have been present at the general assembly. Ordinary general assembly has been opened by executive director İbrahim Süha GÜÇSAV in physical and electronic environments at the same time and debates on agenda items have been commenced.

## **18 March 2015, Site delivery protocol of Tuzla Ibis Hotel**

A site delivery protocol between our Company and Akfen İnşaat Turizm ve Ticaret A.Ş. (Akfen İnşaat) which is subsidiary of Akfen Holding – shareholder of Akfen REIT in percentage of 51,72-, for start of constructions related to Ibis Otel having 200 rooms located in İstanbul, Tuzla, Aydıntepe district. Related work's commitment value is approximately Euro 7.840.000 + VAT and work period is 14 months.

## **9 March 2015, Board Decision related to profit distribution for 2014**

According to Board Decision of the Company held on 09.03.2015 it has been accepted that:

The Statement of the Profit Appropriation that is prepared in accordance with the legislation of the Capital Markets Board and the dividend policy of the company shall be submitted for approval of the General Assembly. The Statement of the Profit Appropriation was presented to be examined by our partners after announcing it at the Company Headquarters, Electronic Portal of the Central Registry Agency, company web page and the Turkish Trade Registry Gazette 21 days before our General Assembly meeting. Since a distributable profit has not shown up in our financial statements of the fiscal period between 01.01.2014 - 31.12.2014 prepared in accordance with the Turkish Accounting and Financial Reporting Standards issued by the Public Oversight Accounting and Auditing Standards Authority within the scope of the Bulletin No. 11-14.1 of the Capital Markets Board ("CMB") and subjected to the audit by Denge Ankara Bağımsız Denetim ve Yeminli Mali Müşavirlik A.Ş., the General Assembly shall be notified of this condition and it shall be submitted for approval about whether a profit sharing will not be performed.

## **9 March 2015, Board Decision related to General Assembly for 2014**

According to Board Decision of the Company held on 09.03.2015, the decision has been taken as below:

1. Ordinary General Assembly Meeting of Shareholders of our Company will be held on Tuesday, 14.04.2015 at 2:00PM at our Company's principal office located at the address: Levent Loft Binası, Büyükdere Caddesi, No:201 C Blok Kat:8 Levent, İstanbul,
2. Activity Report of the Board of Directors and the Corporate Governance Compliance Report, together with relating reports, Financial Statements, Independent Auditing Report, Text of amendment to the main contract, example for power of attorney, Information Documents on the agenda and detailed explanations on the articles of the agenda for the activity year of 2014, will be available for our shareholders to review within 3 (three) weeks of legal period prior to the meeting, for the prescribed term at the Company's principal office, the Company's web site [www.akfengyo.com.tr](http://www.akfengyo.com.tr), and the Electronic General Assembly system of the Central Registry Agency,

## Agenda of 2014 General Assembly(*continued*)

1. To organize the Opening and Meeting Chairmanship
2. To discuss on authorizing the Meeting Presidency to sign the meeting minutes
3. To read, negotiate and vote for the 2014 Year Activity Report prepared by the Board of Directors
4. To Read the Summary Statement of the Independent Audit for 2014 fiscal period
5. To read, negotiate and approve the Financial Statements for 2014 Year fiscal period
6. To release the members of the Board individually due to activities of the company in 2014 year
7. To approve the proposal given by the Board of Directors or approving such proposals by amending or rejecting them with regard to the distribution of the 2014-year profit and the profit sharing date
8. To submit the board membership of Adnan Aydoğan who has been appointed in order to substitute board membership of Mustafa Dursun Akın upon his/her resignation with the decree of the Board of Directors No. 2015/4 on 17.02.2015 to the approval of the Board of Directors
9. To submit the board membership of Halil Eroğlu who has been appointed in order to substitute the board membership term of Mehmet Semih Çiçek upon his resignation with the decree of the Board of Directors No. 2015/4 on 17.02.2015 to the approval of the Board of Directors
10. To present information to the shareholders in the general assembly about their duties within and out of the group including the independent members
11. Election of the Board Members
12. To determine monthly gross wages of the Board Members
13. To submit the matter of amending the Article-8 titled as "Capital and Shares" of the Articles of Association to the approval in line with the permits of the Capital Market and Ministry of Customs and Trade in order to add the regulation of our company: " Capital Contribution Saving Decree can only be taken in the General Assembly" into the Article-8 titled as "Capital and Shares" pursuant to the Bulletin on the Principles of the Real Estate Investment Partnerships No. III-48.1, Capital Markets Board
14. Submitting issue on determination of Appraisal Company as EPOS Gayrimenkul Danışmanlık ve Değerleme A.Ş. from which appraisal service shall be provided for the assets in The Company's Portfolio, and also determination of Appraisal Companies as EPOS Gayrimenkul Danışmanlık ve Değerleme A.Ş. and TSKB Gayrimenkul Değerleme A.Ş. from which appraisal service shall be provided for the assets to be received to The Company's Portfolio in 2015 and to be required for Appraisal, with respect to the regulations of the Turkish Commercial Code and Capital Markets Board, in accordance with the Decision of Management Board dated 30.01.2015, to the approval of our General Assembly
15. Submitting issue on determination of the independent audit institution as PWC-Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. which shall serve for the year of 2015 with respect to the regulations of the Turkish Commercial Code and Capital Markets Board, in accordance with the Decision of Management Board dated 30.01.2015, to the approval of our General Assembly
16. Giving information to shareholders on donations made by The Company in 2014 and determining the upper limit for donations to be made in 2015
17. Giving information to shareholders on guarantees, pledges, mortgages and the income or benefits obtained by bill of guarantees in favor of third parties in 2014 in accordance with regulations of the Capital Markets Board

## Agenda of 2014 General Assembly(*continued*)

18. Giving information to shareholders on processes performed with relevant parties within the framework of Corporate Management Notice in 2014 in accordance with regulations of the Capital Markets Board

19. Authorizing shareholders who control management, Board members, senior executives and their spouses and their relatives up to second degree blood or affinity; to trade for issues within the framework of Article 395 and 396 of Turkish Commercial Code and Giving information to

shareholders about transactions carried out within this framework in 2014 in accordance with Corporate Management Notice of the Capital Markets Board

20. Wishes and Comments, Closing

## 2 March 2015, Construction Licence of Ibis Hotel Tuzla Project

Construction licence for Ibis Hotel Tuzla project having 200 rooms which is to be constructed on Akfen REIT's land in İstanbul, Tuzla, Aydıntepe district was obtained on 2 March 2015.

## 18 February 2015, Assignment of Committee Members

As per the resolution with number 2015/5 dated February 18, 2015 of our Board of Directors;

According to the Corporate Management Communiqué with number 17.1 (“Communiqué”), the persons named here below have been assigned for a period of 1 (one) year;

- Halil Eroğlu, Independent Member of the Board of Directors, is elected as the Chairman of the Corporate Management Committee, after the resignation of Mehmet Semih Çiçek from his position of Member of Board of Managers,

- Adnan Aydoğan, Independent Member of the Board of Directors, is elected as the member of the Corporate Management Committee, after the resignation of Mustafa Dursun Akın from his position of Member of Board of Managers,

- Adnan Aydoğan, Independent Member of the Board of Directors, is elected as the Chairman of the Committee for Early Detection of Risks after the resignation of Mustafa Dursun Akın from his position of Member of Board of Managers,

- Adnan Aydoğan, Independent Member of the Board of Directors, is elected as the Chairman of the Inspection Committee after the resignation of Mustafa Dursun Akın from his position of Member of Board of Managers,

- Halil Eroğlu, Independent Member of the Board of Directors, is elected as the Chairmaan of the Inspection Committee after the resignation of Mehmet Semih Çiçek from his position of Member of Board of Directors.



## 17 February 2015, Assignment of Independent Members of Board of Directors

As per the resolution with number 2015/4 dated 17.02.2015 of our Board of Directors;

It is resolved as below;

1. As Mustafa Dursun Akın and Mehmet Semih Çiçek, Independent Members of Board of Directors had to resign as they were not fulfilling the clause of independency provided by the article 4.3.6 of the Corporate Management Principles (“Principles”) which came into force following their publication in the addendum of the Communiqué on Corporate Management Principles of the Capital Market Board, in regard of the time they have served, to accept their resignation from the position of Member of Board of Directors ,
2. Provided by the article 363 of Turkish Trade Code and subparagraph 1 of the article 4.3.8 of the Principles, to be presented for the voting of our associates during the first General Assembly of our Company; to assign Adnan Aydoğan who was nominated by the resolution dated 17.02.2015 of our Corporate Management Committee which was serving as the Nomination Committee to replace Mustafa Dursun Akın who had resigned from his position as Member of our Board of Directors and; Halil Eroğlu who was nominated by the resolution dated 17.02.2015 of our Corporate Management Committee which was serving as the Nomination Committee to replace Mehmet Semih Çiçek; and to assign Mustafa Dursun Akın and Mehmet Semih Çiçek as Independent Members of Board of Directors to complete their remaining service time as member of Board of Directors.

## 19 February 2015, Loan Agreement

On February 19, 2015 between our Company and Credit Europe Bank N.V ("Bank"), the loan agreement in amount of Euro 116.000.000 with 10 year maturity having 2 year grace period has been signed for refinancing of our Company’s current loans and financing the investments of ongoing projects. The loan will be used as the loan usage conditions are performed.

Discussions with the bank for providing loans with the same conditions to refinance of our Company’s subsidiaries’ current loans and finance the investments of ongoing projects are still continuing.

## 30 January 2015, Selection of Valuation Company and Independent Audit Company

In Board of Director’s meeting held on 30/01/2015;

- In pursuance of Capital Market Board’s Principals for Real Estate Investments communique with Series III, No:48.1 article 35, EPOS Gayrimenkul Danışmanlık ve Değerleme A.Ş. A.Ş. has been decided as valuation company for the assets in our portfolio and EPOS Gayrimenkul Danışmanlık ve Değerleme A.Ş. and TSKB Gayrimenkul Değerleme A.Ş. have been decided as valuation companies for assets that may be added to our portfolio and will need valuation in year 2015.
- In pursuance of Capital Market Board’s communique related to “Standards of Independent Audit in Capital Market”, PWC-Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. has been decided as independent audit company for 2015 fiscal year with condition of presenting to approval of upcoming general assembly.

have been decided.

## 07 January 2015, Purchase of Tangible Asset

Land amalgamation of our Company’s land with 3623 parcel no located in İstanbul, Tuzla, Aydınli and 427,74 squaremeter parcels (3624 parcel no, 3590 parcel no and 3558 parcel no) belonging to the Treasury around the aforesaid land of our Company has been completed and the related parcels with 427,74 squaremeter area has been purchased from the Treasury in amount of TL 1.924.830. The transactions regarding title deed transfer were completed in 7 January, 2015.

		Number of Rooms	Ending Date of Land Lease	Date of Starting of Construction	Date of Hotel Opening
<b>TURKEY</b>	<b>Operational Hotels</b>				
	1 Ibis Hotel Zeytinburnu	228	49 years	2005	March 2007
	2 Novotel Zeytinburnu	208	49 years	2005	March 2007
	3 Ibis Hotel Eskişehir	108	22 years	2005	April 2007
	4 Novotel Trabzon	200	49 years	2006	October 2008
	5 Ibis Hotel Gaziantep	177	30 years	2008	January 2010
	6 Novotel Gaziantep	92	30 years	2008	January 2010
	7 Ibis Hotel Kayseri	160	49 years	2008	March 2010
	8 Novotel Kayseri	96	49 years	2008	March 2010
	9 Ibis Hotel Bursa	200	32 years	2009	November 2010
	10 Ibis Hotel Adana	165	Owned	January 2011	September 2012
	11 Ibis Hotel Esenyurt	156	Owned	March 2011	January 2013
	12 Ibis Hotel İzmir Alsancak	140	49 years	June 2011	June 2013
	13 Ibis Hotel Ankara Airport	147	Owned	January 2013	September 2014
	14 Merit Park Otel	286	49 years		April 2007
		<b>Sub Total</b>	<b>2.363</b>		
	<b>Projects under Construction</b>				
	1 Novotel Karaköy	200	49 years	July 2012	2015
	2 Ibis Hotel Tuzla	200	Owned	August 2013	2016
	<b>Sub Total</b>	<b>400</b>			
<b>16</b>	<b>TOTAL</b>	<b>2.763</b>			
<b>RUSSIA</b>	<b>Operational Hotels</b>				
	1 Ibis Hotel Yaroslavl	177	Owned	April 2010	September 2011
	2 Ibis Hotel Samara	204	Owned	July 2009	March 2012
	3 Ibis Hotel Kaliningrad	167	Owned	August 2011	August 2013
	4 Ibis Hotel Moscow	317	49 years	September 2013	July 2015
	<b>Sub Total</b>	<b>865</b>			
<b>4</b>	<b>TOTAL</b>	<b>865</b>			
<b>20</b>	<b>GRAND TOTAL</b>	<b>3.628</b>			



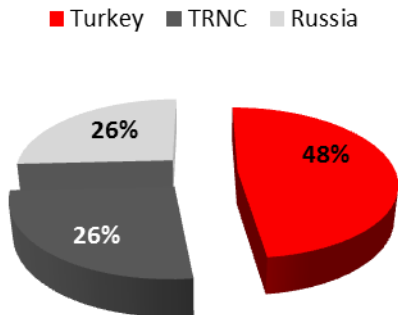
- **Consolidated rent turnover reached TL39,9 million, increasing 6% compared to the same period of previous year.**
- **Consolidated EBITDA reached TL 30,3 million, increasing 5% compared to the same period of previous year.**
- **EBIDTA margin is 75,2%.**
- **Net Assets became TL 851,4 million as of 30 September 2015.**
- **As of 30 September 2015, TL 80,1 million net loss was disclosed.**
- **As a result of refinancing of Akfen REIT's loans, short term loan amount has decreased by 45% comparing to loan amounts for 2014 year end.**

BALANCE SHEET (Million TL)	30-Sep-15	31-Dec-14	INCOME STATEMENT (Million TL)	30-Sep-15	30-Sep-14
<b>CURRENT ASSETS</b>	<b>53,0</b>	<b>39,1</b>			
Cash and cash equivalents	31,0	24,1	Revenue	40,2	37,7
Trade receivables	18,1	10,9	Cost of sales	- 4,9	- 4,2
Other receivables	0,0	0,0	<b>GROSS PROFIT</b>	<b>35,3</b>	<b>33,4</b>
Prepaid expenses	1,7	0,8	General administrative expenses	- 5,0	- 4,6
Other current assets	2,1	3,2			
<b>NON-CURRENT ASSETS</b>	<b>1.506,7</b>	<b>1.406,9</b>	<b>EBITDA</b>	<b>30,3</b>	<b>28,8</b>
Other receivables	12,6	10,0	Other Operating (Loss)/Income, net	- 0,1	17,6
Investment properties	1.440,5	1.351,9	<b>OPERATING PROFIT</b>	<b>30,1</b>	<b>46,3</b>
Tangible and intangible assets	0,1	0,1	Financial expenses, net	- 117,7	- 25,1
Prepaid expenses	15,3	12,9	<b>(LOSS)/PROFIT BEFORE TAX</b>	<b>- 87,6</b>	<b>21,2</b>
Other non-current assets	35,1	31,6	Current tax expense	2,9	- 0,8
Deferred tax assets	3,0	0,4	<b>(LOSS)/PROFIT FOR THE PERIOD</b>	<b>- 84,7</b>	<b>20,5</b>
<b>TOTAL ASSETS</b>	<b>1.559,6</b>	<b>1.445,9</b>	Non-controlling interest	- 4,5	- 1,1
<b>SHORT TERM LIABILITIES</b>	<b>77,2</b>	<b>124,7</b>	<b>(LOSS)/PROFIT FOR THE PERIOD</b>	<b>- 80,1</b>	<b>21,6</b>
Short term financial liabilities	-	31,8	Change in currency translation differences	11,3	- 22,0
Short term portions of long term financial liabilities	64,2	85,8	<b>Total comprehensive income</b>	<b>- 68,8</b>	<b>- 0,4</b>
Trade payables	5,2	4,1	<b>Gross profit margin</b>	88%	89%
Other payables	1,9	1,4	<b>EBITDA margin</b>	75%	76%
Deferred income	4,0	-			
Short term provisions	0,4	0,4			
Other short term liabilities	1,4	1,2			
<b>LONG TERM LIABILITIES</b>	<b>699,5</b>	<b>465,1</b>			
Long term financial liabilities	633,0	400,2			
Other long term liabilities	3,5	3,2			
Deferred Tax Liability	62,9	61,5			
<b>SHAREHOLDERS' EQUITY</b>	<b>782,9</b>	<b>856,2</b>			
<b>TOTAL LIABILITIES</b>	<b>1.559,6</b>	<b>1.445,9</b>			
<b>Total liabilities / Total assets</b>	<b>50%</b>	<b>41%</b>			

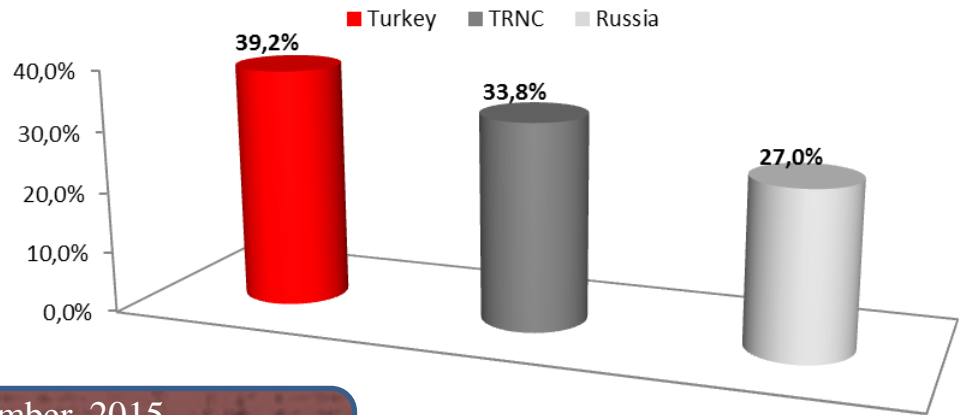
## Operational Performance

- Consolidated rent turnover reached TL39,9 million, increasing 6% compared to the same period of previous year
- As of 30 September, 2015 average occupancy rate for hotels operating throughout Turkey is 67%; for hotels operating in Russia is 52%; and for all hotels is 64%.
- As of 30 September, 2015 average room price for hotels operating throughout Turkey is Euro 49; for hotels operating in Russia is Euro 36 and for all hotels is Euro 46.
- Consolidated hotel expenses reached to TL 4,9 million as of 30 September 2015; increasing 17% comparing to the same period of 2014.
- Consolidated general administrative expenses actualized as TL 5 million as of 30 September 2015; increasing 9% comparing to the same period of 2014.
- Consolidated EBITDA reached TL 30,3 million, increasing 5% compared to the same period of previous year.
- EBIDTA margin is 75,2%.
- Net Assets became TL 851,4 million as of 30 September 2015.
- As of 30 September 2015, TL 80,1 million net loss was disclosed. Main reason for the loss is foreign exchange loss occurred for 9 months period.

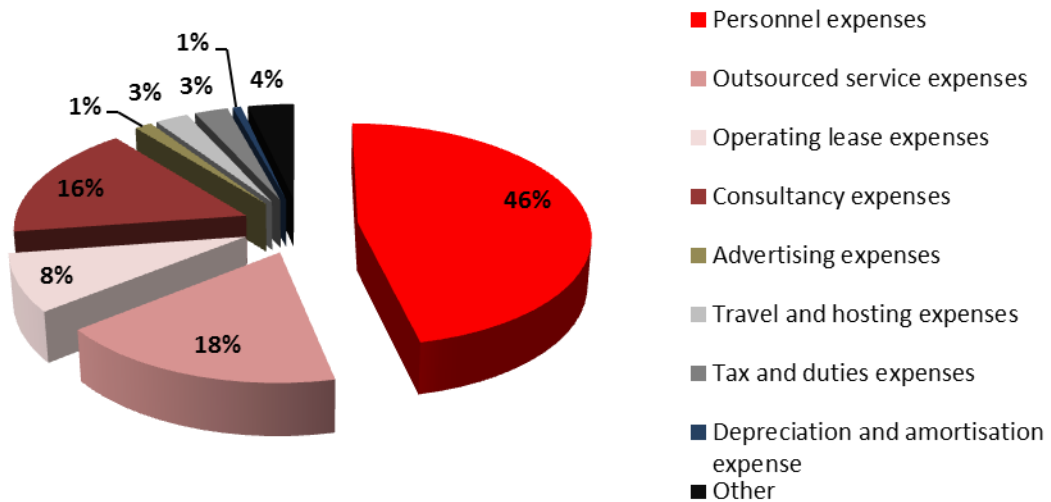
30 September, 2015  
Distribution of Rental Income by Regions (%)



30 September, 2015  
Distribution of EBITDA by Regions (%)

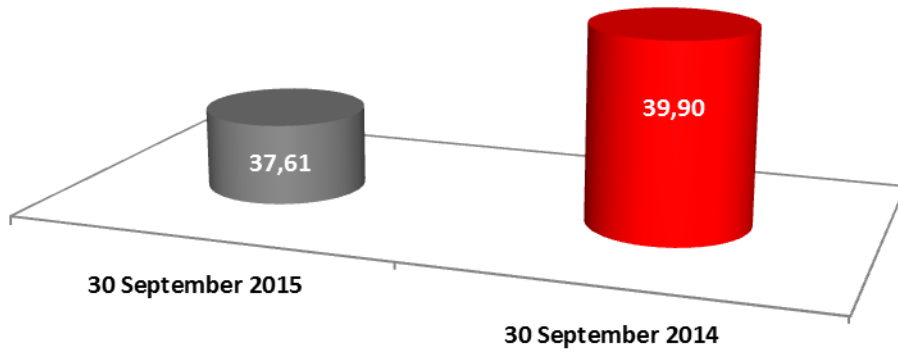


30 September, 2015  
Distribution of General Administration Expenses (%)

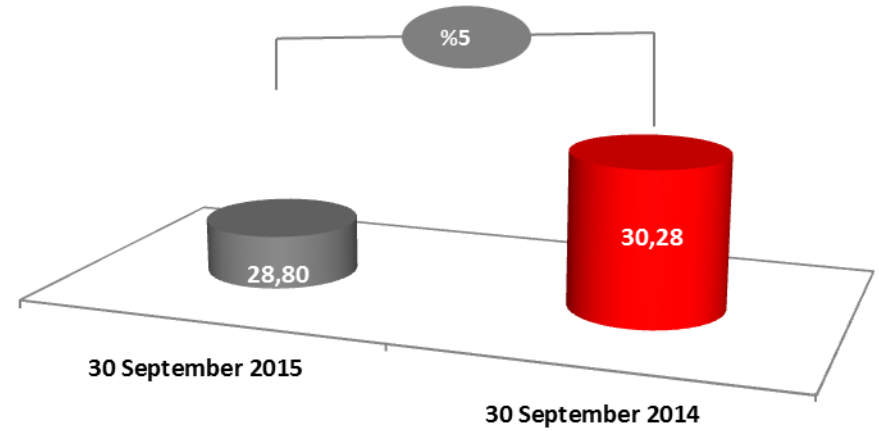




## Consolidated Rental Income (million TL)



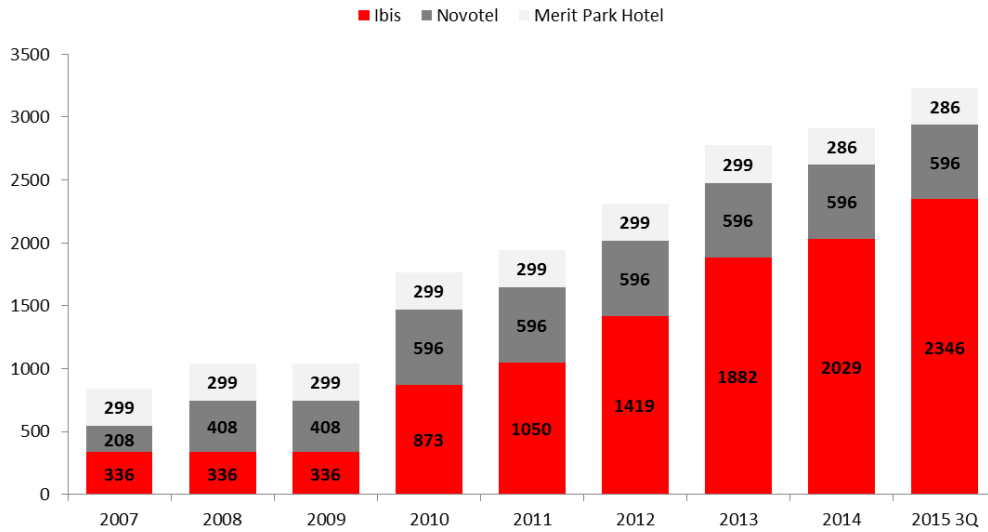
## EBITDA (million TL)



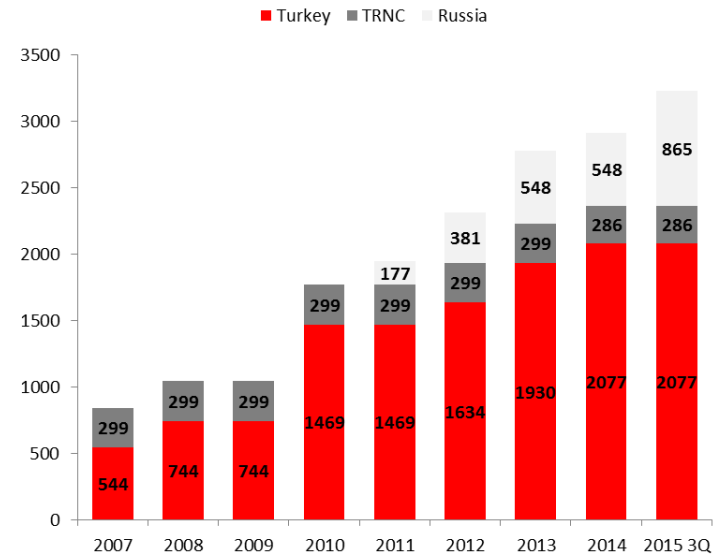
## Yearly Room Capacity Development

As of 30 September 2015, room numbers of the Company's 18 operational hotels is 3.228.

Room number based on hotel types



Room number based on countries



	2007	2008	2009	2010	2011	2012	2013	2014	2015 3Q
Ibis	336	336	336	873	1050	1419	1882	2029	2346
Novotel	208	408	408	596	596	596	596	596	596
Merit Park Hotel	299	299	299	299	299	299	299	286	286
<b>Total</b>	<b>843</b>	<b>1043</b>	<b>1043</b>	<b>1768</b>	<b>1945</b>	<b>2314</b>	<b>2777</b>	<b>2911</b>	<b>3228</b>

	2007	2008	2009	2010	2011	2012	2013	2014	2015 3Q
Turkey	544	744	744	1469	1469	1634	1930	2077	2077
TRNC	299	299	299	299	299	299	299	286	286
Russia	0	0	0	0	177	381	548	548	865
<b>Total</b>	<b>843</b>	<b>1043</b>	<b>1043</b>	<b>1768</b>	<b>1945</b>	<b>2314</b>	<b>2777</b>	<b>2911</b>	<b>3228</b>

Amounts shown as «TL Million».

30-Sep-15	Rental Income	EBITDA	EBITDA Margin	Net Debt
Turkey	19,2	11,9	62%	446,8
TRNC	10,4	10,2	98%	25,7
Russia	10,3	8,2	79%	193,7
<b>CONSOLIDATED</b>	<b>39,9</b>	<b>30,3</b>	<b>76%</b>	<b>666,2</b>

Rental Income	30-Sep-15	30-Sep-14	Change (%)
Turkey	19,2	19,2	0%
TRNC	10,4	10,4	0%
Russia	10,3	8,0	29%
<b>CONSOLIDATED</b>	<b>39,9</b>	<b>37,6</b>	<b>6%</b>

Personnel numbers	30-Sep-15	31-Dec-14	Change (%)
Turkey	13	13	0%
TRNC	-	-	0%
Russia	12	14	-14%
<b>TOTAL</b>	<b>25</b>	<b>27</b>	<b>-7%</b>

EBITDA	30-Sep-15	30-Sep-14	Change (%)
Turkey	11,9	13,4	-11%
TRNC	10,2	10,0	2%
Russia	8,2	5,4	52%
<b>CONSOLIDATED</b>	<b>30,3</b>	<b>28,8</b>	<b>5%</b>

## Occupancy Rates %      30-Sep-15   30-Sep-14   Change (%)

Turkey Total - İbis	66%	67%	-1%
Turkey Total - Novotel	72%	73%	-1%
Turkey Total - İbis&Novotel	67%	69%	-1%
Russia Total - İbis	52%	53%	-1%
<b>Turkey &amp; Russia Total</b>	<b>64%</b>	<b>65%</b>	<b>-2%</b>

## Average Room Prices (VAT Exc.) - TL

30-Sep-15   30-Sep-14   Change (%)

Turkey Total - İbis	119	123	-3%
Turkey Total - Novotel	202	205	-2%
Turkey Total - İbis&Novotel	145	150	-3%
Russia Total - İbis	108	142	-24%
<b>Turkey &amp; Russia Total</b>	<b>138</b>	<b>148</b>	<b>-7%</b>

## All Inclusive Revpar (VAT Exc.) - TL      30-Sep-15   30-Sep-14   Change (%)

Turkey Total - İbis	95	99	-4%
Turkey Total - Novotel	203	212	-4%
Turkey Total - İbis&Novotel	126	134	-5%
Russia Total - İbis	77	104	-26%
<b>Turkey &amp; Russia Total</b>	<b>115</b>	<b>127</b>	<b>-10%</b>

## Rental Income (Thousand TL)      30-Sep-15      30-Sep-14      Change (%)

Turkey Total - İbis	10.162	9.906	3%
Turkey Total - Novotel	9.005	9.320	-3%
Turkey Total - İbis&Novotel	19.168	19.226	0%
Russia Total - İbis	9.107	6.586	38%
<b>Turkey &amp; Russia Total</b>	<b>28.274</b>	<b>25.812</b>	<b>10%</b>
<b>Total (TL) *</b>	<b>39.902</b>	<b>37.613</b>	<b>6%</b>

\* Including Rental Income of Merit Park Hotel ve Samara Office

- Net Debt**

Total amount of debt reached TL 697 million in 3. quarter of 2015; increasing 35% from its level of TL 518 million in 2014. All loans of the Group are in amount of Euro currency and the loan balance based on foreign currency increased by 11% according to year end 2014. Reason of the increase according to TL currency is that the Euro/TL fx rate increased to 3,4212 as of 30 September 2015 from its level 2,8207 as of 31 December 2014 and the refinancing in amount of Euro 116 million made in 2015.

On February 19, 2015 between our Company and Credit Europe Bank N.V ("Bank"), the loan agreement in amount of Euro 116.000.000 with 10 year maturity having 2 year grace period has been signed for refinancing of our Company's current loans and financing the investments of ongoing projects. The loan was used on 18 March 2015. Discussions with the bank for providing loans with the same conditions to refinance of our Company's subsidiaries' current loans and finance the investments of ongoing projects are still continuing.

<b>Total Debt (million TL)</b>	<b>30-Sep-15</b>	<b>31-Dec-14</b>	<b>Change (%)</b>
Less than 1 year	64	118	-45%
1 – 2 years	66	86	-24%
2 – 3 years	71	75	-6%
3 – 4 years	83	59	41%
4 – 5 years	68	52	30%
5 years and more	346	127	171%
<b>TOTAL</b>	<b>697</b>	<b>518</b>	<b>35%</b>

<b>Annual Weighted Average Interest Rate for Euro Loans</b>	<b>6,95%</b>	<b>5,62%</b>	<b>1,32%</b>
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<b>Annual Weighted Average Interest Rate for TL Loans</b>	<b>13,20%</b>
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<b>Gross Debt (million TL)</b>	<b>30-Sep-15</b>	<b>31-Dec-14</b>	<b>Change (%)</b>
Turkey	476	332	43%
TRNC	26	30	-14%
Russia	196	156	25%
<b>CONSOLIDATED</b>	<b>697</b>	<b>518</b>	<b>35%</b>

- Investment Properties**

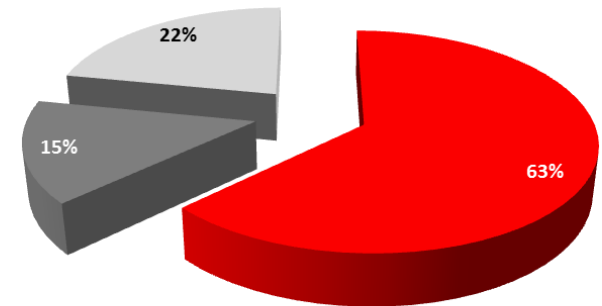
Total amount of investment properties within the Company's portfolio reached TL 1.440,5 million as of 30 September 2015.

Investment Properties (Million TL)	30-Sep-15	31-Dec-14	Change (%)
Operational investment properties	1.220,3	1.047,0	17%
Investment properties under construction	220,2	304,9	-28%
<b>TOTAL</b>	<b>1.440,5</b>	<b>1.351,9</b>	<b>7%</b>

Investment Properties (Million TL)	30-Sep-15	31-Dec-14	Change (%)
Turkey	907,7	862,7	5%
TRNC	217,3	217,2	0%
Russia	315,5	272,0	16%
<b>TOTAL</b>	<b>1.440,5</b>	<b>1.351,9</b>	<b>7%</b>

30 September, 2015  
Distribution of Properties by  
Regions (%)

■ Turkey ■ TRNC ■ Russia





Fair value of investment properties owned by the Company in Turkey and TRNC comprises the appraisal values as calculated on December 31, 2013 by EPOS Real Estate Appraisal Co. Inc., a real estate appraisal company registered with the CMB and listed among the CMB approved "Real Estate Appraisal Companies and the expenditures made for the properties from appraisal date to 30 September 2015

<b>30 September 2015</b>	
<b>Name of Real Estate</b>	<b>Fair Value (Million TL)</b>
Zeytinburnu Novotel and Ibis Hotel	233,3
Merit Park Otel - Girne	209,1
Karaköy Novotel Project	179,3
Trabzon Novotel	110,4
Gaziantep Novotel and Ibis Otel	58,9
Kayseri Novotel and Ibis Otel	54,1
Bursa Ibis Hotel	55,5
İzmir Ibis Hotel	47,7
Esenyurt Ibis Hotel	46,0
Adana Ibis Hotel	35,3
Ankara Esenboğa Ibis Hotel Project	39,7
Eskişehir Ibis Hotel and Fitness Center	32,7
Tuzla Ibis Hotel Project	14,8
Bafra Hotel Project	8,2
<b>TOTAL</b>	<b>1.125,0</b>

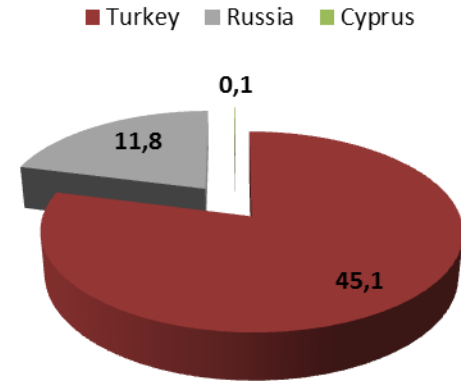
Fair value of investment properties owned by the Company in Russia comprises the values as calculated jointly by the Company Management and EPOS Real Estate Appraisal Co. Inc., a real estate appraisal company registered with the CMB and listed among the CMB approved "Real Estate Appraisal Companies and the expenditures made for the properties from appraisal date to 30 September 2015

<b>30 September 2015</b>	
<b>Name of Real Estate</b>	<b>Fair Value (Million TL)</b>
Moskova Hotel Projects	156,3
Samara Ibis Hotel	52,0
Yaroslavl Ibis Hotel	48,7
Kaliningrad Ibis Hotel	39,8
Samara Office	18,7
<b>TOTAL</b>	<b>315,5</b>

- Investments in Property**

As of 30 September, 2015; a total investment expense of TL 57 million was made for properties included in the Company's portfolio.

30 September, 2015  
Distribution of Investment in Property  
by Regions (million TL)



As of 30 September 2015

**TURKEY**

Investment	Location	Number of Rooms	Status	Total Investment Cost (Euro, including VAT)	Investment Completion (%) *	Physical Completion (%)	Expected Hotel Opening Date
Novotel Karaköy	İstanbul	200	Under Construction	35,350,000	94%	91%	2015
Ibis Hotel Tuzla	Tuzla	200	Under Construction	17,200,000	65%	49%	2016

\* Not including financing cost incurred during the construction stage and general&administrative expenses attributable to the projects.

\*\* Including advances paid to the contractor.

- **Net Asset Value**

Net Assets became TL 851,5 million as of 30 September 2015.

**PORTFOLIO STATEMENT (mn TL) 30-Sep-15**

**Operational Hotels**

Ibis Hotel and Novotel Zeytinburnu	233,3
Ibis Hotel Eskişehir	14,8
Novotel Trabzon	110,4
Ibis Hotel and Novotel Kayseri	54,1
Ibis Hotel and Novotel Gaziantep	58,9
Ibis Hotel Bursa	47,7
Ibis Hotel Esenyurt	55,5
Ibis Hotel Adana	39,7
Ibis Hotel İzmir Alsancak	46,0
Ibis Hotel Ankara Airport	35,3

**Projects Under Construction**

Ibis Hotel Tuzla	32,7
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<b>Affiliates</b>	<b>466,8</b>
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<b>Money and Capital Market Instruments</b>	<b>28,6</b>
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<b>TOTAL PORTFOLIO VALUE</b>	<b>1.223,8</b>
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Other Assets and Receivables	37,0
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Debts	409,2
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<b>NET ASSET VALUE</b>	<b>851,5</b>
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Information in the statement are non-consolidated, and therefore may not match information in consolidated statements.



## **Government grants and incentives**

According to the Investment Incentive Law numbered 47/2000, the Group has a 100% of investment allowance on capital expenditures made until 31 December 2008 in TRNC.

## **Dividend Distribution Policy**

The Company makes its resolutions on dividend distribution by taking into account provisions of Turkish Commercial Code, Capital Markets Legislation, Regulations and Decisions of the Capital Markets Board, Tax Laws, other relevant legislations and the Company's Articles of Association.

Pursuant to the Board of Directors' decision of February 25, 2011, Akfen Real Estate Investment Trust Co. Inc. has adopted a dividend distribution policy based on the principle of "proposing to the General Assembly, distribution of minimum 30% of the distributable profit as of the accounting period of 2012, of by taking into account the Company's general profitability".

Dividend Distribution Policy is submitted to the information of shareholders, during the General Assembly meeting.

The Company's Dividend Distribution Policy is publicly disclosed on the Company's web site.

<b>Unconsolidated (separate) financial statement main account items</b>				
	<b>Related Regulation</b>	<b>30 September 2015</b>	<b>31 December 2014</b>	
<b>A</b> Cash and capital market instruments	III-48.1. S/N 24 / (b)	28,559,740	232,262	
<b>B</b> Investment properties, investment property-based projects, investment property-based rights	III-48.1. S/N 24 / (a)	728,384,300	716,292,000	
<b>C</b> Participations	III-48.1. S/N 24 / (b)	466,823,220	466,823,220	
Due from related parties (non-trade)	III-48.1. S/N 23 / (f)	-	-	
Other assets		36,954,531	26,218,968	
<b>D Total assets</b>	<b>III-48.1. S/N 3 / (p)</b>	<b>1,260,721,791</b>	<b>1,209,566,450</b>	
<b>E</b> Financial liabilities	III-48.1. S/N 31	401,149,098	283,631,976	
<b>F</b> Other financial liabilities	III-48.1. S/N 31	8,124,522	5,777,063	
<b>G</b> Finance lease liabilities	III-48.1. S/N 31	-	-	
<b>H</b> Due to related parties (non-trade)	III-48.1. S/N 23 / (f)	-	-	
<b>I</b> Shareholders' equity (net asset value)	III-48.1. S/N 31	851,448,171	920,157,411	
Other liabilities		-	-	
<b>D Total liabilities and equity</b>	<b>III-48.1. S/N 3 / (p)</b>	<b>1,260,721,791</b>	<b>1,209,566,450</b>	
<b>Unconsolidated (separate) other financial information</b>				
	<b>Related Regulation</b>	<b>30 September 2015</b>	<b>31 December 2014</b>	
<b>A1</b> Cash and capital market instruments held for payments of investment properties for 3 years	III-48.1. S/N 24 / (b)	-	-	
<b>A2</b> Time / demand TRY / foreign currency	III-48.1. S/N 24 / (b)	28,551,582	225,929	
<b>A3</b> Foreign capital market instruments	III-48.1. S/N 24 / (d)	-	-	
<b>B1</b> Foreign investment property, investment property-based projects, investment property-based rights	III-48.1. S/N 24 / (d)	-	-	
<b>B2</b> Idle lands	III-48.1. S/N 24 / (c)	-	-	
<b>C1</b> Foreign subsidiaries	III-48.1. S/N 24 / (d)	92,581,292	92,581,292	
<b>C2</b> Participation to the operator company	III-48.1. S/N 28/1(a)	-	-	
<b>J</b> Non-cash loans	III-48.1. S/N 31	890,436,377	871,662,526	
<b>K</b> Pledges on land not owned by the Investment Trust which will be used for project developments	III-48.1. S/N 22 / (e)	-	-	
<b>L</b> Cash and capital market instrument Investments held on One Unique Company	III-48.1. S/N 22 / (I)	-	-	

	<b>Portfolio Constraints Related Regulation</b>	<b>Current Period</b>	<b>Previous Year</b>	<b>Minimum/Maximum Ratio</b>
<b>1</b> Pledges on Land not Owned by the Investment Trust which will be Used for Project Developments Investment Property, Investment Property Based	III-48.1. S/N 22 / (e) III-48.1. S/N 24 / (a), (b)	0.00%	0.00%	<10%
<b>2</b> Projects, Investment Property Based Rights Cash and Capital Market Instruments and	(a), (b)	57.78%	59.22%	>51%
<b>3</b> Participations	III-48.1. S/N 24 / (b)	39.29%	38.61%	<50%
<b>4</b> Foreign Investment Property, Investment Property based Projects, Investment Property Based Rights, Participations, Capital Market Instruments	III-48.1. S/N 24 / (d)	37.03%	38.59%	<50%
<b>5</b> Idle Lands	III-48.1. S/N 24 / (c)	0.00%	0.00%	<20%
<b>6</b> Participation to the Operator Company	III-48.1. S/N 28	0.00%	0.00%	<10%
<b>7</b> Borrowing Limit	III-48.1. S/N 31	152.65%	126.18%	<500%
<b>8</b> Time / Demand TRY / Foreign Currency Cash and capital market instrument Investments held	III-48.1. S/N 22 / (e)	2. %	0.02%	<10%
<b>9</b> on One Unique Company	III-48.1. S/N 22 / (I)	0.00%	0.00%	<10%

The figures shown in the table are summarized and prepared in accordance with the 16. Article of the communique with II-14.1 no related to “Financial Reporting Principals in Capital Markets” and portfolio limitation regulations of the communique with III-48.1 no related to “Principals of Real Estate Investments”. Additionally, since the information in the table is unconsolidated, they may differ from the consolidated information in the financial statements.

## Due to related parties (trade) :

As at 30 September 2015 and 31 December 2014, all amount of due to related parties is comprised from the trade payables to Akfen İnşaat related to progress payments of Esenyurt, İzmir ve Adana projects of the Company.

<b>Due to related parties (trade) (TL)</b>	<b>30-Sep-15</b>	<b>31-Dec-14</b>
Akfen Insaat Turizm ve Ticaret A.Ş.	874.972	721.394

## Related party transactions

<b>Investment properties under development (TL)</b>	<b>1 January- 30 September 2015</b>	<b>1 January- 30 September 2014</b>
Akfen Insaat Turizm ve Ticaret A.Ş.	36.910.638	9.840.476

<b>Rent expenses (TL)</b>	<b>1 January- 30 September 2015</b>	<b>1 January- 30 September 2014</b>
Hamdi Akın	298.172	208.622



- **Statement of Responsibility**

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