Akfen REIT

2019 Annual Report

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Content

From the Management

Chairman's Message

While the countries of our World are struggling with negative situations such as global trade wars, climate change threat and economic slowdown, up growth in tourism sector continues. We had a year behind us, during which tourism expenses continued to grow in a global scale.

Although a relatively slow growth has been witnessed when compared to the years 2017 and 2018, due to the political uncertainty which includes also Brexit, the bankruptcy of worl known tourism group Thomas Cook, global, regional and social tensions, it continued its absolute growth.

As per the United Nations World Tourism Organization's (UNWTO) report, the number of the worldwide international tourist number reached to 1,5 billion by increasing 3,8% during the year 2019 (54,9 million visitor as per the year 2018).

Turkish tourism sector continued to equalize the records by the increase in the world.

Turkish tourism sector closed the last two years achieving a record, by accommodating 51,8 million guests in the year 2019. Furthermore it increased the revenue of tourism sector to 34,5 billion USD, when compared to the previous year. We do envisage that Turkey will continue to growth in terms of the number of tourists and incomes in 2020 too.

The tourist afflux towards Turkey which we witness nowadays will continue by diversification of congress tourism which doesn't reach desired levels since the year 2015 and by Galataport project which will become active to welcome giant cruise ships. Accordingly, it will be possible to see that room rates will go upwards.

In 2019, due to the activities which are directed by the General Directorate of Promotion which is working un de the Ministry of Culture and Tourism of Turkey, a fact like Göbeklitepe that affects the whole world history is presented on the window of tourism and considerable results are obtained. These kind of creative steps shall become a value added of the tourism.

As Akfen Real Estate Investment Company, we continued to increase our incomes with record levels in an environment where tourism industry got a rise in 2019. We do welcome the year 2020 as a year during which we will reach our targets and register new records.

Through the successes of the previous year, in 2019; we earned the highest rental income of Akfen Real Estate Investment Company since its foundation in 2007, by increasing the total rental income from 19 hotels, to TL 109 million (Euro 17.2 million).

In the 15 hotels we have in our portfolio in Turkey, during the period of January - December 2019, we had Euro 36 per room by an increase of 6 per cent in terms of foreign currency. In the hotels the room rate has increased by 18 per cent in terms of Turkish Lira and became TL 226, which is the highest rate. The rental income earned from hotels which are located in Turkey was TL 56 million with an increase of 24 per cent, compared to previous year.

Occupancy rate of Akfen Real Estate Investment Company 's 19 hotels which are located in Turkey and Russia is increased to 67 per cent which is the highest rate of all times.

Taking into consideration the actual trends, economic expectations and the UNWTO Confidence Index which shows that tourist numbers will increase 3-4% in the world, we do expect while we close the year 2019 with the records we achieved, that the rise in the sector will continue during the coming years.

However, we do believe that the Reuptake Program we initiated as Akfen Real Estate Investment Company will create additional value for our company and our shareholders.

Hamdi Akın

Chairman of the Board of Directors

CEO's Message

It's a huge pleasure to have achieved all our expectations and to share this achievement with our shareholders, as a company in the year 2019 for which the sector was expected to endure a growth

trend! Continuous improvement and income increase which we witness since the year 2017 in the hotels of our portfolio, resulted as new records for us in the year 2019.

Our average occupancy rate which was 62% in 2017 in our 15 hotels which are located in Turkey, has increased to 66% in 2018 and to 69% in 2019. When we get into account all our hotels we do continue to increase our average occupancy rate each and every year. When the room rate increases based on Euro are added to the latter, our net profit exceeded TL 170 million. By the effect of the wholesale of our portfolio in Bulvar Loft, our incomes approached to TL 500 million.

Now Akfen Real Estate Investment Company has risen to the league of giants as a company with its size of assets which reached TL 2,7 billion, its equities which are approximately TL 1 billion and its written down value which exceeds TL 1 billion. We have witnessed that these successes are responded back by our investors by the intense interest they have proved for our equity securities. Due to the interest which continued increasingly even after our Reuptake Program was ended at the end of August our equity securities rate has increased by 145% in 2019.

Our biggest guarantees for the future are being able to maintain these successes by signing long term contracts with the leading operators of the sector and the continuous support of our main financiers. The trust of our shareholders, the effort of our employees and the contribution of our other partners will ensure that we do set the bar high during the year 2020. I do wish a prosperous year for all of us.

Sertac F. Karaağaoğlu

General Manager

Board of Directors Biography

Hamdi Akın – Chairman of the Board of Directors

Hamdi Akın was born in 1954. He graduated from Gazi University, Department of Mechanical Engineering. In 1976 he founded Akfen Holding, whose main activity area is to invest in, manage and coordinate partnerships and subsidiaries active in infrastructure and superstructure construction, port management, marine transportation, water distribution and waste water services, energy and real estate sectors. In addition to serving as the Chairman of the Board of Directors at Akfen Holding, he is also the Chairman of Board at MIP (Mersin International Port). In 1997, he founded the TAV brand to build and operate Turkey's first high capacity airport in the aviation sector, one of the hardest sectors of the world, and he managed the company as Chairman of Board until 2017.

In addition to his private entrepreneurship, Mr. Akın realized projects in infrastructure, energy and investment in scope of privatization efforts. He also carried his dynamism and hard work in business to volunteer efforts and non-governmental organizations as a Manager and founder of many societies, foundations, chambers of commerce. He has served as Vice President of Fenerbahçe Sports Club (2000-2002), MESS-Metal Industrialists' Union President of Ankara Regional Representatives Council (1992-2004), President of TÜGİAD-Turkish Young Businessmen's Association(1998-2000), Board Member of TİSK-Turkish Confederation of Employers' Associations (1995-2001), Board Member of TÜSİAD-Turkish Industrialists' and Businessmen's Association President of Information Society and New Technologies Commission (2008-2009) and Board Member of Clean Seas Association/TURMEPA (2011-2018).

Hamdi Akın is a founder of the Contemporary Turkey Studies Chair at the London School of Economics. He is also the Founding Member and Honorary President of the Turkey Human Resources Foundation (TİKAV), founded in 1999 to provide Turkey with well-trained human resources. He is also the Vice Chairman of the Board of Trustees at Abdullah Gül University Support Foundation.

İ. Süha Güçsav – Vice Chairman

Graduating from the Economics Department of Istanbul University in 1992, Güçsav subsequently completed his master's degree in the Gazi University Institute of Social Sciences Business Department. Beginning his career at insurance brokerage Alexander&Alexander Sigorta Brokerliği A.Ş. in 1992, Güçsav joined Akfen Holding in 1994 and took on roles in the Financing Department and the Executive Department.

He played important roles in the privatizations of Vehicle Inspection Stations, Mersin International Port and İDO (Istanbul Fast Ferries), the establishment and investment processes of Akfen REIT, the public offerings of Akfen Holding and Akfen REIT, and issues such as subsidiaries' stake sales and long-term project finance. Güçsav, the chairman of the DEIK Turkish-Singapore Business Council, also served as the Akfen Holding Management Board Deputy Chairman from 2003 until March 2010. A management board member of Akfen Holding between the years 2010-2012 and of TAV Airports Holding A.Ş. between 2000-2012, Güçsav has been the Akfen Holding CEO between March 2010 and 2019 and he serves as Advisor to the Chairman at Akfen Holding.

In addition to this role, he served as Chairman of Akfen REIT, Akfen Environment and Water, and Board Member of Mersin International Port and Akfen HES Yatırımları ve Enerji Üretim A.Ş. and Akfen's various subsidiaries. Akfen Holding Advisor to the Chairman Süha Güçsav was appointed in October 2014 as the Turkish Honorary Business Agent of the International Trade and Investment Agency (IE Singapore), which conducts activities under the auspices of the Singapore Industry and Trade Ministry.

Pelin Akın Özalp – Board Member

After graduating from Surrey University, UK, in 2010, Pelin Akın Özalp started her career in the Deutsche Bank. Following her return to Turkey, she was attended to the MT program of TAV Airports Holdings. Pelin Akın Özalp started to serve as Board of Directors Member at Akfen Holding in 2012.

She is an active member of the Board of Trustees and the Board of Directors at TİKAV (Turkish Human Resources Education and Health Foundation) and Vice President of The Duke of Edinburgh's International Award-Türkiye National Committee. She is also Chairwoman at the Advisory Board of the Contemporary Turkish Studies Chair founded in London School of Economics since 2010.

She participated in different working groups in DEİK Spanish Business Council, DEİK British Business Council, DEİK Irish Business Council and DEİK US Business Council. She is also a member of Turkish Tourism Investors Association (TTYD), Association of Family Businesses (TAİDER) and Turkey Union of Chambers and Commodity Exchanges (TOBB) Young Entrepreneurs Advisory Councils. Pelin Akin Ozalp is also a member of Turkey Business Women's Association (TIKAD), Association of Women in Board of Directors (YKKD) and the Marine Environment Protection Association (TURMEPA) Boards.

Currently serving as Vice Chairwoman of Akfen Infrastructure Holding, as Board Member and Corporate Governance Committee Member for Akfen Holding, and Board of Directors Member of IBS Insurance and Reinsurance Brokering, Akfen REIT, Istanbul Sea Buses (İDO) and Travelex.

Selim Akın – Board Member

Selim Akın, graduated from Surrey University, Business Administration Department in the United Kingdom, and after coming back to Turkey Mr. Akın started his professional career in the Akfen Holding Accounting Department and later served in the Project Development and Finance Departments.

The main projects in which he participated are the privatization and financing of Vehicle Inspection Stations, the privatization and financing of Mersin Port and Akfen Holding's public offering and bond issue. Besides his Chairman of the Board of Directors role at Akfen Altyapı Holding A.Ş., Akfen İnşaat ve Turizm A.Ş., Mr. Akın also serves as the Vice Chairman of the Board of Directors and CEO at Akfen Holding and its various subsidiaries.

Mr. Akın has become a member of the Turkish Young Businessmen's Association. Mr. Akın is a member of TÜSİAD and Turkish Tourism Investors Association (TTYD). Also he is Vice Chairman of Young Businessmen Association of Turkey (TÜGİAD) and he has also been serving as DEİK representative since 2018.

Sıla Cılız İnanç – Board Member

Sıla Cılız İnanç, graduated from Marmara University, Faculty of Law in 1995, joined Akfen Holding in 1997 upon having carried out law internship in 1996.

She took part in Public Private Partnership projects (PPP) in Turkey, mergers and acquisitions, worked in concern with infrastructure, construction, energy and competition law. She took an active role in secondary legislation of Public Tender Law. She worked at every stage of build-operate-transfer projects, transfer of rights/concession and all process of privatizations implementations including tenders and transfers in which Akfen and its subsidiaries participated, also dealt with establishment of financial structures, facility agreements and both share and bond issues laws and regulations. She conducted company and holding structure works.

She is Board Member of Akfen Altyapı Holding A.Ş., Akfen Holding A.Ş. and also Board Member of various Akfen Holding subsidiaries and Akfen İnşaat Turizm ve Ticaret A.Ş.

İrfan Erciyas – Board Member

İrfan Erciyas, graduated from Economics and Finance Department of Gazi University in 1977, has started to work in Türkiye Vakıflar Bankası. After having worked as inspector and Branch manager in Türkiye Vakıflar Bankası, he continued to work as Vice General Manager between 1996 and 2002 and as General Manager between 2002-2003.

Erciyas who joined Akfen Holding in 2003 as Vice Chairman of the Board of Administrators, had worked especially on privatization of Vehicle Inspection Stations, Mersin International Port and IDO and also during the foundation and investment processes of Akfen REIT and Akfen Enerji, for the public offering of Akfen Holding and Akfen REIT and on the subjects of the share sales of the shareholdings and long term financing. İrfan Erciyas is working in Akfen Holding , as Executive Board Member since March 2010 and he is also Chairman of the Board of Administrators, Vice Chairman and Member of Board of Administrators of several subsidiaries and affiliates of Akfen Holding.

Ahmet Ertürk – – Independent Board Member

Mr. Ahmet Ertürk, who was born in Malatya in 1953, graduated from the Faculty of Political Sciences of Ankara in 1975. Mr Ertürk, who served duty as a Finance Inspector between the years of 1976-1985, made a study for and on behalf of the Ministry of Finance between 1984-1985 in London on "British Experience on Privatization" After his service of duty as the Assistant Secretary General of TÜSİAD (Turkish Industrialists' and Businessmen's Association) between the years of 1986-1988, he took up the duties as the Deputy General Director and Consultant of General Director at the Turkish Marine Enterprises between the years of 1988-1991. Mr. Ahmet Ertürk, who worked as the Deputy General Director at Albaraka Türk between 1992-2002, took up the duty as the President of the Saving Deposit Insurance Fund (TMSF) between 2004-2009 following his duty as the Member of the Capital market Committee (SPK) in 2003. Mr. Ertürk, who served duty as the Senior Advisor of the (Turkish) President on economical matters between 2010-2014, is married with two kids and in good command of English language. Currently, he serves duty as an Independent Member of the Board of Directors of Akfen REIT.

Halil Eroğlu – – Independent Board Member

Eroglu, who was born in Karşıyaka in 1952, studied tpe primary school in seven different schools as a result of his father's profession as a civil servant. After having studied at the Boarding School of İzmir Education College (BAL-Bornova Anatolian High School), he has graduated from the Ankara University Faculty of Political Sciences in 1974. After a service period of ten years as an inspector at the bank, Türkiye İş Bankası, where he started his banking work, he served various duties at the General Directorate and branches, and worked as a General Director at Dışbank, which has been closed down for the current period and also at İş Leasing for a period of three years. Mr. Eroğlu became the General Director of the Industrial Investment Bank in 2001. After the merger of the bank in 2002 with the Industrial Development Bank of Turkey (TSKB), he served duty as the general director of the Bank for a period of ten years and retired in 2011. He served duty as the chairman or member of the board of directors at various companies either before or after his retirement. Currently, he serves duty as an Independent Member of the Board of Directors of Akfen REIT.

Adnan Aydoğan – – Independent Board Member

Mr. Adnan Aydoğan has graduated from the College of Education of Diyarbakır in 1980, and from the High School of Elazığ in 1983, and from the Public Management Department of the Faculty of Economics and Administrative Sciences of the Gazi University in 1987. He completed his master degree course at the Management Sciences of the Social Sciences Institute of the Gazi University. He served duty at the Turkish Iron-Steel Plants as the Plants Manager, and Researcher at the Sakarya University, and specialist (Project Coordinator) at the Undersectariat of State at the Defence Industry, and subsequently, as the Project monitoring and Finance Branch and Head of Fund Management Division. Finally, Mr. Aydoğan, who was working as the Head of Financial Affairs and Subsidiaries within the structure of TAİ, quitted his duty in 2013, and currently serves duty as an Independent Member of the Board of Directors at Akfen REIT.

Top Management

F. Sertac Karaağaoğlu – General Manager

Mr. Sertac F. Karaağoğlu, has bachelor's degree from METU Political Science and Public Administration, and MBA from Maltepe University. During his banking career in 1996-2012 he worked in Corporate and SME banking divisions of commercial banks (Toprakbank, Kentbank, Dışbank, Fortis) as branch and region manager and as director of commercial and SME credits in Fortis and TEB BNP Paribas. He continued his Corporate Finance career in Borsa Istanbul (stock exchange) as Group Director of Listing and Private Market between 2012 and 2016. Karaağaoğlu is General Manager of Akfen REIT since 2016, giving lectures on Corporate Governance and Finance in Maltepe University and member of Board in GYODER.

Cüneyt Baltaoğlu – Russia Coordinator

Cüneyt Baltaoğlu, who graduated from the German High School of Istanbul and subsequently, Faculty of Architecture of the Istanbul Technical University, stepped in his working life (career) by taking up a duty at the Hotel project of Gama İnşaat Russia-Tyumen in 1994. Then, Mr. Baltaoğlu, who took up the duty at the Koray-Enka Partnership Moscow and Koray Construction Istanbul real estate development/investment projects between the years of 1995 and 1998, completed his MBA degree at the Rotterdam School of Management – Erasmus University of Holland between 1999 and 2001, and subsequently, undertook the Lycos-Europe's founding general directorate duty within the structure of Bertelsmann AG in Moscow. Mr. Baltaoğlu conducts the duty of Coordinator of Russia Investment Projects of Akfen Gayrimenkul Yatırım Ortaklığı (Akfen Real Estate Investment partnership) since 2007.

Memduh Okyay Turan – Deputy General Manager - Operation

Mr. Memduh Okyay Turan graduated from the Department of Tourism and Hotel Management of Bilkent University in 1993. Mr. Turan started his professional career at Antalya Club Hotel Sera City & Resort and Antalya Dedeman Convention. Mr. Turan, who holds a Travel Agencies Information Certificate of the Ministry of Tourism, subsequently, has served duties as manager at the Mega Residence Hotel Front Office Management, Mega Residence Sales & Marketing departments. Mr. Turan, who served duties as the General Director and General Coordinator at St. Paul Tourism & Travel Agency and Mersin Hotel Chain Group, conducted the General Coordinator duty in the following years at the City Residence, affiliated to the same group, and Kuşadası Mersin Beach Resort. Mr Turan, who joined the Akfen Family in 2005, serves duty as the Deputy General Director for Operations at Akfen REIT since 2008.

Yusuf Anıl – Deputy General Manager Financial and Administrative Affairs

1994 was graduated from the School of Economics of Anadolu University in 1994 and began his professional career in 1988. After completing his military duty in 1995, he worked as the Accounting and Financial Affairs Manager at Tam Group from 1996 until 2000. Between 2000 and 2004, he opened his own Independent Accounting and Financial Advising office. He worked as the Accounting Manager Borusan Telekom and other technology companies of Borusan Holding from 2004 until 2007. He had worked as the Accounting Manager of Akfen Real Estate Investment Trust since February 2008 and Anıl has been working as Deputy General Manager since 2018. He received his independent accountant and financial advisor certificate in 2001 and Independent Auditor certificate of Public Oversight Authority.

Board of Directors	Role
Hamdi Akın	Chairman of the Board/Executive Director
İbrahim Süha Güçsav	Vice Chairman of the Board
Pelin Akın	Board Member
Sıla Cılız İnanç	Board Member
Selim Akın	Board Member
İrfan Erciyas	Board Member
Adnan Aydoğan	Independent Board Member
Halil Eroğlu	Independent Board Member
Ahmet Ertürk	Independent Board Member

Top Management	Role
Sertac F. Karaağaoğlu	General Manager
Memduh Okyay Turan	Deputy General Manager – Operations
Yusuf Anıl	Deputy General Manager – Financial and Administrative Affairs

Audit Committee	Role
Ahmet Ertürk	Chairman of the Committee/ Independent Member
Adnan Aydoğan	Member / Independent Member
Halil Eroğlu	Member / Independent Member
	Chairman of the Committee/ Independent Member

Corporate Governance Committee	Role
Halil Eroğlu	Chairman of the Committee/ Independent Member
Ahmet Ertürk	Member / Independent Member
Adnan Aydoğan	Member / Independent Member
Ayşegül Yılmaz	Member

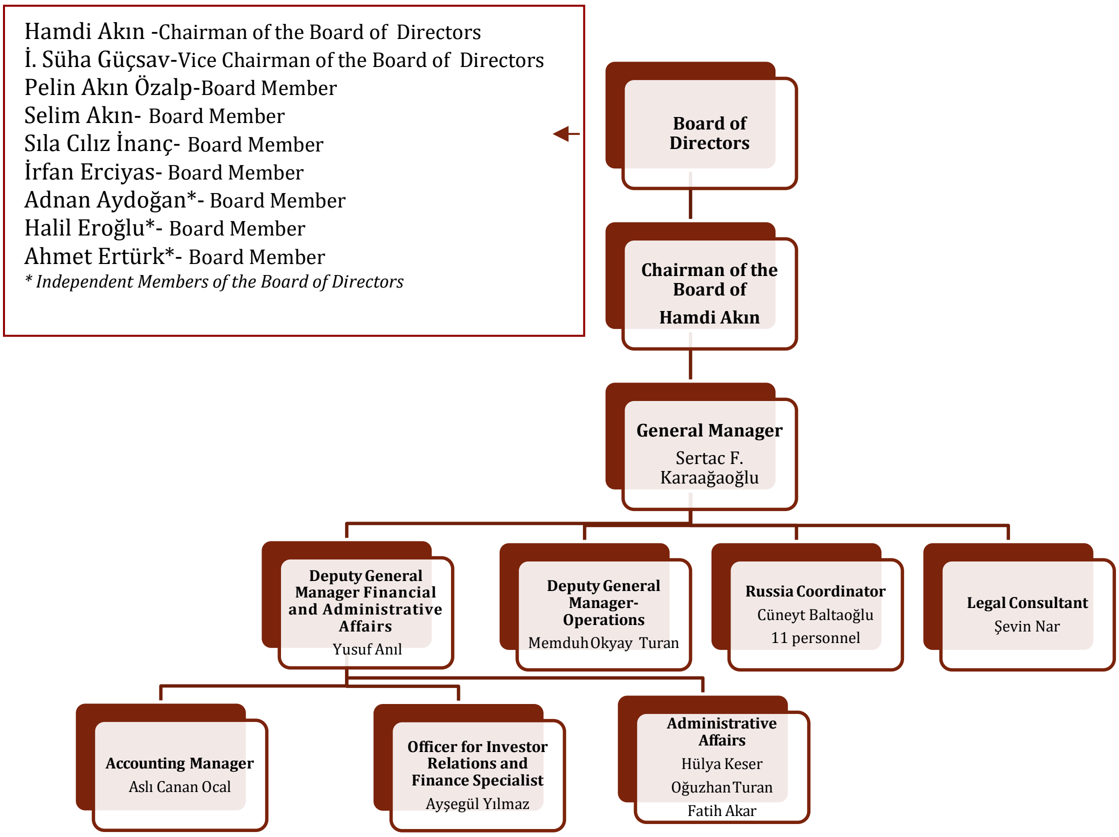
Early Detection of Risk Committee	Role
Halil Eroğlu	Chairman of the Committee/ Independent Member
Pelin Akın	Member / Independent Member
Selim Akın	Member / Independent Member

The total amount of financial benefits such as honorarium, fees, premium, bonuses, dividends and so on, provided to the managers of the Company are presented herein.

Benefits, for Top Level Executives (TRY)	2018	2019	Change (%)
Short-Term Benefits	2.509	3.659	46

Apart from this, no other material right, allowance, representation expense, material right in kind, insurance and similar indemnity has been given. The total amount of short-term benefits, provided to the executive managers for Akfen REIT and its affiliates belonging to the year ending on December 31, 2019 refers to an amount of TRY 3.659.349 (31 December 2018: 2.508.656.-TL) and all explanations, made pursuant to the legislation are conformed thereto and necessary process is conducted within the direction of the fee policy of the Company.

Organizational Chart



As at December 31, 2019, the number of employees of the group is 21 (Including Cyprus Personnel).

Akfen REIT Affiliates

Trade Name	**Akfen Gayrimenkul Ticaret ve İnşaat A.Ş. (Akfen GT)**
Activity	Creating real-estate portfolios
Issued Capital (*)	171.750.000,00
Company's Share in Capital	200.000.000,00
Currency	TRY
Company's Share in Capital (%)	100
Company's Relationship	Subsidiary

Trade Name	**Russian Hotel Investment B.V. (RHI)**
Activity	Developing Hotel projects in Russia
Issued Capital (*)	33.455.050,00
Company's Share in Capital	32.690.666,00
Currency	Euro
Company's Share in Capital (%)	97,72
Company's Relationship	Subsidiary

Trade Name	Russian Property Investment B.V. (RPI)
Activity	Developing office and residence projects in Russia
Issued Capital (*)	7.258.867,00
Company's Share in Capital	6.906.859,00
Currency	Euro
Company's Share in Capital (%)	95,15
Company's Relationship	Subsidiary

Trade Name	Hotel Development Investment B.V. (HDI)
Activity	Developing Hotel projects in Russia
Issued Capital (*)	8.510.640,00
Company's Share in Capital	8.510.640,00
Currency	Euro
Company's Share in Capital (%)	100
Company's Relationship	Subsidiary

Trade Name	Akfen Karaköy Gayrimenkul Yatırımları ve İnşaat A.Ş.* (Akfen Karaköy)
Activity	Creating real-estate investments
Issued Capital (*)	121.000.000,00
Company's Share in Capital	110.678.700,00
Currency	TRY
Company's Share in Capital (%)	91,47
Company's Relationship	Subsidiary

(*)Akfen Karaköy Yatırımları ve İnşaat A.Ş.'s 19.90% capital belongs to Akfen REIT and 71.57% belongs to Akfen GT A.Ş.

Trade Name	Akfen İnşaat Turizm ve Ticaret A.Ş. ve Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. Adi Ortaklığı (Joint Venture)
Activity	Land Sales Proportion Revenue Share Housing Construction Work
Issued Capital (*)	10.000,00
Company's Share in Capital	9.900,00
Currency	TRY
Company's Share in Capital (%)	99
Company's Relationship	Subsidiary

Akfen Gayrimenkul Ticareti ve İnşaat A.Ş. (Akfen GT)

Main activity fields of Akfen Gayrimenkul Ticareti ve Insaat A.S., 100% subsidiary of Akfen REIT, is developing, managing and have manage real estate investments. Akfen GT has fixed rental income from 5 stars Merit Park, located in TRNC since 2007.

Akfen GT owns 97.72% of the shares of Russian Hotel Investments B.V. (RHI) and Russian Property Investment, and 95.15% of the shares of Russian Property Investment B.V. (RPI) established in the Netherlands who launched Ibis Hotel Yaroslavl, Ibis Hotel Samara, Ibis Hotel Kaliningrad and Samara Office among Akfen REIT's investments in Russia.

All of the HDI shares, held by Akfen REIT, were sold to Akfen GT, one of the subsidiaries of the Company, on March 27, 2017

RHI

RHI, consolidates firms established in Russia to realize Hotel projects in this country. Active firms under The company are presented in the table.

RPI

RPI consolidates project-based firms realizing projects in Russia excluding Hotel management projects.

HDI

HDI, of which 100 % participation is held by Akfen GT, is established in order to develop Hotel project(s) in Russia. The Company having its centre of activity located in Netherlands has realized a Hotel project, put into operation in Moscow.

Akfen Karaköy Gayrimenkul Yatırımları ve İnşaat A.Ş. (Akfen Karaköy)

Planning, constructing and subcontracting, renting, managing and outsourcing management of tourism facilities, hotels and real estate investments are among the operations of the Company. The hotel building in Karaköy, Istanbul, which has been invested by the company, is currently operated by Tamaris Turizm (Accor) as a five-star Hotel under the name of Novotel Istanbul Bosphorus.

Akfen İnşaat Turizm ve Ticaret A.Ş. ve Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. Adi Ortaklığı (Joint Venture)

Akfen REIT and Akfen İnşaat Turizm ve Ticaret A.Ş. (Akfen Construction) established a joint venture (Akfen REIT 99% - Akfen Const. 1%) on November 9, 2017 to undertake the Bulvar Loft Project owned by İller Bankası A.Ş. (İller Bankası). The Project was been completed in December 2018, consists of 822 residences and app 7.000m^2 commercial zone.

The wholesale of the independent sections in the Bulvar Loft project belonging to İller Bankası, which is under Joint Venture, was realized on 10 January 2019. The temporary admission application for the Bulvar Loft Project was approved by İller Bankası on January 29, 2019.

Shareholders

December 31, 2019 Shareholders

Shareholders	Group	Shares (TRY)	Number of Shares	Capital Ratio (%)
Akfen Holding A.Ş.	B	104.654.831	104.654.831	56,88
Hamdi Akın	A	1000	1000	
	B	30.349.089	30.349.089	16,50
	C	999	999	
	D	1000	1000	
Other	B	48.993.080	48.993.080	26.63
	C	1	1	
Total		184.000.000	184.000.000	100,00

The share group of A, C, D has the privilege to select nominees for the board of directors member selection. Members of the Board are elected by the General Assembly among the nominees, where 2 of them selected by Group A, 2 of them by Group C, and 2 of them by Group D shareholders. Regarding the company's own shares, there is no acquired share.

Group	Registered / Bearer	Each Share's Nominal Value (TRY)	Total Nominal Value (TRY)	Capital Rate (%)	Type of Privilege	Whether Traded or not
A	Registered	1	1,000	<0.001	Privilege to elect two members of the board of directors at the General Assembly	Not listed at BIST.
B	Bearer	1	183,997,000	99.99	No privilege is available	Listed in the main Market at BIST.
C	Registered	1	1,000	<0.001	Privilege to elect two members of the board of directors at the General Assembly.	Not listed
D	Registered	1	1,000	<0.001	Privilege to elect two members of the board of directors at the General Assembly.	Not listed
Total			184.000.000	100		

Hotels

Novotel ve Ibis Hotel İstanbul

The Istanbul lands of Novotel Istanbul and Hotel Ibis was allocated by the State Treasury bearing a construction right contract, dated as December 04, 2003, for a period of 49 years. The term of the allocation is extended to 2067 in 22.12.2018.

It is an accommodation point convenient for commercial and touristic-purpose trips with its close proximity to the historical regions and business centres of Istanbul. It's distance to various locations such as 0,5 kms to Veliefendi Hippodrome and Abdi İpekçi Sports Hall, 6 kms to the Olimpiyat Stadium, and 10 kms to the Sultanahmet and Beyazıt Districts give opportunity for Hotel visitors to reach the activities easily, desired by them.

Surface of the Land	11.720 m²
Surface of Construction Area	26.372 m²
Number of Novotel Rooms	208
Number of Hotel Ibis Rooms	228
Date of Opening	March 2007
Operator	Tamaris Turizm (Accor)

Ibis Hotel İstanbul Esenyurt

The Hotel Ibis Istanbul Esenyurt taking place at the District Esenyurt, which is one of the most rapidly developing regions of Istanbul through suburb projects and land of which is owned by Akfen REIT, was opened and put into operation on January 25, 2013. The Hotel is the E-5 Motorway-fronted and takes place within a close range of TÜYAP Exhibition and Congress Centre.

Surface of the Land	1.755,37 m²
Surface of Construction Area	7.331 m²
Number of Rooms	156
Date of Opening	January 2013
Operator	Tamaris Turizm (Accor)

Novotel İstanbul Bosphorus (Karaköy)

The land of Novotel Karaköy was obtained from the General Directorate of Foundations through an allocation for 49 years. It is constructed on the land of old Kozluca Han (Inn), located on the Rıhtım Caddesi (Avenue) and faces the Galataport. Bearing the characteristic of the first 5-star Hotel was launched in February 2016.

Surface of the Land	3.074,58 m²
Surface of Construction Area	21.440 m²
Number of Rooms	200
Date of Opening	February 2016
Operator	Tamaris Turizm (Accor)

Ibis Hotel Tuzla

The land of the Hotel Ibis Tuzla was purchased by Akfen REIT. It is located in the Anatolian Part of Istanbul and situated over the E-5 Motorway and close vicinity of Shipyard, Metro (Underground), Organized Industrial zones and Sabiha Gökçen Airport and launch of the Hotel was made in April 2017.

Surface of the Land	4.688 m²
Surface of Construction Area	9.480 m²
Number of Rooms	200
Date of Opening	April 2017
Operator	Tamaris Turizm (Accor)

Ibis Hotel Bursa

The land of the Hotel Ibis Bursa was leased from the Bursa Uluslararası Tekstil Ticaret Merkezi İşletme Kooperatifi (Bursa International Textile Trade Centre Enterprise Cooperative) on May 09, 2008 providing advantage with its close location to the commercial centres in Bursa being one of the most important industrial and commercial regions of Turkey.

Surface of the Land	7.961,79 m²
Surface of Construction Area	7.523 m²
Number of Rooms	200
Date of Opening	November 2010
Operator	Tamaris Turizm (Accor)

Ibis Hotel Alsancak

The land was leased on August 25, 2010from the General Directorate of Foundations of the Prime Ministry of the Republic of Turkey for a period of 49 years. The Hotel Ibis İzmir Alsancak provides a comfortable and modern accommodation opportunity with its central location in İzmir that is one of the major cities making substantial contribution with its location and workforce to the Turkish economy. The Hotel taking place at the Alsancak District of the town Konak is located within the close vicinity of Alsancak Railway Station and Alsancak Port.

Surface of the Land	629 m²
Surface of Construction Area	5.555 m²
Number of Rooms	140
Date of Opening	June 2013
Operator	Tamaris Turizm (Accor)

Ibis Hotel Eskişehir

The building of the Hotel Ibis Eskişehir was leased from the Metropolitan Municipality of Eskişehir and the grain elevator building was converted into the Hotel Ibis. The Hotel being located at a walking distance to all important shopping, business and entertainment centres of Eskişehir is also situated at a location considerably close to the campus of the Anatolian University that is one of the most important focal points of the city. Furthermore, the proximity of the Hotel to the railway station increases the number of transportation alternatives to the Hotel.

Surface of the Land	6.806 m²
Surface of Construction Area	5.868 m²
Number of Rooms	108
Date of Opening	April 2007
Operator	Tamaris Turizm (Accor)

Ibis Hotel Ankara Airport

The land of the Hotel Ibis Ankara Airport was purchased by Akfen REIT on July 21, 2011. The Hotel Ibis Ankara Airport taking place at a distance of only 1 km to the Esenboğa Airport is 28 kms away from the city centre of Ankara province.

Surface of the Land	7.134 m²
Surface of Construction Area	9.506 m²
Number of Rooms	147
Date of Opening	September 2014
Operator	Tamaris Turizm (Accor)

Ibis Hotel Adana

The land of the Hotel Ibis Adana was purchased by Akfen REIT on August 03, 2010. The Hotel Ibis Adana is located at the city centre of Adana taking place among the important industrial, commercial and agricultural centres of Anatolia.

Surface of the Land	2.213 m²
Surface of Construction Area	9.047 m²
Number of Rooms	165
Date of Opening	September 2014
Operator	Tamaris Turizm (Accor)

Novotel Trabzon

The land of the Novotel Trabzon that is located on the Black Sea shore was leased from the World Trade Centre of Trabzon for a period of 49 years. A permanent and independent construction right of it covering a period of 49 years was registered February 27, 2008 at the deed office in favour of Akfen REIT.

The Novotel Trabzon that offers a transportation advantage to its guests through its close proximity to the airport and city centre has an additional advantage since the fact that it is the first international Hotel chain of the city and region. The Hotel taking place just besides the World Trade Centre is one of the favourite Hotels of Trabzon through its central location and design.

Surface of the Land	13.450 m²
Surface of Construction Area	15.232 m²
Number of Rooms	200
Date of Opening	October 2008
Operator	Tamaris Turizm (Accor)

Novotel ve Ibis Hotel Gaziantep

A permanent and independent construction right was registered at the deed office (deed of the real estate) on July 17, 2007 in favour of Akfen REIT covering a period of 30 years over the land of Novotel and Hotel Ibis Gaziantep, leased from the Metropolitan Municipality of Gaziantep on May 31, 2007. The area where the Hotel is located is at a walking distance to the city centre where public institutions such as City's Governor's Office, Metropolitan Municipality, Revenue Administration and so on and historical places are located in.

Surface of the Land	6.750 m²
Surface of Construction Area	18.825 m²
Number of Novotel Rooms	92
Number of Ibis Hotel Rooms	177
Date of Opening	January 2010
Operator	Tamaris Turizm (Accor)

Novotel ve Ibis Hotel Kayseri

The land of Novotel and Hotel Ibis Kayseri was leased from the Chamber of Commerce and Industry of Kayseri on November 04, 2006 for a term of 49 years. A permanent and independent construction right covering a period of 49 years was registered August 17, 2007 at the deed office with relation to this land in favour of Akfen REIT. The Hotels being located at the city centre are at a distance of 10 minutes to the airport.

Surface of the Land	11.035,4 m²
Surface of Construction Area	11.064 m²
Number of Novotel Rooms	96
Number of Ibis Hotel Rooms	160
Date of Opening	March 2010
Operator	Tamaris Turizm (Accor)

Merit Park Hotel Girne (TRNC)

The land where the Hotel Merit Park Kyrenia was allocated by the Ministry of Finance of the TRNC covering a term of 49 years. The Hotel taking place at the portfolio of the company, Akfen Gayrimenkul Ticareti ve İnşaat A.Ş., which is an affiliate of Akfen REIT, was leased to the company, Voyager Cyprus Limited Company (Voyager Kıbrıs Limited Şirketi) together with its casino for a period of 20 years through the Lease Contract, executed on May 15, 2012.

Surface of the Land	37.000 m²
Surface of Construction Area	33.387 m²
Number of Rooms	286
Date of Opening	April 2007
Operator	Voyager Kıbrıs Ltd. Şti. (Net Holding)

Ibis Hotel Samara ve Samara Office

Akfen REIT carried out two important projects in one of the major cities in Russia, Samara. The Hotel Ibis Samara and Samara Office are located on the main arterial road where the airport road is intersected, being situated 2 km away from the city centre of Samara having a population of 1.2 millions. Samara also has one of the most important petrol refineries of Russia within its boundaries.

Surface of the Land	4.804 m^2
Surface of Construction Area	11.749 m^2
Leasable Office	4.637 m^2
Number of Rooms	204
Date of Opening	March 2012
Operator (Hotel)	Russian Management Hotel Company (Accor)

Ibis Hotel Kaliningrad

The Hotel is located on the riverbank of Progolya River at a distance of 1.2 kms from the centre of the city, Kaliningrad that is an important transfer and tourism destination on the Baltic Sea shore. Its distance to the airport, however, is 20 kms.

Surface of the Land	5.099 m^2
Surface of Construction Area	6.322 m^2
Number of Rooms	167
Date of Opening	Ağustos 2013
Operator	Russian Management Hotel Company (Accor)

Ibis Hotel Yaroslavl

The 3-star Hotel Ibis Yaroslavl draws attention with its quality service, offered by it in the city of Yaroslavl, visited very often by domestic and foreign tourists. Yaroslavl taking place within the periphery of 250 kms to Moscow is a very active region both in terms of cruise tourism in the River Volga and cultural and business tourism, brought forth by international conferences.

Surface of the Land	4.432 m^2
Surface of Construction Area	7.916 m^2
Number of Rooms	177
Date of Opening	September 2011
Operator	Russian Management Hotel Company (Accor)

Ibis Hotel Moscow

The Hotel, located at the centre of Moscow, takes place just beside the sporting facilities in the region Dynamo and at a walking distance of 15 minutes to the world-renowned Tretyakov Galery, and 10 minutes to the Paveletsky Railway Station. The Hotel Ibis Moscow offers a comfortable alternative to the business and tourism-focused trips through its modern architectural design and well-illuminated rooms, equipped with a warm decoration.

Surface of the Land	2.010 m^2
Surface of Construction Area	13.250 m^2
Number of Rooms	317
Date of Opening	July 2015
Operator	Russian Management Hotel Company (Accor)

Projects

Bulvar Loft

The project, started within the structure of Akfen İnşaat, consists of 6 buildings, 822 residences and a commercial facility of 7 thousands of square meters. While the project was at a level of 35,20 of the total foreseen cost, it was assigned to the company, Akfen İnş. Tur. Tic. A.Ş.-Akfen REIT A.Ş. Joint Venture, of which 99 % share proportion is held by Akfen REIT: The residence sales made through the Income Share Model on the land, owned by İller Bankası. All of the properties in the Project has been sold in 2018 and 2019, except 4 residences. (By 31.12.2019, there were 14 resindences left; 10 residences' bills of sales weren't issued and the rest 4 residences are in stock)

Surface of Construction Area	169.703 m^2
Net Sellable Area	94.453 m^2
Number of Residence	822
Commercial Area	11.637 m^2

Overview of Akfen REIT

Financial Structure (Consolidated)

TRY	31 December 2018	31 December 2019
Total Assets	2.436.937.014	2.662.935.747
Equities	743.995.844	959.543.722
Paid-up Capital	184.000.000	184.000.000
Turnover	98.124.335	481.931.13
Cost of Sales	(13.836.974)	(321.016.259)
Real Operating (Loss)/Profit*	490.626.116	342.414.920
Period (Loss)/Profit*	102.663.405	171.314.242
Investments	148.579.084	171.840.233

TRY	31 December 2018	30 September 2019
Turnover	40.609.606	450.783.802
Cost of Sales	(6.310.205)	(315.728.338)
Real Operating (Loss)/Profit*	27.196.457	127.296.896
Period (Loss)/Profit*	(137.278.805)	51.416.791
Investments	91.243.818	171.031.925

Akfen REIT 31 December 2019 **Total Portfolio Value***	Akfen REIT 31 December 2019 **Net Assets Value***
1.805 (in million TRY)	**1.048** (in million TRY)

*** Based on the fair value of Akfen GYO's subsidiaries as of the Company assessments dated 31.12. 2019**

Turnover (in million TRY)

	31 December 2018	31 December 2019	Change (%)
	98,1	481,9	391
(*)	98,1	109,4	12

(*)Excluding Bulvar Loft Project

EBITDA (in million TRY)

	31 December 2018	31 December 2019	Change (%)
	70,7	148,5	110
(*)	76,6	93,2	22

(*)Excluding Bulvar Loft Project

2019 Regional Turnover Distribution (%)

Turkey	TRNC	Russia
88,9	6,4	4,7

2019 Regional EBİTDA Distribution (%)

Turkey	TRNC	Russia
70,4	19,6	10

2019 3. Quarter Regional Real Estate Distribution (%)

Turkey	TRNC	Russia
57	21	22

Portfolio

		Hotels	Number of Rooms	State of Owned	Land Lease Expiry Date	Investment Starting Date	Hotel Openning Date
TURKEY and TRNC	1	Ibis Hotel Zeytinburnu	228	49 years	2067	2005	March 2007
	2	Novotel Zeytinburnu	208	49 years	2067	2005	March 2007
	3	Ibis Hotel Eskişehir	108	22 years	2029	2005	April 2007
	4	Novotel Trabzon	200	49 years	2058	2006	September 2008
	5	Ibis Hotel Gaziantep	177	30 years	2038	2008	January 2010
	6	Novotel Gaziantep	92	30 years	2038	2008	January 2010
	7	Ibis Hotel Kayseri	160	49 years	2058	2008	March 2010
	8	Novotel Kayseri	96	49 years	2058	2008	March 2010
	9	Ibis Hotel Bursa	200	30 years	2040	2009	November 2010
	10	Ibis Hotel Adana	165	Owned	Owned	2011	September 2012
	11	Ibis Hotel Esenyurt	156	Owned	Owned	2011	January 2013
	12	Ibis Hotel İzmir Alsancak	140	49 years	2059	2011	September 2013
	13	Ibis Hotel Ankara Airport	147	Owned	Owned	2013	September 2014
	14	Novotel İstanbul Bosphorus	200	49 years	2058	2012	February 2016
	15	Ibis Hotel Tuzla	200	Owned	Owned	2013	April 2017
	16	Merit Park Hotel	286	49 years	2052	2004	April 2007
	17	Bulvar Loft					
		Turkey & Cyprus Total	**2.763**				
RUSSIA		**Hotels**	**Number of Rooms**	**State of Owned**	**Land Lease Expiry Date**	**Investment Starting Date**	**Hotel Opening Date**
	1	İbis Hotel Yaroslavl	177	Owned	Owned	April 2010	September 2011
	2	İbis Hotel + Ofice Samara (**)	204	Owned	Owned	July 2009	March 2012
	3	İbis Hotel Kaliningrad	167	Owned	Owned	August 2011	August 2013
	4	İbis Hotel Moscow	317	49 years	2059	September 2013	July 2015
		Russia Total	**865**				
		TOTAL	**3.628**				

** The Group has a Samara Office Project having a leasable area of 4.637 square meters in Russia in addition to its. Hotel portfolio. The office as a whole has been leased.

31.12.2019

Operational Hotels	Operational Hotel Number of Rooms	Residence	Commercial Area
20	3.628	4	4.637

Akfen in Brief

Akfen Holding exhibits a rapid growth through its correct and precise investment decisions at the sectors that bear a growth potential, and adds vision to the sectors where the Holding conducts its operation with the qualified and eligible as well as genuine projects, realized by it.

Akfen that was established in 1976 demonstrated a stable growth and gained a Holding status in 1999. Akfen being one of the leading substructure investment holdings of Turkey conducts its operations in the fields of engagement of construction, health, marine port operation, marine transportation, water distribution and wastewater services, mining, energy and real property.

The Group that reflects its innovative and dynamic approach to the fields of business exhibits a rapid growth both in Turkey and international markets through its correct and precise investment decisions at the sectors that bear a growth potential, and adds vision to the sectors where the Holding conducts its operation with the qualified and eligible as well as genuine projects, realized by it.

Leading brands in the world

The Group offers its services in the field of port management through the firm, Mersin Uluslararası Liman İşletmeciliği A.Ş., established jointly with the Company, Port of Singapore Authority International (PSA).

It keeps on maintaining its activities in the field of energy within the scope of a partnership with European Bank for Reconstruction and Development (EBRD) ve Uluslararası Finans Kurumu (IFC) and International Finance Corporation (IFC).

The Holding that started the marine transportation activities in 2011 makes its name as one of the leading marine transportation establishments not only in Turkey but internationally as well through the company, IDO Istanbul Deniz Otobüsleri Sanayi ve Ticaret A.Ş.

IBS Insurance and Reinsurance Brokerage Inc. (UIB Turkey), received its license and began operating in 1997. It formed a partnership in 2002 with UIB (United Insurance Brokers), a leading and very experienced Lloyd’s broker in London.

The Group also offers its services in the field of water and wastewater substructure investmentsthrough the company, Akfen Çevre ve Su Yatırım Yapım İşletme A.Ş. (hereinafter shall briefly be referred to as “Akfen Su”), established jointly with an international investment firm, established in Holland and titled as Kardan N.V. Furthermore, a copper mining investment project continues in Kastamonu.

Pioneer establishments in their sector

The Group takes its rank at the real estate sector through high standard projects, realized in this respect.

The Group engages in the construction sector through its company, TAV İnşaat, an affiliate of TAV Yatırım, following the assignment of Akfen İnşaat to the firm, Akfen Altyapı Holding A.Ş., in October 2015. It comes closer from day to day to achieve its target of becoming a world-renowned brand at the airport construction sector with prestigious projects, undertaken by it.

Akfen Holding realizes important investments in order to make contribution to meeting energy demand of Turkey increasing from day to day. The Holding aims to take place actively in the wholesale field in addition to the production with the investment decisions, made up-to-date at the energy sector. The holding has gathered its entire investments at renewable energy sector in 2016 under a single roof, called as "Akfen Yenilenebilir Enerji (Renewable Energy)". In July 2016, a partnership contract was executed with EBRD and IFC in order to enable them to have a partnership proportion of 16,67 per cent each at the company. Akfen holding owns 80,01 % of Akfen Yenilenebilir Enerji as of December 31, 2017, and the rest of the shares are under the possession of EBRD and IFC at equal proportions.

The Group has been conducting its activities through its member company, Akfen Su, established in order to develop franchising projects at water and wastewater sector in Turkey since 2005 in the field of water distribution. The mission of Akfen Su is to regain substantial economical losses that occur at the available water and substructure sector of Turkey before all else, and ensure the people ain continuous, reliable and healthy water and substructure service. The Company aims to develop new technologies and ensure the sustainability of this circumstance and gain power at international markets through these technologies. Akfen Su that carries its expertise and experience available within the field of water and wastewater field into the disposal of solid wastes and environmental management services successfully continues to maintain the services, provided within the scope of a Waste and Environmental Management contract, signed up with IDO for the first time in 2012, by the addition of three public private sector partnership hospital projects and MIP into its portfolio in 2016.

IBS Insurance has four offices in İstanbul, Ankara, Mersin and İzmir. The third largest insurance broker in Turkey.

Akfen keeps on its rise through successful strategic partnerships, set up with the pioneer companies of the national and international sector since its establishment. Akfen Holding that has been one of the example groups of Turkey through its management structuring, human resources potential and transparent policy, maintained without any concession will continue to grow and increase the values of Turkey.

Akfen keeps on rising through successful strategic partnerships, made with the pioneer companies of the sector.

In August 2018, Akfen Altyapı Holding A.Ş. took over 99.36% of Akfen Holding's shares. Thus, Akfen Holding became a subsidiary of Akfen Altyapı Holding A.Ş., the shares of which are equally owned by Selim Akın and Pelin Akın Özalp.

Akfen Infrastructure Holding in brief

Akfen Altyapı Holding A.Ş. (Akfen Infrastructure Holding) was established in 2008 to provide infrastructure investment services. With its operations in construction, energy and real estate, Akfen Infrastructure Holding is one of the leading companies in Turkey.

Following the transfer of Akfen Construction to Akfen Infrastructure Holding in 2015, the company had the opportunity to build on its experience in construction and infrastructure with large-scale real estate projects, public hospitals built under PPP projects, dormitories and Hotels.

In addition to Akfen Construction, Akfen Infrastructure Holding boasts a number of other companies under its roof, some of which are Akfen Tourism, Akfen Merter, Akfen Consultancy and Project Development, Akfen Real Estate Portfolio Management, Masanda Tourism, Travelex and Tepe Akfen Reformer.

Akfen REIT in brief

Akfen REIT was established in 2006 through a change in trade registry name and a restructuring of Aksel Turizm Yatırımları ve İşletmecilik A.Ş., which was founded on June 25, 1997, into a real estate investment trust. Leveraging the deep-rooted experience and know-how of Akfen Holding, Akfen REIT plays a pioneering role in the sector by utilizing its experience in the development and construction of middle-market Hotel projects for delivering distinguished budget urban Hotels. The company focuses mainly on investing in real estate-based capital market instruments and creating and developing a strong real estate portfolio.

Successful business model in collaboration with a leading European company

Akfen REIT delivers urban Hotel projects under Ibis Hotel and Novotel brands in Turkey and Russia through a strategic cooperation with Accor SA, Europe’s largest international Hotel operator chain. Leasing its newly constructed Hotels to its strategic partner Accor through longterm contracts, the company generates steady and predictable lease income with its business model.

A portfolio of 20 Hotels in 10 years

Aiming to achieve world-class standards in its urban Hotels, Akfen REIT has reached a portfolio of 20 Hotels with three- and four-star venues in the 10 years since its inception. The company's portfolio includes Ibis and Novotel in Zeytinburnu, the five-star Novotel in Karaköy, 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 Izmir, Ibis in Tuzla, Ibis in Yaroslavl, Russia, Ibis in Samara, Russia, Ibis in Kaliningrad, Russia, Ibis in Moscow, Russia, and the five-star Merit Park Hotel in the Turkish Republic of Northern Cyprus. The company also owns an office building in Samara with a functional area of 4,637 m2.

December 2019, the average occupancy rate of Akfen REIT's Hotels operated by Accor was 66,8 percent. The Company's rental income increased by 12 percent in 2019 compared to the previous year and reached 109.4 million TL. Achieving a significant year-over-year increase, the Hotel operations in TRNC and Russia accounted for 28 percent and 21 percent, respectively, of the Company's lease income in 2019.

Developing unique and modern examples of the urban Hotel concept, Akfen REIT considers the dynamics of the Turkish business world as well as the demand in the domestic tourism sector in its investment decisions. As one of the leading REITs in Turkey in terms of net asset value, Akfen REIT has consolidated its reputation with world-class real estate development projects. Akfen REIT was offered to the public and listed on the BIST stock exchange on May 11, 2011 and is traded under the ticker "AKFGY." As of December 31, 2019, Akfen REIT purchased 6,233,384 shares of Akfen REIT worth 3,39% of the company's total equity within the framework of the "Share Buyback Program" as decided during the Ordinary General Assembly Meeting of Akfen REIT on April 16, 2019

Hosted millions of guests

To date, the Hotels in Turkey and Russia have welcomed approximately 9 million guests in total. As of December 2019, the average occupancy rate of all Hotels in Russia and Turkey was 66,8%. In 2019, The company's Turkey lease income 2019 year compared to the previous year by 24% increase to 56 million TL and 12% decrease to 22 million in Russia, the total rental income, including Samara Office and Merit Park Otel by 12% increase and reached to 109,4 million TL. In 2019, the total lease income derived from Turkey by 52%, Russia by 20% and TRNC by 28%.

In 2019, Turkey, Russia and TRNC accounted for 52%, 20% and 28% of company's total lease revenues from these three countries. Offering unique and modern urban Hotels, Akfen REIT considers the dynamics of the Turkish business world as well as the demand in the domestic tourism sector in its investment decisions. As one of the leading REITs in Turkey in terms of net asset value, Akfen REIT has consolidated its reputation with world-class real estate development projects. In addition, 372.5 million TL was collected from the Bulvar Loft project sales, and the total revenue of 2019 reached 481.9 million TL.

Akfen REIT is registered at the Istanbul Chamber of Commerce under the registration no. 372279 and conducts its operations at its head office, located at Levent Loft Büyükdere Cad. No: 201 C Blok Kat: 8 34394, Levent/Istanbul. For detailed information about the Company, visit Akfen REIT's official website at www.akfengyo.com.tr.

Milestones of Akfen REIT

Akfen REIT keeps on making its progress through firm steps since the date of its establishment through the investment decisions, made on the precise time and correct point.

2005

- A cooperation was established between Akfen Holding and Accor S.A.

2006

- Aksel Turizm Yatırımları A.Ş. was converted into Akfen REIT upon approval of the Capital Market Committee.

2007

- Hotel Novotel Istanbul having a capacity of 208 rooms and Hotel Ibis Istanbul, however, 228 rooms were put into operation.
- Hotel Ibis Eskişehir having a capacity of 108 rooms was put into operation.
- Hotel Merit Park having a capacity of 286 rooms was put into operation in Kyrenia of TRNC.

2008

- Hotel Novotel Trabzon having a capacity of 200 rooms was put into operation.
-

2010

- Hotel Novotel Gaziantep having a capacity of 92 rooms and Hotel Ibis Gaziantep with 177 rooms were put into operation.
- Hotel Novotel Kayseri having a capacity of 96 rooms and Hotel Ibis Kayseri, however, 160 rooms were put into operation.
- Hotel Ibis Bursa with a room capacity of 200 was put into operation.
- The capital of the Company was raised from TRY 72 millions up to TRY 138 millions.

2011

- The Company raised its paid-up capital from TRY 138.000.000 up to TRY 184.000.000 through the public offering, effectuated in May 2011.
- The Company raised its share at the joint ventures in Russia from 50 % up to 95 %.
- The Hotel Ibis in Yaroslavl bearing a room capacity of 177 was put into operation

2012

- Hotel Ibis Samara having a capacity of 204 rooms was put into operation.
- Hotel Ibis Adana having a capacity of 165 rooms was put into operation
- The Hotel taking place at the portfolio of the company, Akfen Gayrimenkul Ticareti ve İnşaat A.Ş., which is an affiliate of Akfen REIT, was leased to the company, Voyager Cyprus Limited Company (Voyager Kıbrıs Limited Şirketi) together with its casino for a period of 20 years through the Lease Contract.

2013

- Hotel Ibis Esenyurt having a capacity of 156 rooms was put into operation.
- Hotel Ibis Alsancak having a capacity of 140 rooms was put into operation.
- Hotel Ibis Kaliningrad having a capacity of 167 rooms was put into operation

2014

- Hotel Ibis Ankara Airport having a capacity of 147 rooms was put into operation

2015

- Hotel Ibis Moscow having a capacity of 317 rooms was put into operation.

2016

- Hotel Novotel Istanbul Bosphorus Karaköy having a capacity of 200 rooms was put into operation.

2017

- Hotel Ibis Tuzla having a capacity of 200 rooms was put into operation.
- Akfen İnşaat Turizm ve Ticaret A.Ş. and Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. Ordinary Partnership (hereinafter shall briefly be referred to as "Ordinary Partnership") was established on November 10, 2017.
- A contract pertaining to the assignment of the Boulevard Soft Contract was signed up by and between Akfen İnşaat Turizm ve Ticaret A.Ş. and Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. Ordinary Partnership as of November 10, 2017 as was agreed upon with İller Bankası within the framework of the approval of İller Bankası.

2018

- The commitment of construction to İlbank is realized in December 2018 and sales of all of the divisions of the Project is completed in 17th of January.
- The Issuance of Bond Convertible into Share was realized on January 17, 2018 for the first time in Turkey by a listed corporation referring to a value of TRY 170.000.000.

2019

- Bulvar Loft project's bulk sale is completed.
- Under the scope of the "Buy-back program, capital ratio of the total share purchase had reached the level of 3,39%

Vision and Mission

Mission

To become the leading Hotel investor in Turkey and in the region having the Hotel projects that are built and managed according to world-class standards.

Vision

To achieve steady balance sheet growth through the development of projects that yield high profitability in the real estate sector and to reward shareholders with an uninterrupted stream of increased dividends and capital gains.

Strategy

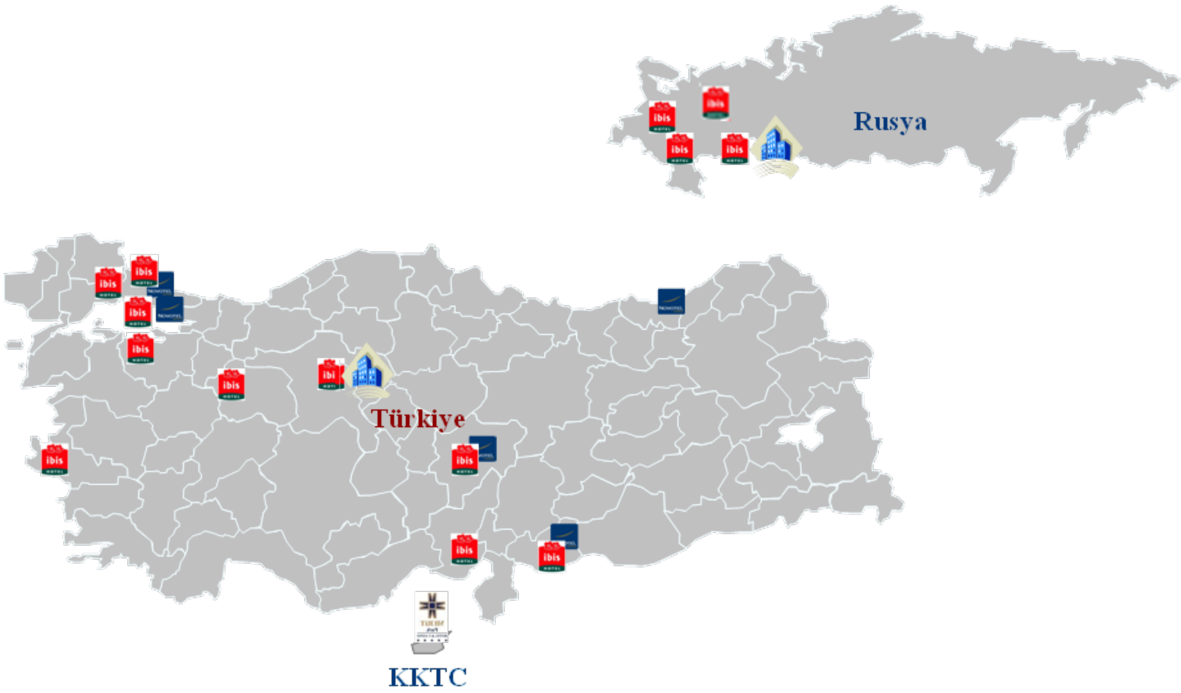
Akfen REIT has the best position for a sustainable growth in the city Hotel management field, and has specialized in city Hotel investments meeting the world-class standards.

- Strategic partnership with «Accor», Europe's largest and among the world's leading Hotel groups
- Investments in economical city Hotels,
- Predictable and sustainable cash flow via long-term lease agreements,
- Increasing rental income based on the performance of the Hotels,
- Know-how acquired through specialization in a single concept,
- Ability to work with minimal staff since Accor employs the Hotel personnel

Akfen REIT

- Genuine business model
- Minimum operation risk
- Low-risk predictable cash flow
- Limitless and rapid growth opportunity
- Know-how acquired through specialization in a single concept,
- Ability to work with minimal staff since Accor employs the Hotel personnel

Portfolio Location Map



Financial and Operational Indicators

Consolidated rental revenue

(in million TRY)

2018	2019	Change
98,1	109,4	%12

Akfen REIT consolidated rental revenues have reached TRL 109,4 million, by an increase of 12% in 2019.

TRY	2017	2018	2019
Total Assets	1.757.758.114	2.436.937.014	2.662.935.747
Equities	607.819.213	743.995.844	959.543.722
Issued Capital	184.000.000	184.000.000	184.000.000
Revenue	63.539.265	98.124.335	481.931.135
Sale Costs	(9.588.722)	(13.836.974)	(321.016.259)
Real Operating Profit/Loss*	256.829.469	490.626.116	342.414.920
Profit	38.654.953	102.663.405	171.314.242
Investments	10.086.861	148.579.084	171.840.233

* The fixed assets value increase profits/losses are included in the main operating profit.

Operations

REIT Industry

The real estate investment trust (REIT) sector in Turkey was put into practice in 1995 together with legal arrangements, completed by the Capital Market Committee. The real estate investment trusts started to be traded at the stock exchanged as of the year of 1997.

The real estate investment trust companies invest in the real properties bearing a high earning potential, projects that are based on real estate, rights pursuant to the real estate and capital market instruments within the scope of the Capital Market Law and aim to get a predictable and regular rental income and real estate purchase-sales earning out of the immovable properties that they may add in their portfolios through these investments.

The real estate investment trust companies provide the real estate projects where the companies may face difficulty in finding finance, with financial support along with their main fields of engagements. Thus, the finance problem, faced by the companies aiming to make investment, is relieved to a greater extent by the intervention of the REIT (real estate investment trust) in the matter.

Another circumstance at the real estate investments is the fact that the company comes face to face with an equity cost even if it has sufficient finance. Under such circumstances, however, the solution, proposed by REITs is the mode of use of the money due to be collected from the people in return to the shares of real estate investment trust in the finance of the said project.

While no serious changes have been witnessed during the period 2000-2004 in the sector in terms of the number of companies, the entries into the sector started to increase after the year 2004 due to the recovery of construction sector by economic recoveries, changes in the legislation and intense capital entry. The number of companies which was 11 in the year 2009, increased to 21 in 2010, due to the changes made in the legislation, primarily by decreasing the rate of going public from 49% to 25%. The number of companies increased to 30 during the consequent 3 years.

Nowadays the portfolio of the Real Estate Investment Companies is mostly composed of real estates (houses, offices, shopping malls and hotels).There are 33 companies in the sector which reached to TL 82 billion in 2018 by an increase of assets by 19%. The Real Estate Investment Companies are operating in the market with considerable discounts since years and as per the end of the year 2018, their total market value was TL 18,4 billion which became TL 27,8 billion by the end of the year 2019.

Real Estate Sector

Real estate sector which is the dynamo of Turkey's economy has been affected by the economic fluctuations which are occurring in our country since last few years in terms of currencies and interests. Depending on this period, the continuous improvement trends which are witnessed in the macroeconomic data such as inflation and current account deficit have been reflecting positively on real estate sector. Latest interest steps taken by the Central Bank of the Republic of Turkey (CBRT) causing the policy interest to decrease the housing interests, resulted in an increase in the recovery both for the consumers and the manufacturers. In the year 2018, housing sales were 1 million 375 thousand 400. In the year 2019, housing sales had decreased by 1,95% and occurred as 1 million 348 thousand 729. While the authorities of the sector declare that the graphic of real estate will be high in the coming years, the index of the January 2020 proved these declarations. Housing sales throughout Turkey increased by 55,8% in January compared to the same month of the previous year and occurred as 113 thousand 615. House sales by mortgage, increasing by 546,1% January compared to the same month of the previous year throughout Turkey, occurred as 42 thousand 237 and showed obviously that the consumers are not more inclined to purchase on credit. Apart the sales for local market, Turkey proving a success on selling houses to the foreigners by an increase each year, reached to 45 thousand 483 following an increase of 14,7% in 2019, compared to previous year. Istanbul is placed on the first rank in terms of house sales to the foreigners in 2019, with 20 thousand 857 houses, followed by Antalya with 8 thousand 951 houses. Ankara followed Antalya with 2 thousand 539 houses sales and is followed by Bursa with 2 thousand 213 houses sales. Along with the expected economic recovery in Turkey, it is expected that a new record will be held in 2020 in this sector by the increase of house sales.

Hotel and Accommodation Sector

As it is the case all around the world, tourism industry maintains its position to be an industry which proves continuous development in Turkey too. When the data of the Ministry of Tourism are analyzed, it is observed which points Turkey reached in tourism sector during the last quarter-century.

While the number of visitors who were coming to the country, in the nineties when the tourism industry started was 4,4 million, this number exceeded 10 million in the years 2000. During the years 2010's the country was occupying a considerable position in the world market and reached a number of 30 million. Turkey became in 2019, by being a safe and a popular tourism country and by attracting 52 million tourists, the sixth most visited country of the world. The number of tourists who came to Turkey in 2019, increased by 13,7 per cent, compared to previous year and reached to 51 million 860 thousand 42 tourist. On the other hand, Turkey increasing its tourism incomes rapidly, earned a revenue of USD 34 billion, 520 million 332 thousand in 2019, with an increase of 17,0% compared to previous year. The revenue of this year is composed of personal expenses of USD 25 billion 355 million 577 thousand and of package tour expenses of USD 9 billion 164 million 755. Turkey which was known as sea-beach-sun destination since years, has started to attract considerable number of tourists by the studies that are conducted on its rich history.

While 2018 was announced to the year of Troy, 2019 was announced as the year of Göbeklitepe. By this application, a considerable tourist rush is witnessed in the relating regions and the number of visitors has considerably increased. Besides choosing Göbeklitepe which is covering a history of 12 thousand years, as the theme of the year 2019, studies performed one after another in Göbeklitepe contributed hugely in this tourism motion. Patara ancient city is chosen as the tourism theme of the year 2020. Tourism authorities expect that Turkey which has succeeded to re-create a popular and a safe country image will increase the number of visitors in the coming years and will increase considerably its tourism revenues. Tourism management of Turkey, on the other hand, is continuing its works by bringing to the fore the riches of our country to diversify the "Holiday afflux in Turkey".

Subsequent Events as of September 30, 2019

January 17, 2019 - Sale of Bulvar Loft Project

Regarding the Contract for Revenue Sharing in Return for Sale of the 36.947 m2 Land in Block 120573 Plot 1, Ankara Province, Gölbaşı District, Kızılcaşar Neighborhood ("Bulvar Loft Contract") belonging to Ilbank, which shall be carried out by the Ordinary Partnership between Akfen Construction and Akfen REIT (Akfen REIT 99% – Akfen Construction 1%),

- An application was filed with Ilbank for the Provisional Approval of the Project on 07.12.2018,

- Owing to the problems associated with the recession in the real estate sector, the bulk sale of the independent sections that belong to Ilbank within the Bulvar Loft project managed by the Ordinary Partnership was approved on January 10, 2019.

As a result of the sale transaction approved by Ilbank, the Ordinary Partnership, where Akfen REIT holds a 99% share;

-was relieved of its obligation to make a payment to Ilbank from Minimum Bank Share Total Revenue in Return for Land Sale under the scope of Bulvar Loft Contract.

January 30, 2019 - Ratification of Bulvar Loft Project Provisional Approval

The provisional approval application mentioned in our disclosure dated 17.01.2019 regarding the Bulvar Loft Project was ratified by Ilbank on 29.01.2019 (as of 07.12.2018).

30 January 2019 - About Valution Company Selection

According to Article 35 of the Communiqué on Principles Regarding Real Estate Investment Trusts Series III-48.1 of the Capital Market Board dated 30.01.2019, the Board of Directors of Adım Gayrimenkul ve Değerleme A.Ş and also the portfolio will be taken in 2019 and the valuation service will be provided for the assets that will require valuation. Adım Gayrimenkul ve Değerleme A.Ş. and TSKB Gayrimenkul Değerleme A.Ş. as unanimous decision.

26 March 2019 - About 2018 Annual Ordinary General Assembly Meeting Call.

Shareholders' Ordinary General Meeting of Shareholders The meeting was held on Thursday, 16.04.2019 at 14:00 at Levent Loft Building, Büyükdere Street, No: 201 C Block Floor: 8 Levent İstanbul.

March 29, 2019 - 2018 Ordinary General Assembly Meeting Dividend Distribution

In accordance with the Board of Directors resolution dated 13.03.2019 and numbered 2019/4 and in line with our Public Disclosure Platform announcement dated 26.03.2019, there was no distributable profit for the year 2018, and the right exercise procedures were regulated accordingly.

April 16, 2019 – Disclosure on General Assembly Procedures

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ's (Akfen REIT) Ordinary General Assembly Meeting for the year 2018 was held on 16.04.2019 at 14:00 in the Headquarters at the address Levent Loft Binası, Büyükdere Caddesi, No: 201 C Blok Kat: 8 Levent İstanbul, under the supervision of Hatun Kostak, the Ministry Representative appointed by the official letter numbered 43545342 and dated 15.04.2019 from Istanbul Governor's Office Provincial Directorate of Commerce.

As per Turkish Commercial Code Article 414, the call for the said meeting, required to be organized in accordance with Turkish Commercial Code and the Company's Articles of Association, was published on Turkish Trade Registry Gazette dated March 21, 2019 and numbered 9792, the website of the Company, on the Public Disclosure Platform, as well as Central Registry Agency's Electronic General Assembly System, within the required deadline.

The analysis of the List of Attendants showed that, of the Company's total capital of TL 184.000.000.-, 1000 Class A shares corresponding to TL 1.000.- shares, 1000 Class C shares corresponding to TL 1.000.- shares and 1000 Class D shares corresponding to TL 1.000.- shares were represented at the meeting; while, of the 139.452.823 Class B shares corresponding to TL 139.452.823.-, 230.011 were represented in person and 139.222.812 were represented in proxy, and that the minimum meeting quora as required by the legislation and Articles of Association was thus met.

Sıla Cılız İnanç, Board Member of the Company, and Seda Akkuş Tecer representing Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Ernst and Young) were present at the meeting. The Ordinary General Assembly Meeting was inaugurated by Sıla Cılız İnanç, as Board Member authorized by the Chairman, simultaneously in the physical and electronic environments, and the agenda items were duly discussed.

The agenda items were read out loud by Board Member Sıla Cılız İnanç and since there was no suggestion for revising the order of the agenda items, the discussion of these items continued in the order announced.

The resolutions of the Ordinary General Assembly Agenda were adopted unanimously, as stated in the attached meeting minutes.

April 16, 2019 – Disclosure on Dividend Distribution Procedures

Since the Dividend Distribution Statement presented to our Distinguished Shareholders at the Company Headquarters, Company web site, Turkish Trade Registry Gazette, and CRA's Electronic General Assembly portal within the statutory period, and the financial statements for the accounting period 01.01.2018 - 31.12.2018 drafted as per Capital Markets Board's ("CMB") Communiqué II-14.1 in accordance with Turkish Accounting and Financial Reporting Standards issued by the Public Oversight, Accounting and Auditing Standards Agency, and audited by Güney Bağımsız Denetim ve SMMM A.Ş. show no distributable profit according to the legislation, it was proposed that no profit distribution be carried out, the matter was discussed, and the participants agreed unanimously that no dividend be distributed.

April 17, 2019 – Authority to Represent and Bind

It has been decided that the Company's Chairman and Executive Director Hamdi AKIN and Vice Chairman İbrahim Süha GÜÇSAV will be appointed for a one (1) year term regardless of their previous periods in office,

that the Company's Class A authorized signatories will be designated as Chairman / Executive Director Hamdi Akın, Board Members Pelin Akın Özalp and Selim Akın, and that any two of them jointly will have the authority to represent and bind the Company on any issue and without any limitation.

May 29th, 2019 Zeytinburnu, Plot Allocation

The deed about the extention of allocation period for the public land which was allocated to our Company on which rises our Zeytinburnu Novotel and Ibis Hotels for 49 years has come into force.

August 6, 2019 Buyback Announcement

It is announced that, as approved in the General Assembly dated 16 April 2019, from 9th August 2019 until 31st December 2019 our Company is planning to implement the Buyback Program, according to the related CMB regulations, in which 14.182.000 shares will not be exceeded. By 30 September 2019, 2.015.384 number of shares were bought back.

Development after 2019

At the meeting of our January 23, 2020 Appraisal Company Board of Administrators resolved unanimously during the meeting which was held on the date of 30.01.2020, pursuant to the article 35 of the Communiqué on the Principles concerning Real Estate Investment Companies with number 48.1, serial III of the Stock Exchange Board, that the appraisal company to be assigned for the appraisal service of our portfolio hotels is Adım Gayrimenkul ve Değerleme A.Ş. and furthermore has resolved that Adım Gayrimenkul ve Değerleme A.Ş. and EVA Gayrimenkul Değerleme Danışmanlık A.Ş. are to be assigned to provide appraisal services for the assets which will be purchased for our portfolio during the year 2020.

Evaluation of Activities in 2019

Financial Assessment of Management

Akfen REIT that is managed by a professional and expert staff both in financial and operational field continued to protect its financial performance in 2019 as well, and grow or expand successful projects, realized by it. Completion of the Bulvar Loft project also contributed to the profitability of the Company.

- The consolidated rental income has risen by a proportion of 391% comparing to prior year and realized in amount of TRY 481,9 millions. (Except the Bulvar Loft Projects, it has been 109,4 million with 12% increase)
- The consolidated EBITDA has risen by a proportion of 110% comparing to prior year and realized in amount of TRY 148,5 millions. (Except the Bulvar Loft Projects, it has been 93,2 million with 22% increase)
- The consolidated debt was realized as TRY 1.338 millions.
- As of December 31, 2019, the net asset value was realized TRY 1.048,1 millions.
- Cost of consolidated sales is 321 million TL (Bulvar Loft project is not included) in 2019.
- Consolidated general and administrative expenses are realized as TRY 9,3 millions. Net interest payments are realized as TRY 111 millions.

Operational Performance

- For the hotels' in Company's portfolio, average occupancy rate of hotels operating in Turkey 69%, average occupancy rate of hotels operating in Russia 60% as of December 31, 2019. All hotels' average occupancy rate is 66,8%, increased by 1.4% compared to the previous year.
- As of December 31, 2019, the average room rate is 36 Euro for hotels operating in Turkey, the average room rate is 41 Euro for hotels operating in Russia. For all Hotels average room rate is 37 Euro.
- Consolidated rental income increased by 12% compared to 2018 and reached 109.4 million TL.

Key Financial Indicators as of 31 December 2019

(million TRY)	Revenue	EBITDA	Net Debt
Turkey	428,6	104,5	907,3
TRNC	30,8	29,2	85
Russia	22,5	14,8	345,5
Consolidated	481,9	148,5	1.337,8

Number of Employees	2018	2019	Change (%)

Turkey	10	10	-
Russia	11	11	-
Consolidated	21	21	-

Rental Revenue (million TRY)	2018	2019	Change (%)
Turkey	115	142	24
TRNC	18,3	23,1	26
Russia	21,0	16,6	-21
Consolidated	**74,1**	**450,8**	**509**

Total Revenue Per Room (TRY)	2018	2019	Change (%)
Turkey - Total Ibis	115	142	24
Turkey - Total Novotel	270	331	23
Turkey - Total Ibis&Novotel	165	333	23
Russia - Total Ibis	217	222	3
Turkey &Russia - Total Ibis&Novotel	**178**	**208**	**17**

Average Room Rate (Excluding VAT) (TRY)	2018	2019	Change (%)
Turkey - Total Ibis	142	167	17
Turkey - Total Novotel	291	343	18
Turkey - Total Ibis&Novotel	192	226	18
Russia - Total Ibis	255	262	3
Turkey &Russia - Total Ibis&Novotel	**207**	**234**	**13**

Occupancy Rate (%)	2018	2019	Change (%)
Turkey - Total Ibis	65,1	67,5	2,4
Turkey - Total Novotel	69,0	71,9	2,9
Turkey - Total Ibis&Novotel	**66,4**	**68,9**	**2,6**
Russia - Total Ibis	62,8	60,5	2,3
Turkey &Russia - Total Ibis&Novotel	**65,4**	**66,8**	**1,3**

Rental Revenue (in million TRL)	2018	2019	Change (%)
Turkey - Total Ibis	18,3	23,1	26
Turkey - Total Novotel	26,5	33	24
Turkey - Total Ibis&Novotel	44,9	56,1	25
Russia - Total Ibis	22,8	18,9	-17
Turkey &Russia - Total Ibis&Novotel	**67,7**	**75,1**	**11**
Grand Total*	**98,1**	**109,4**	**12**

* Rental incomes of TRNC Merit Park Hotel and Samara Office are included

Investment Properties (in million TRY)	31 Dec. 18	31 Dec. 19	Change (%)
Operational investment real estates	2.046	2.364	16
Rentals Land	50	51	0,02
Total	**2.096**	**2.415**	**16**

On-going and operational investment real estates (in million TRY)	31 Dec. 18	31 Dec. 19	Change (%)
Turkey	1.139	1.360	19
TRNC	404	491	22
Russia	503	513	2
Consolidated	**2.046**	**2.364**	**16**

Receivables and Debts from/to the Related Parties

Commercial receivables from related parties	31 December 18	31 December 19
Akfen Holding A.Ş.	-	538.950

Commercial Debts to the Related Parties	31 December 18	31 December 19
Akfen İnşaat	45.031.689	19.484.334
Total		

Other Debts to the Related Parties	31 December 18	31December19
Akfen Holding A.Ş.	7.438.777	-
Akfen İnşaat Turizm ve Ticaret A.Ş.	490.683	-
Total	**7.929.460**	-

Transaction with related parties

Sales and Marketing Expenses	31 December 18	31 December 19
Akfen İnsaat Turizm ve Ticaret A.Ş.	5.227.821	-

Incomplete housing payments (Bulvar Loft)	31 December 18	31 December 19
Akfen İnsaat Turizm ve Ticaret A.Ş.	96.831.504	-

Rental expense	31 Aralık 2018	31 December 19
Hamdi Akın	202.052	263.445

Investment Property

The total value of the investment properties taking place in our portfolio was realized as TRY 1.05 billions in 2019.

Portfolio Table (in million TRY)	2018	2019
Operational Hotels		
Novotel Ibis Hotel Zeytinburnu	221	268
Novotel Trabzon	149	143
Novotel Ibis Hotel Gaziantep	58	74
Ibis Hotel Esenyurt	60	69
Novotel Ibis Hotel Kayseri	51	65
Ibis Hotel Bursa	45	48
Ibis Hotel İzmir	52	63
Ibis Hotel Adana	56	60
Ibis Hotel Ankara Airport	61	81
Ibis Hotel Eskişehir	13	13
Ibis Hotel Tuzla	88	85
Project with ongoing investments		
Bulvar Loft	147	2
Subsidiaries	**607**	**809**
Money & Capital Market Instruments	1	25
Total Portfolio Value	1.608	1.825
Other Assets & Receivables	137	147
Debts	929	904
Net Asset Value	**817**	**1048**

Real Estate Valuation Report Result

Novotel Ibis Hotel Zeytinburnu

Cost in the operation of the aforementioned valuation approach and income approach to valuation was carried out using the method. Assessments made by foreign currency buying rate in TRY, TRY is in foreign currencies based on sales dry return. In building cost value cost approach, the technical characteristics, materials used in buildings in the same property constructed buildings on the market, construction costs and the costs calculated based on past experience in mind is taken into account.

In buildings-depreciation, valuation based on the experience of the building's physical condition was appreciated considering the visible. Hotel as a property immovable, revenue-generating skilled subject evaluated whether ownership of valuation uses the income approach. As for the data that is used in the income approach the region similar to real estate market research. According to the rental agreement ownership of income approach available revenues and potentially can get cash flow in the market, considering that easily accommodates two separate.

The Hotel in question, are also available to hire for management and operation agreement with Accor Group has been hired. In this respect, the contract with guaranteed rental income with a lower risk premium for reduction of ownership by making value were calculated. Another way is, according to the market research you can get according to the potential net cash flow of the Hotel reviews. In this context, ownership of appreciated according to the income approach to value; According to the rental agreement which guaranteed rental income calculated according to the net cash flows of the business's potential demotion was appreciated by taking the average of the two values.

Topics in similar investigation in the market of real estates income-generating property is evaluated. In this regard the report as a result, the value of the income approach calculated marketvalue report was appreciated as the return value (268.400.000.-TRY/ 40.355.000.-€).

Novotel Trabzon

The formation of style of ownership, location, infrastructure and transportation facilities, the street and the front to the street, area and location of the building construction order, system, age, quality of workmanship and materials, installation status, air – light – the value of factors such as the status of the landscape taken into consideration and all the features that might be in the detailed market research. Cost in the operation of the aforementioned valuation approach and income approach method has reduced cash flow using the method of valuation. Assessments made by foreign currency buying rate in TRY, TRY is in foreign currencies from sales return rate. Depending on the value that was appreciated in the following manner.

Hotel as a property immovable, revenue-generating skilled subject evaluated whether wnership of valuation uses the income approach. As for the data that is used in the income approach the region similar to real estate market research. According to the rental agreement ownership of income approach available revenues and potentially can get cash flow in the market, considering that easily accommodates two separate.

The Hotel in question, are also available to hire for management and operation agreement with Accor Group has been hired. In this respect, the contract with guaranteed rental income with a lower risk premium for reduction of ownership by making value were calculated. Another way is, according to the market research you can get according to the potential net cash flow of the Hotel evaluations have been conducted.

In this context, ownership of appreciated according to the income approach to value; According to the rental agreement which guaranteed rental income calculated according to the net cash flows of the business's potential demotion was appreciated by taking the average of two values.

Topics in similar investigation in the market of real estates income-generating property is evaluated. In this regard the report as a result, the value of the income approach calculated market value report was appreciated as the return value (142.980.000.-TRY / 21.500.000.-€).

Novotel Ibis Hotel Gaziantep

In this appraisal study, the valuation method is used to determine the cost method and income approach method. In the evaluations made, the foreign exchange rate of return to TRY and the Exchange rate of TRY to foreign currencies are taken as basis.

The property valued in the market approach was compared with the sales of similar properties in the market. In the examinations made in the market, similar properties have been reached with the subject property and concrete data has been reached. In the cost approach, building cost value is evaluated with cost approach by considering the technical characteristics of the buildings, the materials used in the buildings, the construction costs of the buildings constructed with the same characteristics in the market and the costs calculated based on our past experiences. The depreciation rate of buildings was appreciated by taking into account the visible physical condition of the building based on the experience of the appraiser.

The Hotel subject property is evaluated as a property that brings income and the income approach is used in the appraisal of the property. For the data used in the revenue approach, market research for similar properties in the region was conducted. Revenue approach is made in two different ways by taking into consideration the income obtained according to the present lease and the cash flow that can be obtained in the market. The Hotel was leased to the Accor Group with the rental agreement to be operated. In this respect, the value of the real property has been calculated by discounting the rental income guaranteed by the contract with a lower risk premium. In another way, according to the market research, an assessment was made according to the potential net cash flows that the Hotel could obtain.

In this context, the appraised value of the real estate according to the income approach; The average of the two values calculated based on the rental income guaranteed by the lease and calculated by discounting the net cash flows of the entity has been appreciated. The value of real estate is based on performance and the value calculated according to the income approach from two different methods reflects the value of the real estate.

Accordingly, the market value calculated by the revenue approach is appreciated as the result of the Report (73.592.500.-TRY / 11.065.000.-€)

Novotel Ibis Hotel Kayseri

The formation of style of ownership, location, infrastructure and transportation facilities, the street and the front to the street, area and location of the building construction order, system, age, quality of workmanship and materials, installation status, air – light – the value of factors such as the status of the landscape taken into consideration and all the features that might be in the detailed market research. Depending on the value that was appreciated in the following manner.

Market approach valuation of property made, compared with the market performed similar property sales. Similar precedent in the market interested in the subject in the investigation reached concrete data real estate edifice. If the building cost value cost approach in cost approach to buildings with the technical characteristics, materials used in buildings in the same property constructed buildings on the market, construction costs, and based on past experience with the calculated costs have been assessed taking into consideration. In buildings-depreciation, Akfen REIT Annual Report 2018 45 valuation based on the experience of the building's physical condition was appreciated considering the visible.

Hotel was considered a skilled real estate revenue is the issue of ownership of property valuation uses the income approach. As for the data that is used in the income approach the region similar to real estate market research. According to the rental agreement ownership of income approach available revenues and potentially you can get in the market considering two separate cash flow. The Hotel in question, are also available to hire for management and operation agreement with Accor Group has been hired. In this respect, the contract with guaranteed rental income with a lower risk premium for reduction of ownership by making value were calculated. Another way is, according to the market research you can get according to the potential net cash flow of the Hotel reviews.

In this context, ownership of appreciated according to the income approach to value; According to the rental agreement which guaranteed rental income calculated according to the net cash flows of the business's potential demotion was appreciated by taking the average of the two values. The value of real estate performance in income-generating property, depending on whether you come from two different methods are used depending on the value of the calculated value of ownership approach better reflects the blood concluded. In this regard the report as a result, the value of the income approach calculated market value was appreciated (64.715.000.- TRY / 9.730.000.-€)

Ibis Hotel Adana

The formation of style of ownership, location, infrastructure and transportation facilities, the street and the front to the street, area and location of the building construction order, system, age, quality of workmanship and materials, installation status, air – light – the value of factors such as the status of the landscape taken into consideration and all the features that might be in the detailed market research. Cost in the operation of the aforementioned valuation approach and income approach method has reduced cash flow using the method of valuation. Assessments made by foreign currency buying rate in TRY, TRY is in foreign currencies from sales return rate. Depending on the value of in the following manner was appreciated.

Market approach valuation of property made, compared with the market performed similar property sales. Similar precedent in the market interested in the subject in the investigation reached concrete data the immovable, edifice. If the building cost value cost approach in cost approach to buildings with the technical characteristics, materials used in buildings in the same property constructed buildings on the market, construction costs, and based on past experience with the calculated costs have been assessed taking into consideration. In buildings-depreciation, valuation based on the experience of the building's physical condition was appreciated considering the visible.

The income approach is subject in no.lu independent part 1 of immovable property "" qualified due to the similar market research in the area of real estate revenues and 2 no.lu independent part can be detected annual rental income they are not transported, considering incomegenerating property.

Question 1 was considered a no.lu independent part of ownership of the property is income valuation uses the income approach. As for the data that is used in the income approach the region similar to real estate market research. According to the rental agreement ownership of income approach available revenues and potentially you can get in the market considering two separate cash flow. The Hotel in question, are also available to hire for management and operation agreement with Accor Group has been hired. In this respect, the contract with guaranteed rental income for the lower risk premium has been calculated with the reduction made to the property value. Another way is, according to the market research you can get according to the potential net cash flow of the Hotel reviews.

In this context, ownership of appreciated according to the income approach to value; According to the rental agreement which guaranteed rental income calculated according to the net cash flows of the business's potential demotion was appreciated by taking the average of the two values. The value of real estate performance in income-generating property, depending on whether you come from two different methods are used depending on the value of the calculated value of ownership approach better reflects the blood concluded. In this regard the report as a result, the value of the income approach calculated market value was appreciated (59.615.000.-TRY / 8.965.000.-€).

Ibis Hotel Eskişehir

The location of the real estate, the shape of the surrounding area, infrastructure and transportation facilities, street and street facade, area and location, building structure, system, age, workmanship and material quality, installation status, weather - light - can be a factor in the value of the landscape All properties were taken into consideration and detailed market research was conducted.

In this appraisal study, value determination was made by using discounted cash flow method which is an income approach method. In the evaluations made, the foreign exchange rate of return to TRY and the Exchange rate of TRY to foreign currencies are taken as basis. Hotel, restaurant subject properties are evaluated as a property that brings income and income is used in the appraisal of the property. For the data used in the revenue approach, market research for similar properties in the region was conducted. Revenue approach is made in two different ways by taking into consideration the income obtained according to the present lease and the cash flow that can be obtained in the market. The Hotel was leased to the Accor Group with the rental agreement for the restaurant to be operated. In this respect, the value of the real property has been calculated by discounting the rental income guaranteed by the contract with a lower risk premium. In another way, according to the market research, an assessment was made according to the potential net cash flows that the Hotel could obtain. In this context, the appraised value of the real estate according to the income approach; The average of the two values calculated based on the rental income guaranteed by the lease and calculated by discounting the net cash flows of the entity has been appreciated. The value of the real estate is dependent on the performance of the income generating properties and it is concluded that the value calculated according to the income approach for the Hotel reflects the value of the property better.

Accordingly, the market value calculated by the revenue approach is appreciated as the result of the report. Accordingly, its value is appreciated as follows (13.300.000.-TRY / 2.000.000.-€)

Ibis Hotel Bursa

The formation of style of ownership, location, infrastructure and transportation facilities, the street and the front to the street, area and location of the building construction order, system, age, quality of workmanship and materials, installation status, air – light – the value of factors such as the status of the landscape taken into consideration and all the features that might be in the detailed market research. Accordingly, the value was appreciated in the following manner. Cost in the operation of the aforementioned valuation approach and income approach to valuation was carried out using the method. Assessments made by foreign currency buying rate in TRY, TRY is in foreign currencies based on sales dry return. In building cost value cost approach, the technical characteristics, materials used in buildings in the same property constructed buildings on the market, construction costs and the costs calculated based on past experience in mind is taken into account.

In buildings-depreciation, valuation based on the experience of the building's physical condition was appreciated considering the visible. Hotel as a property immovable, revenue-generating skilled subject evaluated whether ownership of valuation uses the income approach. As for the data that is used in the income approach the region similar to real estate market research. According to the rental agreement ownership of income approach available revenues and potentially you can get in the market considering two separate cash flow. The Hotel in question, are also available to hire for management and operation agreement with Accor Group has been hired.

In this respect, the contract with guaranteed rental income with a lower risk premium for reduction of ownership by making value were calculated. Another way is, according to the market research you can get according to the potential net cash flow of the Hotel reviews. In this context, ownership of appreciated according to the income approach to value; According to the rental agreement which guaranteed rental income calculated according to the net cash flows of the business's potential demotion was appreciated by taking the average of the two values. Real estate topics in similar investigation in the market of real estates income-generating property is evaluated. In this regard the report as a result, the value of the income approach calculated market value report was appreciated as the return value (47.625.000.-TRY / 7.160.000.-€)

Ibis Hotel Esenyurt

In this appraisal study, value determination was made by using cost approach and income approach method. In the evaluations made, the foreign exchange rate of return to TRY and the exchange rate of TRY to foreign currencies are taken as basis.

In the cost approach, the building cost value is evaluated by considering the technical characteristics of the buildings, the materials used in the buildings, the construction costs of the buildings constructed in the market with the same characteristics and the costs calculated based on our past experiences. The depreciation rate of buildings was appreciated by taking into account the visible physical condition of the building based on the experience of the appraiser. The subject property of the Hotel is evaluated as a revenue generating property and an income approach is used in the appraisal of the property. For the data used in the revenue approach, market research for similar properties in the region was conducted. Revenue approach is made in two different ways by taking into consideration the income obtained according to the present lease and the cash flow that can be obtained in the market.

The Hotel was leased to the Accor Group with the rental agreement to be operated. In this respect, the value of the real property has been calculated by discounting the rental income guaranteed by the contract with a lower risk premium. In another way, according to the market research, an assessment was made according to the potential net cash flows that the Hotel could obtain.

In this context, the appraised value of the real estate according to the income approach; The average of the two values calculated based on the rental income guaranteed by the lease and calculated by discounting the net cash flows of the entity has been appreciated. In the market surveys, it was observed that real estates of similar nature are considered as a revenuegenerating property. As a result, the market value calculated with the income approach is considered as the report value(69.285.000.-TRY / 10.415.000.-€).

Ibis Hotel Tuzla Project

The location of the real estate, the shape of the surrounding area, infrastructure and transportation facilities, street and street facade, area and location, building structure, system, age, workmanship and material quality, installation status, weather - light - can be a factor in the value of the landscape All properties were taken into consideration and detailed market research was conducted. Accordingly, its value is appreciated as follows.

In this appraisal study, value determination was made by using cost approach and income approach. In the evaluations made, the foreign exchange rate of return to TRY and the exchange rate of TRY to foreign currencies are taken as basis. In the cost approach, the building cost value is evaluated by considering the technical characteristics of the buildings, the materials used in the buildings, the construction costs of the buildings constructed in the market with the same characteristics and the costs calculated based on our past experiences. The depreciation rate of buildings was appreciated by taking into account the visible physical condition of the building based on the experience of the appraiser.

The subject property of the Hotel is evaluated as a revenue generating property and an income approach is used in the appraisal of the property. For the data used in the revenue approach, market research for similar properties in the region was conducted. Revenue approach is made in two different ways by taking into consideration the income obtained according to the present lease and the cash flow that can be obtained in the market.

The Hotel was leased to the Accor Group with the rental agreement to be operated. In this respect, the value of the real property has been calculated by discounting the rental income guaranteed by the contract with a lower risk premium. In another way, according to the market research, an assessment was made according to the potential net cash flows that the Hotel could obtain.

In this context, the appraised value of the real estate according to the income approach; The average of the two values calculated based on the rental income guaranteed by the lease and calculated by discounting the net cash flows of the entity has been appreciated. In the market surveys, it was observed that real estates of similar nature are considered as a revenuegeneratingproperty. As a result, the market value calculated with the income approach is considered as the report value (85.380.000.-TRY/ 12.835.000.-€)

Ibis Hotel Ankara

Cost in the operation of the aforementioned valuation approach and income approach method has reduced cash flow using the method of valuation. Assessments made by foreign currency buying rate in TRY, TRY is in foreign currencies from sales return rate.

The property valued in the market approach was compared with the sales of similar properties in the market. In the examinations made in the market, similar properties have been reached with the subject property and concrete data has been reached. In the cost approach, building cost value is evaluated with cost approach by considering the technical characteristics of the buildings, the materials used in the buildings, the construction costs of the buildings constructed with the same characteristics in the market and the costs calculated based on our past experiences. The depreciation rate of buildings was appreciated by taking into account the visible physical condition of the building based on the experience of the appraiser.

The Hotel subject property is evaluated as a property that brings income and the income approach is used in the appraisal of the property. For the data used in the revenue approach, market research for similar properties in the region was conducted. Revenue approach is made in two different ways by taking into consideration the income obtained according to the present lease and the cash flow that can be obtained in the market. The Hotel was leased to the Accor Group with the rental agreement to be operated.

In this respect, the value of the real property has been calculated by discounting the rental income guaranteed by the contract with a lower risk premium. In another way, according to the market research, an assessment was made according to the potential net cash flows that the Hotel could obtain. In this context, the appraised value of the real estate according to the income approach; The average of the two values calculated based on the rental income guaranteed by the lease and calculated by discounting the net cash flows of the entity has been appreciated. The value of real estate is based on performance and the value calculated according to the income approach from two different methods reflects the value of the real estate.

Accordingly, the market value calculated by the revenue approach is appreciated as the result of the report(81.055.000.-TRY / 12.185.000.-€)

Ibis Hotel İzmir Alsancak

The formation of style of ownership, location, infrastructure and transportation facilities, the street and the front to the street, area and location of the building construction order, system, age, quality of workmanship and materials, installation status, air – light – the value of factors such as the status of the landscape taken into consideration and all the features that might be in the detailed market research. Accordingly, the value was appreciated in the following manner. -Hotels as a property immovable, revenue-generating skilled subject evaluated whether ownership of valuation uses the income approach. As for the data that is used in the income approach the region similar to real estate market research. According to the rental agreement ownership of income approach available revenues and potentially you can get in the market considering two separate cash flow. The Hotel in question, are also available to hire for management and operation agreement with Accor Group has been hired. In this respect, the contract with guaranteed rental income with a lower risk premium for reduction of ownership by making value were calculated.

Another way is, according to the market research you can get according to the potential net cash flow of the Hotel reviews. In this context, ownership of appreciated according to the income approach to value; According to the rental agreement which guaranteed rental income calculated according to the net cash flows of the business's potential demotion was appreciated by taking the average of the two values. Real estatela topics in similar investigation in the market of real estates income-generating property is evaluated. In this regard the report as a result, the value of the income approach calculated market value report was appreciated as the return value (63.220.000.-TRY / 9.505.000.-€).

Subsidiary Valuation Report

Akfen Karaköy Gayrimenkul Yatırımları ve İnşaat A.Ş. [Akfen Karaköy]

The main assets of the company are real estates and real estate projects and the "Equity Value" approach is used in the determination of the value of the Company.

The vaule calculated by using the Equity Value expensses the "fair market value" of the Company. However, the main factor in sale-purchase transactions regarding an asset is the "price" agreed as a result of the negotiations that have taken place between a motivated buyer and a seller. However, attention should be drawn to the fact taht the "price" whic constitutes the ground for such sale-purchase transaction might be realized at a level different than the "fair market value".

"The Investment Properties and Investment Properties in Progress" item, started in the reated real estate appriasal report of Adım Gayrimenkul Değerleme A.Ş. and the balance sheet dated December 31, 2019 of Akfen Karaköy has been used for Equity Value calculations.

The Euity Value of the Company, based on the balance sheet dated December 31, 2019, has been valued as 246.404.000.-TRY / 37.050.000.-€ .

(000 TRY)	**December31, 2019**
Cash and cash equivalents	**51**
Trade Receivable (net)	**6.021**
Other Current Assets	**5.053**
Total Current Assets	**11.125**
Investment Properties (net)	**404.526**
Other Non-Current Assets	**10.216**
Total Non-Current Assets	**414.742**
TOTAL ASSETS	**425.867**
Current Portion of Long Term Financials Liabilities	**15.449**
Trade Payables	**27.168**
Total Current Liabilities	**42.617**
Financial Payables	**85.817**
Other Non-Current Liabilities	**51.030**
Total Non-Current Liabilities	136.847
Trading Capital	121.000
Profit Reserves	45.003
Profit/Loss	80.401
Equity Value	246.404

Akfen Gayrimenkul Ticareti ve İnşaat A.Ş. [Akfen GT]

The main activity scope of the Company is real estates owned by it and real estate projects undertaken by the Company ans this report has been by using the "Equity Value" method.

The vaule calculated by using the Equity Value expensses the "fair market value" of the Company. However, the main factor in sale-purchase transactions regarding an asset is the "price" agreed as a result of the negotiations that have taken place between a motivated buyer and a seller. However, attention should be drawn to the fact taht the "price" whic constitutes the ground for such sale-purchase transaction might be realized at a level different than the "fair market value".

The Eqity Value of the Company based on the balance sheet dated December 31, 2018 has been valued as 759.897.000.-TRY / 114.260.000.-€ olarak belirlenmiştir.

(000 TRY)	December31, 2019
Cash and cash equivalents	8.563
Trade Receivable (net)	12.425
Inventory	292
Other Current Assets	10.349
Total Current Assets	**31.629**
Investment Property	1.409.952
Other Plant, Property and Equipments (net)	11
Goodwill	39.510
Other Non-Current Intangible Assets (net)	37
Other Non-Current Assets	148.263
Total Non-Current Assets	**1.597.773**
TOTAL ASSETS	**1.629.402**
Current Portion of Long Term Financials Liabilities	62.923
Trade Payables	71.373
Provisions for Severence Payments	277
Other Current Liabilities	9.045
Total Current Liabilities	**143.618**
Financial Liabilities	560.628
Other Long Term Liabilities	165.259
Total Long Term Liabilities	**725.887**
Total Liabilities	**869.505**
Equity Value	**759.897**

Akfen REIT Portfolio Table

TL	December 31, 2018	December 31, 2019
Operational Hotels		
Novotel Ibis Hotel İstanbul	221.000.000	268.400.000
Novotel Trabzon	148.950.000	142.980.000
Novotel Ibis Hotel Gaziantep	57.700.000	73.592.500
Ibis Hotel Esenyurt	59.625.000	69.285.000
Novotel Ibis Hotel Kayseri	50.862.500	64.715.000
Ibis Hotel Bursa	44.865.000	47.625.000
Ibis Hotel Alsancak	52.330.000	63.220.000
Ibis Hotel Adana	56.295.000	59.615.000
Ibis Hotel Ankara Airport	60.800.000	81.055.000
Ibis Hotel Eskişehir	13.250.000	13.300.000
Ibis Hotel Tuzla	87.940.000	85.380.000
Ibis Hotel Yaroslavl	67.743.638	66.762.628
Ibis Hotel Samara	78.239.201	80.193.196
Ibis Hotel Kaliningrad	94.159.344	84.896.664
Ibis Hotel Moskova	226.259.588	239.840.232
Samara Oficce	36.843.882	41.563.980
Subsidiaries		
Akfen Gayrimenkul Ticaret ve İnşaat A.Ş.	574.051.000	759.897.000
Akfen Karaköy Gayrimenkul Yat. Tic. A.Ş.	166.003.000	246.404.000

As of December 31, 2019, the discount rates used in the valuation report prepared according to different versions in calculating the fair values of active investment properties are in the range of 8-10% (December 31, 2018: 9%-11%).

Compliance Control On Portfolio Limitations

The Company's control of compliance of the portfolio limits according to the CMB Communiqué Serial: III, No. 48.1 "Communiqué on Principles Regarding Real Estate Investment Trusts" is as follows:

	Unconsolidated (separate) financial statement main account items	Related Regulation	December 31, 2018	December 31, 2019
A	Cash and capital market instruments	III-48.1. S/N 24 / (b)	678.494	24.601.022
B	Investment properties, investment property-based projects, investment property-based rights	III-48.1. S/N 24 / (a)	1.029.638.355	1.007.618.732
C	Participations	III-48.1. S/N 24 / (b)	145.079.312	195.829.312
	Due from related parties (non-trade)	III-48.1. S/N 23 / (f)	-	-
	Other assets		**107.873.943**	**111.298.238**
D	**Total assets**	**III-48.1. S/N 3 / (p)**	**1.283.270.104**	**1.339.347.304**
E	Financial liabilities	III-48.1. S/N 31	799.673.599	844.612.026
F	Other financial liabilities	III-48.1. S/N 31	29.278.438	36.401.445
G	Finance lease liabilities	III-48.1. S/N 31	-	-
H	Due to related parties (non-trade)	III-48.1. S/N 23 / (f)	-	-
I	Shareholders' equity (net asset value)	III-48.1. S/N 31	354.533.880	434.985.357
	Other liabilities		98.024.983	23.348.476
D	**Total liabilities and equity**	**III-48.1. Md. 3 / (p)**	**1.283.270.104**	**1.339.347.304**

	Unconsolidated (separate) other financial information	Related Regulation	December 31, 2018	December 31, 2019
A1	Cash and capital market instruments held for payments of investment properties for 3 years	III-48.1. S/N 24 / (b)	-	-
A2	Time / demand TRY / foreign currency	III-48.1. S/N 24 / (b)	647.630	24.573.703
A3	Foreign capital market instruments	III-48.1. S/N 24 / (d)	-	-
B1	Foreign investment property, investment property-based projects, investment property-based rights	III-48.1. S/N 24 / (d)	-	-
B2	Idle lands	III-48.1. S/N 24 / (c)	-	-
C1	Foreign subsidiaries	III-48.1. S/N 24 / (d)	-	-
C2	Participation to the operator company	III-48.1. S/N 28/1(a)	-	-
J	Non-cash loans	III-48.1. S/N 31	292.529.041	322.828.305
K	Pledges on land not owned by the Investment Trust which will be used for project developments	III-48.1. S/N 22 / (e)	-	-
L	Cash and capital market instrument Investments held on One Unique Company	III-48.1. S/N 22 / (I)	-	-

	Portfolio Constraints Related Regulation	Portfolio Constraints Related Regulation	Current Period	Previous Year	Minimum/Maximum Ratio
1	Pledges on Land not Owned by the Investment Trust which will be Used for Project Developments	III-48.1. S/N 22 / (e)	%0,00	%0,00	<%10
2	Investment Property, Investment Property Based Projects, Investment Property Based Rights	III-48.1. S/N 24 / (a). (b)	%80,24	%76,23	>%51
3	Cash and Capital Market Instruments and Participations	III-48.1. S/N 24 / (b)	%11,36	%15,54	<%50
4	Foreign Investment Property, Investment Property based Projects, Investment Property Based Rights, Participations, Capital Market Instruments	III-48.1. S/N 24 / (d)	%11,31	%15,42	<%50
5	Idle Lands	III-48.1. S/N 24 / (c)	%0,00	%0,00	<%20
6	Participation to the Operator Company	III-48.1. S/N 28	%0,00	%0,00	<%10
7	Borrowing Limit	III-48.1. S/N 31	%344,47	%217,18	<%500
8	Time / Demand TRY / Foreign Currency	III-48.1. S/N 22 / (e)	%0,05	%0,12	<%10
9	Cash and capital market instrument Investments held on One Unique Company	III-48.1. S/N 22 / (I)	%0,00	%0,00	<%10

Presented information in the footnote of “Compliance Control on Portfolio Limitations” as at December 31, 2019, in accordance with Capital Markets Board’s Communiqué Serial: II, No: 14.1 “Financial Reporting in Capital Markets” Amendment No: 16 comprised condensed information and prepared in accordance with Capital Markets Board’s Communiqué Serial: III, No: 48.1“Real Estate Investment Company” published in the Official Gazette dated May 28, 2013 numbered 28660. In addition since the information given “Restrictions on the Investment Portfolio of Real Estate Investment” comprise unconsolidated data; such information may not match with the information disclosed in the consolidated financial statements.

Corporate Governance

Human Resources

Akfen REIT reflects the dynamism at the management understanding into the human resources applications and put relevant strategies conforming to the corporate structure and targets of the Company into practise. It is among preliminary targets in the human resources policy of Akfen REIT to offer every employee an employment environment to enable him/her to develop his/her personal/professional skills at a position suitable to the qualifications, owned by the same.

Akfen REIT has formed up its human resources policy within the framework of following principles:

- The principle to provide the persons at equal qualifications at recruitment, training and progress, pricing (fee Payment) and career planning with equal opportunities is adopted.
- The criteria for recruitment are determined in writing and these criteria in applications are conformed thereto.
- The employees are treated equally on progress and promotion matters, and various progress policies and plans are created towards the increase/rise of knowledge, skills and experiences of the employees.
- The job definitions, performance assessment and award criteria of the employees of the Company are determined by the managers and shared with the employees.
- The relationships with the employees are conducted by the Corporate Communication, Human Resources and Administrative Affairs Department, and no discrimination is made among the employees.

Akfen REIT aims to create a work environment that is dynamic, transparent and supports development for the high motivation of the employees through these principles. The company that believes in the importance lifelong learning offers opportunities to the employees in order to allow them to maintain their personal and professional trainings. The employees carry out their current duties successfully on the one hand through the training programs, organized within or out of the establishment, and can also develop them on the other.

Akfen REIT attributing priority to the satisfaction of personnel requirements to the human resources conducts an intra-company career planning process where an equal opportunity and impartiality is valid and applicable and assessment results are taken as basis. The openness of the employees to innovations and transformations in intra-company career arrangements, motivations on their development from personal and professional point of view and their success-orientation become effective.

Dispersion of Employees in Terms of Their Education Status

Company	Number of Employees	Master Degrees	University Graduate	Under graduate	Higyschool Graduate
Akfen REIT	9	1	5	-	3
RHI, RPI, HDI And Ordinary Partnership	12	1	9	-	2

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Akfen REIT reaches an employee profile that may identify the corporate targets with individual targets, fulfils their responsibilities with high motivation, has team spirit and believes in ethical values and social responsibility at the end of human resources strategies, applied by it successfully. As of the end of 2018, the number of employees at Akfen REIT is 9, at affiliates, however, 12 and all in al a total number of 21.

While Akfen REIT supports the mission and vision of the Company, it will maintain its human resources policies that conform to contemporary values in 2019 as well.

Risk Management

The works for Early Determination of Risk was finalized within 2012 through the support of the Company, DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Deloitte) and the Risk Management Handbook was submitted to the attention of the Board of Directors of the Company. It has been resolved upon the fact that the principles taking place at the Risk Management Handbook would be taken as basis in the internal audits of the Audit Committee. The related risk management handbook takes place in the attachment of the annual operation report and internet site of the Company

It has been decided by the unanimous votes of attendants in the meeting through the resolution no. 2013/9 of the Board of Directors of the Company, dated as April 25, 2013 to set up a separate committee pursuant to the Communique no. 63 and Series IV making amendment in the Communique no. 56 and Series IV of the Capital Market Committee to conduct the duties of the Committee for Early Determination of Risk that are currently conducted by the Corporate Management Committee.

Committee, from the date of its founding until the report date, presents a report with once in two months period to Board of Directors regarding early detection of risks that endanger the Group's existence, development and continuity, implementation of necessary measures to prevent these risks and management. As of December 31, 2019, the financial structure, financial position and performance of the Company were evaluated; no sign was detected related to loss of capital or the insolvency of the Company.

Dividend Distribution Policy

The Company, in its dividend distribution decisions, takes into consideration Articles of Association of the Company and provisions of the Turkish Commercial Code, Capital Markets Legislation, Capital Markets Board's Regulations and Resolutions, Tax Laws, and other relevant legislation.

By decision of the Board of Directors dated 25.02.2011, Akfen Real Estate Investment Trust has adopted a dividend distribution policy based on the principle of "proposing to the General Assembly minimum 30% of the distributable profit, by taking into account overall profitability of the Company, starting from accounting period of 2012."

Dividend Distribution Policy is presented to the shareholders at the General Assembly. Since there was no distributable profit for the year 2018, it was unanimously decided that dividend distribution was not possible at the General Assembly held in 2019.

The Company's Dividend Policy is disclosed to the public on the Company's website.

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 Northern Cyprus

Report on Compliance to Corporate Governance Principles

Section: I- Statement of Compliance with Corporate Governance Principles

Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. ("Company" or "Akfen REIT") conforms to all principles of Obligatory Corporate Governance Principles taking place in the attachment of the "Corporate Governance Communiqué" having the Series: II-17.1 in the period of 2018.

The Company continues to conduct necessary works to conform to the principles that are not obligatory to apply and the approach of our Company with relation to the principles, not complied yet, and final situation are indicated herein below.

Our Company takes necessary steps perpetually in order to reach the highest standards in the field of corporate governance and maintains the works continuously to put some provisions, arranged in an advisory manner into practice. Akfen REIT sees the principles of ethical rules, transparency, fairness, responsibility and accountability as a part of the Company culture.

The Articles of Association of Akfen REIT has been brought into a status conforming to the arrangements that have to take place at the articles of association pursuant to the Corporate Governance Principles through amendments, made from time to time. The Department for Investor Affairs directly reports to the General Director and prepares report at least once annually with relation to the activities, conducted by it, and submit to the Board of Directors. The Manager for the Investor Affairs Department is appointed as the Corporate Management Committee member. Furthermore, one personnel has been appointed in order to serve duty at Department for Investor Affairs, and all these matters were disclosed at the Public Disclosure Platform.

A Committee Responsible for Audit and Corporate Governance Committee were formed up pursuant to the Decision of the Board of Directors, dated as February 16, 2011 in accordance with the corporate governance principles.

Pursuant to the Decision of the Board of Directors of our Company, dated as March 14, 2013, it has been decided for the duties of the Early Risk Detection Committee that are conducted by the Corporate Governance Committee to be conducted as a separate committee pursuant to Communiqué having the Series: IV and No.: 63 amending the Communiqué having the Series: IV No.56 of the Capital Market Committee. It has been decided in the resolution of the Board of Directors of our Company bearing the date of April 17, 2019 pursuant to the Corporate Governance Communiqué ("Communiqué ") having the Series: II-17.1 :

It is resolved as follows;

1. To assign Independent Member of the Board of Administrators Mr. Halil Eroğlu, Independent Member of the Board of Administrators Mr. Adnan Aydoğan, Independent Member of the Board of Administrators Mr. Ahmet Ertürk and (Finance Deputy Specialist) Investors' Relations Manager Mr. Mehmet Aldırmaz for a period of 1 (one) year to the Corporate Board of Administrators and to assign Mr. Halil Eroğlu as the Chairman of the Corporate Board of Administrators,

2. To entitle the Corporate Board of Administrators to act as the Nomination Committee and Compensation Committee,

3. To assign Independent Member of the Board of Administrators Mr. Halil Eroğlu, Independent Member of the Board of Administrators Mr. Adnan Aydoğan, Independent Member of the Board of Administrators Mr. Ahmet Ertürk for a period of 1 (one) year to the Committee in Charge of Audit and to assign Mr. Ahmet Ertürk as the Chairman of the Committee in Charge of Audit ,

4. To assign Independent Member of the Board of Administrators Mr. Halil Eroğlu, Member of the Board of Administrators Mr. Selim Akın and Member of the Board of Administrators Ms. Pelin Akın for a period of 1 (one) year to the Early Detection of Risk Committee and to assign Mr. Halil Eroğlu as the Chairman of the Early Detection of Risk Committee.

It is resolved by the resolution of the Board of Administrators of our company dated 27.05.2019, pursuant to the Communiqué of the Stock Exchange Board on the Corporate Management with number II-17.1 ("Communiqué");

To cancel the position and authorizations of Mr. Mehmet Aldırmaz, who was the Investors' Relations Manager and who left our company, to assign Ms. Ayşegül Yılmaz who is assigned as "Investors' Relations Manager" to replace Mehmet Aldırmaz, as the member of the Corporate Board of Administrators, till the cesser of Mehmet Aldırmaz (till the date of 17.04.2020). The Board of Directors of Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. supports the Executive Management and all employees at every stage so that the Corporate Governance Principles to be placed in the structure of the enterprise.

Following the adaptation of the Corporate Governance Principles within the structure of the Company, the Corporate Governance Principles Compliance Report where it is declared that the activities will be realized within the direction of equality, transparency, accountability and responsibility, has been disclosed in the attachment of the Company's Operating Report.

Our Corporate Governance Principles Compliance Report is available on the Public Disclosure Platform https://www.kap.org.tr/tr/cgif/4028e4a141733b56014183c1c6ed426e and the link to the relevant reports on the website www.akfengyo.com.tr for shareholders and the public.

Section: II - Shareholders

2.1. Investor's Relationship Department

The applicable legislation, Articles of Association of the Company and other intra-Company arrangements are conformed thereto in the exercise of shareholding rights, and relevant measures that will allow the exercise of such rights are taken.

- The Investor's Relationship Department reports to Mr. Yusuf Anıl, Deputy General Manager Financial and Administrative Affairs of Akfen REIT.

- The Investor's Relationship Department is conducted by Mrs. Ayegül Yılmaz, Officer for Investor's Affairs and Finance Specialist of Akfen REIT holding the Capital Market Committee Level 3 and Derivative Instruments Licence

The Investor's Relationship Department operates to present accurate, timely and consistent information on Akfen Gayrimenkul Yatırım Ortaklığı to the current and potential investors; and raise the recognition and credibility of the Company and to bring down the capital cost of the Company by the application of corporate governance principles, and to ensure communication between the Board of Directors and capital market participants. In parallel to this target, our Company attributes great importance to the communication with the shareholders and investors, and maintains active investor's relationships program.

- The Investor's Relationship Department reports to the Deputy General Manager Financial and Administrative Affairs at the organization chart and at the same time, makes reporting to the Board of Directors about its activities.
- Primary duties of the Investor's Relationship Department that is a communication bridge between the Board of Directors and financial world are as follows
- To ensure the correspondences, made by and between the Investors and Company and records pertaining to other information and documentation in a sound, reliable and current manner;
- To prepare documents that have to be submitted to the information and examination of the shareholders with relation to the General Assembly; and take measures that will ensure the general assembly meeting to be held in accordance with the related regulation, articles of association and other intra-partnership arrangements;
- To answer the written information requests of the partnership shareholders with relation to the partnership;
- To observe and follow up the fulfilment of obligations arising from the capital market regulation including all sorts of matters pertaining to the Corporate Governance and public disclosure

The Investor's Relationship Department pay necessary attention and care to use electronic communication opportunities and internet site of the Company in its entire activities or works.

The information for access of the Investor's Relationship Department is published at the internet site: www.akfengyo.com.tr and operating reports. It is possible to get in touch with the Investor's Relationship Department for all sorts of requests and questions through the address of: gyoyatirimci@akfengyo.com.tr.

Various negotiations were made with the existing and potential investors in 2018. Face-to-face negotiations have been made upon requests coming on the activity results, performance and other developments of our Company with the shareholders and analysts, and furthermore, the questions of our individual investors through telephone calls have been answered.

2.2 Exercise of Rights to Information by the Shareholders

It is a principle to behave equally in the exercise of the right to information and examination by and between the shareholders, potential investors and analysts and to convey our explanations to everybody at the same time with the same content. All sorts of information that may interest the shareholders and market players are announced through special status explanations within the scope information sharing and all special status explanations take place at our internet site both in Turkish and English.

Various numbers of written and verbal information requests coming from the shareholders are answered under the supervision of the Investor's Relationship Department and within the Capital Market Regulation arrangements without any delay. For the objective to extend the shareholders' rights to information, all sorts of information that may affect the exercise of rights are presented to the information of the shareholders at our internet site. All information taking place at our internet site is presented in Turkish and English on an equal basis to the use of domestic and foreign shareholders.

There is not any arrangement or restriction available at the Articles of Association of the Company with relation to a request for the appointment of a special auditor. There is an article in the Internal Directive on the Work Principles and Procedures of the General Assembly of the Company saying a special audit request of any shareholders irrespective of whether it takes place on the agenda or not is resolved. The Company avoids from any procedures making the execution of a special audit difficult.

No request was made to our Company about the appointment of any special auditor.

2.3. General Assembly Meetings

The Ordinary General Assembly Meeting of our Company for 2019 was held on the date of 16.04.2019 at 14:00 hours in the Meeting Hall which is located at the Company's headquarters, in 2019. No extraordinary general meeting was held during the year 2019.

Concerning the aforementioned Ordinary General Assembly Meeting of the year 2019;

It is established that the invitation of the meeting which is required to be done pursuant to the article 414 of the Turkish Trade Code, is done within the required period and as provided by the Turkish Trade Code and the Articles of Partnership of the company and including the agenda of the meeting, by being published on the date of March 21, 2019 on the Trade Registry Gazette of Turkey, issue number 9792, on the web site of the Company and on the Public Disclosure Platform and on the Electronic System of General Assembly of the Central Registry Agency.

By the examination of the Attendants' List, it is established that the total capital of the company which equals to TL 184.000.000.- was represented personally by 1000 shares of Group A corresponding to TL 1.000.-; 1000 shares of Group C corresponding to TL 1.000.- ; 1000 shares of Group D corresponding to TL 1.000.-; 230.011 shares of Group B corresponding to TL 139.452.823.-; and 139.222.812 shares were represented by proxy, therefore minimum quorum which is provided both by th e legislation and by the Articles of Partnership of the company was present.

The subject matters taking place at the agenda have been indicated in an impartial and detailed manner as well as a clear and comprehensible way, the wording or expressions, used there under, are not in nature causing different interpretations; the shareholders were allowed to bring forth and explain their opinions under equal opportunities, and a sound discussion environment created.

It is possible to reach the minutes of our General Assembly meeting from our internet site (www.akfengyo.com.tr), Public Disclosure Platform and Turkish trade Registration Journal.

Furthermore, it is accepted by a majority to determine that the total upper limit for donations to be made in 2019 will be TRY 500.000,00.

2.4. Voting Rights and Minority Rights

Applications making the exercise of voting rights are avoided at our Company, and every shareholder is provided the easiest and most convenient manner to exercise the voting right.

According to the articles of association of our Company, all shares have 1 voting right for each share. The Group A, C and C shares are the registered shares and not traded at the BİAŞ (Istanbul Stock Exchange).

There is not any arrangement at our company that will envisage the exercise of voting right after a certain period of time from its date of acquisition.

There is not any provision at the articles of association of our Company preventing the person, who is not a shareholder, from voting as a representative.

The exercise of minority rights at our Company is subject to the communiqués and decisions of the Capital Market Committee, Turkish Commercial Code, Capital Market Law and related regulation. There has not been any regulation, included at the articles of association, in addition to these provisions. It is envisaged to exercise minority rights at our Company in conformance to the mentioned regulation. Furthermore, it is ensured that the minority is represented at the management through three independent member taking place at the Board of Directors.

2.5. Dividend Right

Our Company determines its dividend distribution decisions by taking the provisions of the Turkish Commercial Code, Capital Market Regulation, Capital Market Committee Arrangements and Decisions, Tax Laws and other related legislation into consideration.

There is not any privilege between the share groups in the dividend distribution.

Our Company strategies, capital requirement of our subsidiaries and affiliates, investment and finance policies, profitability and cash position are taken into consideration in the dividend distribution decision.

The mode and time of the profit, decided to be distributed, will be resolved by the General Assembly upon proposal of the Board of Directors on the subject matter thereof. The dividend to be distributed subject to the decision to be made at the General Assembly may either be cash as a whole or bonus share on entire basis, or it is possible to determine the same as partially in cash and partially bonus share.

"Şirketimizin genel kârlılık durumu dikkate alınarak 2011 yılı hesap döneminden itibaren dağıtılabilir kârın en az %30'unun dağıtılmasının Genel Kurul'a teklif edilmesi" esasına dayanan bir kâr dağıtım politikası benimsemiş olup, dağıtılabilir kâr olduğu takdirde kâr dağıtımına ve kâr dağıtım tarihine Genel Kurul karar vermektedir. Genel Kurul veya yetki verilmesi halinde Yönetim Kurulu, Sermaye Piyasası Düzenlemelerine Yukarıda da belirtildiği gibi, genel kurulda pay sahiplerince onaylanan kar dağıtım politikası, faaliyet raporunda da yer almakta olup Türkiye Ticaret Sicil Gazetesi'nde ilan edilmiş, KAP'ta ve şirketin internet sitesinde kamuya açıklanmıştır.

Since there is not any period profit to be distributed in 2018, it has been decided in unanimity at the General Assembly that it is not possible to distribute any profit.

2.6. Assignment of Shares

Assignment and transfer of bearer shares at our Company are subject to the provisions of the Turkish Commercial Code, Capital Market Law and related regulation. The assignment of bearer shares cannot be restricted according to the articles of association of our Company.

According to the articles of association of our Company, the assignment of partnership shares before Public offering is subject to the permission of the Board irrespective of any rate. In the share Assignments taking place within the scope of this article, the qualifications, sought at the incorporations, are sought in new partners (shareholders), who will acquire share at the partnership.

Section: III – Public Disclosure and Transparency

3.1. Corporate Internet Site and its Content

All matters pertaining to the "Department for Investor's Affairs" take place at the internet site: www.akfengyo.com.tr

All information taking place at the Internet site is prepared in English Language in order to enable any foreign investors.

There is an opportunity of access into the information, disclosed by our Company to the Public, out of the Internet. The following information takes place at the internet site: www.akfengyo.com.tr :

- History (Background) of our Company
- Management and Partnership Structure as of the final position,
- Board of Directors and Board of Director committees,

- Meeting Agenda of the General Assembly, notification document, form for the exercise of voting in proxy,
- Explanations and public offering circular,
- Continuous information form,
- Real property appraisal reports,
- Monthly investor reports,
- Profit distribution policy,
- Trade Registration information,
- Operating reports,
- Corporate Governance Principles Compliance Report,
- Information Policy,
- Profit Distribution Policy,
- Ethical Rules,
- Periodic financial tables and reports,
- Special status/situation explanations,
- Information, graphs pertaining to the She-are certificate price and performance,
- Investor's affairs communication information,
- Company communication information.

All of the Capital Market Committee Corporate Management Principles that may be in nature to be applicable on our company are published at the internet site of our company and updated accordingly.

3.2. Operating Report

The operating report of Akfen Gayrimenkul Yatırım Ortaklığı is prepared in due details enabling the public to have accurate and correct information about the activities of the Company and in accordance with the matters, indicated in the applicable regulation.

The operating reports are prepared in consideration of all matters, indicated at the Corporate Governance Principles and additionally, the arrangements taking place both at the Turkish Commercial Code and Capital Market Committee regulation and information due to take place.

pursuant to the Regulation on Determination of Minimum Content of Annual Operation Reports of the Companies, issued by the Ministry of Customs and Trade and published in the Official Gazette, dated as Jan 03, 2014.

Section: IV - Stakeholders

4.1. Informing the Stakeholders

The corporate governance applications and ethical rules of our Company guarantee the rights of the stakeholders, regulatedby applicable regulations and reciprocal contracts. The stakeholders are informed continuously within the framework of information policy, created by the Company as a requirement of existing legislation.

Furthermore, it is also aimed to inform all stakeholders through press bulletins, operating report, internet site and information policy of us, based on transparency.

The employees of our Company are expected to fulfil their obligations while doing their works, by valuing the interests of the Company above the interests of their own, family and close associates. The employees keep avoiding from all sorts of initiatives that may mean deriving personal benefits or providing interests to their close associates.

Any predictable circumstances of conflict of interest and circumstances, defined by the management of the Company are shared with the Company's employees and at this point, the Company takes necessary measures.

The stakeholders are able to transmit any procedures of the Company that are contrary to applicable regulation and not convenient from ethical point of view to the Corporate Governance Committee and Committee Responsible for Audit through the independent members, who are the heads of such committees at the same time.

4.2. Participation of the Stakeholders in the Management

There is not any model and mechanism on the participation of the stakeholders in the management.

However, the independent members taking place at the Board of Directors enable all stakeholders along with the shareholders of the Company to be represented at the management.

The opinions of the stakeholders are taken into account when making important decisions that effect the stakeholders.

4.3. Human Resources Policy

The fundamental principles of the human resources policy of our Company are summarized herein below:

- Our Basic Human Resources policy to bring together the requirements of the work with the skills and qualifications of the employees and select the human resources according to modern criteria and principle of equal **opportunity** for everyone, and develop, evaluate and conduct the same in this respect.

- The Human Resources management is obliged to create a dynamic, innovative and progressive environment and raise the performance of the employees and to bring the corporate target down to personal targets, by doing so, give support to achieve the targets of the Company in an effective and efficient manner.

- Our employee profile is a high and distinguished human resource being open to transformation and development, having high motivation, believing in teamwork and group spirit, using the sources and time efficiently and having social responsibility sentiment.

- The relationships with the employees are conducted by the Deputy General Manager Financial and Administrative Affairs, Mr. Yusuf Anıl on representation basis.

- Our ethical understanding constitutes the basic foundation of our field of work. A comfortable and efficient work environment is created in our Company away from any discrimination, mobbing and favouritism, and through a fair and transparent approach. There has not been any complain so far delivered by any of our employees on the subject matters hereof.

As of December 31, 2019, the total numbers of employees working at Akfen REIT and its affiliates and enterprises subject to common management are 21.

4.4. Ethical Rules and Social Responsibility

Ethical Rules

Akfen Gayrimenkul Yatırım Ortaklığı has declared the “Ethical Rules”, which it has defined in order to add material value to the stakeholders and raise the corporate value of the same, as the principles and rules that have to be conformed by all managers and employees, and published these rules at its internet site.

It is aimed by these rules to ensure the managers and employees of the Company, Akfen Gayrimenkul Yatırım Ortaklığı, to exhibit behaviours at high standards, be aware of the corporate effects of their behaviours and acts, and ensure the use of the most accurate and correct methods with relation to the shareholders and company’s activities and exhibition of the highest qualification actions.

Social Responsibility

Our Company pays utmost attention to behave sensitively towards its social responsibilities in its activities and provides support to any organizations pertaining to its own sector.

With relation to these matters, there is not any inspection, legal action or any other legal dispute or sanction, filed or initiated in disfavour of our Company or its subsidiaries.

Section: V – Board of Director

5.1. Executive Board and Formation

The formation and election of the Board of Directors are effectuated in accordance with the Corporate Governance Principles, and the principles pertaining to the foregoing take place at the Articles of Association of our Company.

According to this:

The management of the Company, binding and representation of the same towards any third parties are carried out by a Board of Directors consisted of 9 (nine) members and majority of whom is not designated at execution and bearing the qualifications, indicated at the Capital Market Regulation and Turkish Commercial Code and elected by the General Assembly within the framework of the provisions of the Turkish Commercial Code.

The Board of Directors shall elect a Chairman in the first Board of Directors meeting among its members in order to chair the meetings of the Board of Directors and a Vice-Chairman to act as a Chairman in his/her absence. A sufficient number of independent members of the Board of Directors shall be elected by the General Assembly within the framework of principles pertaining to the independence of the members of the Board of Directors, indicated in the Corporate Governance Principles of the Capital Market Committee, to the Board of Directors, provided not to be less than two (2). An explanation pertaining to the independence of the members of the Board of Directors takes place at the annual operating report of the Board of Directors.

Names, Surnames and backgrounds of our Members of the Board of Directors being determined in accordance with the Articles of Association of our Company and serving duty in 2018 are indicated herein below:

- Hamdi Akın, Yönetim Kurulu Başkanı/ Chairman of the Board of Directors/ Managing Director – Member of the Executive Board of Directors
- İbrahim Süha Güçsav, Vice Chairman of the Board of Directors - Member of the Non-Executive Board of Directors
- Pelin Akın Özalp, Member of the Board of Directors – Member of the Executive Board of Directors
- Selim Akın, Member of the Board of Directors – Member of the Executive Board of Directors
- Sıla Cılız İnanç, Member of the Board of Directors – Member of the Non-Executive Board of Directors
- İrfan Erciyas, Member of the Board of Directors – Member of the Non-Executive Board of Directors
- Adnan Aydoğan - Independent Member of the Non-Executive Board of Directors
- Halil Eroğlu - Independent Member of the Non-Executive Board of Directors
- Ahmet Ertürk - Independent Member of the Non-Executive Board of Directors

Our Company does not have any Executive Committee. The Chairman of the Board of Directors and General Director are not the same person. There is not any member of the Board of Directors, authorized to represent and bind the Company on individual basis.

In the event that the Independent Members of the Board of Directors submit a declaration of independence to the Board of Directors pursuant to the applicable regulation and their independences disappear in any manner, it will be obligatory for them on immediate basis to notify the Board of Directors about the subject matter thereof. Any person, who may have served a membership duty at the Board of Directors for a total duration of 6 years within the last ten years, cannot be appointed as an independent member to the Board of Directors.

The assignment of any other duty(ies) by the members of the Board of Directors apart from our Company are not made subject to and/or limited by certain rules. Backgrounds of the Members of Our Board of Directors and the information about their duties of the out of our company are stated in their resumes above.

Resumes of Our Executive Board Members

Resumes of our executive board members are included in the annual report.

Qualifications of the Members of the Board of Directors

Those of persons, who are nominated in the election to the memberships of the Board of Directors and elected as members there under, have the qualifications taking place in the Corporate Governance Principles of the Capital Market Committee.

The Board of Directors is structured in a manner to ensure effect and activity at the highest possible level. The principles pertaining to the subject matter have been indicated in Article 14 of the Articles of Association of the Company. It is a principle to elect the members of the Board of Directors among the persons, who have fundamental knowledge about legal principles regulating due procedures and dispositions pertaining to the field of engagement of the Company, and are educated and have experience on company management, and have competence to discuss and examine financial tables and reports and are preferably graduated from a higher education institution.

5.2. Principles of Activity of the Board of Directors

The members of the Board of Directors are ensured to obtain all sort of information in a timely manner in order to enable them to fulfil their duties on full basis.

A Board of Directors Secretariat reporting to the Chairman of the Board of Directors was formed up in order to give services to the members of the Board of Directors for keeping the documentation with relation to the meetings of the Board of Directors in a regular manner.

Our Board of Directors meetings are planned and realized in an effective and efficient manner. The members of the Board of Directors are convened at times when the affairs of the Company may necessitate as is regulated through the Articles of Association.

- The Board of Directors may convene upon a call by the Chairman or Vice-Chairman, or application by any member of the Board of Directors in writing to the Chairman or ViceChairman and request them to make a call upon the Board for a meeting.
- The agenda of the meetings of the Board of Directors is determined by the Chairman of the Board of Directors, and it is possible to make an amendment on the agenda through a decision of the Board of Directors.
- The Independent Member of the Board of Directors receives a monthly honorarium to be determined by the General Assembly. No payment is made to the Members of the Board of Directors, who are not independent.
- The meeting quorum of the Board of Directors is established by the attendance of at least 5 members.
- Decisions at the meeting of the Board of Directors are made by the exercise of majority voting by the attendants at the meeting in the same direction.
- Every member has one voting rights at meetings and the voting right is exercised in person. Unless any of the members comes up with a request to hold a meeting, then it may

be possible to make a decision through notification of the consent of other members in writing.

- If any denunciation is made by a legal entity shareholder to the Board of Directors indicating that the member representing the legal entity shareholder had no connection any longer with the said legal entity, then, the mentioned member will be deemed as resigned and the Board of Directors elects the person, determined by the related legal entity shareholder, as the member of the Board of Directors instead of the foregoing member.
- The members, who do not attend in the meeting, cannot cast their votes either in writing or any other way unless it is based on a reasonable excuse.

The Board of Directors convened 16 times in total within 2019. A great of majority of meetings have been attended in full and decisions pertaining thereto have been made in unanimity.

A "Manager Liabilities' Insurance having a total limit of 46.000.000.-TRY was bought for the members of the Board of Directors referring to the period of 2019-2020.

Prohibition to Compete and Execute Transactions with the Company

The request to grant authorizations upon the Chairman and members of the Board of Directors on the execution of procedures, written in Articles 395 and 396 and Article 1.3.7. of the Communiqué Pertaining to the Determination and Application of the Corporate Governance Principles, published by the Capital Market Committee has been approved by the shareholders at the General Assembly meeting of April 16, 2019.

Authorizations and Responsibilities of the Managers and Members of the Board of Directors

The Board of Directors consisting of 9 (nine) members having the qualifications, indicated in the Turkish Commercial Code and Capital Market Committee, is elected by the General Assembly for a maximum period of 3 (three) years and majority of the Board of Directors consists of the nonexecutive members. Furthermore, the independent members bearing the independence criteria, defined in the Corporate Governance Principles of the Capital Market Committee and deemed as obligatory there under are elected in number, provided not to be less than 2 (two) persons. It is possible for the members whose duty periods are expired, to seek re-election.

At current period, a total number of 9 (nine) persons, three of whom independent members of the Board of Directors, nominated by the Board of Nomination, have been elected to the Board of Directors to serve duty for a period of 1 (one) year at the Ordinary General Assembly Meeting, held on May 3, 2018, and duty period of the Board of Directors will expire on April 16, 2019.

The Board of Directors fulfils the duties, granted upon it, according to the provisions of the Turkish Commercial Code, Capital Market Law, Articles of Association of the Company, general assembly resolutions and provisions of related legislation. The Board of Directors is authorized to make decision(s) on all matters remaining beyond the subject matters due to be subject to a decision, made by the General Assembly, and applicable law and Articles of Association.

The Company will be managed by the Board of Directors, and bound and represented by the same in external matters. The Board of Directors is authorized to assign the management duty to one or more members of the Board of Directors or any third party according to an internal directive due to be issued by it. This internal directive arranges the management of the company, and defines duties necessary for this and indicates related positions of them, and determines especially who will report to who and who is obliged to provide information. In case the management is not assigned, then, it will belong to all members of the Board of Directors. The Board of Directors may assign its authorization for representation to one or more managing directors or any third parties as a director. It is necessary for at least one member of the Board of Directors to have a representation authorization.

The mentioned Internal Directive ("Internal Directive") has been approved at the Board of Directors Meeting of April 30, 2015 pursuant to Articles 367 and 371 of the Turkish Commercial Code no. 6102, dated as January 13, 2011 and registered on the date of May 28, 2015 and came into force upon its publication at the Turkish Trade Registration Journal of June 03, 2015 having the issue no. 8833. The duties, authorizations and responsibilities of the Group A Members of the Board of Directors, General Directors, Deputy General directors and Project Managers are regulated at the Internal Directive in a clear manner.

- Decisions at the meeting of the Board of Directors are made by the exercise of majority voting by the attendants at the meeting in the same direction.
- Every member has one voting rights at meetings and the voting right is exercised in person. Unless any of the members comes up with a request to hold a meeting, then it may be possible to make a decision through notification of the consent of other members in writing.
- If any denunciation is made by a legal entity shareholder to the Board of Directors indicating that the member representing the legal entity shareholder had no connection any longer with the said legal entity, then, the mentioned member will be deemed as resigned and the Board of Directors elects the person, determined by the related legal entity shareholder, as the member of the Board of Directors instead of the foregoing member.
- The members, who do not attend in the meeting, cannot cast their votes either in writing or any other way unless it is based on a reasonable excuse.

Within the framework of the Internal Directive, the following individuals, named as:

- Mr. Fuad Sertac Karaağaoğlu has been elected as the General Director until the date of October 01, 2020;
- Mr. Yusuf Anıl, however, as the Deputy General Director for Financial Affairs until the date of October 01, 2020.

5.3. Number, Structure and Independence of the Committees, Formed up at the Board of Directors

Necessary committees will be formed up within the structure of the Board of Directors in order that the duties and responsibilities of the Board of Directors are fulfilled in a sound manner pursuant to the arrangements of the Capital Market Committee and related regulation. The matters such as the fields of duties of the Committee, principles of works and which members they will be consisted of will be determined by the Board of Directors and disclosed to the public.

The Board of Directors may set up sufficient number(s) of committee(s) or commission(s) among its members on various matters such as following up the functioning of affairs, preparation of the matters to be submitted to it, deciding on the preparation of the balance sheet especially on all important matters and observation of the application of decisions so made.

The committees are convened at required frequency for the affectivity of the works.

Corporate Governance Committee

The Corporate Governance Board works in a manner of directly reporting to the Board of Directors provides help to the Board of Directors for the formation and development of necessary structure and applications for the management of the Company in accordance with the Corporate Governance Principles, accepted at international level, and setting up a salary system for the executive managers, and coordination of development and career planning.

The Corporate Governance Committee gives support to the Board of Directors by way of conducting works on the matters for the conformance of Akfen REIT to the principles of corporate governance principles; determination of the members of the Board of Directors and executive managers, fee, award and performance evaluation, career planning, investor's affairs and public disclosure and so on. The Corporate Governance Committee consists of three members to be appointed among the members of the Board of Directors and Department Manager on Investor's Affairs. The head of the Corporate Governance Committee is appointed by the Board of Directors.

The Corporate Governance Committee is responsible to follow up the conformance of the Company to the corporate governance principles, and have a duty especially for the realization of following matters:

- To search thoroughly to what degree the corporate governance principles are applied at the Company and in case they are not applied, then, to determine the reasons behind it and to find out any negative matters developing as a result of the lack of full application and to propose the relevant remedial measures to be taken,
- To ascertain any methods that will provide transparency in the determination of member candidates to be proposed to the Board of Directors,
- To carry out works and develop proposals on the numbers of the members of the Board of Directors and managers,
- To develop proposals pertaining to the principles and applications on the performance evaluation and award of the members of the Board of Directors and managers, and follow up the applications there under,
- To observe the works of the Investor's Relationships.

To observe the works of the Investor's Relationships.

- Head of the Corporate Governance Committee
    - o Halil Eroğlu, Independent Member of the Board of Directors
- Members of the Corporate Governance Committee
  o Ahmet Ertürk, Independent Member of the Board of Directors
  o Adnan Aydoğan, Independent Member of the Board of Directors
  o Ayşegül Yılmaz, Officer for Investor's Affairs and Finance Specialist

The Corporate Governance Committee also fulfils the duties of the Nomination Committee and Salary Committee as well within the framework of the principles and Articles of Association of our company.

Audit Committee

The Audit Committee provides the Board of Directors with support in order to ensure the auditing of financial information about the accounting system of Akgen REIT and public disclosure of it and functioning and observation of the internal control system. The Audit Committee consists of three members to be appointed among the members of the Board of Directors.

The members of the Audit Committee and Corporate Governance Committee are appointed by the Board of Directors within the direction of principles, determined at the Articles of Association of Akfen REIT, and its duties and authorizations are determined by the Board of Directors as well.

The Audit Committee is responsible for taking all measures in order to execute all sorts of internal and independent external audit in a sufficient and transparent manner, and conduct of duties, granted upon by the Capital Market Regulation and the Corporate Governance Committee.

The Audit Committee convenes at least four times, provided to be once in every quarter.

The Audit Committee Members are listed herein below:

- The Head of the Audit Committee
    - Mr.Ahmet Ertürk, Independent Member of the Board of Directors
- The Members of the Audit Committee
    - Mr. Adnan Aydoğan, Independent Member of the Board of Directors
    - Mr. Halil Eroğlu, Independent Member of the Board of Directors

Three independent members taking place at the Board of Directors take place both at the Corporate Governance Committee and Audit Committee ensuring the participation of the minority shares and stakeholders in the management.

Early Risk Detection Committee

Our Company has decided through the resolution of the Board of Directors, dated as March 14, 2013 to set up a committee pursuant to the Communiqué of having Series: IV, No. 63 amending the Communiqué of the Capital Market Committee and conduct the duty of the Early Risk Detection Committee, currently conducted by the Corporate Governance Committee.

The Early Risk Detection Committee is responsible for early detection of risks that may put the existence, development and continuation of the Company at jeopardy, and taking necessary measures pertaining to the risks so detected and management of the risk in question; and the risk management systems are observed at least once annually. Furthermore, the Committee present a report to the Board of Directors once in every two months and gives information on the detected risks and action plans so taken.

- The Head of the Eearly Detection Committee
  - o Mr. Halil Eroğlu, Independent Member of the Board of Directors
- The Members of theEarly Risk Detection Committee
  - o Mr. Selim Akın, Member of the Board of Directors
  - o Mrs. Pelin Akın Özalp, Member of the Board of Directors

5.4. Risk Management and Internal Control Mechanism

Our Company has decided to carry out works consisting of trainings, one-to-one meetings and workshops on the Early Risk Detection through the support of the company, DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Deloitte) in order to activate the Risk Detection activities, and the said works were finalized within 2012 and our Risk Management Handbook was presented to the Board of Directors. It is decided to take the principles taking place at the Risk Management Handbook as basis in subsequent internal audits of the Audit Committee.

The Internal Control Mechanism fulfils the duties, granted by the Board of Directors, upon it in an effective manner with the establishment of the Audit Committee within the organization of the Audit Committee. Mr. Ahmet Ertürk, Independent Member of the Board of Directors, conducts the duty as the Head of the existing Audit Committee.

5.5. Strategic Targets of the Company

Mission

To become a leading hotel investor developing hotel projects due to be operated at highest standards by the international hotel operators of Turkey and surrounding geography.

Vision

To develop projects bearing high profitability at the real estate sector and provide high capital and dividend revenue for its shareholders while realizing a stable balance sheet growth.

Strategic Perspective

Akfen REIT has been positioned in the best manned for a steady/stable growth at the urban hotel management and specialized in urban hotel management at international standards.

- Exclusive partnership with the largest hotel group in Europe and one of the leading hotel groups internationally, Accor;
- Raising commercial activity in the major cities of Turkey;
- Rising volume of the domestic and external tourism in Turkey;
- High level of hotel investment know-how at the end of specialization on a single field of engagement;
- Export of know-how to neighbouring geography; and
- Low-risk and long-term leasing contracts that do not contain any operation responsibility, and regular rental revenue rising with the performances of the hotels.

Corporate Policy

To use the accumulation of knowledge, organization competence and opportunities, offered by technology, from the first day onward through the driving power that will be created by quality employees and specialist teamwork.

Principles

To work with well-educated/trained and experience human resources, and take the quality forefront in production, manufacturing and business management, and to complete the works under its undertaking in a timely manner and with high quality;

The Board of Directors holds negotiations with the Managing Director and executive management and determines the strategic targets pertaining to the related periods. The Board of Directors, furthermore, observes the Company's degree of achieving targets, activities and past performances within the scope of the end of year performance assessment process.

The Corporate Governance Committee

Our company has shown due diligence for the implementation of the Corporate Governance Principles published by the Capital Markets Board. The Corporate Governance Information Form and the Corporate Governance Compliance Report are explained in https://www.kap.org.tr/tr/cgif/4028e4a141733b56014183c1c6ed426e. The Corporate Governance Committee continues its work.

5.6. Financial Rights

A certain amount of fee, determined there under, is paid up to the Independent Member of the Board of Directors serving duties as an independent member within the framework of the Corporate Governance Principles of the Capital Market Committee in order to enable them to fulfil their membership time investment and requirements. It was decided by the General Assembly at the Ordinary General Assembly Meeting, held on April 16, 2019, for the activities of 2018 to pay a monthly salary of TRY 5.000,00 to each of the Independent Members of the Board of Directors, and not to pay any fees and honorariums to the other members of the Board of Directors.

As a requirement of the Corporate Governance Principles, the shareholders have been notified on the payments, made within the scope of "Salary Policy" for the members of the Board of Directors and Executive Managers at the Ordinary General Assembly Meeting, held on April 16, 2019 for 2018.

There are not any procedures such as lending money, providing credit facilities by the Company to the members of our Board of Directors or managers, giving guarantee in their favour have not been at issue.

Akfen REIT “Buyback Program”

16.04.2019 tarihli olağan genel kurul toplantısında kabul edildiği şekli ile aşağıda verilmiştir

Objective of the Buyback

It is aimed in this respect is that the share price of our Company having begun listed and trade at Borsa Istanbul A.Ş. (Istanbul Stock Exchange) since May 11, 2011 substantially below its public offering price (level) as a result of instabilities having arisen at the geography where Turkey is located in, failure of the values, realized at Borsa Istanbul A.Ş., to reflect the real performance of the activities of our company and possibility to buyback the shares traded at Borsa Istanbul A.Ş., when it is deemed as necessary, upon assessment of current market conditions to bring down the price fluctuations and follow up of the price trends due to occur at the stock exchange in coming period through the authorization, taken from the General Assembly within this scope and when the applicable conditions require to be able to buyback.

The Period When the Repurchase Program Will Be Applied

Thirty six (36) mounts.

Maximum Number of Shares to Be Repurchased

The repurchase of the maximum rate of the Company’s shares is envisaged within the scope where the applicable legislation allows doing so. In this respect it is possible to make buyback within the framework of the provisions of legal regulation up to the figure referring to 10 % of the Company’s Capital. In case of any amendment in the regulation or increase of the capital within this period, then, the related procedure will be made pursuant to the increased capital and amended regulation.

The program will be finalized upon reaching the maximum number of shares subject to the buyback.

Total Amount and Source of the Fund, Allocated for the Repurchase

A fund amount of TRY 35.466.000 due to be created from the income being procured from the operations and sources of the Company for buyback has been determined.

The nominal value of the repurchased shares cannot exceed 10 % of the issued capital including previous purchases. Those of shares, disposed during the term of the program, being repurchased in this respect cannot be taken into consideration in the calculation of this rate.

The total value of the repurchased shares cannot exceed the total sum of the resources that may be made to be subject to the profit distribution.

Lower and Upper Limits for the Repurchase of the Shares

The lower price limit in the repurchase of the share is 0 (zero), upper price limit, however, is TRY 2,50 (Two Point Fifty Turkish Liras).

Transaction Procedure and Authorization Period, Required from the General Assembly

The Board of Directors of our Company has been authorized for a period of 3 (three) years.

The Board of Directors of our Company has been authorized on the repurchase of the shares and disposition of such shares so purchased and execution of necessary procedures pursuant to applicable regulation during a period of three (3) years following the date when it is authorized by our General Assembly, Provided to remain within this authorization period, our Board of Directors may realize a shorter period or more buyback programs.

Our Board of Directors may decide to initiate a buyback program again during an authorization Period of 3 (three) years at the end of a terminated buyback program. In this case, the aforementioned procedure will be repeated.

Our Board of Directors is authorized to finalize the sales without disposition of the entire numbers of the shares, repurchased in this respect, and to initiate a new buyback program.

Authorization for Buyback

Mr. Fuad Sertac Karaağaoğlu has been authorized for purchases.

Number of Shares, Repurchased and Still Not Disposed of, Their Proportion to the Capital and Results of the Preceding Program

The Number of Shares, Repurchased and Still Not Disposed of: 4.218.000

Their Proportion to the Capital: %2,29

No buyback has been made by our Company previously within the scope of the related regulation.

The Lowest, Highest and Weighted Average Share Price Information on Annual Basis

As of March 13, 2019, annually;

The lowest share price: TRY 1,30

The highest share price: TRY 2,51

Weighted average share price: TRY 1,79

The Lowest, Highest and Weighted Average Share Price Information for the last 3 months (quarter)

As of Oct 13, 2018, for the last quarter;

The lowest share price: TRY 1,41

The highest share price: TRY 1,91

Weighted average share price: TRY 1,70

The Lowest, Highest and Weighted Average Share Price Information for the last 3 months (quarter)

As of 13.10.2019, for the last quarter

The lowest share price: TRY 1,41

The highest share price: TRY 1,91

Weighted average share price: TRY 1,70

Benefits to be provided by the Related Parties

None.

Information Pertaining to the Affiliates That May Make Repurchase, If Included in the Scope of Program

Akfen Gayrimenkul Ticareti ve İnşaat A.Ş.

Buyback Program

Cumulative Purchase Information is provided below.

31.12.2019 Nominal Value of Shares, Owned as of Current Period (in TRY)	31.12.2019 Amount of Cumulative Transaction as of Current Period (in TRY)	Proportion of Shares, Owned After the Transaction within the Company Capital (%)	Weighted Average Price
6.233.384 TL	9.991.969.09 TL	3.39%	1,60

Notifications to Be Made to Public

The buyback program, prepared by the Board of Directors, will be disclosed to the public with a special circumstance disclosure to be made by the Company at least three weeks in advance from the general assembly meeting date exclusive of announcement and meeting dates and published at the website: www.akfengyo.com.tr of the Company simultaneously.

In case any change is made by the general assembly in the buyback program, submitted to the attention of the General Assembly, the program so changed will be disclosed to the public with a special circumstance disclosure to be made by the partnership within the first business day following the General Assembly date and published at the website of the Company simultaneously.

Two business days in advance of commencement of the buyback transactions pursuant to the program, the commencement and completion dates when the buyback is planned to be made, nominal amount of shares subject to the buyback and special circumstance disclosure pertaining to the capital proportion will be made.

For each transaction, realized by the Company within the framework of the buyback program, a special circumstance disclosure containing the nominal value of the shares subject to the transaction (procedure), their transaction price, proportion to the capital, nominal value of the shares, repurchased before within the framework of the program, and priorities and transaction date subject to these shares, if any, in advance of the commencement of the session on the business day following the date of transaction.

In the event that the repurchased shares are disposed of including previous purchases, the Company will make a special circumstance disclosure containing the nominal value of the shares subject to the transaction (procedure), their transaction price, proportion to the capital, capital proportion of remaining shares, amount of realized profit/loss, and priorities and transaction date subject to these shares, if any, in advance of the commencement of the session on the business day following the date of transaction.

Maximum and average value, paid up for the repurchased shares, source being used for the cost of the repurchase, total number of shares repurchased and the proportion of these shares to the capital will be disclosed by the Company to the public within a period of three business days following the expiry of time, termination of the program and completion of repurchases, planned within the scope of the program. In the event that the shares, repurchased by the Company, have are disposed of within the program period, additionally in the same way, the total nominal value of the shares disposed of, total profit/loss amount and average sales price, and priorities and transaction date subject to purchase and sale, if any, will be disclosed.

This information in the nature of summary of the transactions, realized within the framework of the buyback program is submitted to the attention of the shareholders at the first general assembly.

Other information pertaining to the buyback program

An amount of reserve fund as much as the repurchase value of the shares repurchased will be allocated and classified as limited reserve funds under the equities. The said reserve funds so allocated will be released at a value to meet their repurchased values in case the repurchased shares are sold or amortised.

The acquired shares will not be taken into consideration in the calculation of the meeting quorum at the general assembly.

Attachments

Annex 1: Akfen REIT 2019 CMB and Annual Report Responsibility Statements

Annex 2: Akfen REIT 2019 Consolidated Financial Statements and Footnotes

Annex 3: Akfen REIT 2019 Annual Report Independent Audit Report