

AKFEN REAL ESTATE INVESTMENT TRUST CO. INC.
THIRD QUARTER ANNUAL REPORT
[01.07.2012-30.09.2012]



AKFEN REAL ESTATE INVESTMENT TRUST CO. INC.

IDENTIFYING AKFEN REIT INFORMATION

Period of the Report	: 01.07.2012-30.09.2012
The Tittle of the Partnership	: Akfen Real Estate Investment Trust Co. Inc.
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THE COMPANY'S OPERATIONS AND INFORMATION

Akfen Real Estate Investment Trust's (REIT) main fields of activity include making real estate investments in capital market instruments utilizing the Communiqué for Principles Regarding Real Estate Investment Trusts [Serial: VI, No: 11] Article No. 4.6 while creating and developing a real estate portfolio.

Akfen REIT's principal shareholder, Akfen Holding signed a framework agreement with Accor, an international hotel chain operator, on April 18 2005. Within this agreement, Akfen Holding and Accor joined forces to develop hotel projects in Turkey. With later amendments, Akfen REIT and Tamaris Tourism Co. joined the partnership. Akfen REIT will develop hotel projects under the brand names Novotel and Ibis Hotel and lease them to Accor with long-term leasing agreements. Akfen REIT, a unique pioneer in the Real Estate Investment Trust is focused on the City Hotel concept; it continues its investments in Turkey, the TRNC and in Russia.

SHAREHOLDER STRUCTURE

Our Company developed into the Real Estate Investment Trust on August 25, 2006. Akfen REIT registered its capital, increasing it from TL 138,000,000 to TL 184,000,000 according to Capital Market Law Article No. 4 on 28.04.2011 with no REIT.80/430 by offering the shares at a total nominal value of TL 54,117,500 including TL 46,000,000 and shares of the current shareholder, TL 8,117,500 to the public; 29.41% shares were offered to the public. It started trading on the Istanbul Stock Exchange on May 11, 2011.

As of 30.09.2012, Akfen REIT's shareholder structure was:

AKFEN REAL ESTATE INVESTMENT TRUST	TOTAL	[%]
AKFEN HOLDING	103,197,171	56.09
HAMDİ AKIN	30,196,838	16.411325
İBRAHİM SÜHA GÜÇSAV	4,140,380	2.250207
AKINISI MACHINERY INDUSTRY AND TRADE	43,513	0.023648
AKFEN CONSTRUCTION TOURISM AND TRADE	2	0.000001
MEHMET SEMİH ÇİÇEK	1	0.000001
MUSTAFA DURSUN AKIN	1	0.000001
AHMET SEYFİ USLUOĞLU	1	0.000001
FREE-FLOATING	46,422,093	25.23
TOTAL	184,000,000	100.00

BOARD OF DIRECTORS

As per the Company's Board of Directors Resolution dated May 28, 2012, numbered 2012/09, the division of tasks at the Company's Board of Directors is as presented below.

NAME	TITLE
İBRAHİM SÜHA GÜÇSAV	CHAIRMAN
MUSTAFA KETEN	VICE CHAIRMAN
PELİN AKIN	BOARD MEMBER
SILA CİLİZ İNANÇ	BOARD MEMBER
SELİM AKIN	BOARD MEMBER
HÜSEYİN KADRI SAMSUNLU	BOARD MEMBER
MEHMET SEMİH ÇİÇEK	INDEPENDENT BOARD MEMBER
MUSTAFA DURSUN AKIN	INDEPENDENT BOARD MEMBER
AHMET SEYFİ USLUOĞLU	INDEPENDENT BOARD MEMBER

BOARD OF AUDIT

NAME	TITLE
RAFET YÜKSEL	AUDITOR
MERAL N. ALTINOK	AUDITOR

SENIOR MANAGEMENT

NAME	TITLE
VEDAT TURAL	GENERAL MANAGER
HÜLYA DENİZ BİLECİK	DEPUTY GENERAL MANAGER
MEMDUH OKYAY TURAN	DEPUTY GENERAL MANAGER

CORPORATE GOVERNANCE COMMITTEE

NAME	TITLE
MEHMET SEMİH ÇİÇEK	HEAD OF THE COMMITTEE
AHMET SEYFİ USLUOĞLU	MEMBER/INDEPENDENT MEMBER
MUSTAFA DURSUN AKIN	MEMBER/INDEPENDENT MEMBER

AUDIT COMMITTEE

NAME	TITLE
MUSTAFA DURSUN AKIN	HEAD OF THE COMMITTEE/INDEPENDENT MEMBER
AHMET SEYFİ USLUOĞLU	MEMBER/INDEPENDENT MEMBER
MEHMET SEMİH ÇİÇEK	MEMBER/INDEPENDENT MEMBER

EVALUATION OF THE PERIOD BETWEEN 01.07.2012 - 30.09.2012

DEVELOPMENTS IN THE SECTOR

*TOURISM STATISTICS, Q3 2012

Turkish tourism revenues slipped by 4.1% year-over-year

The third quarter, which covers the months of July, August and September saw Turkish tourism revenues fall by 4.1% year-over-year to USD 8,957,384,030. Foreign visitors accounted for 79.2% and Turkish citizens residing abroad for 20.8% of total tourism revenues.

Visitors organize their visits either individually or through package tours. In the period concerned, individual visits amounted to USD 6,792,022,938 and package tours to USD 2,165,361,092.

In Q3 2012, the average expenditure per person stood at USD 576. In this period, foreign visitors spent an average of USD 534 whereas Turkish citizens residing abroad spent an average of USD 820.

The number of visitors increased by 3.7% year-over-year

In Q3 2012, the total number of foreign visitors who exited Turkey stood at 15,552,120, which included 13,276,114 foreigners and 2,276,006 Turkish citizens residing abroad.

Tourism expenditure slipped by 12.1% year-over-year

Tourism expenditures, which consists of spending by Turkish citizens living in Turkey during their overseas visits, slipped year-over-year by 12.1% to USD 918,257,900, of which USD 818,615,924 was spent in individual visits and USD 99,641,976 in package tours. The 1,379,205 Turkish citizens spent an average of USD 666 in their foreign trips.

Quarterly tourism revenue and expenditure, 2011-2012

YEAR/ PERIOD	TOURISM INCOME (US DOLLAR)	NUMBER OF DEPARTURE	AVERAGE EXPENDITURE PER PERSON (US DOLLAR)	TOURISM INCOME (US DOLLAR)	NUMBER OF RESIDENT CITIZENS	AVERAGE EXPENDITURE PER PERSON (US DOLLAR)
2011						
PERIOD I	3,100,270,170	4,389,235	705	1,196,797,473	1,646,577	727
PERIOD II	5,372,189,266	9,338,076	575	1,325,688,593	1,885,979	703
PERIOD III	9,339,028,54	14,991,270	623	1,044,887,999	1,465,601	713
PERIOD IV	5,208,904,274	7,423,747	702	1,408,802,539	1,283,815	1,097
ANNUAL	23,020,392,250	36,151,328	637	4,976,176,604	6,281,972	792
2012						
PERIOD I	2,799,744,250	4,219,161	664	759,092,463	1,263,166	601
PERIOD II	5,576,155,275	9,323,460	598	1,126,908,259	1,687,811	668
PERIOD III	8,957,384,030	15,552,120	576	918,257,900	1,379,205	666
JULY	2,874,346,062	4,982,363	577	345,558,010	512,102	675
AUGUST	3,088,882,419	5,416,092	570	319,204,280	477,758	668
SEPTEMBER	2,994,155,549	5,153,665	581	253,495,610	389,345	651

Source: Turkish Statistical Institute (TÜİK)

Distribution of Foreigner Visitors Arriving in Turkey by Years and Months*

MONTHS	YEARS			CHANGE OF RATIO%	
	2010	2011	2012*	2011/2010	2012/2011
JANUARY	809,974	975,723	981,611	20.46	0.60
FEBRUARY	953,848	1,079,505	997,571	13.17	-7.59
MARCH	1,414,616	1,617,782	1,460,563	14.36	-9.72
APRIL	1,744,628	2,290,722	2,168,715	31.30	-5.33
MAY	3,148,337	3,283,125	3,232,926	4.28	-1.53
JUNE	3,500,024	3,780,637	3,882,592	8.02	2.70
JULY	4,358,275	4,597,475	4,571,389	5.49	-0.57
AUGUST	3,719,180	4,076,783	4,470,202	9.62	9.65
SEPTEMBER	3,486,319	3,923,546	3,991,415	12.54	1.73
OCTOBER	2,840,095	3,039,754		7.03	
NOVEMBER	1,491,005	1,596,295		7.06	
DECEMBER	1,165,903	1,194,729		2.47	
TOTAL	28,632,204	31,456,076		9.86	
9 MONTHS TOTAL	23,135,201	25,625,298	25,756,984	10.76	0.51

[*]: Provisional data.

In September 2012 , the number of foreign visitors to Turkey increased by 1.73% year-over-year

According to provisional data released by Turkish National Police, in September 2012, the number of foreign visitors to Turkey grew by 1.73% year-over-year to reach 3,991,415.

In September, 309,882 (%7.76) from a total of 3,991,415 foreign visitors to Turkey were day trippers.

In September, foreign visitors entered Turkey mainly through border gates in the following five provinces:

City	Share [%]	Number of Visitors
1- Antalya	38.13	[1,521,767]
2- Istanbul	23.56	[940,241]
3- Muğla	13.12	[523,600]
4- Edirne	6.06	[242,062]
5- Izmir	4.83	[192,890]

In the period from January to September 2012, the number of foreign visitors to Turkey increased by 0.51% year-over-year.

In the period from January to September 2012, the number of foreign visitors to Turkey increased by 0.51% year-over-year to 25,756,984.

Out of 25,756,984 foreign visitors to Turkey in the period from January to September 2012, 1,587,978 were day trippers (6.17%).

In the period from January to September, foreign visitors entered Turkey mainly through border gates in the following five provinces:

City	Share [%]	Number of Visitors
1- Istanbul	34.43	[8,868,040]
2- Antalya	27.52	[7,088,628]
3- Edirne	10.58	[2,724,624]
4- Muğla	8.19	[2,108,539]
5- Artvin	4.46	[1,147,983]

*Source: Ministry of Culture and Tourism

CONFERENCE TOURISM IN TURKEY

The start of conference tourism really began with the Habitat II Congress organized in Istanbul in 1996. Since that time, Turkey has moved forward especially with the construction of new hotels attaining importance to this matter.

Turkey has begun harvesting the fruit of these investments in several centers especially Istanbul, with a geological location that is both historical and filled with natural richness. Other centers include Ankara, Antalya and Izmir. The Habitat II Conference changed the perspective of Turkey toward congress tourism and it was the turning point in realizing the potential tourism offered.

Today, Turkey is a destination for international conferences; with its Bosphorus Strait joining both Europe and Asia, the heart of politics in the capital Ankara, fully equipped facilities along the shores of the Mediterranean and Aegean seas well-known for its Turkish hospitality, excellent food and travel opportunities. It has a very advantageous status due to its geopolitical position, connecting Europe and Asia; it is reachable thanks to direct flight opportunities and transfer connections from big cities. It also combines nature with first class facilities, a hospitable climate and an excellent pricing policy. Among the more popular conference tourism centers developing in Turkey is Istanbul with its geopolitical and economic location; Ankara, the country's political capital, Izmir, Muğla and

Antalya known for their climate and geographical location. Additionally, Cappadocia with breath-taking geological and extraordinary scenery. Evaluated on a sectorial basis in terms of tourism, Turkey has hosted many medical and informational gatherings.

EXPLANATION OF PORTFOLIO ASSETS AND PROPERTY RIGHTS

Domestic Hotels in Operations

Novotel and Ibis Hotel Istanbul
Ibis Hotel Eskişehir
Novotel Trabzon
Novotel and Ibis Hotel Gaziantep
Novotel and Ibis Hotel Kayseri
Ibis Hotel Bursa
Ibis Hotel Adana

Novotel and Ibis Hotel Istanbul Zeytinburnu

Land Area
11,720 m²

Construction Area
26,372 m²

Number of Rooms
Novotel: 4-star, 208 rooms;
Ibis Hotel: 3-star, 228 rooms

Start of Operation
March 2007

Operator
Tamaris Tourism [Accor]

The State Treasury granted use of the land parcel for the Istanbul Novotel and Ibis Hotel for a period of 49 years with a usufruct agreement on December 4, 2003. The construction permit was received on January 6, 2005 and construction commenced thereafter.

Novotel and Ibis Hotel Istanbul Zeytinburnu are situated side by side at an ideal location between the city center and the airport, providing convenient access in both directions. These hotels are close to shopping centers and cultural areas as well as to public transportation by sea bus, underground metro and tram. They are conveniently located both for business and leisure travelers.

Novotel Istanbul Zeytinburnu features 208 rooms including six suites with a view of the sea and four handicap accessible rooms, a meeting room that can accommodate up to 250 persons, a restaurant, bar, fitness center and an outdoor swimming pool. In 2011, Novotel Istanbul received an Earthcheck International Environment Certificate.

Ibis Hotel Zeytinburnu has 228 comfortable, modern rooms including four handicap accessible rooms, a restaurant, a lobby bar and a covered parking area. In 2011, Ibis Hotel Istanbul received the ISO 9001 International Quality Standard and IS 14001 International Environment Certificates.

Ibis Hotel Eskişehir

Land Area
6,806 m²

Construction Area
5,868 m²

Number of Rooms
Ibis Hotel: 3-star, 108 rooms

Start of Operation
April 2007

Operator
Tamaris Tourism [Accor]

The structure housing the Ibis Hotel Eskişehir was leased from the Eskişehir Metropolitan Municipality for a period of 22 years and was retrofitted as an Ibis Hotel. Ibis Hotel Eskişehir is located in one of the most exclusive areas of the city, near the Anadolu University campus. The hotel is in an ideal location, within walking distance to public transportation, including railway and tram stations, as well as to the city center providing convenient access for visitors.

Ibis Hotel Eskişehir features 108 modern, comfortable rooms, including two accessible rooms for handicapped guests, a meeting room with a capacity for 80 people, a restaurant, a bar and a private car parking area. In 2011, the Ibis Hotel Eskişehir, received the ISO 9001 International Quality Standards and IS 14001 International Environment Certificates.

EXPLANATION OF PORTFOLIO ASSETS AND PROPERTY RIGHTS

Novotel Trabzon

Land Area
13,450 m²

Construction Area
15,232 m²

Number of Rooms
Novotel: 4-star, 200 rooms

Start of Operation
October 2008

Operator
Tamaris Tourism (Accor)

The land parcel for Novotel Trabzon was leased from the Trabzon World Trade Center on December 9, 2005, for 49 years. A perpetual and independent usufruct right for a period of 49 years was conferred to Akfen REIT and entered in the deeds registry on February 27, 2008.

Novotel Trabzon is the first international chain hotel in the city and in the region. It is located next to the World Trade Center on the Black Sea coast and is conveniently located near center city and the airport.

Novotel Trabzon features 200 rooms including four wheelchair-accessible rooms; seven large meeting rooms with a capacity of up to 650 persons, a restaurant, a bar, a fitness center, an indoor swimming pool and a tennis court. Novotel Trabzon holds a benchmark status according to its Earthcheck certificate.

Novotel and Ibis Hotel Gaziantep

Land Area
6,750 m²

Construction Area
18,825 m²

Number of Rooms
Novotel: 4-star, 92 rooms;
Ibis Hotel: 3-star, 177 rooms

Start of Operation
January 2010

Operator
Tamaris Tourism (Accor)

The land parcels for the Novotel and Ibis Hotel Gaziantep were leased from the Gaziantep Metropolitan Municipality for 30 years on May 31, 2007. A perpetual and independent usufruct right for a period of 30 years was conferred to Akfen REIT and entered in the deeds registry on July 17, 2007.

Gaziantep is a prominent city in Turkey, known for its history, social and cultural riches and industrial, commercial and touristic development level. Novotel and Ibis Hotel Gaziantep are located in the heart of Gaziantep.

Novotel Gaziantep features 92 rooms, including four suites, two rooms accessible for disabled guests, a restaurant and bar, six meeting rooms with a capacity of up to 700 persons, an outdoor swimming pool, a fitness center and a private car parking area. Novotel Gaziantep holds a benchmark status according to its Earthcheck certificate.

Ibis Hotel Gaziantep has 177 comfortable rooms with modern amenities including four disabled accessible rooms, a lobby bar, a restaurant and a private car parking area.

EXPLANATION OF PORTFOLIO ASSETS AND PROPERTY RIGHTS

Novotel and Ibis Hotel Kayseri

Land Area
11,035.40 m²

Construction Area
11,064 m²

Number of Rooms
Novotel: 4-star, 96 rooms;
Ibis Hotel: 3-star, 160 rooms

Start of Operation
March 2010

Operator
Tamaris Tourism (Accor)

The land parcel that houses Kayseri Novotel and Ibis Hotel was leased from the Kayseri Chamber of Industry and Commerce for 49 years on November 4, 2006. A perpetual and independent usufruct right for that period was conferred to Akfen REIT and entered in the deeds registry on August 17, 2007.

Novotel and Ibis Hotel Kayseri are located in the city center, 10 minutes from the airport.

Novotel Kayseri features 96 rooms, including four suites and two wheelchair accessible rooms for disabled guests, a restaurant and bar, four meeting rooms that can accommodate up to 120 persons, a fitness center and a private vehicle parking area. Novotel Kayseri holds a benchmark status according to Earthcheck certificate.

Ibis Hotel Kayseri features 160 comfortable rooms with modern amenities, including four handicap accessible rooms, a restaurant, a lobby bar and a private car parking area.

Ibis Hotel Bursa

Land Area
7,961.79 m²

Construction Area
7,523 m²

Number of Rooms
Ibis Hotel: 3-star, 200 rooms

Start of Operation
November 2010

Operator
Tamaris Tourism (Accor)

Ibis Hotel Bursa was built on land leased from the Business Co-op of Bursa International Textiles Trade Center on May 9, 2008. A perpetual and independent usufruct right for a period of 30 years was conferred to Akfen REIT and entered in the deeds registry on August 7, 2008.

Ibis Hotel Bursa is located in one of the most prominent, industrial cities in Turkey. Its location near business and trade centers makes the hotel an ideal locality for travelers.

Ibis Hotel Bursa features 200 rooms including four handicap accessible rooms, a restaurant, a bar and a meeting room.

Ibis Hotel Adana

Land Area
2,213 m²

Construction Area
9,047 m²

Number of Rooms
Ibis Hotel: 3-star, 165 rooms

Start of Operation
September 2012

Operator
Tamaris Tourism (Accor)

Akfen REIT acquired the land parcel for this project on August 3, 2010; the construction permit was granted on April 20, 2011. With a population of 1.7 million, Adana is the fifth most populated city in the country. The land parcel for this hotel project is located on Turhan Cemal Beriker Avenue, within the city center next to the municipal building; it is four kilometers from the airport.

Ibis Hotel Adana will have 165 rooms including two wheelchair accessible rooms, a multi-purpose hall, a meeting room, a bar, a restaurant and indoor and outdoor parking areas.

EXPLANATION OF PORTFOLIO ASSETS AND PROPERTY RIGHTS

Overseas Hotels

Overseas Hotels in Operation

Mercure Hotel Girne TRNC

Ibis Hotel Yaroslavl Russia

Ibis Hotel Samara Russia

Girne TRNC Mercure Hotel Mercure Hotel Girne TRNC

Land Area
37,000 m²

Construction Area
33,387 m²

Number of Rooms
5- star, 299

Start of Operation
April 2007

Operator
As October 1,2012 will be operator
Voyager Kibris Ltd.

The Ministry of Finance of TRNC granted use of the land parcel on which Girne Mercure Hotel was built; it has been leased for a period of 49 years. This is the first international hotel in Northern Cyprus and features 299 rooms, including 279 standard rooms, two wheelchair accessible rooms, 14 suites, two Deluxe suites and two Royal suites, two restaurants, a spa center, outdoor and indoor swimming pools; a meeting room; and a conference hall.

Ibis Hotel Yaroslavl, Russia

Land Area
4,432 m²

Construction Area
7,916 m²

Number of Rooms
Ibis Hotel 3-star, 177 rooms

Start of Operation
September 2011

Operator
Russian Management Hotel
Company (Accor)

Ibis Hotel Yaroslavl is located in the city of Yaroslavl, one of the hub cities within the periphery of Moscow, about 250 kilometers from the capital, in the area known as the "Golden Ring." Due to its location, Yaroslavl attracts many domestic and foreign tourists. In addition to cultural tourism, Yaroslavl also draws a significant number of visitors every year to experience Volga River cruises and

international conferences held in the city. One of the most important oil refineries in Russia is also located in Yaroslavl.

The residential license for Ibis Hotel Yaroslavl was obtained on July 29, 2011 and the ownership of the building on February 24, 2011.

The Russian government chose Yaroslavl as one of the FIFA 2018 World Cup host cities. The region's popularity is expected to rise and investments in the area are forecast to increase prior to the championship. Business related travel to the Yaroslavl region and the demand for business hotels in the city is expected to increase.

Ibis Hotel Yaroslavl has a total of 177 rooms, including 128 standard rooms, four accessible rooms for handicapped guests, three suites and 42 twin rooms as well as a restaurant, bar, two meeting rooms, a business center, indoor and outdoor parking areas.

EXPLANATION OF PORTFOLIO ASSETS AND PROPERTY RIGHTS

Ibis Hotel and Office Samara

Land Area
4,803.66 m²

Construction Area
Office Building: 11,749.25 m²
Hotel: 9,904.35 m²

Number of Rooms
Ibis Hotel 3-star, 204 rooms and
office building

Start of Operation
March 2012

Operator
Russian Management Hotel
Company (Accor)

One of the most important Russian projects of Akfen REIT, is the Ibis Hotel Samara and Office Building. One of Russia's largest cities, Samara has a population of 1.2 million. The region presents ideal opportunities for hotel investments due to the low number of branded hotels operating at international standards. The project's land parcel is located on the main thoroughfare to the airport and is two kilometers from the city center.

The residential license of Ibis Hotel Samara was obtained on December 2, 2011 and the ownership of the building on December 30, 2011.

One office block was built for the landowner in exchange for the land; a second block has been planned with a view to generate rental income.

Ibis Hotel Samara has a total of 204 rooms, including 152 standard rooms, five handicapped accessible rooms, three suites and 44 twin rooms; as well as, a restaurant, a bar, three meeting rooms, a business center and an indoor car park.

EXPLANATION OF PORTFOLIO ASSETS AND PROPERTY RIGHTS

Projects

Domestic Projects in Progress

Ibis Hotel Esenyurt, Istanbul

Ibis Hotel Izmir

Novotel Karaköy, Istanbul

Ibis Hotel Esenboğa, Ankara

Ibis Hotel Esenyurt Istanbul

Land Area

1,755.37 m²

Construction Area

7,331 m²

Number of Rooms

Ibis Hotel 3-star 156 rooms

Construction Permit Date

December 30, 2010

Operator

Tamaris Tourism (Accor)

Akfen REIT acquired the land for the Ibis Hotel Esenyurt project, located facing the E-5 highway near the TUYAP Exhibition and Congress Center. It is situated in the Büyükçekmece district, a fast developing region with several satellite town projects.

Ibis Hotel Esenyurt will feature 156 rooms, including two accessible rooms for the disabled as well as a multi-purpose hall, three meeting rooms, a restaurant, a bar and indoor and outdoor parking areas. Ibis Hotel Esenyurt will open at the end of 2012.

Ibis Hotel Izmir

Land Area

629 m²

Construction Area

5,555 m²

Number of Rooms

Ibis Hotel 3-star 140 rooms

Construction Permit Date

October 10, 2011

Operator

Tamaris Tourism (Accor)

The land for this project is located in Alsancak, on block 7656, parcel 2, registered in the Konak district of Izmir province. It was leased for a period of 49 years from the Prime Ministry General Directorate of Foundations for the construction of a hotel after winning the tender on August 25, 2010. The layout and project details for the Ibis Hotel, which will feature 140 rooms have been completed and were approved by the Izmir Regional Directorate of Foundations. The construction permit was obtained from Konak Municipality on October 10, 2011 and will have 140 rooms including two accessible rooms for the disabled, a meeting room, a bar and a restaurant. Ibis Hotel Izmir will begin operations in 2013.

Novotel Karaköy Istanbul

Land Area

3,074.58 m²

Construction Area

21,440 m²

Number of Rooms

Novotel 5-star 200 rooms

Construction Permit Date

August 17, 2012

The land for the Novotel Karaköy was leased from the General Directorate of Foundations for 49 years. It is planned as a 5-star facility. Novotel Karaköy will be located on the Rıhtım Avenue, on a parcel of land currently occupied by the old Karaköy Building, which was used for the Regional Directorate of Foundations as well as an empty lot known as Kozluca Han. The hotel will enjoy a splendid view of the Bosphorus, Marmara and the historical peninsula; it is in a perfect location vibrant throughout the day with various cultural and artistic events. The hotel will have 200 rooms. The construction began in 2012 and will open by 2015.

EXPLANATION OF PORTFOLIO ASSETS AND PROPERTY RIGHTS

Ibis Hotel Esenboğa Ankara

Land Area
7,134 m²

Construction Area
9,506 m²

Number of Rooms
3 star 147 rooms

Akfen REIT acquired the land parcel for this hotel project on 21 July 2011. The Esenboğa Hotel will be located two kilometers from the Esenboğa Airport in Ankara, next to the airport's main entrance. It will have approximately 150 rooms and is planned to start operations in 2014.

Overseas Projects in Progress

Ibis Hotel Kaliningrad
Ibis Hotel Moscow
Bafra Hotel Projects, TRNC

Ibis Hotel Kaliningrad

Land Area
5,099 m²

Construction Area
6,322 m²

Number of Rooms
Ibis Hotel 3-star 167 rooms

Construction Permit Date
June 20, 2011

Operator
Russian Management Hotel
Company (Accor)

The project is located in the city center of Kaliningrad, an important transportation hub due to its location on the Baltic Sea coast. As an old Prussian city with a rich and historic legacy coupled with soaring business travel, the city holds tremendous industrial and cultural potential.

Due to a shortage of hotels with over 100 rooms operated by international brands and since the existing hotel room stock in this segment dates back to the Soviet era, Kaliningrad has become a magnet for hotel investors. The Russian government selected Kaliningrad as a FIFA 2018 World Cup host city and as such, the region's appeal is expected to rise; investments in the area are forecast to increase prior to the championship. Business-related travel to the Kaliningrad region and the demand for business hotels in the city will certainly increase.

EXPLANATION OF PORTFOLIO ASSETS AND PROPERTY RIGHTS

Ibis Hotel Kaliningrad will start operations in 2013. Set on a 5,099 m² parcel of land, the project has 6,322 m² of covered space. The hotel is planned as an eight storey building, for which the construction permit was obtained on June 20, 2011. The plot is located at a distance of 1.2 km from old Kaliningrad, 450 meters from the Pregolya River and 20 km away from the airport. Since there is an insufficient number of conference and meeting halls in the city, creating meeting space has been a priority for the project.

The ground floor of the hotel will feature a lobby, restaurant, kitchen and meeting rooms. The Ibis Hotel Kaliningrad project will include 119 standard rooms, 40 twin rooms, three wheelchair accessible rooms and five family rooms for a total of 167 rooms.

Ibis Hotel Kaliningrad will be opened in the first half of 2013.

Ibis Hotel Moscow

Land Area
3,000 m²

Construction Area
20,029.70 m²

Number of Rooms
Ibis Hotel 3-star 480 rooms

The land on which the hotel is located is a political route with tremendous national significance. It passes by the Kremlin and Red Square and is approximately four kilometers from the Kremlin.

The total construction area is 20,029 m² including 3,000 m² covered space. The design work is under way for the project and have 22 floors plus a basement. Ibis Hotel Moscow will have a total of 480 rooms and will open its doors by 2016.

Bafra Hotel Project

Land Area
224,524 m²

Construction Area
96,055 m²

A 224,524 m² plot of land with tourism zoning in Bafra, Turkish Republic of Northern Cyprus (TRNC), has been allocated by the TRNC Ministry of Agriculture and Natural Resources to Akfen Construction. The site was obtained for a period of 49 years and transferred to Akfen RETC as per a resolution dated February 23, 2011

EXPLANATION OF PORTFOLIO ASSETS AND PROPERTY RIGHTS

Completion Rate

Domestic Projects

Investment	Investment Completion**[%]
Novotel ve Ibis Hotel Zeytinburnu- Istanbul	100
Ibis Hotel Eskişehir	100
Novotel Trabzon	100
Novotel and Ibis Hotel Gaziantep	100
Novotel and Ibis Hotel Kayseri	100
Ibis Hotel Bursa	100
Ibis Hotel Adana	100
Ibis Hotel Esenyurt	99
Ibis Hotel Izmir	67
Ibis Hotel Ankara	23
Novotel Karaköy	19

Overseas Projects

Investment	Investment Completion* [%]
Mercure Hotel Kyrenia TRNC	100
**Samara Office Russia	100
**Ibis Hotel Samara Russia	100
**Ibis Hotel Yaroslavl Russia	100
**Ibis Hotel Kaliningrad	53
Ibis Hotel Moscow	3

* Akfen REIT share is 95%.

** Including advances paid to the contractor.

The expertise values of the buildings, real estate projects in our portfolio and real estate based rights and affiliates, excluding VAT, are stated in the table below:

MARKET VALUE ACCORDING TO EXPERT APPRAISAL REPORTS

COMPANY/FACILITY	REPORT DATE	ASSESSED BY	000 TL MARKET VALUE (TL, EXCL. VAT)	000 TL FAIR VALUE (TL, INCL. VAT)
AKFEN REAL ESTATE TRADE AND CONSTRUCTION	30.09.2011	TSKB CORPORATE FINANCE	381,315	388,441
AKFEN KARAKÖY REAL ESTATE INVESTMENT AND CONSTRUCTION	30.09.2011	TSKB CORPORATE FINANCE	71,884	71,997
NOVOTEL VE IBIS HOTEL ZEYTINBURNU	30.09.2011	TSKB REAL ESTATE ASSESSMENT	207,640	207,640
IBIS HOTEL ESKİŞEHİR	30.09.2011	TSKB REAL ESTATE ASSESSMENT	20,326	20,326
NOVOTEL TRABZON	30.09.2011	TSKB REAL ESTATE ASSESSMENT	77,180	77,180
NOVOTEL AND IBIS HOTEL GAZİANTEP	30.09.2011	TSKB REAL ESTATE ASSESSMENT	52,800	52,800
NOVOTEL AND IBIS HOTEL KAYSERİ	30.09.2011	TSKB REAL ESTATE ASSESSMENT	59,843	59,843
IBIS HOTEL BURSA	30.09.2011	TSKB REAL ESTATE ASSESSMENT	47,840	47,840
IBIS HOTEL ESENYURT	30.09.2011	TSKB REAL ESTATE ASSESSMENT	34,460	35,908
IBIS HOTEL ADANA	30.09.2011	TSKB REAL ESTATE ASSESSMENT	27,080	32,677
IBIS HOTEL İZMİR	30.09.2011	TSKB REAL ESTATE ASSESSMENT	27,450	27,878
LAND IN ANKARA	30.09.2011	TSKB REAL ESTATE ASSESSMENT	5,200	5,200
TOTAL VALUE			1,013,018	1,027,732

SUBSIDIARIES OF AKFEN REIT

AKFEN Real Estate Trade and Construction Co. Inc. (Akfen RETC)

Akfen RETC's main fields of activity include investments in real estate and developing, managing and delegating the management of the real estate portfolio. The Company was established on August 20, 1999 as T-T Tourism and Construction Industry and Trade LLC; it was later restructured into an incorporated company. The changes made in the Articles of Association were published on pages 225-226 of the Trade Registry Gazette, Issue 5603, dated July 31, 2002. Accordingly, the name of the Company was changed to T-T Tourism Construction Agriculture Stock Farming Industry and Trade Co. Inc. On September 22, 2006, the name of the Company was changed to Akfen Real Estate Investment Trade and Construction Co. Inc.

The 99.9% share of Akfen RETC that was previously held by Akfen Holding and Akfen Construction and Tourism was transferred to Akfen REIT on February 21, 2007. At present, Akfen REIT's 99.9% subsidiary, Akfen RETC, receives rental income from the Mercure Hotel Girne in the TRNC and Ibis Hotel Samara and Ibis Hotel Yaroslavl in Russia. RETC is developing the Ibis Hotel Kaliningrad Project in Russia and Bafra Hotel Project in the TRNC.

The 5-star Mercure Hotel located in Girne province in the Turkish Republic of Northern Cyprus has been operating since 2007. Akfen RETC also inaugurated the first two components of Akfen REIT's Russian investments, namely Ibis Hotel Yaroslavl and Ibis Hotel Samara. At present there are two ongoing hotel projects in Russia. Akfen RETC holds a 95% share of Russian Hotel Investments B.V. (RHI) and Russian Property Investment B.V. (RPI) based in the Netherlands. RHI and RPI are the partners of the project companies established according to Russian laws.

Russian Hotel Investment B.V. (RHI)

RHI was established on September 21, 2007 as a joint venture of Akfen RETC and Eastern European Property Investment Ltd. (EPEI). The Company's main field of activity is developing hotel projects in Russia; it is a jointly managed concern. The companies established for specific hotel projects are organized under RHI. The active companies are presented in the table below.

Russian Property Investment B.V. (RPI)

RPI was established on January 3, 2008 as a joint venture of Akfen RETC and Eastern European Property Investment Ltd (EPEI). The Company's main field of activity is developing projects other than hotels in Russia. The companies established for specific projects are organized under RPI. The shares held by Akfen Real Estate Development and Trade were transferred to Akfen RETC on June 5, 2009.

RHI and RPI also established the Kasa-Akfen Real Estate Development LLC in Russia as a joint venture. The Company is based in Moscow; its purpose is to serve as a head office for the management of Russian investment projects.

The shareholder structure of Akfen RETC is stated below:

Shareholders	Share amount (TL)	Share of partnership	Share of partnership (%)
Akfen REIT Co. Inc.	99,999,900	1,999,996	99.9999
Hamdi Akin	50	2	0.00050
Akinisi Machinery Industry and Trade	25	1	0.00025
Akfen Tourism Investment and Operating Co. Inc.	25	1	0.00025
Total	100,000,000	2,000,000	100

SUBSIDIARIES OF AKFEN REIT**Subsidiary Title:**

Akfen Karaköy Real Estate
Investment and Construction Inc.

Address:

Büyükdere Street. Levent Loft
No: 201 C Block Floor: 8 Levent-
Istanbul /Turkey

Field of Activity:

The field of the Company's activity
involves planning, constructing,
outsourcing specific construction,
leasing, managing and delegating
the management of miscellaneous
tourism facilities, hotels and real
estate investments.

Capital:

TL 1,000,000 (the shares held by
Akfen REIT total TL 699,990 and
are entirely paid-in)

Participation Ratio:

69.98%

Akfen Karaköy Real Estate
Investment and Construction Co.
was founded on May 31, 2011. In
accordance with the conditional
construction lease agreement
of June 22, 2011 and in line with
its objective for foundation, an
investment is planned for a 5-star
hotel with 200 rooms on land
owned by the General Directorate
of Foundations in Beyoğlu-Istanbul

Subsidiary Title:

Hotel Development and
Investments BV

Address:

P.O. Box 87459 1080 JL
Amsterdam Holland

Field of Activity:

To develop hotel projects in Russia

Capital:

Euro 18,000

Participation Ratio:

100%

Shareholders	Share Amount (TL)	Share of partnership (%)
Akfen REIT Co. Inc.	699,980	69.98
AKFEN Real Estate Trade and Construction Co. Inc	10	0.01
Akfen Holding Co. Inc.	10	0.01
Keskin Real Estate Investments Tourism and Trade Co. Inc.	299,990	29.99
Bilal Keskin	10	0.01
Total	1,000,000	100

DETAILS OF THE CONSULTING FIRM, OPERATOR COMPANY, REAL ESTATE APPRAISAL COMPANY, PORTFOLIO MANAGEMENT COMPANY AND THE STORAGE INSTITUTION REGARDING THE ASSETS AND RIGHTS OF THE PARTNERSHIP PORTFOLIO

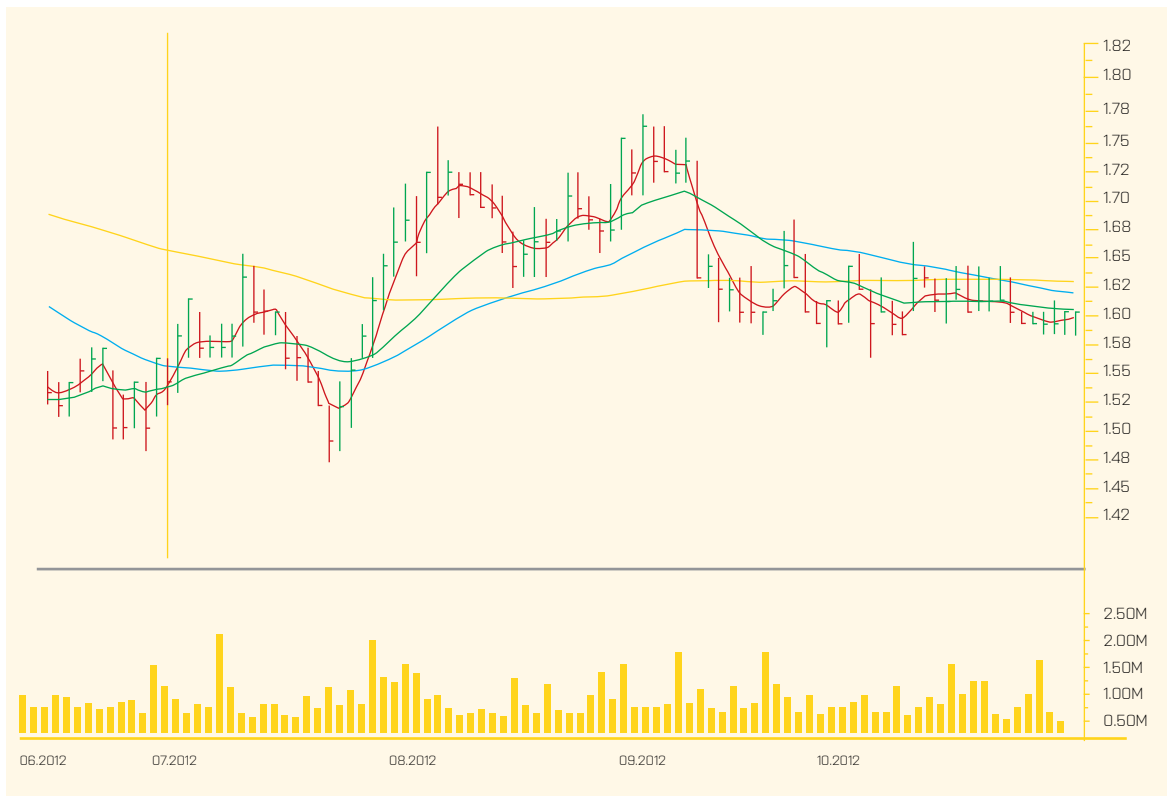
From time to time, our Company receives appraisal services from TSKB Real Estate Appraisal Company and Elite Real Estate Appraisal Company. Cash against agreement is paid for related services to the appraisal company according to the nature of the appraisal.

Portfolio management money and capital market instruments in the portfolio of our Company is carried out by the Company's Finance Manager, the owner of the Capital Market Advanced License No. 202864 dated 08.02.2008 Servet Didem Koç and the Deputy Director General, the owner of the Capital Market Advanced License No. 201706 dated 17.04.2006 Hülya Deniz Bilecik.

INFORMATION ON THE PERFORMANCE OF PARTNERSHIP SHARES

Our Company's shares have been listed on the Istanbul Stock Exchange since May 11, 2011. The share price showed a change between TL 1.49 and TL 1.76 in the 3rd quarter of 2012. The net asset value per share was TL 4.35 and the average final quotation price was TL 1.61 as of 30.09.2012. Akfen REIT shares were discounted by 63% by the end of 30.09.2012.

AKFEN REIT SHARE PRICE CHART (TL)



INFORMATION ON THE SHAREHOLDER EXPENSES

The benefits provided to the Chairman of the Board, members of the Board and other executives such as the General Director and the Deputy General Manager in the three month period ending on September 30, 2012 totaled TL 316,982.

The total benefits provided to the Chairman of the Board, members of the Board and other executives such as the General Director and the Deputy General Manager in the three month period ending on June 30, 2012 amounted to TL 304,895. In the relevant period, the Company effectuated a payment of TL 2.533,06 to the Central Registry Agency.

General Management expenses for the three month interim between July 1 and September 30, 2012 are given in the table below.

GENERAL MANAGEMENT EXPENSES	TL
Personnel expenses	762,817
Tax, levy and duty expenses	154,628
Outsourced services	179,900
Consulting expenses	439,055
Travel and representation expenses	134,494
Travel and representation expenses	105,120
Amortization expenses	9,655
Advertising expenses	6,750
Redemption expenses	1317
Other expenses	37,373
Total	1,831,109

Novotel Karaköy Project, in the related period, a total of TL 634,172 was invested for the project Ibis Hotel Esenboğa, in the related period, a total of TL 146,239 was invested

Overseas Projects

In the related period, TL 2,380,428 was invested for the Ibis Hotel Kaliningrad Project.

In the related period, TL 5,529 was invested for the Bafra Hotel Project.

Stages of Development and Investment Totals in the Related Period

In the third quarter of 2012, our Company continued to receive lease income from the hotels in its portfolio; Novotel and Ibis Hotel Eskisehir, Novotel Trabzon, Novotel and Ibis Hotel Gaziantep and Novotel Ibis Hotel Kayseri, Ibis Hotel Bursa, Ibis Hotel Adana. It will also receive lease income from Mercure Hotel Girne, Ibis Hotel Yaroslavl and Ibis Hotel Samara.

Domestic Projects

Ibis Hotel Esenyurt Project is under construction. In the related period, TL 2,340,003 was invested.

Ibis Hotel Izmir Project is under construction. In the related period, an amount of TL 1,342,866 was invested.

Ibis Hotel Adana Project is under construction. In the related period, TL 72,648 was invested for this project.

COMPLIANCE CONTROL ON PORTFOLIO LIMITATIONS

The Company's control of compliance of the portfolio limits according to the CMB Communiqué Serial: VI, No. 11 "Communiqué on Principles Regarding Real Estate Investment Trusts" is as follows:

UNCONSOLIDATED (SEPARATE) FINANCIAL STATEMENT MAIN ACCOUNT ITEMS		RELATED REGULATION	30 JUNE 2012	31 DECEMBER 2011
A	Cash and capital market instruments	Serial: VI. No: 11. Article 27 / (b)	746,736	6,353,062
B	Investment properties, investment property-based projects, investment property-based rights	Serial: VI. No: 11. Article 27 / (a)	585,887,605	567,292,650
C	Participations	Serial: VI. No: 11. Article 27 / (b)	477,631,385	463,221,971
	Due from related parties (non-trade)	Serial: VI. No: 11. Article 24 / (g)	-	-
	Other assets		31,276,585	33,679,860
D	Total assets	Serial: VI. No: 11. Article 4 / (i)	1,095,542,311	1,070,547,543
E	Financial liabilities	Serial: VI. No: 11. Article 35	173,648,871	160,091,860
F	Other financial liabilities	Serial: VI. No: 11. Article 35	3,928,325	5,938,934
G	Finance lease liabilities	Serial: VI. No: 11. Article 35	-	-
H	Due to related parties (non-trade)	Serial: VI. No: 11. Article 24 / (g)	-	-
I	Shareholders' equity (net asset value)	Serial: VI. No: 11. Article 35	917,965,115	904,516,749
	Other liabilities		-	-
D	Total liabilities and equity	Serial: VI. No: 11. Article 4 / (i)	1,095,542,311	1,070,547,543
Unconsolidated (separate) other financial information		Related Regulation	30 June 2012	31 December 2011
A1	Cash and capital market instruments held for payments of investment properties for 3 years	Serial: VI. No: 11. Article 27 / (b)	740,156	6,350,151
A2	Time / demand TL / foreign currency	Serial: VI. No: 11. Article 27 / (b)	-	-
A3	Foreign capital market instruments	Serial: VI. No: 11. Article 27 / (c)	-	-
B1	Foreign investment property, investment property-based projects, investment property-based rights	Serial: VI. No: 11. Article 27 / (c)	-	-
B2	Idle lands	Serial: VI. No: 11. Article 27 / (d)	-	-
C1	Foreign subsidiaries	Serial: VI. No: 11. Article 27 / (c)	3,262,113	2,782,856
C2	Participation to the operator company	Serial: VI. No: 11. Article 32 / A	-	-
J	Non-cash loans	Serial: VI. No: 11. Article 35	466,603,742	537,306,493
K	Pledges on land not owned by the Investment Trust which will be used for project developments	Serial: VI. No: 11. Article 25 / (n)	-	-

Portfolio Constraints	Related Regulation	Current Period	Previous Period	Minimum/Maximum Ratio
1 Pledges on Land not Owned by the Investment Trust which will be Used for Project Developments	Serial: VI, No: 11, Article 25 / (n)	0.00%	0.00%	<10%
2 Investment Property, Investment Property Based Projects, Investment Property Based Rights	Serial: VI, No: 11, Article 27 / (a),(b)	53.48%	52.99%	>50%
3 Cash and Capital Market Instruments and Participations	Serial: VI, No: 11, Article 27 / (b)	43.67%	43.86%	<50%
4 Foreign Investment Property, Investment Property based Projects, Investment Property Based Rights, Participations, Capital Market Instruments	Serial: VI, No: 11, Article 27 / (c)	43.90%	43.53%	<49%
5 Idle Land	Serial: VI, No: 11, Article 27 / (d)	0.00%	0.00%	<20%
6 Participation to the Operator Company	Serial: VI, No: 11, Article 32 / A	0.00%	0.00%	<10%
7 Borrowing Limit	Serial: VI, No: 11, Article 35	70.17%	77.76%	<500%
8 Time / Demand TL / Foreign Currency	Serial: VI, No: 11, Article 27 / (b)	0.07%	0.59%	<10%

Since the information in the table is unconsolidated, it may differ from the consolidated information in the financial statements.

OTHER MATTERS TO BE SPECIFIED BY THE PARTNERSHIP

The Company's Annual Report 2011 was deemed worthy of the Silver Prize at Creativity International Awards, one of the most prestigious advertising and design competitions in the world.

DEVELOPMENTS AFTER 30.09.2012

In its meeting dated October 31st, 2012, the Board of Directors accepted the resignation of Mr. Orhan Gündüz from his positions as General Manager and appointed Mr. Vedat Tural, who had been serving as Deputy General Manager since 02.05.2007, as the new General Manager of the Company.

A twenty-year Lease Contract concerning the five-star Mercure Otel in Girne, TRNC, which is part of the portfolio of the Company's subsidiary Akfen Real Estate Trade and Construction Co. Inc. complete with its casino and annexes, was signed by the concerned parties on 15.05.2012, and the hotel was handed over to Voyager Kıbrıs Ltd. on 01.10.2012.

www.akfengyo.com.tr



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