



# AKFEN REAL ESTATE INVESTMENT TRUST CO. INC.

1 January – 30 June 2013

ACTIVITY REPORT

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



AKFEN GYO MENKUL YATIRIM ORTAKLIĞI A.Ş.



- **General Information About Akfen REIT**
- **Highlights of 2013**
- **Financial Outcomes**
- **Social Responsibility Projects**
- **Related Party Disclosures**
- **Annexes**
- **Contact Information**

Akfen Real Estate Investment Trust Co. Inc. (Akfen REIT), was established following changing of trade title of Aksel Tourism Investments and Operating Co. Inc. (Aksel), whereby it was converted to a real estate investment trust and restructured. Aksel was first established on June 25, 1997 by Hamdi Akın and Yüksel Construction Co. Inc., for the purpose of investing in domestic tourism sector; subsequently, shares of Yüksel Construction Co. Inc. were purchased by Akfen Holding in 2006, and the company became a subsidiary of Akfen Holding. Upon acceptance of the application made to the CMB within the same year, the Company changed its title and field of activity, and became Akfen Real Estate Investment Trust Co. Inc. Akfen REIT is under the registered capital system. Its capital of TL138,000,000 was increased to TL184,000,000 and shares with a nominal value of TL54,117,500 (TL46,000,000 plus TL8,117,500 owned by the existing shareholders) were offered to public and registered as per Article 4 of the Capital Markets Law, and CMB's approval Ref. No:REIT.80/430 of April 28, 2011. 29.41% of Company shares were offered to public and were started to be traded at Borsa Istanbul (formerly known as Istanbul Stock Exchange) on May 11, 2011. Akfen REIT's trade registry number is 372279, and its principal place of business is located at the address: Levent Loft Büyükdere Cad.No:201 C Blok Kat:8 D:150 34394 Levent / İstanbul.

Akfen REIT's basic business model is to develop and construct three and four star hotels which reflect the highest standards of city hotel management concept, to lease these hotels to Accor S.A. under long term leasing contracts, and to obtain regular and foreseeable rental income. Akfen REIT has expertise in development and construction of mid-range hotels; and realizes its domestic investments with the aim to get the optimal share from the increasing middle-class tourism demand in Turkey, and the increasing mobility of Turkey's business world.

Within this context, the Company signed a framework agreement in 2005 with Accor, one of the leading hotel management companies in the world, for hotel development. In line with this agreement, Akfen REIT reached a portfolio of 19 hotels which it developed and invested in; including the 3-star Ibis Hotels and the 4-star Novotel Hotels, which are the most successful brands of Accor Group throughout the world, and the currently ongoing investments in Turkey and Russia.

In terms of the net value of its assets, Akfen REIT is one of the major real estate investment trusts in Turkey. Aiming to strengthen its position even further, the Company plans to become one of the leading hotel investors in the region through its hotel investments which are planned to be continued in the near future, in terms of both the number of hotels and total number of rooms; with hotels which are built and managed up to international standards.

# General Information About Akfen REIT



## SHAREHOLDER STRUCTURE, JUNE 30, 2013

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

\* There are 8.900.456 unit shares belonging to Akfen Holding in Free Float.

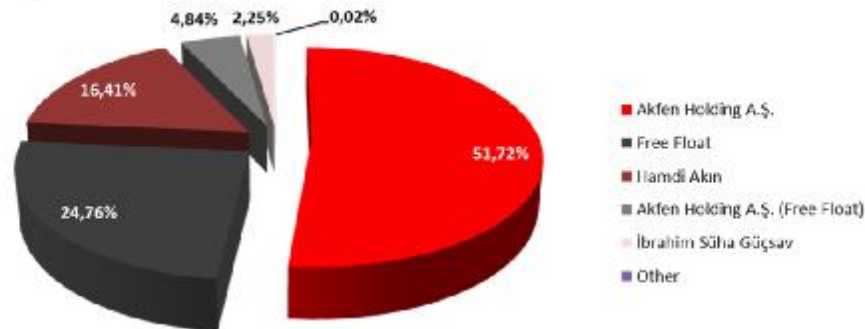
## SHAREHOLDER STRUCTURE, DECEMBER 31, 2012

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

\* There are 8.040.787 unit shares belonging to Akfen Holding in Free Float.

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

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





## Shares Representing the Capital

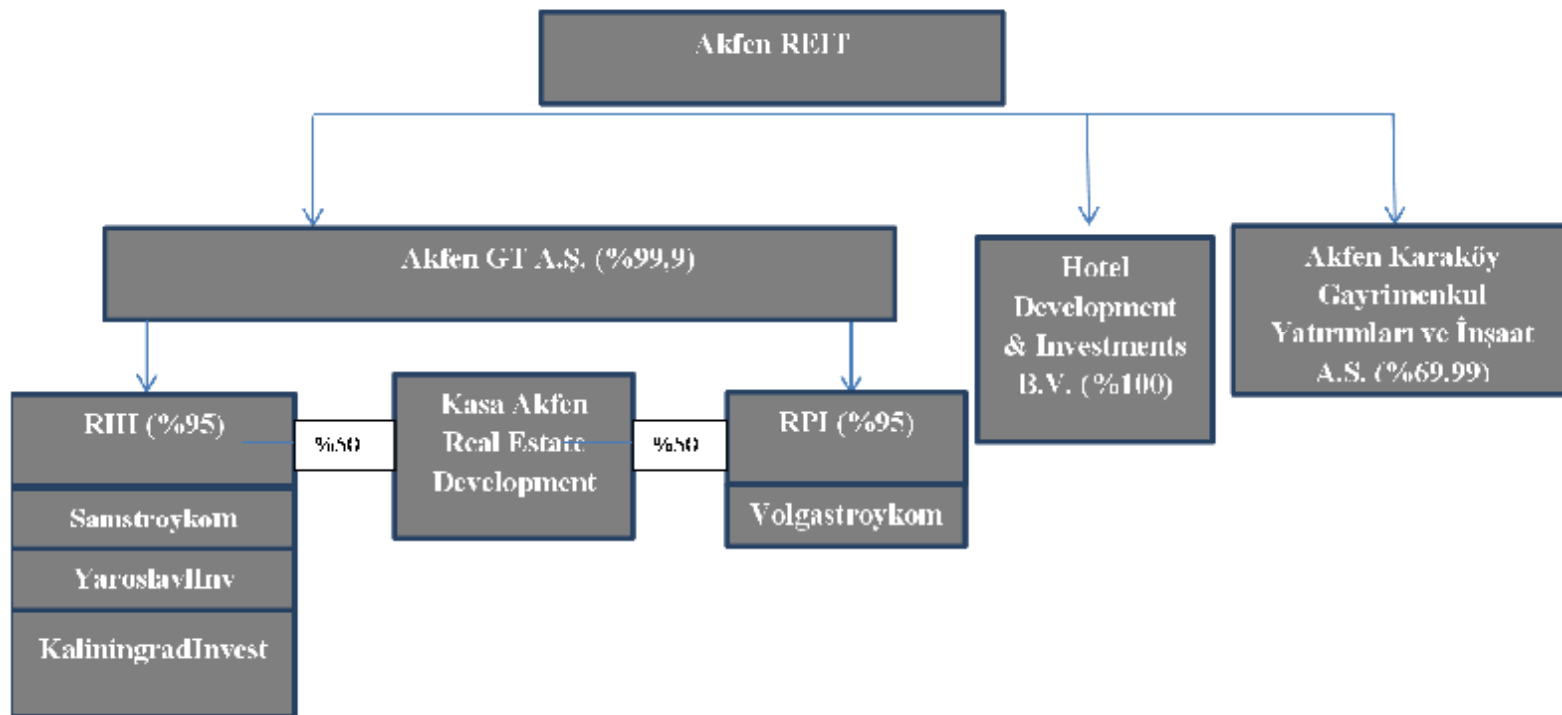
Group	Registered/ Bearer	Nominal Value per Share (TL)	Total Nominal Value (TL)	Share in Capital (%)	Type of Privilege	Traded at the exchange or not
A	Registered	1	1.000,00	0	Has the privilege of selecting two board members in General Meetings.	Not traded at the exchange
B	Bearer	1	183.997.000,00	99,99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

Board of Directors	Title	Senior Level Executives	Title
İbrahim Süha Güçsav	Chairman	Vedat Tural	General Manager
Mustafa Keten	Vice Chairman		Vice General Manager - Corporate Relations, Human Resources and Administrative Affairs
Pelin Akın	Board Member	Hülya Deniz Bilecik	
Sıla Cıllı İnanc	Board Member	Memduh Okyay Turan	Vice General Manager - Operations
Selim Akın	Board Member		
Hüseyin Kadri Samsunlu	Board Member		
Mehmet Semih Çiçek	Board Member and Member Board of Auditors		
Mustafa Dursun Akın	Board Member and Chairman of Board of Auditors		
Ahmet Seyfi Usluoğlu	Board Member and Member Board of Auditors		

The amount of financial benefits provided for the Company's executives, such as honorariums, remunerations, premiums, bonuses, dividends are given below. No other financial rights, allowances, representation expenses, any real rights or rights in cash, insurance or similar guarantees were provided or paid.

<b>Remuneration of Top Management (thousand TL)</b>	<b>30-Jun-13</b>	<b>30-Jun-12</b>
Short term benefits	858	579

## Organizational Structure



## Group Companies

Commercial Title	Field of Activity	Paid-in/Issued Capital	Share of Company in Capital	Currency	Share of Company in Capital	Nature of Relationship with the
Akfen Gayrimenkul Ticareti ve İnşaat A.Ş.	To create real estate portfolio	121.000.000,00	120.999.825,00	TL	99,99	Subsidiary
Russian Hotel Investment BV	To develop hotel projects in Russia	18.000,00	17.101,00	Euro	95	Subsidiary
Russian Property Investment BV	To develop hotel projects in Russia	18.000,00	17.101,00	Euro	95	Subsidiary
Hotel Development Investment BV	To develop hotel projects in Russia	18.000,00	18.000,00	Euro	100	Subsidiary
Akfen Karaköy Gayrimenkul Yatırımları ve İnşaat A.Ş.	To invest in real estate	17.200.000,00	12.039.656,00	TL	69,99	Subsidiary



### **Risk Management**

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

With the Board of Directors' decision No:2013/9 of March 19, 2013; it was unanimously decided by all attendees of the meeting that duties of the Early Detection of Risk Committee, which were executed by the Corporate Governance Committee be executed by establishing an individual committee as per Communiqué Serial:IV No:63, amending the Communiqué Serial:IV, No:56 of the Capital Markets Board; and that Mr M. Dursun Akın be appointed as the chairman of the Early Detection of Risk Committee to be established, whereby Ms Pelin Akın and Mr Selim Akın be appointed as members of the aforementioned committee.

## Important developments for the first half year of 2013



### **24 June , 2013; opening o Ibis Hotel Alsancak / İzmir**

Ibis Hotel Alsancak / İzmir - in portfolio of the company – having 140 rooms and 280 beds started its operations in 24 June 2013.

### **10 June , 2013; Board decision related to Assignment of the Board of the Directors and Vice President of the Board**

According to the Company's meeting of the Board of the directors with 2013/12 no and date of June 10, 2013, it is decided that İbrahim Süha Güçsav is assigned as Chariman of the Board and Executive Director, Mustafa Keten is assigned as Vice President of the Board for 1 (one) year from this date forward not taking into consideration the former duty terms.

### **28 May, 2013; Registration of the 2012 General Meeting**

The 2012 General Meeting of the company held on 23 May 2013 has been registered by İstanbul Commercial Recordership in 28 May 2013.

### **23 May, 2013; Result of the 2012 General Meeting**

On 23 Mayi, 2013 at 2:00 pm, the Company's Ordinary General Assembly Meeting of the year 2012 was held at the Company's principal office address: Büyükdere Cad. Levent Loft Binası, No:201 C Blok Kat:8 Levent, Şişli - İstanbul Turkey, under the inspection of Ministry Representative Ömer Kurtlar who is appointed on behalf of the Ministry with T.C. İstanbul Governorate Provincial Commerce Directorate 's the scrip with date of 22.05.2013 and no 16351.

It has been observed that the agenda and invitations related to the meeting requested upon TTK's 414. article are implemented on time by declaration in the issue of Turkish Trade Registry Gazette with date of 24.04.2013 and 8306 no , in issue of Star Gazette with date of 30.04.2013, in issue of the Company's web site and electronic general meeting system (EGMS).

Upoun the attendance list, it is stated that 139,557,133 unit shares that is equal to TL 139,557,133 shares of the Company's TL 184,000,000 total capital are represented in the meeting, Chairman of the Company and executive director İbrahim süha Güçsav, Board Member Sıla Cılız İnanç and the Company's auditor Meral Altınok was ready in the meeting and so it was started to discuss the meeting's agenda by Chariman's opening the meeting electronic and physical environment.

The agenda was read by Board Member Sola Cılız İnanç and it was continued to discuss the agenda in order declared as a result that there was no offer for changing the order of the agenda.

The decisions in the general assembly meeting has been accepted as stated in the Minutes of General Assembly Meeting attateched to the report. Additionally, the agenda of the general assembly meeting for the year 2012 and list of attendants are also attached to the report.

### **Board of Directors' decision of April 25, 2013; regarding distribution of profit for the year 2012.**

According to the consolidated financial statements for the accounting period of 01.01.2012-31.12.2012 which had been prepared pursuant to the Board of Directors' decision No:9 of April 25, 2013 in accordance with International Accounting Standards and International Financial Reporting Standards, the principles for presentation of which were determined as per the Capital Markets Board's relevant decisions, and which had been subject to independent auditing; after deduction of "tax expenses" from the profit for the period, a "Net Profit for the Period" of TL24,201,835.- has been achieved. However, in the non-consolidated financial statements which are prepared according to provisions of Tax Procedural Law and Turkish Commercial Code, the "Net Profit for the Period" is TL4,128,172.11; and when the amount of TL64,995,023.29 indicated in the non-consolidated balance sheet as "Losses for Previous Year" is deducted, no "Distributable Net Profit for the Period" is generated. It was decided to propose to the General Assembly, not to distribute any profit.

### **April 25, 2013; Election of Independent Members of the Board of Directors, for the General Assembly Meeting of 2012.**

With the Board of Directors' decision No:10 of April 25, 2013;

As per the regulation "Within the framework of principles pertaining to independence of members of the board of directors as specified in Corporate Governance Principles of the Capital Markets Board, sufficient quantity of independent board members, being no less than 2 (two), shall be elected to the Board of Directors, by the general assembly." as included in our Company's articles of association; and the report submitted by the Corporate Governance Committee, it was decided to determine the below specified persons as "Candidates for Independent Members of the Board of Directors", to be submitted for the approval of the shareholders at the General Assembly Meeting.

1. Mehmet Semih Çiçek
2. Mustafa Dursun Akın
3. Ahmet Seyfi Usluoğlu

### **April 25, 2013; Creation of mortgage for Ibis Hotel Ankara Esenboğa project.**

As per the loan agreement signed with Turkey İş Bank and TSKB on November 2, 2012 for financing of Ibis Hotel Ankara Esenboğa project; the land pertaining to the project in question, and the building and annexes thereof to be constructed on the land were put in pledge in favor of the creditors, on April 25, 2013.

### **April 25, 2013; Board of Directors' decision to hold the Ordinary General Assembly Meeting for the year 2012.**

With the Board of Directors' decision No:8 of April 19, 2013, it was decided ;

To convene the Company's Ordinary General Assembly Meeting to review operations of activity year 2012 and to discuss and resolve the below specified items on the meeting agenda; at the Company's principal office address: Büyükdere Cad. Levent Loft Binası, No:201 C Blok Kat:8 Levent, Şişli - İstanbul Turkey,

To make Reports of the Board of Directors and the Board of Auditors, Financial Statements and Independent Auditing Report for the activity year of 2012, the Amendments to the Articles of Association, the Internal Directive on the Working Principles and Procedures of the General Assembly, the Proposal for Dividend Distribution, the Activity Report, the Corporate Governance Compliance Report and the annexed detailed information note which contains the agenda items available for our shareholders to review three weeks prior to the meeting, for the prescribed term, at the Company's principal office, the Company's web site [www.akfenREIT.com.tr](http://www.akfenREIT.com.tr) , and the Electronic General Assembly system of the Central Registry Agency,

To announce the situation to shareholders in accordance with legal requirements, and to apply to the Ministry of Customs and Trade, and İstanbul Provincial Directorate for Trade, to request assignment of a Ministry Representative to the meeting.

Pursuant to Corporate Governance Principles and Communiqués of the Capital Markets Board, in the event of any changes to the information, documents and reports which are required to be disclosed regarding the items to be discussed during the Ordinary General Assembly Meeting of 2012 to be held on May 23, 2013, or the annexed "General Assembly Information Document"; the information documents will be updated accordingly.

## Important developments for the first half year of 2013



### **April 9, 2013; Application regarding amendment of the Articles of Association as per TCC and CMB legislation.**

For the purpose of ensuring compliance with the applicable the Turkish Commercial Code and the Capital Markets Law; an application was filed to amend Articles 3.,7.,8.,9.,14.,15.,16.,18.,19.,21., 22.,23.,24.,26.,27.,28.,31.,33.,35.,36. and 37 of the Articles of Association of our Company as specified in the annex herein, whereby an application has been filed with the Capital Markets Board for the approval of the amended text in question. The amended text of the Articles of Association is provided as annexed to this report.

### **April 4, 2013; Transfer of mortgage for TRNC Merit Park Hotel.**

42 million Euros of mortgage provided in favor of ING Bank in relation to the 21 million Euros of loan used through the aforementioned bank for the purpose of financing construction of TRNC Merit Park Hotel which is included in the portfolio of the Company's subsidiary, Akfen Real Estate Trading and Construction Co. Inc. (Akfen Trading), was transferred to Ziraat Bank on April 4, 2013; as a result of Akfen Trading's loan usage of 15 million Euros from Ziraat Bank, and paying off its existing loan balance with ING Bank.

### **March 28, 2013; Signing of the leasing agreement with Accor S.A., for Ibis Hotel Ankara Esenboğa.**

On March 28, 2013; the Company signed a leasing agreement with ACCOR S.A., for a hotel which is planned to be completed and put into service in Ankara-Esenboğa in 2014.

### **March 19, 2013; Elections of the Early Detection of Risk Committee**

With the Board of Directors' decision No:2013/9 of March 19, 2013; it was unanimously decided by all attendees of the meeting that duties of the Early Detection of Risk Committee, which were executed by the Corporate Governance Committee be executed by establishing an individual committee as per Communiqué Serial:IV No:63, amending the Communiqué Serial:IV, No:56 of the Capital Markets Board; and that Mr M. Dursun Akın be appointed as the chairman of the Early Detection of Risk Committee to be established, whereby Ms Pelin Akın and Mr Selim Akın be appointed as members of the aforementioned committee.

### **March 1, 2013; Signing of leasing agreement with OAO VTB for the Samara Office Project.**

As per the agreement signed on March 1, 2013; the Company leased 1562square meters of the total 4637 square meters of leasable area which belongs to Samara Office under the portfolio of its subsidiary, Russian Property Investment; to OAO Bank VTB. The term of the agreement is 6 years, and the offices leased were delivered on March 15, 2013.

### **January 25, 2013; Ibis Hotel Esenyurt goes into operation.**

With its 156 rooms and 312 beds, Ibis Hotel Esenyurt, which is included in the Company's portfolio, went into operation on January 25, 2013 .

### **January 17, 2013; Signing of the loan agreement for Novotel Karaköy project.**

As of January 17, 2011; the Company signed a loan assignment agreement amounting 25.5million Euros with Türkiye İş Bankası, to be used for financing of Novotel Karaköy project, which is included in the portfolio of the Company's subsidiary, Akfen Karaköy Real Estate Investments and Construction Co. Inc.

## Important developments for the first half year of 2013



### **January 16, 2013; Election of the portfolio management company and the independent auditing company.**

In the Company's Board of Directors' meeting of January 9, 2013;

-Pursuant to Article 39 of the Capital Markets Board's Communiqué Serial:VI No:11 on Real Estate Investment Companies, it was decided to elect TSKB Real Estate Appraisal Co. Inc. as the appraisal company to provide appraisal services for the assets included in our portfolio; and moreover, to elect TSKB Real Estate Appraisal Co. Inc. and ELİT Real Estate Appraisal Co. Inc.. as appraisal companies to provide appraisal services for assets which may be acquired to be included in our portfolio during 2013, and which may require appraisal,

-Pursuant to relevant provisions of the Capital Markets Board's "Communiqué on Independent Auditing Standards in Capital Markets", it was decided to elect KPMG-Akis Independent Audit and Public Accountancy Co. Inc. as the company to provide services as an independent auditing company; to be submitted for the approval of the next general assembly.

### **Other**

The Company's all transactions are approved by General Manager Vedat Tural and the Chairman İbrahim süha Güçsavaş, operations are presented to all board of directors periodically and the company is subjected to internal audit by Akfen Group periodically.

30.06.2013 financial statements of the Company is subjected to the independent audit by KPMG-Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

There is no material case proceeded against the Company which may affect the Company's financial status.

There is no governmental and judicial sanction related to the Company and member of board of directors due to the contradictory implementations against to legislation provisions.

The Company is a member company of Akfen Holding A.Ş and there are trading relations with the subsidiaries of the aforesaid enterprise. However, considering the transactions with holding company, a subsidiary of the holding company, there is no loss for the first 6 month period of the year 2013 and there is no offsetting benefits or losses of the holding company.

## Developments after June 30, 2013



### **2 August, 2013; Refinancing loan agreement of samara Office**

In 2 August 2013, a lease agreement with Credit Europe Bank for the refinancing of Euro 7,500,000 loan issued from Credit Europe Bank in 2008 for Samara Office Project which is in the portfolio of RPI – subsidiary of the Company-. The related loan amount issued on 16 August 2013 is Euro 7,500,000, interest rate is 7% + Euribor (3 month) and the maturity is 6 year.

### **16 July, 2013; Land Acquisition**

The Company acquired a 4,259.9 m<sup>2</sup> land in possession of Seyfettin Polat Çelik Sac San. ve Tic. Ltd. Şti, located in İstanbul, Tuzla, Aydınli, Pavli İskelesi location, 18 city block, 3623 parcel no, for TL 15,041,975 in equal to USD 7,750,000 and transactions regarding title deed transfer were completed in 16 July, 2013.



# Portfolio Information



TURKEY	Operational Hotels	Number of Rooms	Ownership	Date of Starting of Construction	Date of Hotel Opening
	1 Zeytinburnu IBIS	228	49 years	2005	March 2007
	2 Zeytinburnu NOVOTEL	208	49 years	2005	March 2007
	3 Eskişehir IBIS	108	22 years	2005	April 2007
	4 Trabzon NOVOTEL	200	49 years	2006	October 2008
	5 Gaziantep IBIS	177	30 years	2008	January 2010
	6 Gaziantep NOVOTEL	92	30 years	2008	January 2010
	7 Kayseri IBIS	160	49 years	2008	March 2010
	8 Kayseri NOVOTEL	96	49 years	2008	March 2010
	9 Bursa IBIS	200	32 years	2009	November 2010
	10 Adana IBIS	165	Owned	January 2011	September 2012
	11 Esenyurt IBIS	156	Owned	March 2011	January 2013
	12 İzmir IBIS	140	49 years	June 2011	June 2013
	13 Merit Park Hotel	299	49 years		April 2007
	<b>Sub Total</b>	<b>2.229</b>			
	<b>Projects under Construction</b>				
	1 Ankara IBIS	147	Owned	January 2013	July 2014
	2 Karaköy NOVOTEL	200	49 years	July 2012	December 2014
	3 Tuzla IBIS	200	Owned	August 2013	July 2015
	<b>Sub Total</b>	<b>547</b>			
<b>16</b>	<b>TOTAL</b>	<b>2.776</b>			

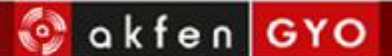
  

RUSSIA	Operational Hotels	Number of Rooms	Ownership	Date of Starting of Construction	Date of Hotel Opening
	1 Yaroslavl IBIS	177	Owned	April 2010	September 2011
	2 Samara IBIS	204	Owned	July 2009	March 2012
	<b>Sub Total</b>	<b>381</b>			
	<b>Projects under Construction</b>				
	1 Kaliningrad IBIS	167	Owned	August 2011	Ağustos 2013
	<b>Sub Total</b>	<b>167</b>			
<b>3</b>	<b>TOTAL</b>	<b>548</b>			
<b>19</b>	<b>GRAND TOTAL</b>	<b>3.324</b>			



- Consolidated turnover reached TL20.11 million, increasing 26% compared to the same period of the previous year.
- Consolidated EBITDA reached TL 13.7 million, increasing 35% compared to the same period of the previous year.
- Consolidated net payables actualized as TL 331.5 million.
- Net Assets became TL 965.7 million.

# Financial Outcomes



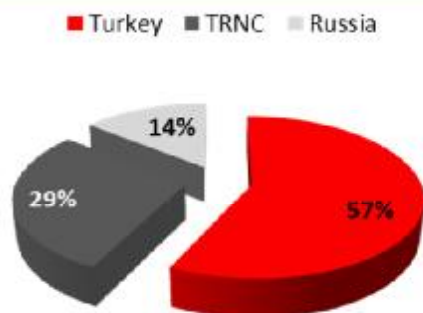
<b>BALANCE SHEET (Million TL)</b>	<b>30-Jun-13</b>	<b>31-Dec-12</b>	<b>INCOME STATEMENT (Million TL)</b>	<b>30-Jun-13</b>	<b>30-Jun-12</b>
<b>CURRENT ASSETS</b>	<b>58,3</b>	<b>43,2</b>			
Cash and cash equivalents	40,9	28,0	Revenue	20,1	16,4
Trade receivables	9,6	6,3	Cost of sales	- 2,5	- 2,4
Other receivables	0,0	0,0	<b>GROSS PROFIT</b>	<b>17,7</b>	<b>13,9</b>
Prepaid expenses	3,3	5,0	General administrative expenses	- 4,0	- 3,9
Other current assets	4,5	3,8			
<b>NON-CURRENT ASSETS</b>	<b>1.162,0</b>	<b>1.135,9</b>	<b>EBITDA</b>	<b>13,7</b>	<b>10,1</b>
Other receivables	8,2	7,4	Other Operating Income, net	0,1	3,5
Investment properties	1.114,0	1.090,3	<b>OPERATING PROFIT</b>	<b>13,8</b>	<b>13,6</b>
Tangible and intangible assets	0,1	0,1	Financial expenses, net	- 29,3	6,3
Prepaid expenses	8,5	7,6	<b>(LOSS)/PROFIT BEFORE TAX</b>	<b>- 15,6</b>	<b>19,9</b>
Other non-current assets	31,2	30,4	Current tax income/(expense)	0,2	- 3,4
<b>TOTAL ASSETS</b>	<b>1.220,4</b>	<b>1.179,0</b>	<b>(LOSS)/PROFIT FOR THE PERIOD</b>	<b>- 15,4</b>	<b>16,5</b>
<b>SHORT TERM LIABILITIES</b>	<b>116,1</b>	<b>80,7</b>	Non-controlling interest	1,2	0,2
Short term financial liabilities	13,9	2,5	<b>(LOSS)/PROFIT FOR THE PERIOD</b>	<b>- 14,2</b>	<b>16,7</b>
Short term portions of long term financial liabilities	93,2	71,6	Change in currency translation differences	- 0,4	- 7,4
Trade payables	4,1	3,3	<b>Total comprehensive income</b>	<b>- 14,6</b>	<b>9,3</b>
Other payables	0,4	0,1	<b>Gross profit margin</b>	<b>88%</b>	<b>85%</b>
Deferred income	1,9	-	<b>EBITDA margin</b>	<b>68%</b>	<b>62%</b>
Short term provisions	0,2	0,2	<b>Net profit margin</b>	<b>-76%</b>	<b>101%</b>
Other short term liabilities	2,5	3,1			
<b>LONG TERM LIABILITIES</b>	<b>310,8</b>	<b>289,1</b>			
Long term financial liabilities	265,3	243,9			
Other long term liabilities	45,4	45,2			
<b>SHAREHOLDERS' EQUITY</b>	<b>793,5</b>	<b>809,3</b>			
<b>TOTAL LIABILITIES</b>	<b>1.220,4</b>	<b>1.179,0</b>			
<b>Total liabilities / Total assets</b>	<b>35%</b>	<b>31%</b>			

## Operasyonel Performans

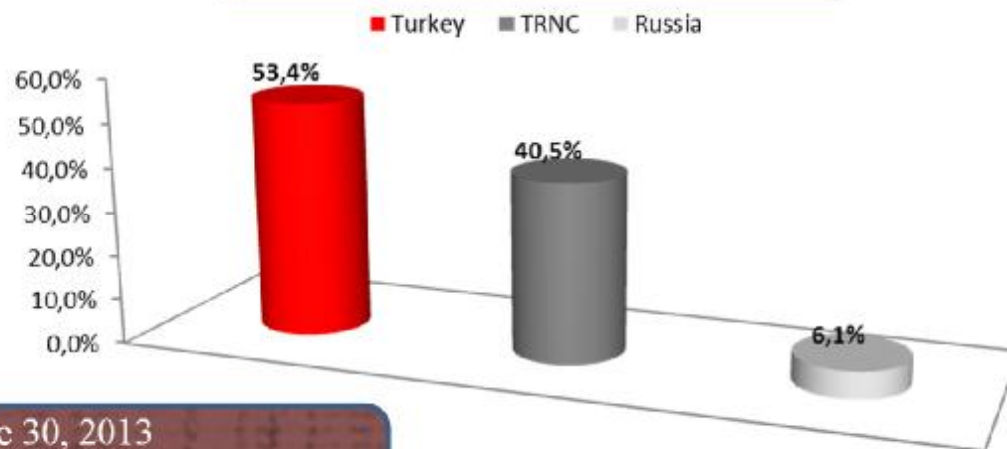
- For the period ending on June 30, 2013, a net loss of TL 14.2 million was disclosed.
- Main reason of the loss is almost fivefold increase of currency ex expense comparing to the same period of prior year and its reaching to TL 40.2 million. The reason of the increase in currency exchange loss is the affect of higher Euro/TL foreign currency rate comparing to the year end 2012 on the Company's loans based on Euro.
- Hotel rental income reached TL 20.11 million, increasing 26% compared to the same period of the previous year.
- 25 Ocak 2013 tarihinde Ibis Otel Esenyurt (İstanbul) ve 24 Haziran 2013 tarihinde de Ibis Otel Alsancak (İzmir) faaliyete geçmiş olup Şirket portföyünde bulunan faaliyetteki otel sayısı 13'ten 15'e, kiralanabilir oda sayısı da 2.314'ten 2.610'a ulaşmıştır.
- Average occupancy rate for hotels operating throughout Turkey as of June 30, 2013 was 70% compared to 69% for the same period in 2012; average occupancy rate for hotels operating in Russia as of June 30, 2013 was 58% compared to 51% for the same period in 2012; and average occupancy rate for all hotels as of June 30, 2013 was 68% compared to 66% for the same period in 2012.
- Average room price for hotels operating throughout Turkey as of June 30, 2013 and 2012 was Euro 56; average room price for hotels operating in Russia as of June 30, 2013 was Euro 57, compared to Euro 50 for the same period in 2012; and average room price for all hotels as of June 30, 2013 and 2012 was Euro 56.
- Consolidated hotel expenses reached TL 2.5 million as of the end of the first 6 month of 2013; increasing 2% from its level of TL 2.4 million as of the end of the same period of 2012.
- As a result of less increase in hotel expenses comparing to hotel rental income, Consolidated EBITDA reached TL 13.7 million as of the end of the first 6 month of 2013; increasing 35% from its level of TL 10.1 million as of the end of same period of 2012.

- Operating profit reached TL 13.8 million as of June 30, 2013; increasing 1% compared to the same period of the previous year.
- Interest expenses, on the other hand, decreased to TL 8.1 million level, 6% down from its level during the first quarter of 2012. The main reason behind this decrease was reduced interest expenses through using low interest refinancing for the loans which were used for financing the projects in Russia.
- The Company's net asset value actualized as TL 965.7 million at the end of first six month of 2013.

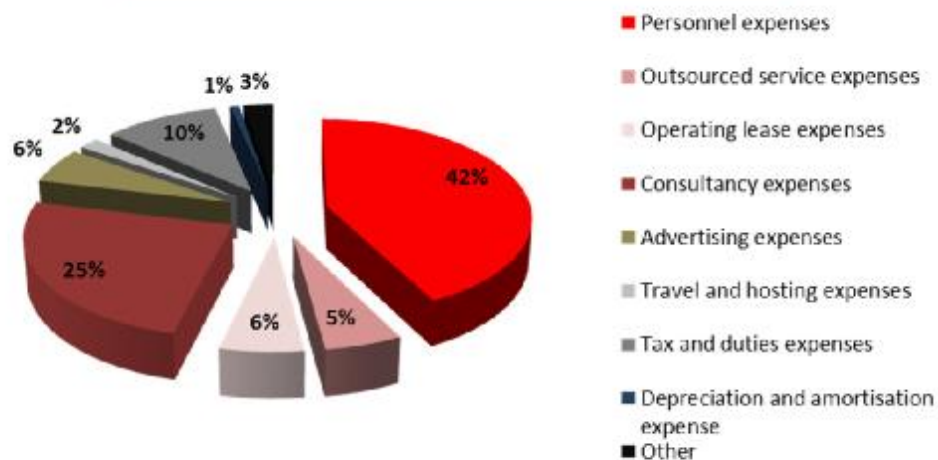
June 30, 2013  
Distribution of Rental Income by  
Regions (%)



June 30, 2013  
Distribution of EBITDA by Regions  
(%)

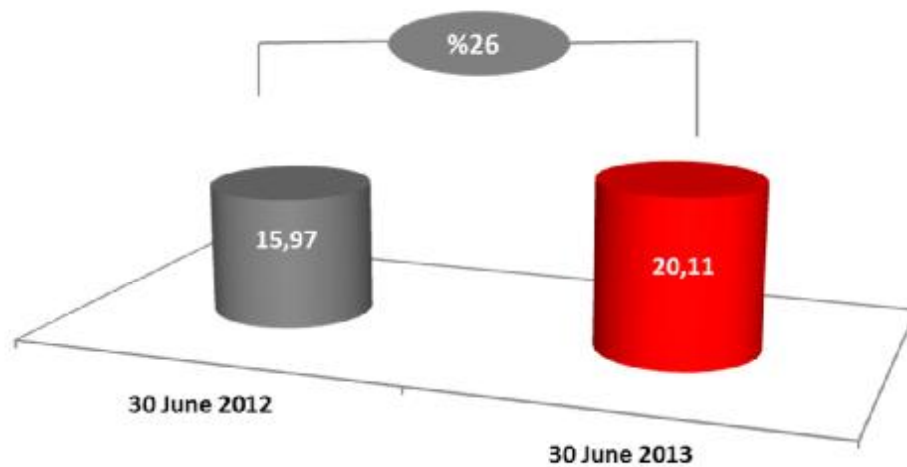


June 30, 2013  
Distribution of General Administration  
Expenses (%)

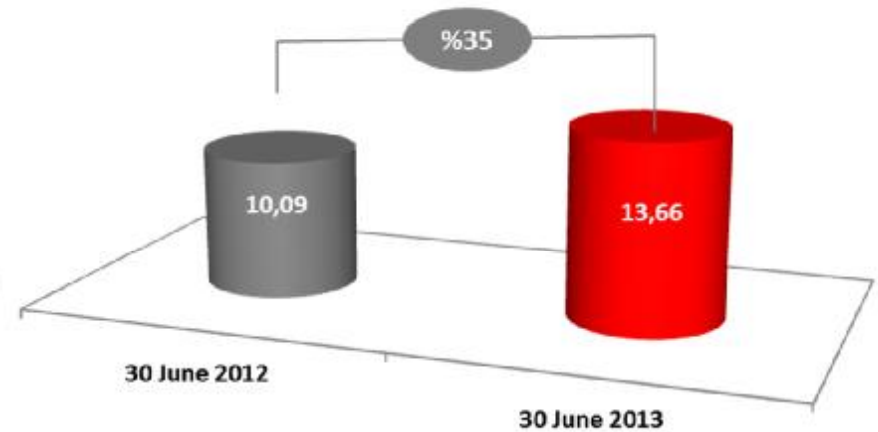




## Consolidated Turnover (million TL)



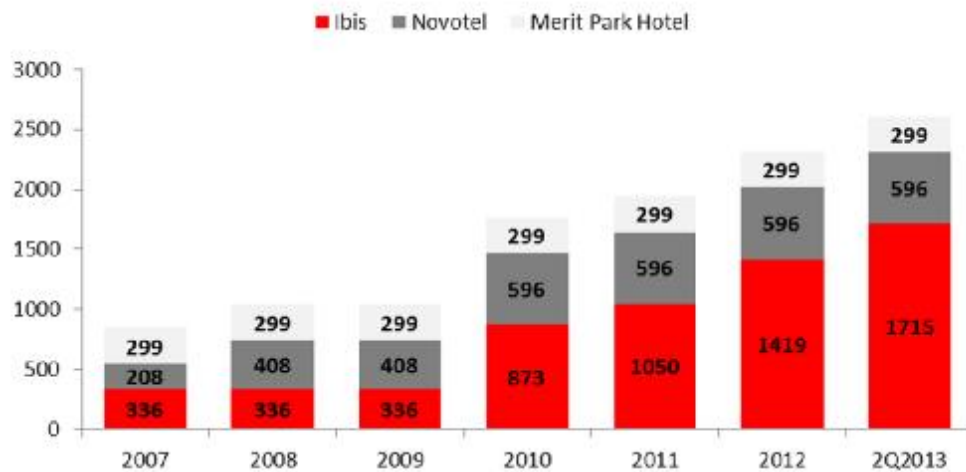
## EBITDA (million TL)



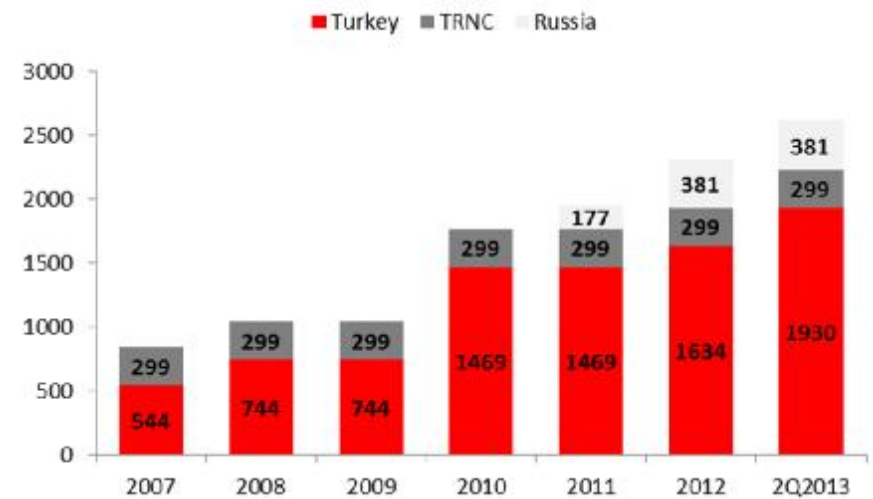
- Yearly Room Capacity Development**

As of 30 June 2013, room numbers of the Company's 15 operational hotels including Merit Park Hotel is 2.610.

Room number based on hotel types



Room number based on countries



# Financial Outcomes



30-Jun-13	Rental Income	EBITDA	EBITDA Margin	Net Debt
Turkey	11,5	7,3	63%	206,0
TRNC	5,8	5,5	96%	44,9
Russia	2,9	0,8	29%	80,6
<b>CONSOLIDATED</b>	<b>20,1</b>	<b>13,7</b>	<b>68%</b>	<b>331,5</b>

Rental Income	30-Jun-13	30-Jun-12	Change (%)
Turkey	11,5	9,1	26%
TRNC	5,8	5,7	0%
Russia	2,9	1,1	155%
<b>CONSOLIDATED</b>	<b>20,1</b>	<b>16,0</b>	<b>26%</b>

Çalışan sayıları	30-Jun-13	31-Dec-12	Değişim (%)
Turkey	13	12	8%
TRNC	2	2	0%
Russia	13	16	-19%
<b>TOTAL</b>	<b>28</b>	<b>30</b>	<b>-7%</b>

EBITDA	30-Jun-13	30-Jun-12	Change (%)
Turkey	7,3	5,9	24%
TRNC	5,5	5,6	0%
Russia	0,8	- 1,4	162%
<b>CONSOLIDATED</b>	<b>13,7</b>	<b>10,1</b>	<b>35%</b>

# Financial Outcomes



## OCCUPANCY RATES %

	30-Jun-13	30-Jun-12	Change (%)
Zeytinburnu Ibis Hotel	85%	84%	1%
Zeytinburnu Novotel	84%	84%	0%
Eskişehir Ibis Hotel	81%	78%	3%
Trabzon Novotel	71%	66%	6%
Gaziantep Ibis Hotel	72%	56%	16%
Gaziantep Novotel	81%	70%	11%
Kayseri Ibis Hotel	54%	54%	0%
Kayseri Novotel	68%	58%	11%
Bursa Ibis Hotel	59%	60%	0%
Adana Ibis Hotel	53%	--	--
Esenyurt Ibis Hotel	57%	--	--
İzmir Alsancak Ibis Hotel	25%	--	--
Yaroslavl Ibis Hotel	66%	61%	5%
Samara Ibis Hotel	51%	39%	12%
<b>TOTAL</b>	<b>67,7%</b>	<b>66,0%</b>	<b>2%</b>

## AVERAGE ROOM PRICES (VAT EXC.) - TL

	30-Jun-13	30-Jun-12	Change (%)
Zeytinburnu Ibis Hotel	190,3	178,5	7%
Zeytinburnu Novotel	210,9	202,3	4%
Eskişehir Ibis Hotel	110,1	109,1	1%
Trabzon Novotel	163,8	146,2	12%
Gaziantep Ibis Hotel	89,7	83,7	7%
Gaziantep Novotel	130,9	105,7	24%
Kayseri Ibis Hotel	82,3	84,5	-3%
Kayseri Novotel	116,7	118,7	-2%
Bursa Ibis Hotel	106,1	105,8	0%
Adana Ibis Hotel	87,5	0,0	--
Esenyurt Ibis Hotel	133,5	0,0	--
İzmir Alsancak Ibis Hotel	112,8	0,0	--
Yaroslavl Ibis Hotel	131,7	110,9	19%
Samara Ibis Hotel	135,9	122,4	11%
<b>TOTAL</b>	<b>139,2</b>	<b>135,0</b>	<b>3%</b>

## RENTAL INCOME (Thousand TL)

	30-Jun-13	30-Jun-12	Change (%)
Zeytinburnu Ibis Hotel	2.763,4	2.374,7	16%
Zeytinburnu Novotel	2.675,1	2.386,2	12%
Eskişehir Ibis Hotel	628,0	606,2	4%
Trabzon Novotel	1.602,9	1.195,3	34%
Gaziantep Ibis Hotel	635,0	457,7	39%
Gaziantep Novotel	626,0	465,6	34%
Kayseri Ibis Hotel	408,7	409,8	0%
Kayseri Novotel	452,8	393,3	15%
Bursa Ibis Hotel	714,3	814,3	-12%
Adana Ibis Hotel	441,9	0,0	--
Esenyurt Ibis Hotel	548,3	0,0	--
İzmir Alsancak Ibis Hotel	8,1	0,0	--
Yaroslavl Ibis Hotel	1.144,3	708,5	62%
Samara Ibis Hotel	1.371,5	408,1	236%
Samara Office	334,9	0,0	--
TRNC Merit Park Hotel	5.752,8	5.747,2	0%
<b>TOTAL</b>	<b>20.108,2</b>	<b>15.966,8</b>	<b>26%</b>

## Financial Outcomes



- Net Debt**

The net amount of debt increased 14% from its level of TL289.9 million in 2012, up to TL 331.5 million.

Total amount of debt reached TL 372.4 million in 2013; increasing 17% from its level of TL 317.9 million in 2012.

The main reasons of the increase in net debt and total amount of debt are the fact that 94% of current loans are euro loans and the increase of Euro/TL fx rate in the first 6 months of 2013 comparing to the 2012 year end.

Net Debt (Million TL)	30-Jun-13	31-Dec-12	Change (%)	Loan allocation based on currency	30-Jun-13	31-Dec-12	Change (%)
Turkey	206,0	191,5	8%	EUR	140,0	140,7	-1%
TRNC	44,9	30,1	49%	TL	20,5	11,1	84%
Russia	80,6	68,4	18%				
<b>CONSOLIDATED</b>	<b>331,5</b>	<b>289,9</b>	<b>14%</b>				

Net Debt (Thousand TL)	30-Jun-13	31-Dec-12	Change (%)
Less than 1 year	107,0	74,1	44%
1 – 2 years	43,4	53,4	-19%
2 – 3 years	41,1	37,1	11%
3 – 4 years	44,6	31,2	43%
4 – 5 years	45,9	33,3	38%
5 years and more	90,2	88,9	1%
<b>TOTAL</b>	<b>372,4</b>	<b>317,9</b>	<b>17%</b>
<b>ANNUAL INTEREST RATE WEIGHTED AVERAGE</b>	<b>5,70%</b>	<b>5,56%</b>	<b>0,14%</b>

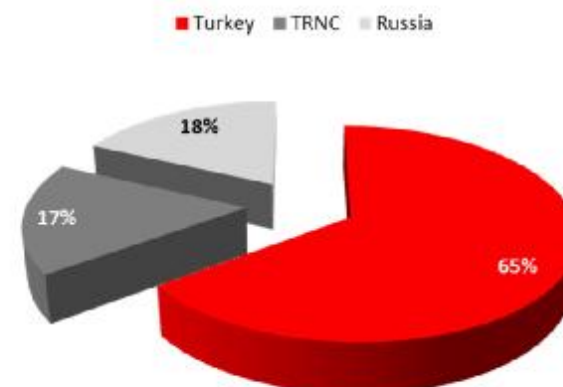
## • Investment Properties

Total amount of investment properties within the Company's portfolio reached TL 1.114.3 million as of the end of the first half year of 2013; increasing 2% from its level of TL 1.090.3 million as of 2012 year-end.

Investment Properties (Million TL)	30-Jun-13	31-Dec-12	Change (%)
Operational investment properties	927,0	872,9	6%
Investment properties under construction	186,9	217,5	-14%
<b>TOTAL</b>	<b>1.114,0</b>	<b>1.090,3</b>	<b>2%</b>

Investment Properties (Million TL)	30-Jun-13	31-Dec-12	Change (%)
Turkey	723,1	707,8	2%
TRNC	190,5	186,9	2%
Russia	200,3	195,6	2%
<b>TOTAL</b>	<b>1.114,0</b>	<b>1.090,3</b>	<b>2%</b>

June 30, 2013  
Distribution of Properties by  
Regions (%)





## Financial Outcomes



Fair value of investment properties owned by the Company in Turkey and TRNC comprises the appraisement values as calculated on December 31, 2012 by TSKB Real Estate Appraisal Co. Inc., a real estate appraisal company registered with the CMB and listed among the CMB approved "Real Estate Appraisal Companies", and the expenses incurred as of this date until June 30, 2013, in connection with the existing real estates.

30 June 2013	
Name of Real Estate	Fair Value (Million TL)
Zeytinburnu Novotel ve Ibis Hotel	211,3
Merit Park Hotel	183,7
Karaköy Novotel Project	99,5
Trabzon Novotel	78,5
Kayseri Novotel ve Ibis Hotel	56,3
Gaziantep Novotel ve Ibis Hotel	52,2
Bursa Ibis Hotel	48,2
İzmir Ibis Hotel Project	49,8
Esenyurt Ibis Hotel	46,8
Adana Ibis Hotel	37,3
Ankara Esenboğa Ibis Hotel Project	27,1
Eskişehir Ibis Hotel and Fitness Center	16,2
Bafra Hotel Project	6,8

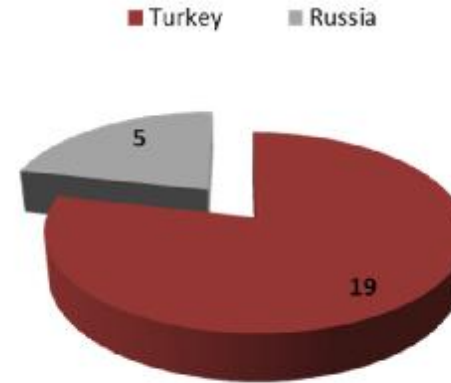
Fair value of investment properties owned by the Company in Russia comprises the values as calculated jointly by the Company Management and TSKB Real Estate Appraisal Co. Inc., a real estate appraisal company registered with the CMB and listed among the CMB approved "Real Estate Appraisal Companies", and the expenses incurred as of this date until June 30, 2013, in connection with the existing real estates.

30 June 2013	
Name of Real Estate	Fair Value (Million TL)
Yaroslavl Ibis Hotel	57,7
Samara Ibis Hotel	66,7
Samara Office	22,5
Kaliningrad Ibis Hotel Project	50,2
Moscow Hotel Project	3,3

## • Investments in Property

As of June 30, 2013; a total investment expense of TL 24 million was made for properties included in the Company's portfolio.

June 30, 2013  
Distribution of Investment in Property  
by Regions (million TL)



As of June 30, 2013

### TURKEY

Investment	Location	Number of Rooms	Status	Total investment Cost (Euro, VAT Included) *	Investment Completion (%) **	Physical Completion (%)	Estimated Date for Opening
Novotel Karaköy	İstanbul	200	Under Construction	34.000.000	32%	14%	2014
Ibis Hotel Esenboğa Ankara	Ankara	147	Under Construction	10.000.000	41%	25%	2014

As of June 30, 2013

### RUSSIA

Investment	Location	Number of Rooms	Status	Total investment Cost (Euro, VAT Included) *	Investment Completion (%) **	Physical Completion (%)	Estimated Date for Opening
Ibis Hotel Kaliningrad	Kaliningrad	167	Completed	15.000.000	100%	100%	2013

\* Does not include financing cost for the construction period and general administration expenses attributable to the projects.

\*\* Included advance payments made to the Contractors..

- Net Asset Value**

The Company's net asset value actualized at a level of TL 965.7 million.

PORTFOLIO STATEMENT (mn TL)	30-Jun-13	31-Dec-12
<b>Operational Hotels</b>		
Zeytinburnu Novotel and Ibis Hotel	211,3	211,3
Eskişehir Ibis Hotel and Fitness Center	16,2	16,2
Trabzon Novotel	78,5	78,5
Kayseri Novotel and Ibis Hotel	56,3	56,2
Gaziantep Novotel and Ibis Hotel	52,2	52,1
Bursa Ibis Hotel	48,2	48,2
Esenyurt Ibis Hotel	46,8	46,1
Adana Ibis Hotel	37,3	37,0
İzmir Ibis Hotel	49,8	46,7
<b>Projects Under Construction</b>		
Ankara Esenboğa Ibis Hotel Project	27,1	23,3
<b>Affiliates</b>	<b>528,0</b>	<b>527,1</b>
<b>Money and Capital Market Instruments</b>	<b>0,3</b>	<b>0,8</b>
<b>TOTAL PORTFOLIO VALUE</b>	<b>1.151,9</b>	<b>1.143,6</b>
Other Assets and Receivables	35,1	31,7
Debts	221,3	200,3
<b>NET ASSET VALUE</b>	<b>965,7</b>	<b>975,0</b>

Information in the statement are non-consolidated, and therefore may not match information in consolidated statements.



### **Dividend Distribution Policy**

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

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

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

According to the consolidated financial statements for the accounting period of 01.01.2012-31.12.2012 which had been prepared pursuant to the Board of Directors' decision No:9 of April 25, 2013 in accordance with International Accounting Standards and International Financial Reporting Standards, the principles for presentation of which were determined as per the Capital Markets Board's relevant decisions, and which had been subject to independent auditing; after deduction of "tax expenses" from the profit for the period, a "Net Profit for the Period" of TL24,201,835.- has been achieved. However, in the non-consolidated financial statements which are prepared according to provisions of Tax Procedural Law and Turkish Commercial Code, the "Net Profit for the Period" is TL4,128,172.11; and when the amount of TL64,995,023.29 indicated in the non-consolidated balance sheet as "Losses for Previous Year" is deducted, no "Distributable Net Profit for the Period" is generated. It was decided to propose to the General Assembly, not to distribute any profit.

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

**As of June 30, 2013; total expenses incurred in connection with Social Responsibility Projects which the Company participated in, is TL19.118.**

### **ArkiPARC 2013**

Our Company participated as the golden sponsor, in the 4th ArkiPARC 2013 event organized by Arkitera Architecture Center on April 10-11, 2013 at İstanbul Haliç Congress Center, with the main theme of "Real Estate on the 90th Anniversary of the Republic".

ArkiPARC is Turkey's first trade fair which draws attention to the issue of sustainability and elimination of greenhouse gases.

ArkiPARC is a series of meetings which aims to bring together the real estate sector under one roof. Within the scope of the event, organized under the main theme of "Real Estate on the 90th Anniversary of the Republic", national and international seminars and panel discussions are held, and persons and organizations who contribute to improvement of our physical environment are honored with the ArkiPARC Real Estate Award.

### Due to and due from related parties

#### Due from related parties (trade) :

As at 30 June 2013 and 31 December 2012, the Company has no due from related parties (trade)

#### Due to related parties (trade) :

As at 30 June 2013, all amount of due to related parties is comprised from the prices difference invoices obtained from Akfen İnşaat related to progress payments of Beylikdüzü, İzmir ve Adana projects of the Company.

<b>Due to related parties (trade) (TL)</b>	<b>30-Jun-13</b>	<b>31-Dec-12</b>
Akfen Insaat Turizm ve Ticaret A.Ş.	644.439	578.640

### Related party transactions

<b>Investment properties under development (TL)</b>	<b>1 January- 30 June 2013</b>	<b>1 Nisan- 30 June 2013</b>	<b>1 January- 30 June 2012</b>	<b>1 Nisan- 30 June 2012</b>
Akfen Insaat Turizm ve Ticaret A.Ş.	5.896.708	2.664.975	12.562.837	4.650.552

<b>Rent expenses (TL)</b>	<b>1 January- 30 June 2013</b>	<b>1 Nisan- 30 June 2013</b>	<b>1 January- 30 June 2012</b>	<b>1 Nisan- 30 June 2012</b>
Hamdi Akın	133.671	66.828	133.779	66.927



### Related party transactions *(continued)*

Interest income (TL)	1 January- 30 June 2013	1 Nisan- 30 June 2013	1 January- 30 June 2012	1 Nisan- 30 June 2012
Akfen Insaat Turizm ve Ticaret A.Ş.	277	82	--	--

Interest expense (TL)	1 January- 30 June 2013	1 Nisan- 30 June 2013	1 January- 30 June 2012	1 Nisan- 30 June 2012
Akfen Holding A.Ş.	93.965	16.482	--	--
Akfen Insaat Turizm ve Ticaret A.Ş.	545	453	--	--

- Agenda of General Assembly Meeting
- Minutes of General Assembly Meeting
- List of Attendants
- Amended Text of Articles of Association

[gyoyatirimci@akfengyo.com.tr](mailto:gyoyatirimci@akfengyo.com.tr)

Phone: 0212 371 87 00

**Servet Didem Koç** - *Finance and Investor Relations Manager*

Phone: 0212 371 8700

E mail: [dcolakoglu@akfengyo.com.tr](mailto:dcolakoglu@akfengyo.com.tr)

Contact Information: Levent Loft Büyükdere Caddesi No:201 C Blok Kat:8 Daire:151 34390 Levent İstanbul

[www.akfengyo.com.tr](http://www.akfengyo.com.tr)



facebook.com/akfengyo



twitter.com/akfengyo