



# AKFEN REAL ESTATE INVESTMENT TRUST CO. INC.

1 January – 30 September 2014  
ACTIVITY REPORT

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



AKFEN GYO HİMEMLİK, YATIRIM ETTAKLİĞİ A.Ş.



- **General Information About Akfen REIT**
- **Highlights of 2014**
- **Financial Outcomes**
- **Portfolio Limitations**
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- **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 September 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. The Company's information is also included in, [www.akfengyo.com.tr](http://www.akfengyo.com.tr) web site of the Company.

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 20 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 including TRNC Merit Park Hotel.

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.

## **Vision and Mission**

### **Mission**

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

### **Vision**

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

### **Strategic Perspective**

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

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

## SHAREHOLDER STRUCTURE, SEPTEMBER 30, 2014

## SHAREHOLDER STRUCTURE, DECEMBER 31, 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
Free Float	B	54.462.880	54.462.880
<b>TOTAL</b>		<b>184.000.000</b>	<b>184.000.000</b>

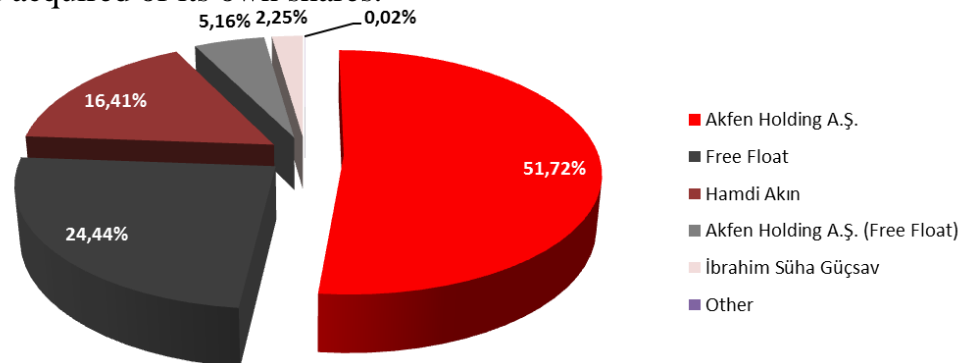
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<b>TOTAL</b>		<b>184.000.000</b>	<b>184.000.000</b>

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

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

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

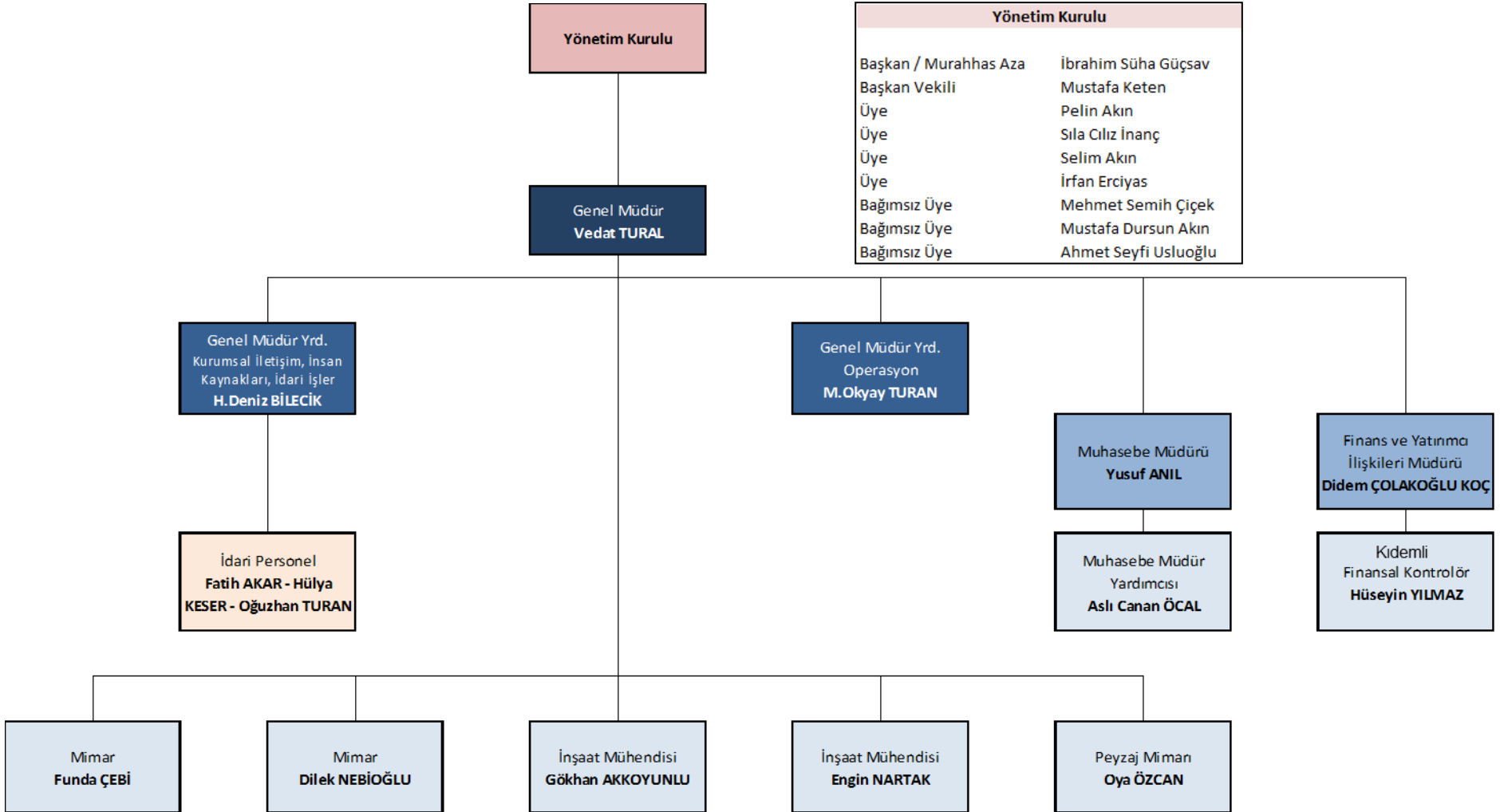




## Shares Representing the Capital

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

## Organization Scheme



Board of Directors	Title
İbrahim Süha Güçsav	Chairman
Mustafa Keten	Vice Chairman
Pelin Akın	Board Member
Sıla Cılız İnanc	Board Member
Selim Akın	Board Member
İrfan Erciyas	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

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

Audit Committee	Title
Mustafa Dursun Akın	Committee Chairman / Independent Member
Ahmet Seyfi Usluoğlu	Member / Independent Member
Mehmet Semih Çiçek	Member / Independent Member

Corporate Governance Committee	Title
Mehmet Semih Çiçek	Committee Chairman / Independent Member
Ahmet Seyfi Usluoğlu	Member / Independent Member
Mustafa Dursun Akın	Member / Independent Member
Servet Didem Koç	Member

Early Dedection of Risk Committee	Title
Mustafa Dursun Akın	Committee Chairman / Independent Member
Pelin Akın	Member
Selim Akın	Member

Board of Directors' assembled 18 times, all Board of Directors' Members have participated in most of the meetings and all decions have been taken unanimously.

The amount of financial benefits provided for the Company's executives, such as honorariums, remunerations, premiums, bonuses, dividends are given below. No other financial rights, allowances, representation expenses, any real rights or rights in cash, insurance or similar guarantees were provided or paid. Total short term benefits for top management of Akfen GYO and its subsidiaries as of 30 September 2014 is TL 1,236,951 (30 September 2013: TL 1,144,096), the Company confirms the statement according legal regulations and behaves according to wage policy of the Company.

<b>Remuneration of Top Management (thousand TL)</b>	<b>30-Sep-14</b>	<b>30-Sep-13</b>
Short term benefits	1.237	1.144



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

İbrahim Süha Güçsav graduated from Istanbul University, Faculty of Economics in 1992 and received his Master's in business administration from Gazi University, Institute of Social Sciences. He began his professional career at Alexander & Alexander Insurance Brokerage in 1992 and joined the Akfen family in 1994. Güçsav served as the Head of Financing Department at Akfen Holding and then as Chief Executive Officer. He assumed important roles at privatizations of Vehicle Inspection Stations, Mersin International Port and IDO; the establishment and investment stages of Akfen REIT; initial public offerings of Akfen Holding and Akfen REIT; share sales of subsidiaries and long-term project financing. Güçsav also held the position of Vice Chairman of the Board of Directors of Akfen Holding from 2003 to March 2010. Since then, he has served as the CEO and on the Board of Akfen Holding. He has been a member of the Board of Directors at Akfen Holding from March 2010 until May 2012 and has been CEO of Akfen Holding since March 2010. He also serves as the Chairman of the Board of Directors at Akfen REIT and Akfen Water and is a member of the Board at TAV Airports Holding, Mersin International Port, Akfen Energy Investments Holding and several other subsidiaries.

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

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

## **PELİN AKIN** **Board Member**

Pelin Akin graduated from Surrey University, Department of Business Administration in Spanish, in the United Kingdom in 2010 and started her professional career in the Strategy Division of the Finance Department at Deutsche Bank Madrid. After returning to Turkey, she was employed by TAV Airports and joined the Management Trainee (MT) program there. Ms. Akin worked as an event organizer at the Spanish Business Council of DEİK and had various other responsibilities in different working groups within the DEİK British Business Council. She is also responsible for organizing the Sweet Talk Conference which was established to improve Turkish-British relations. Ms. Akin actively serves as a member of the Board of Trustees and a member of the Board of Directors at the Human Resource Education and Health Foundation of Turkey (TİKAV). In addition, she is the Vice President of the Duke of Edinburgh International Awards – Turkey Program which is supported by Akfen Holding as the main sponsor. Since 2010, Ms. Akin has served as the President of the Advisory Committee at the Chair for Research in Turkish Studies at the London School of Economics. She is a member of TÜSIAD, GYİAD and the Young Presidents Organization (YPO) as well as a member of the Corporate Governance Committee at TAV Airports Holding, a member of the Board of Directors and Corporate Governance Committee at Akfen Holding and a member of the Early Risk Detection Committee at Akfen REIT.

## **SELİM AKIN** **Board Member**

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

## **İRFAN ERCİYAS** Board Member

İrfan Erciyas graduated from Gazi University, Department of Economics and Public Finance in 1977 and began his professional career at Türkiye Vakıflar Bankası (Vakıfbank). After serving as Auditor and Branch Manager, he was appointed Assistant General Manager in 1996 and General Manager between 2002 and 2003. Mr. Erciyas, who joined Akfen Holding in 2003 as Vice Chairman of the Board of Directors, undertook significant duties in areas that included the privatization of Vehicle Inspection Stations, Mersin International Port and İDO in particular, founding and investment processes of Akfen REIT and Akfen Energy, public offering of Akfen Holding and Akfen REIT, sale of shares from subsidiaries and long-term financing. Since March 2010, he has served as Executive Director at Akfen Holding and as Chairman of the Board of Directors, Vice Chairman of the Board of Directors and Board Member in many affiliated companies and subsidiaries of Akfen Holding.

## **SILA CILIZ İNANÇ** Board Member

Sıla Ciliz İnanç graduated from Marmara University, Faculty of Law in 1995. After completing her internship, she joined Akfen Holding in 1997. She has worked in the area of Public-Private Sector Partnerships in Turkey as well as in antitrust law processes in terms of joint ventures and transfer of shares and in processes related to Public Procurement Law and secondary public procurement legislation. She participated in the tender and transfer processes of the Build-Operate-Transfer model and in the privatization applications where Akfen and/or its subsidiaries were involved. İnanç also worked in the area of structuring project finance and loan transactions. Additionally, she was involved in administrative law, transfers of concessions and rights, construction contracts, FIDIC contracts, and in the area of Energy Law and Corporate Law mainly in Renewable Energy and Energy Market issues. Currently, she is serving on the Board at various Akfen subsidiaries.

## **MUSTAFA DURSUN AKIN** Board Member

Mustafa Dursun Akin graduated from Ankara University Faculty of Economics and Finance in 1974. He began his professional career as Assistant Inspector of the Audit Board at Vakıfbank in 1975. Mr. Akin subsequently worked in the same bank as Inspector between 1978 and Assistant of the Audit Board from 1983 to 1993; as Risk Monitoring Manager for the Istanbul Region from 1993 to 1997; and as Deputy General Manager in 1998. Mr. Akin also served as General Manager at Vakıf Real Estate Expertise of the Audit Board at the Istanbul Gold Exchange between 2003 and 2004. He has served as an Independent Board Member at Akfen REIT since 2008..

## **MEHMET SEMİH ÇİÇEK** Board Member

M. Semih Çiçek graduated from Ankara Academy of Economics and Commercial Sciences, Department of Business Administration in 1974. He subsequently earned his MA in Economic Policy from Marmara University, Institute of Social Sciences. Çiçek began his professional career at Şekerbank and held several positions in the Financial Analysis Department of the same bank between 1974 and 1980. He then worked as Deputy Manager of Loans at the Head Office from 1980 to 1984, as Risk Monitoring Manager of the Risk Monitoring and Control Department between 1984 and 1993 and as Deputy General Manager from 1993 to 1999. He served as the Founding General Manager at Şeker Faktoring A.Ş. between 1999 and 2001; as an Executive Board member and Finance Coordinator at Makimsan A.Ş. from 2001 to 2004; and as Executive Board member and Deputy General Manager of Financing at AS Çelik A.Ş. between 2005 and 2006. Çiçek has been serving as an Independent Board member at Akfen REIT since 2008.

## **AHMET SEYFİ USLUOĞLU** Board Member

Ahmet Seyfi Usluoğlu graduated from Middle East Technical University, Department of Business Administration in 1978. He began his professional career as a Customs Supervisor at the Head Office of Petrol Ofisi then worked as an Inspector of the Audit Board at Türk Ticaret Bankası A.Ş. Head Office from 1982 to 1990; as Branch Manager of Türk Ticaret Bankası Siteler Branch from 1990 to 1993; as Branch Manager of Türk Ticaret Bankası Yenişehir Branch between 1993 and 1996; and as Branch Manager of Türk Ticaret Bankası Ankara Branch from 1996 until 2000. Usluoğlu has been serving as an Independent Board Member at Akfen REIT since 2009.

## **VEDAT TURAL** **General Manager**

Vedat Tural graduated from Fırat University, Department of Civil Engineering in 1982. From 1984 to 1989, he worked as Field Engineer and Performance Engineer at the Altınkaya Dam Project undertaken through the joint venture of Yüksel Construction & Gürış A.Ş. Tural then served as Project Manager between 1989 and 2005 at several construction projects by Yüksel Construction, including the Swiss Hotel, Zincirlikuyu Tat Towers, Şişli Tat Towers, Metrocity, Etiler Tat 2000 and Kadıköy Moda Tram. He joined Akfen Group in 2005 to work on the Novotel and Ibis Hotel Zeytinburnu projects. During his time as Deputy General Manager of Technical Affairs at Akfen REIT, he completed projects including Kayseri Novotel and Ibis Hotel; Gaziantep Novotel and Ibis Hotel; and Bursa Ibis Hotel.

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

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

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

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

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

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

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

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

## Human Resources Policies

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

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

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

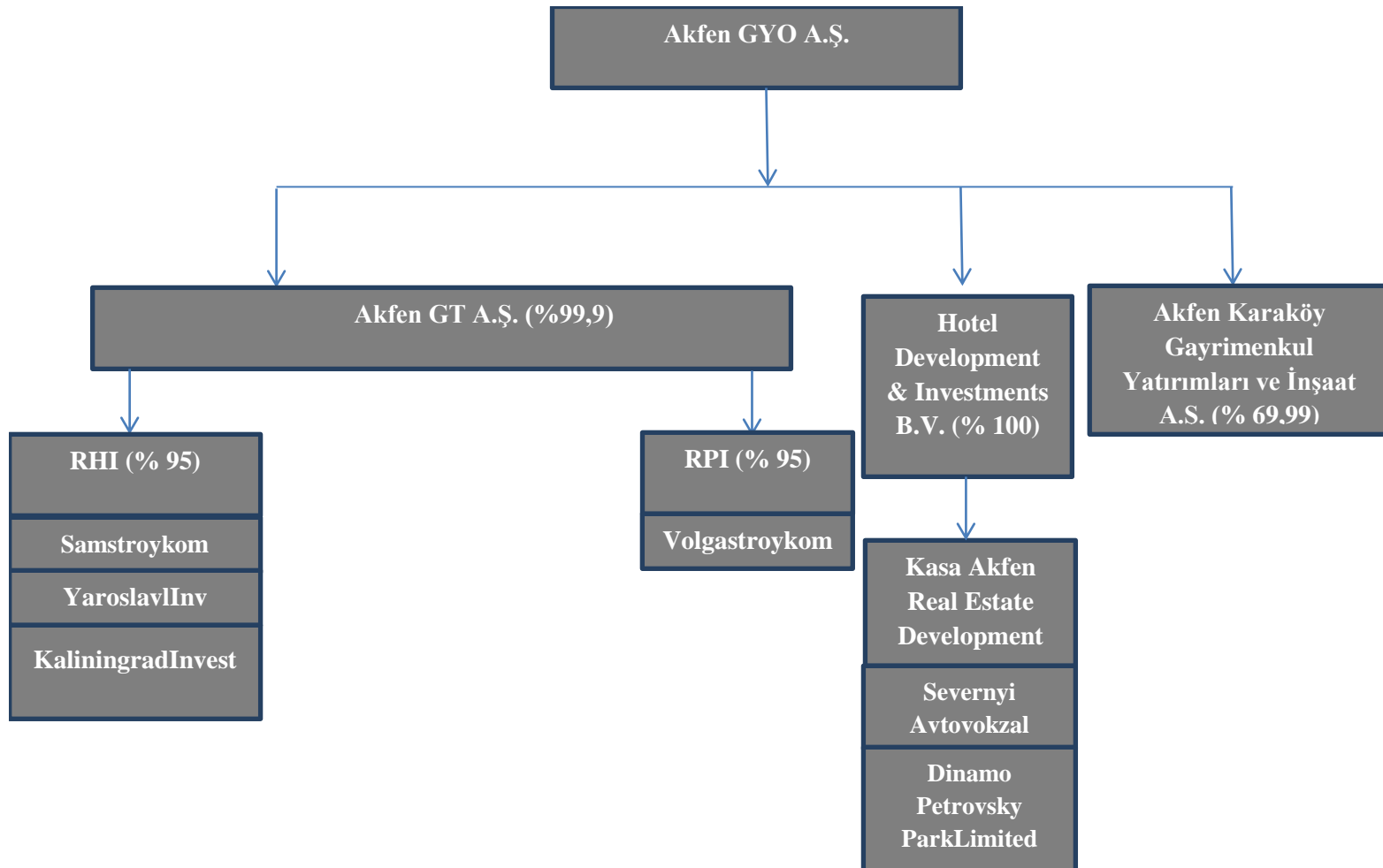
Within the framework of this understanding, Akfen REIT builds an employee profile that adopts the Company's vision and mission, believes in teamwork and team spirit, embraces ethical values, social responsibility and who are customer-oriented. As of 30 September 2014, Akfen REIT had 13 employees; its subsidiaries had 16 employees. The average age of employees is 37 and women account for 30% of the total workforce.

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

### *Employee benefits (TL)*

	30 September 2014	31 December 2013
Provision for vacation pay liability-short term	352,716	360,243
Provision for employee termination indemnity-long term	52,992	48,512
	<b>405,708</b>	<b>408,755</b>

## Organizational Structure



## Group Companies

Commercial Title	Field of Activity	Paid-in/Issued Capital	Share of Company in Capital	Currency	Share of Company in Capital	Nature of Relationship with the
Akfen Gayrimenkul Ticareti ve İnşaat A.Ş.	To create real estate portfolio	121.000.000,00	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 Akin be appointed as the chairman of the Early Detection of Risk Committee to be established, whereby Ms Pelin Akin and Mr Selim Akin be appointed as members of the aforementioned committee. Committee assembled once since its establishment to report date for detection of reasons for jeopardizing the Group's presence, development, the precautions and implementations for this and management of the risk and the committee presented the report to the board of directors.

As of 30 September 2014, the financial structure, financial position and performance of the Company has been evaluated, loss of capital and no situation related the Company's being heavily in debt has not been detected.

## **Audited Committee**

Şirketin;

- 01.01.2014 - 31.03.2014 fiscal year not reviewed by independent audit company; by Audited Committee and Board of Directors on 09.05.2014,
- 01.01.2014 - 30.06.2014 fiscal year reviewed by independent audit company; by Audited Committee and Board of Directors on 14.08.2014,
- 01.01.2014 - 30.09.2014 fiscal year not reviewed by independent audit company; by Audited Committee and Board of Directors on 03.11.2014

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

## **30 September 2014, Opening of Ibis Hotel Esenboğa, Ankara**

Ibis Hotel Esenboğa, Ankara in portfolio of our Company having 147 rooms started its operations in 30 September 2014.

## **04 September 2014, Assignment decision for Investor Relations Department**

According to Our Company's BOD with date of 04.09.2014 and no 18; It has been unanimously decided to assign Hüseyin Yılmaz for Investor Relations Department based on Corporate Governance Communique.

## **3 July 2014, Collection of the Compensation for the law suit related to land in Moscow**

For the case processed by Hotel Development Investment BV (HDI) - %100 subsidiary of the Company in 2012 related to the lease agreement for the usage right of the land belonging to Dinamo-Petrovskiy Park XXI Vek-MS Limited company -under the subsidiary of the Company-, it has been decided to be paid Ruble 199.775.062 (Euro 4.560.000) in favor of the subsidiary of the Company Related compensation has been received by the Company's subsidiary on 3 July 2014.

## **29 May 2014, Right of Tenancy related to the loan of Karaköy Novotel Project**

Based on the loan agreement - having 25.500.000 EUR loan limit - signed with T. İş Bankası A.Ş. on 17 January 2013 financing the Karaköy Novotel project with 200 rooms in the portfolio of our Company's subsidiary Akfen Karaköy Gayrimenkul Yatırımları ve İnşaat A.Ş., the right of tenancy of the hotels in Esenyurt, Kayseri, Trabzon, Gaziantep, Bursa, Adana and Zeytinburnu and right of tenancy of land in Ankara Esenboğa which are in our portfolio are pledged to the favor of the creditor as second-degree and first rank mortgage,

## **28 May 2014, Application for Amendement of the Company's Articles of Associations according to Capital Market Board's III-48.1 no Communique related to Reals Estate Investments**

With the necessity of "Decision of increase of Capital in kind may be taken only by General assembly" statement addition to our Company's "Capitals and Shares" entitled item no 8 according to III-48.1 no Communique related to Real Estate Investments of Capital Market Board (CMB), Our Company applied to CMB for approval of amendment for 8th item of our Company's articles of associations with Board Decision with 13 no and dated 28.05.2014

## **26 May 2014, Selection of Committee Members**

Decisions below has been taken by our Company's Board of Director's meeting with 2014/12 no held on 23.05.2014;

Based on II-17.1 no Corporate Governance Communique of Capital Market Board;

1. To assign Independent Board Member Mehmet Semih Çiçek, Independent Board Member Mustafa Dursun Akın, Independent Board Member Ahmet Seyfi Usluoğlu and Finance and Investor Relations Manager Servet Didem Koç for Corporate Governance Committee for 1 (one) year,
2. Corporate Governance Committee's functioning also as Nomination Committee and Compensation Committee,
3. To assign Independent Board Member Mehmet Semih Çiçek, Independent Board Member Mustafa Dursun Akın and Independent Board Member Ahmet Seyfi Usluoğlu for Audit Committee for 1 (one) year, and to assign Mustafa Dursun Akın as Audit Committee President,
4. To assign Independent Board Member Mustafa Dursun Akın and Board Member Selim Akın and Board Member Pelin Akın for Early Detection of Risk Committee for 1 (one) year, and to assign Mustafa Dursun Akın as Early Detection of Risk Committee President,

## **26 May 2014, Selection of Committee Members (continued)**

5. Based on 11. İtem of the comminque, to establish investor relations department for connection of Our Company and investors, to assign Servet Didem Koç – still in charge for the duty and possessing the conditions stated in the Comminique - as Manager of Investor Relations, and to link her position directly to the General Manager Vedat Tural, to assign her also Corporate Governance Committee Member and to publish communication infos of Servet Didem Koç assined as Manager of Investor on Public Disclosure Platform

## **23 May 2014, Board Decision related to Assignment of the Board of the Directors and Vice President of the Board**

According to our Company’s meeting of the Board of the directors with 2014/11 no and date of May 23, 2014, 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.

## **14 May 2014, Registration of General Assembly for the year 2013**

Our Company’s Ordinary General Assembly for the Year 2013 held on 6 May 2014 has been registered on 14 May 2014 by İstanbul Registry of Commerce.

## **6 May 2014, Result of Ordinary General Assembly for 2013**

2013 Ordinary General Assembly Meeting of the Company was held in the headquarters of the Company located at Levent Loft Binası, Büyükdere Caddesi, No:201 C Blok Kat:8 Levent Istanbul on 06.05.2014 at 02.00 p.m. under supervision of Mr. M. Zafer Karakoç, the Ministry Representative appointed upon 12334 numbered and 05.05.2014 dated letter of the Provincial Directorate of Commerce, İstanbul Governorship, Republic of Turkey.

It was seen that the invitation of the meeting requested to be convened pursuant to article 414 of the Turkish Commercial Code, according to the procedures set forth both in Turkish Commercial Code and Articles of Association of the Company and as also covering the agenda, was made within the defined deadline by announcing in the issues of Turkish Trade Registry Gazette dated April 03, 2014, numbered 8542 and April 10, 2014, numbered 8547, besides issues of the newspaper Star dated 03.04.2014 and dated 04.04.2014, on the website of the Company and Electronic General Assembly System of the Central Registry Agency.

From review of the List of Attendants, it was seen that meeting quorum set forth both in the legislation and in articles of association was achieved because from total capital of the Company which is TL 184,000,000.-; 1000 Group A shares corresponding TL 1,000.-, 1000 Group C shares corresponding TL 1,000.-, 1000 Group D shares corresponding TL 1,000.-, and 142,941,083 Group B shares corresponding 142,941,083.- were represented in the meeting.

It was determined that İbrahim Süha Güçsav- Member of the Board of Directors and Executive Director of the Company, Sıla Cılız İnanç- Member of the Board of Directors, M. Şafak Erdur- Senior Independent Auditor on behalf of the Akis İndependent Denetim Serbest Muhasebeci Mali Müşavirlik A.Ş. (KPMG)-Independent Audit Company were present in the meeting. The Ordinary General Assembly Meeting was opened by İbrahim Süha Güçsav- Executive Director of the Company concurrently both in the electronic and physical environment, and discussion of the agenda was started.

Agenda topics were read by Sıla Cılız İnanç- the Member of the Board of Directors and as tehere were no recommendation for changing the sequence of the topics, discussion of the agenda topics were continued in the sequence announced.

The fact that TL 118.002.845.- “Consolidated Net Profit for the Period” achieved according to the consolidated financial statements for 2013 fiscal period prepared pursuant to the Capital Markets Board legislation and the Company’s dividend distribution policy and audited by the KPMG-Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. but no distributable profit was generated submitted to approval of the General Assembly. No refusal votes received virtually or physically.

## **10 April 2014, Pledge of Ibis Hotel Tuzla Land**

Lease agreement with the date of 20 March 2014 and EUR 10,000,000 loan limit has been signed with Türkiye Sinai Kalkınma Bankası A.Ş. (TSKB) for financing of Tuzla Ibis Hotel Project having 200 rooms and the first loan usage amount which is EUR 4,000,000 has been retrieved. Based on the loan agreement, the aforesaid property has been pledged to in favor of TSKB in first degree on 10 April 2014.

## **1 April 2014, Board of Directors' decision to hold the General Assembly Meeting for the year 2013**

With the Board of Directors' decision, it was decided;

Decision no1: To convene the Company's Ordinary General Assembly Meeting to review operations of activity year 2013 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, on 6 May 2014, 14:00.

Decision no2:

Decision no2: To make ready information note related to The Reports related to Board of Directors and Financial Tables and Independent Auditors' Report, proposal related to dividend distribution, Dividend Distribution Policy and Activity Report and Corporate Governance Principles Report and agenda in head office of the company, in web site of the company ([www.akfengyo.com.tr](http://www.akfengyo.com.tr)) and in electroncal general assembly system of the Central Securities Depository 3 weeks before the date general assembly to be held

Desicion no 3. To notice the situation to the shareholders based on legal necessities

Decision no 4. To apply to Ministry of Customs and Trade, İstanbul Provincial Directorate of Commerce for setting date and Ministry Representative.

## **Agenda of the Ordinary General Assembly for 2013**

1. Opening and election of the Chair of the Meeting
2. Authorization of the Chair of the Meeting for signing of the Minutes of the General Assembly Meeting
3. Reading, discussion and approval of 2013 Annual Report Company issued by the Board of Directors
4. Reading of summary of the Independent Audit Report issued for 2013 Accounting Year
5. Reading, discussion and approval of 2013 Financial Statements,
6. Discharge each member of the Board of Directors form liability individually due to 2013 activities of the Company
7. Pursuant to regulations of the Capital Market Board, presenting to approval the Company's "Dividend Policy" for 2013 and subsequent years
8. Acceptance, acceptance after change or rejection of the proposal of the Board of Directors for distribution of 2013 profit,
9. Giving information to the shareholders regarding duties of the members nominated for the Board of Directors, including independent members, both within and outside the group during the general assembly
10. Determining member number and term of office of the Board of Directors,
11. Conducting election according to the member number determined, election of independent members of the Board of Directors,
12. According to the Corporate governance Principles, giving information to the shareholders and approval of the "Remuneration Policy" for the members of the Board of Directors and top executives as well as payments made within this policy,
13. Determination of gross monthly wage of the members of the Board of Directors,
14. Pursuant to Turkish Commercial Code and regulations of the Capital Market Board, approval of the Independent Audit Company selected by the Board of Directors

## **Agenda of the Ordinary General Assembly for 2013(continued)**

15. Pursuant to regulations of the Capital Market Board, approval of the Independent Valuation Company selected by the Board of Directors
16. Giving information to the shareholders regarding donations made by the Company within 2013 and determination of upper limit for donations to be made in 2014,
17. Pursuant to regulations of the Capital Market Board, giving information to the shareholders regarding guarantee, pledge, mortgage and surety provided in favor of third parties as well as revenues and benefits obtained in 2013,
18. Giving permission to shareholders dominant in the management, members of the Board of Directors, top executives and their spouses and second degree blood relatives and relatives by marriage within framework of articles 395 and 396 of the Turkish Commercial Code besides giving information to shareholders regarding transactions carried out in this scope in 2013 according to the Corporate Governance Communique of the Capital Market Board,
19. Wishes and opinions.

## **1 April 2014, Board Decision related to Dividend Distribution of year 2013**

With Board Decision of the company dated 01.04.2014 and with no 6;

Since there has been no distributable profit exist according to financial tables which has been prepared based on Turkish Accounting and Turkish Financial Reporting Standards published by Public Inspection, Accounting and Audit Institution within the scope of II-14.1 communique of Capital Market Board, and audited by Denge Ankara Bağımsız Denetim ve Yeminli Mali Müşavirlik A.Ş., it is decided to inform the General Assembly and propound not to distribute dividends.

## **31 March 2014, conclusion of Moscow Land Lawsuit**

The issue regarding the lease agreement for the usage right of 3,000 m<sup>2</sup> land in the center of Moscow of which belongs to HDI was brought to case and it has been decided to be paid Ruble 199,775,062,2 (Euro 4,560,000) in favor of the subsidiary of the Company by Moscow government. Appeal court upon the application of Moscow Ministry has approved the decision of first court in the same manner. Moscow government appealed the decision to State Council on 10 February 2014. On 31 March 2014, Chancery approved the decision given by the first court and appellate court and the valid decision has been published on 7 Nisan 2014.

## **20 March 2014, Financing of Ibis Hotel Tuzla**

Lease agreement with the date of 20 March 2014 and EUR 10.000.000 loan limit has been signed with Türkiye Sinai Kalkınma Bankası A.Ş. (TSKB) for financing of Tuzla Ibis Hotel Project having 200 rooms and the first loan usage amount which is EUR 4.000.000 has been retrieved on 10 April 2014.

## **1 March 2014, Ibis Hotel Tuzla - Accor Lease Agreement**

In 1 March 2014, a lease agreement related to developing Ibis Hotel Project with 200 rooms on the land in Aydinli village/Tuzla/Istanbul at 18 die plate, 4623 square obtained by Akfen GYO and leasing the Project to Accor S.A. has been signed. Lease term is 25+/-10 years and lease payment is established as 25% of gross revenue or the higher of 85% of the AGOP (Adjusted Gross Operating Profit).

## **19 February 2014, Samara Office Lease Agreement**

Russian Property leased 746 squaremeter area of total rentable 4,637 squaremeter area of Samara Office in portfolio of Russian Property through its subsidiary Volgastroykom, to Samarasnabpodshipnik Company which is established by Samara Podshibnik company –one of the biggest roller producers- for sale of its productions with an agreement signed in 19 February 2014. Monthly rent amount is approximately TL 29,559, including VAT and rent payment will start on 15 April 2014.

## **29 January 2014, Ibis Hotel Moscow - Accor Lease Agreement**

HDI through its subsidiary Severny signed a lease agreement for 317 room IBIS Hotel building under construction in Moscow, Russia, with Russian Management Hotel Company, a company which ACCOR S.A. operates in Russia on 29 January 2014. The lease term is 25 years with right of 10 years' of prolongtion of ACCOR S.A. The rent shall be equal to 25% of gross revenue or the higher of 85% of the Adjusted Gross Operating Profit ("AGOP").

## **29 January 2014, Selection of Valuation Company and Independent Audit Company**

In Board of Director's meeting held on 29/01/2014;

- In pursuance of Capital Market Board's Principals for Real Estate Investments comminuke with Series III, No:48.1 article 35, EPOS Gayrimenkul Danışmanlık ve Değerleme A.Ş. A.Ş. has been decided as valuation company for the assets in our portfolio and EPOS Gayrimenkul Danışmanlık ve Değerleme A.Ş. and ELİT Gayrimenkul Değerleme A.Ş. have been decided as valuation companies for assets that may be added to our portfolio and will need valuation in year 2014.
- In pursuance of Capital Market Board's comminuke related to "Standards of Independent Audit in Capital Market", PWC-Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. has been decided as independent audit company for 2014 fiscal year with condition of presenting to approval of upcoming general assembly.



TURKEY					
	<u>Operational Hotels</u>	Number of Rooms	Ending Date of Land Lease	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
	14 Ankara IBIS	147	Owned	January 2013	September 2014
	<b>Sub Total</b>	<b>2.376</b>			
	<u>Projects under Construction</u>				
	1 Karaköy NOVOTEL	200	49 years	July 2012	September 2015
	2 Tuzla IBIS	200	Owned	August 2013	April 2015
	<b>Sub Total</b>	<b>400</b>			
15	<b>TOTAL</b>	<b>2.776</b>			
RUSSIA					
	<u>Operational Hotels</u>	Number of Rooms	Ending Date of Land Lease	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
	3 Kaliningrad IBIS	167	Owned	August 2011	Ağustos 2013
	<b>Sub Total</b>	<b>548</b>			
	<u>Projects under Construction</u>				
	1 Moscow IBIS	317	49 years	September 2013	2015
	<b>Sub Total</b>	<b>317</b>			
4	<b>TOTAL</b>	<b>865</b>			
19	<b>GRAND TOTAL</b>	<b>3.641</b>			



- **As of 30 September 2014, 21,6 million TL net profit was disclosed.**
- **Consolidated rent turnover reached TL37,6 million, increasing 21% compared to the same period of previous year.**
- **Consolidated EBITDA reached TL 28,8 million, increasing 35% compared to the same period of previous year.**
- **EBIDTA margin reached to 76% increasing by 7% compared to the same period of previous year.**
- **Net Assets became TL 995,5 million as of 30 September 2014 increasing %1 compared to year end 2013.**

# Financial Outcomes



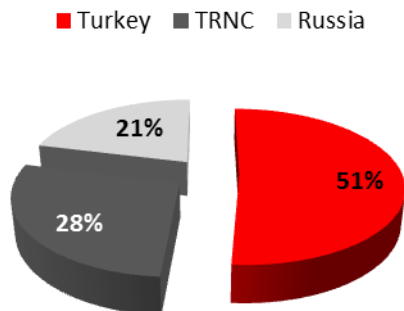
BALANCE SHEET (Million TL)	30-Sep-14	31-Dec-13	INCOME STATEMENT (Million TL)	30-Sep-14	30-Sep-13
<b>CURRENT ASSETS</b>	<b>51,6</b>	<b>43,6</b>			
Cash and cash equivalents	32,8	30,3	Revenue	37,7	31,0
Trade receivables	13,2	6,0	Cost of sales	- 4,2	- 3,8
Other receivables	0,0	0,0			
Prepaid expenses	1,1	2,2	<b>GROSS PROFIT</b>	<b>33,4</b>	<b>27,2</b>
Other current assets	4,4	5,0	General administrative expenses	- 4,6	- 5,9
<b>NON-CURRENT ASSETS</b>	<b>1.479,5</b>	<b>1.474,9</b>	<b>EBITDA</b>	<b>28,8</b>	<b>21,4</b>
Other receivables	10,2	9,8	Other Operating Income, net	17,6	0,3
Investment properties	1.426,9	1.418,9			
Tangible and intangible assets	0,1	0,1	<b>OPERATING PROFIT</b>	<b>46,3</b>	<b>21,6</b>
Prepaid expenses	10,0	11,8	Financial expenses, net	- 25,1	- 57,4
Other non-current assets	31,0	33,2			
Deferred tax assets	1,3	1,1	<b>PROFIT BEFORE TAX</b>	<b>21,2</b>	<b>- 35,8</b>
<b>TOTAL ASSETS</b>	<b>1.531,1</b>	<b>1.518,5</b>	Current tax income/(expense)	- 0,8	1,0
<b>SHORT TERM LIABILITIES</b>	<b>111,6</b>	<b>105,2</b>	<b>PROFIT FOR THE PERIOD</b>	<b>20,5</b>	<b>- 34,7</b>
Short term financial liabilities	21,4	8,5	Non-controlling interest	- 1,1	- 1,7
Short term portions of long term financial liabilities	83,1	83,8			
Trade payables	1,7	11,2	<b>PROFIT FOR THE PERIOD</b>	<b>21,6</b>	<b>- 33,1</b>
Other payables	1,1	0,8	Change in currency translation differences	- 22,0	2,6
Deferred income	3,4	-			
Short term provisions	0,4	0,4	<b>Total comprehensive income</b>	<b>- 0,4</b>	<b>- 30,4</b>
Other short term liabilities	0,5	0,5			
<b>LONG TERM LIABILITIES</b>	<b>488,3</b>	<b>480,5</b>	<b>Gross profit margin</b>	89%	88%
Long term financial liabilities	417,4	408,5			
Other long term liabilities	3,9	3,5	<b>EBITDA margin</b>	76%	69%
Deferred Tax Liability	66,9	68,5			
<b>SHAREHOLDERS' EQUITY</b>	<b>931,3</b>	<b>932,8</b>			
<b>TOTAL LIABILITIES</b>	<b>1.531,1</b>	<b>1.518,5</b>			
<b>Total liabilities / Total assets</b>	<b>39%</b>	<b>39%</b>			

## Operasyonel Performans

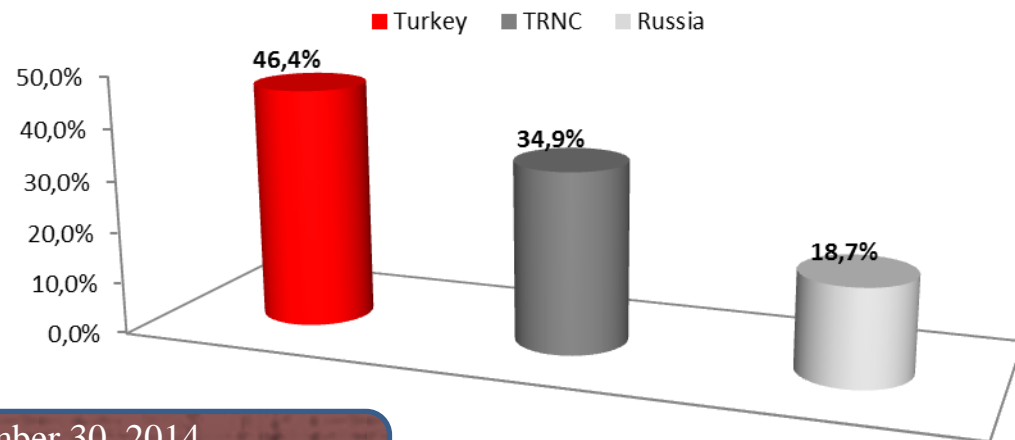
- As of 30 September 2014, a net profit of TL 21,6 million was disclosed.
- Hotel rental income reached TL 37,6 million, increasing 21% compared to same period of previous year.
- Average occupancy rate for hotels operating throughout Turkey as of September 30, 2014 is 69%; average occupancy rate for hotels operating in Russia as of September 30, 2014 is 53%; and average occupancy rate for all hotels as of September 30, 2014 was 65%.
- Average room price for hotels operating throughout Turkey as of September 30, 2014 is Euro 51; average room price for hotels operating in Russia as of September 30, 2014 is Euro 49 and average room price for all hotels as of September 30, 2014 is Euro 51.
- Consolidated hotel expenses reached TL 4,2 million as of 30 September 2014; increasing 11% from its level of TL 3,8 million for the same period of 2013.
- Consolidated general administrative expenses actualized as TL 5,9 million as of 30 September 2013; decreasing 21% from its level of TL4,6 million for the same period of 2013. Main reasons of decrease are deduction of personnel expenses in Russia and one-time expenses actualized in 2013 that does not exist in 3. quarter of 2014.
- As a result of less increase in hotel expenses comparing to hotel rental income and decreasing of general administrative expenses comparing to 2013, Consolidated EBITDA reached TL 28,80 million as of 30 September 2014; increasing 35% from its level of TL 21,35 million for 3. quarter of 2013.
- EBITDA margin reached to 76% increasing by 7% compared to the same period of previous year.

- Operating profit reached TL 46,3 million as of September 30, 2014; increasing 115% compared to same period of previous year. Main reason for the increase is that, TL 12,2 is derived from the severance amount received from Moscow government in 3 July 2014 TL since the Group won the lawsuit process related to Moscow project that the Group is planning to develop in Russia.
- Interest expenses actualized in level of 16,2 million TL in 2014 increaing 13% comparing to same period of previous year.
- Net Assets became TL 995,5 million as of 30 September 2014 increasing %1 compared to year end 2013.

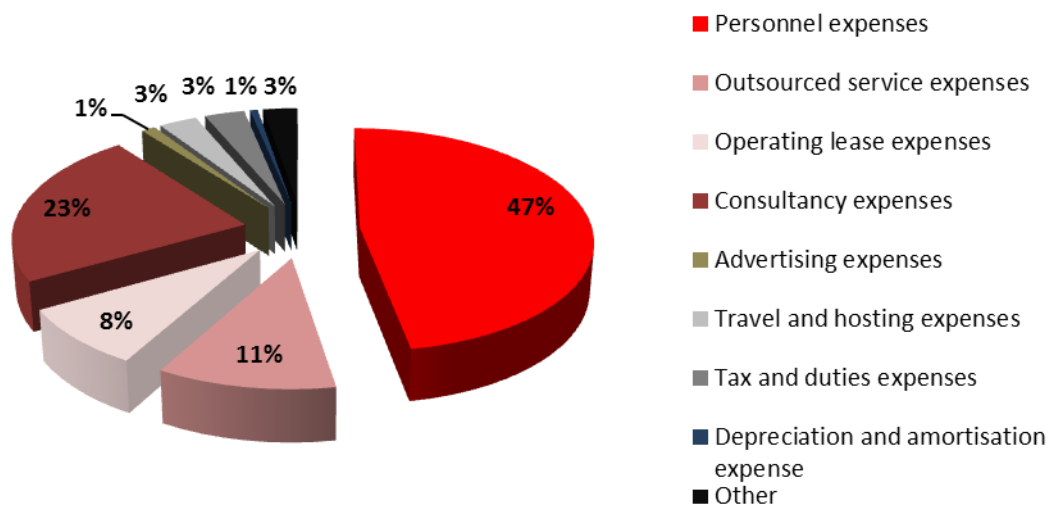
September 30, 2014  
Distribution of Rental Income by  
Regions (%)



September 30, 2014  
Distribution of EBITDA by Regions  
(%)

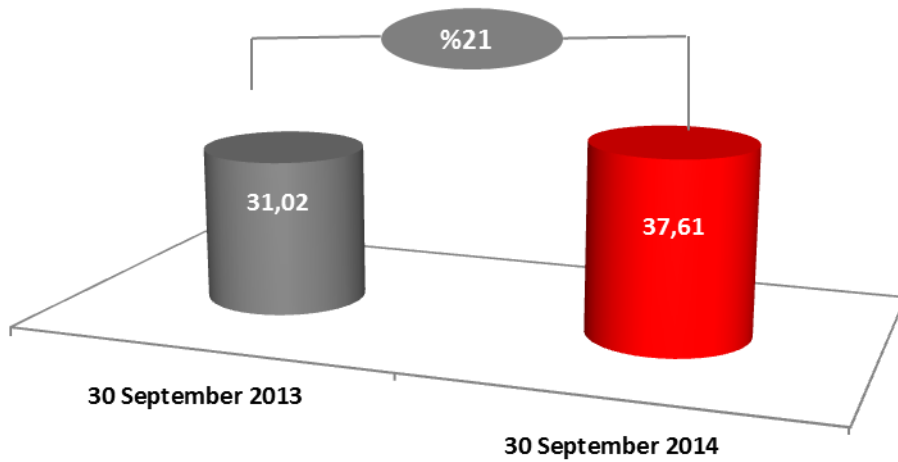


September 30, 2014  
Distribution of General Administration  
Expenses (%)

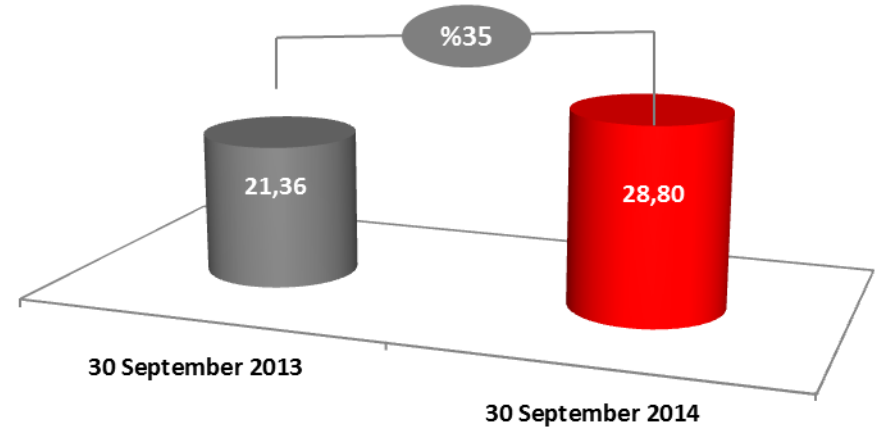




## Consolidated Rental Income (million TL)



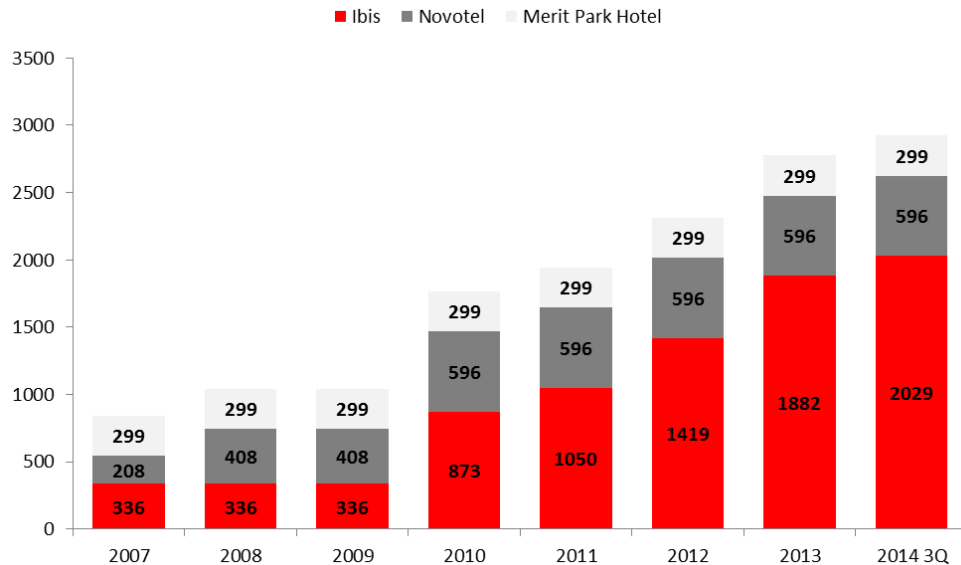
## EBITDA (million TL)



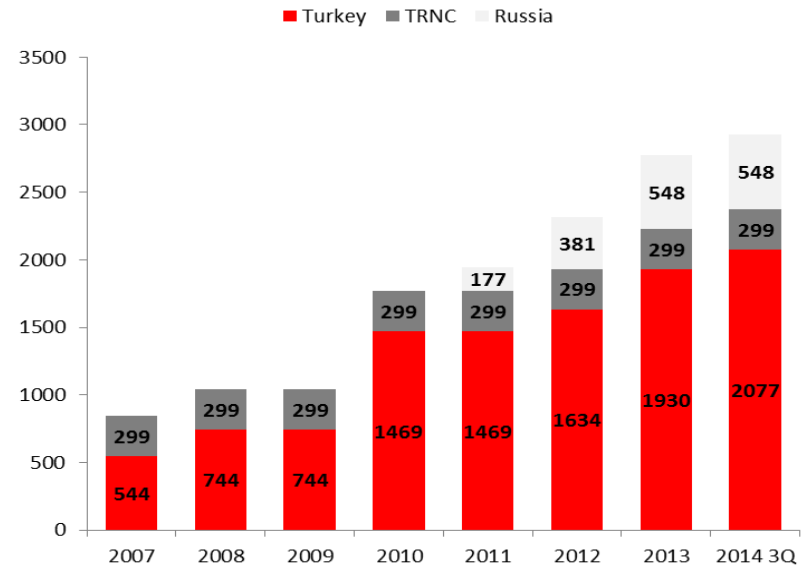
## • Yearly Room Capacity Development

As of 30 September 2014, room numbers of the Company's 17 operational hotels is 2.924.

Room number based on hotel types



Room number based on countries



	2007	2008	2009	2010	2011	2012	2013	2014 3Q
Ibis	336	336	336	873	1050	1419	1882	2029
Novotel	208	408	408	596	596	596	596	596
Merit Park Hotel	299	299	299	299	299	299	299	299
<b>Total</b>	<b>843</b>	<b>1043</b>	<b>1043</b>	<b>1768</b>	<b>1945</b>	<b>2314</b>	<b>2777</b>	<b>2924</b>

	2007	2008	2009	2010	2011	2012	2013	2014 3Q
Turkey	544	744	744	1469	1469	1634	1930	2077
TRNC	299	299	299	299	299	299	299	299
Russia	0	0	0	0	177	381	548	548
<b>Total</b>	<b>843</b>	<b>1043</b>	<b>1043</b>	<b>1768</b>	<b>1945</b>	<b>2314</b>	<b>2777</b>	<b>2924</b>

30-Sep-14	Rental Income	EBITDA	EBITDA Margin	Net Debt
Turkey	19,3	13,4	69%	314,4
TRNC	10,4	10,0	96%	30,4
Russia	8,0	5,4	68%	144,4
<b>CONSOLIDATED</b>	<b>37,7</b>	<b>28,8</b>	<b>76%</b>	<b>489,2</b>

Personnel numbers	30-Sep-14	31-Dec-13	Change (%)
Turkey	13	13	0%
TRNC	2	2	0%
Russia	14	16	-13%
<b>TOTAL</b>	<b>29</b>	<b>31</b>	<b>-6%</b>

Rental Income	30-Sep-14	31-Dec-13	Change (%)
Turkey	19,3	17,6	9%
TRNC	10,4	8,9	17%
Russia	8,0	4,5	76%
<b>CONSOLIDATED</b>	<b>37,7</b>	<b>31,0</b>	<b>21%</b>

EBITDA	30-Sep-14	31-Dec-13	Change (%)
Turkey	13,4	11,7	15%
TRNC	10,0	8,5	18%
Russia	5,4	1,1	382%
<b>CONSOLIDATED</b>	<b>28,8</b>	<b>21,3</b>	<b>35%</b>

# Financial Outcomes

RENTAL INCOME (Thousand TL)	30-Sep-14	30-Sep-13	Change (%)
Zeytinburnu Ibis Hotel	3.468,5	3.913,3	-11%
Zeytinburnu Novotel	3.534,9	3.873,4	-9%
Eskişehir Ibis Hotel	940,4	917,8	2%
Trabzon Novotel	4.182,8	3.033,6	38%
Gaziantep Ibis Hotel	1.078,2	949,6	14%
Gaziantep Novotel	986,5	954,5	3%
Kayseri Ibis Hotel	720,3	628,9	15%
Kayseri Novotel	615,7	651,3	-5%
Bursa Ibis Hotel	1.014,8	1.007,7	1%
Adana Ibis Hotel	769,4	632,3	22%
Esenyurt Ibis Hotel	938,5	782,0	20%
İzmir Alsancak Ibis Hotel	975,7	260,3	--
Yaroslavl Ibis Hotel	2.435,7	1.839,5	32%
Samara Ibis Hotel	2.684,9	2.041,1	32%
Samara Office	1.372,8	640,9	114%
Kaliningrad Ibis Hotel	1.465,3	0,0	--
TRNC Merit Park Hotel	10.429,0	8.893,1	17%

<b>TOTAL</b>	<b>37.613,5</b>	<b>31.019,3</b>	<b>21%</b>
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## AVERAGE ROOM PRICES (VAT EXC.) - TL

	30-Sep-14	30-Sep-13	Change (%)
Zeytinburnu Ibis Hotel	189,5	187,6	1%
Zeytinburnu Novotel	220,9	212,6	4%
Eskişehir Ibis Hotel	115,1	109,1	6%
Trabzon Novotel	234,6	176,7	33%
Gaziantep Ibis Hotel	97,4	88,8	10%
Gaziantep Novotel	158,8	136,0	17%
Kayseri Ibis Hotel	91,4	82,3	11%
Kayseri Novotel	125,1	119,9	4%
Bursa Ibis Hotel	107,9	106,9	1%
Adana Ibis Hotel	89,3	87,5	2%
Esenyurt Ibis Hotel	127,8	130,9	-2%
İzmir Alsancak Ibis Hotel	117,9	105,2	12%
Yaroslavl Ibis Hotel	146,2	133,0	10%
Samara Ibis Hotel	149,2	133,8	11%
Kalinigrad Ibis Hotel	129,0	120,7	7%

<b>TOTAL</b>	<b>148,2</b>	<b>140,1</b>	<b>6%</b>
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## ALL INCLUSIVE REVPAR (VAT EXC.) - TL

	30-Sep-14	30-Sep-13	Change (%)
Zeytinburnu Ibis Hotel	175,2	181,2	-3%
Zeytinburnu Novotel	230,7	236,6	-2%
Eskişehir Ibis Hotel	103,5	101,5	2%
Trabzon Novotel	256,7	203,0	26%
Gaziantep Ibis Hotel	89,1	78,5	14%
Gaziantep Novotel	178,0	172,3	3%
Kayseri Ibis Hotel	66,0	57,6	15%
Kayseri Novotel	106,8	113,0	-5%
Bursa Ibis Hotel	74,3	73,8	1%
Adana Ibis Hotel	68,3	56,1	22%
Esenyurt Ibis Hotel	88,1	80,5	9%
İzmir Alsancak Ibis Hotel	102,2	70,2	45%
Yaroslavl Ibis Hotel	108,5	118,7	-9%
Samara Ibis Hotel	119,0	103,8	15%
Kalinigrad Ibis Hotel	80,8	19,7	309%

<b>TOTAL</b>	<b>126,9</b>	<b>122,8</b>	<b>3%</b>
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## OCCUPANCY RATES %

	30-Sep-14	30-Sep-13	Change (%)
Zeytinburnu Ibis Hotel	79%	82%	-4%
Zeytinburnu Novotel	77%	83%	-5%
Eskişehir Ibis Hotel	77%	80%	-3%
Trabzon Novotel	78%	76%	2%
Gaziantep Ibis Hotel	75%	71%	4%
Gaziantep Novotel	71%	79%	-8%
Kayseri Ibis Hotel	58%	55%	4%
Kayseri Novotel	55%	64%	-8%
Bursa Ibis Hotel	58%	58%	0%
Adana Ibis Hotel	59%	50%	9%
Esenyurt Ibis Hotel	57%	52%	5%
İzmir Alsancak Ibis Hotel	74%	58%	16%
Yaroslavl Ibis Hotel	56%	70%	-13%
Samara Ibis Hotel	56%	54%	2%
Kalinigrad Ibis Hotel	47%	13%	34%

<b>TOTAL</b>	<b>65%</b>	<b>67%</b>	<b>-1%</b>
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- Net Debt**

Total amount of debt reached TL 522 million in 3. quarter of 2014; increasing 4% from its level of TL 500.8 million in 2013.

Gross Debt (million TL)	30-Sep-14	31-Dec-13	Change (%)	Loan allocation based on currency	30-Sep-14	31-Dec-13	Change (%)
Turkey	335,3	319,6	5%	EUR	173,1	167,6	3%
TRNC	30,4	40,2	-24%	TL	21,4	8,5	152%
Russia	156,3	141,0	11%				
<b>CONSOLIDATED</b>	<b>522,0</b>	<b>500,8</b>	<b>4%</b>				

Total Debt (million TL)	30-Sep-14	31-Dec-13	Change (%)
Less than 1 year	104,6	92,3	13%
1 – 2 years	85,2	62,6	36%
2 – 3 years	76,0	71,6	6%
3 – 4 years	66,9	75,5	-11%
4 – 5 years	56,5	57,0	-1%
5 years and more	132,9	141,8	-6%
<b>TOTAL</b>	<b>522,0</b>	<b>500,8</b>	<b>4%</b>

Annual Weighted Average Interest Rate for Euro Loans	5,69%	5,57%	0,12%
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Annual Weighted Average Interest Rate for TL Loans	13,20%	12,76%	0,44%
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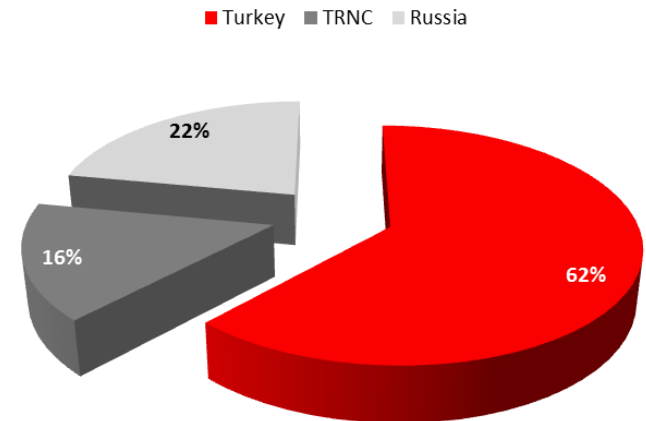
## • Investment Properties

Total amount of investment properties within the Company's portfolio reached TL 1.426,9 million as of 30 September 2014.

Investment Properties (Million TL)	30-Sep-14	31-Dec-13	Change (%)
Operational investment properties	1.144,0	1.129,2	1%
Investment properties under construction	282,9	289,7	-2%
<b>TOTAL</b>	<b>1.426,9</b>	<b>1.418,9</b>	<b>1%</b>

Investment Properties (Million TL)	30-Sep-14	31-Dec-13	Change (%)
Turkey	885,4	869,4	2%
TRNC	227,5	227,3	0%
Russia	314,0	322,1	-3%
<b>TOTAL</b>	<b>1.426,9</b>	<b>1.418,9</b>	<b>1%</b>

September 30, 2014  
Distribution of Properties by  
Regions (%)





Fair value of investment properties owned by the Company in Turkey and TRNC comprises the appraisal values as calculated on December 31, 2013 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 expenditures made for the properties from appraisal date to 30 September 2014

<b>30 September 2014</b>	
<b>Name of Real Estate</b>	<b>Fair Value (Million TL)</b>
Zeytinburnu Novotel and Ibis Hotel	247,4
Merit Park Otel - Girne	218,9
Karaköy Novotel Project	142,0
Trabzon Novotel	96,8
Gaziantep Novotel and Ibis Otel	65,4
Kayseri Novotel and Ibis Otel	60,8
Bursa Ibis Hotel	57,7
İzmir Ibis Hotel	54,4
Esenyurt Ibis Hotel	46,8
Adana Ibis Hotel	39,6
Ankara Esenboğa Ibis Hotel Project	39,5
Eskişehir Ibis Hotel and Fitness Center	17,9
Tuzla Ibis Hotel Project	16,9
Bafra Hotel Project	8,5
<b>TOTAL</b>	<b>1.112,9</b>

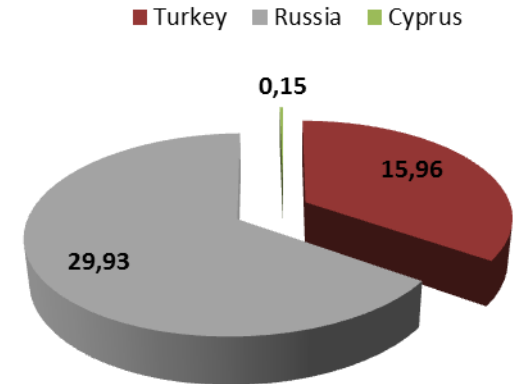
Fair value of investment properties owned by the Company in Russia comprises the values as calculated jointly by the Company Management and TSKB Real Estate Appraisal Co. Inc., a real estate appraisal company registered with the CMB and listed among the CMB approved "Real Estate Appraisal Companies and the expenditures made for the properties from appraisal date to 30 September 2014

<b>30 September 2014</b>	
<b>Name of Real Estate</b>	<b>Fair Value (Million TL)</b>
Moskova Hotel Projects	114,3
Samara Ibis Hotel	65,2
Yaroslavl Ibis Hotel	61,1
Kaliningrad Ibis Hotel	48,5
Samara Office	24,9
<b>TOTAL</b>	<b>314,0</b>

## • Investments in Property

As of September 30, 2014; a total investment expense of TL 46,03 million was made for properties included in the Company's portfolio.

September 30, 2014  
Distribution of Investment in Property  
by Regions (million TL)



As of September 30, 2014

### 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	58%	51%	2015
Ibis Hotel Esenboğa Ankara	Ankara	147	Under Construction	10.000.000	100%	100%	September 2014
Ibis Hotel Tuzla	İstanbul	200	Project	15.000.000	44%	-	2016

As of September 30, 2014

### RUSSIA

Investment	Location	Number of Rooms	Status	Total investment Cost (Euro, VAT Included) *	Investment Completion (%) **	Physical Completion (%)	Estimated Date for Opening
Ibis Hotel Moscow	Moscow	317	Under Construction	33.500.000	80%	82%	2015

\* 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

Net Assets became TL 995,5 million as of 30 September 2014 increasing %1 compared to year end 2013.

PORTFOLIO STATEMENT (mn TL)	30-Sep-14	31-Dec-13
<b>Operationel Hotels</b>		
Zeytinburnu Novotel and Ibis Hotel	247,4	247,4
Eskişehir Ibis Hotel and Fitness Center	16,9	16,9
Trabzon Novotel	96,8	96,8
Kayseri Novotel and Ibis Hotel	60,8	60,8
Gaziantep Novotel and Ibis Hotel	65,4	65,3
Bursa Ibis Hotel	54,4	54,4
Esenyurt Ibis Hotel	57,7	57,7
Adana Ibis Hotel	39,5	39,5
İzmir Ibis Hotel	46,8	46,8
Ankara Esenboğa Ibis Hotel Project	39,6	0,0
<b>Projects Under Construction</b>		
Ankara Esenboğa Ibis Hotel Project	0,0	35,3
Tuzla Ibis Hotel Project	17,9	16,5
<b>Affiliates</b>	<b>517,3</b>	<b>511,3</b>
<b>Money and Capital Market Instruments</b>	<b>0,9</b>	<b>0,4</b>
<b>TOTAL PORTFOLIO VALUE</b>	<b>1.261,5</b>	<b>1.249,2</b>
Other Assets and Receivables	31,2	28,9
Debts	297,1	289,9
<b>NET ASSET VALUE</b>	<b>995,5</b>	<b>988,2</b>

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



## **Government grants and incentives**

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

## **Dividend Distribution Policy**

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

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

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

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

# Portfolio Limitations

Unconsolidated (separate) financial statement				
main				
account items	Related Regulation	30 September 2014	31 December 2013	
<b>A</b> Cash and capital market instruments	III-48.1. S/N 24 / (b)	874,043	409,421	
<b>B</b> Investment properties, investment property-based projects, investment property-based rights	III-48.1. S/N 24 / (a)	743,345,655	737,445,000	
<b>C</b> Participations	III-48.1. S/N 24 / (b)	517,284,089	511,336,899	
Due from related parties (non-trade)	III-48.1. S/N 23 / (f)	-	-	
Other assets		31,177,967	28,922,193	
<b>D Total assets</b>	III-48.1. S/N 3 / (p)	<b>1,292,681,754</b>	<b>1,278,113,513</b>	
<b>E</b> Financial liabilities	III-48.1. S/N 31	291,326,308	281,647,741	
<b>F</b> Other financial liabilities	III-48.1. S/N 31	5,815,636	8,296,370	
<b>G</b> Finance lease liabilities	III-48.1. S/N 31	-	-	
<b>H</b> Due to related parties (non-trade)	III-48.1. S/N 23 / (f)	-	-	
<b>I</b> Shareholders' equity (net asset value)	III-48.1. S/N 31	995,539,810	988,169,402	
Other liabilities		-	-	
<b>D Total liabilities and equity</b>	III-48.1. S/N 3 / (p)	<b>1,292,681,754</b>	<b>1,278,113,513</b>	
Unconsolidated (separate) other financial information				
	Related Regulation	30 September 2014	31 December 2013	
<b>A1</b> Cash and capital market instruments held for payments of investment properties for 3 years	III-48.1. S/N 24 / (b)	-	-	
<b>A2</b> Time / demand TL / foreign currency	III-48.1. S/N 24 / (b)	865,661	398,565	
<b>A3</b> Foreign capital market instruments	III-48.1. S/N 24 / (d)	-	-	
<b>B1</b> Foreign investment property, investment property-based projects, investment property-based rights	III-48.1. S/N 24 / (d)	-	-	
<b>B2</b> Idle lands	III-48.1. S/N 24 / (c)	-	-	
<b>C1</b> Foreign subsidiaries	III-48.1. S/N 24 / (d)	101,683,276	95,736,087	
<b>C2</b> Participation to the operator company	III-48.1. S/N 28/1(a)	-	-	
<b>J</b> Non-cash loans	III-48.1. S/N 31	893,356,243	763,683,318	
<b>K</b> Pledges on land not owned by the Investment Trust which will be used for project developments	III-48.1. S/N 22 / (e)	-	-	
<b>L</b> Cash and capital market instrument Investments held on One Unique Company	III-48.1. S/N 22 / (I)	-	-	

Portfolio Constraints	Portfolio Constraints Related Regulation	Current Period	Previous Period	Minimum/Maximum Ratio
<b>1</b> Pledges on Land not Owned by the Investment Trust which will be Used for Project Developments Investment Property, Investment Property Based	III-48.1. S/N 22 / (e) III-48.1. S/N 24 /	0.00%	0.00%	<10%
<b>2</b> Projects, Investment Property Based Rights Cash and Capital Market Instruments and	(a). (b)	57.50%	57.70%	>51%
<b>3</b> Participations	III-48.1. S/N 24 / (b)	40.08%	40.04%	<50%
<b>4</b> Foreign Investment Property, Investment Property based Projects, Investment Property Based Rights, Participations, Capital Market Instruments	III-48.1. S/N 24 / (d)	40.02%	40.01%	<50%
<b>5</b> Idle Lands	III-48.1. S/N 24 / (c)	0.00%	0.00%	<20%
<b>6</b> Participation to the Operator Company	III-48.1. S/N 28	0.00%	0.00%	<10%
<b>7</b> Borrowing Limit	III-48.1. S/N 31	119.58%	106.62%	<500%
<b>8</b> Time / Demand TL / Foreign Currency Cash and capital market instrument Investments held	III-48.1. S/N 22 / (e)	0.07%	0.03%	<10%
<b>9</b> on One Unique Company	III-48.1. S/N 22 / (I)	0.00%	0.00%	<10%

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

## Due to and due from related parties

### Due from related parties (trade) :

As at 30 September 2014 and 31 December 2013, the Company has no due from related parties (trade)

### Due to related parties (trade) :

As at 30 September 2014 and 31 December 2013, all amount of due to related parties is comprised from the prices difference invoices obtained from Akfen İnşaat related to progress payments of Esenyurt, İzmir ve Adana projects of the Company.

<b>Due to related parties (trade) (TL)</b>	<b>30-Sep-14</b>	<b>31-Dec-13</b>
Akfen Insaat Turizm ve Ticaret A.Ş.	739.476	751.010

## Related party transactions

<b>Investment properties under development (TL)</b>	<b>1 January- 30 September 2014</b>	<b>1 January- 30 September 2013</b>
Akfen Insaat Turizm ve Ticaret A.Ş.	9.840.476	18.096.952

<b>Rent expenses (TL)</b>	<b>1 January- 30 September 2014</b>	<b>1 January- 30 September 2013</b>
Hamdi Akın	208.622	200.239

- **Statement of Responsibility**



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