



CITY GUIDE

AKFEN REIT ANNUAL REPORT 2014



akfen

GYO

**3 COUNTRIES
14 CITIES**

DISCOVER!

The first and only real estate investment trust in Turkey to focus exclusively on the rapidly growing city hotel concept, Akfen REIT continues to create unique accommodation alternatives in urban areas. While guiding its sector of specialization towards the future, Akfen REIT once again has exclusive offers for you this year.

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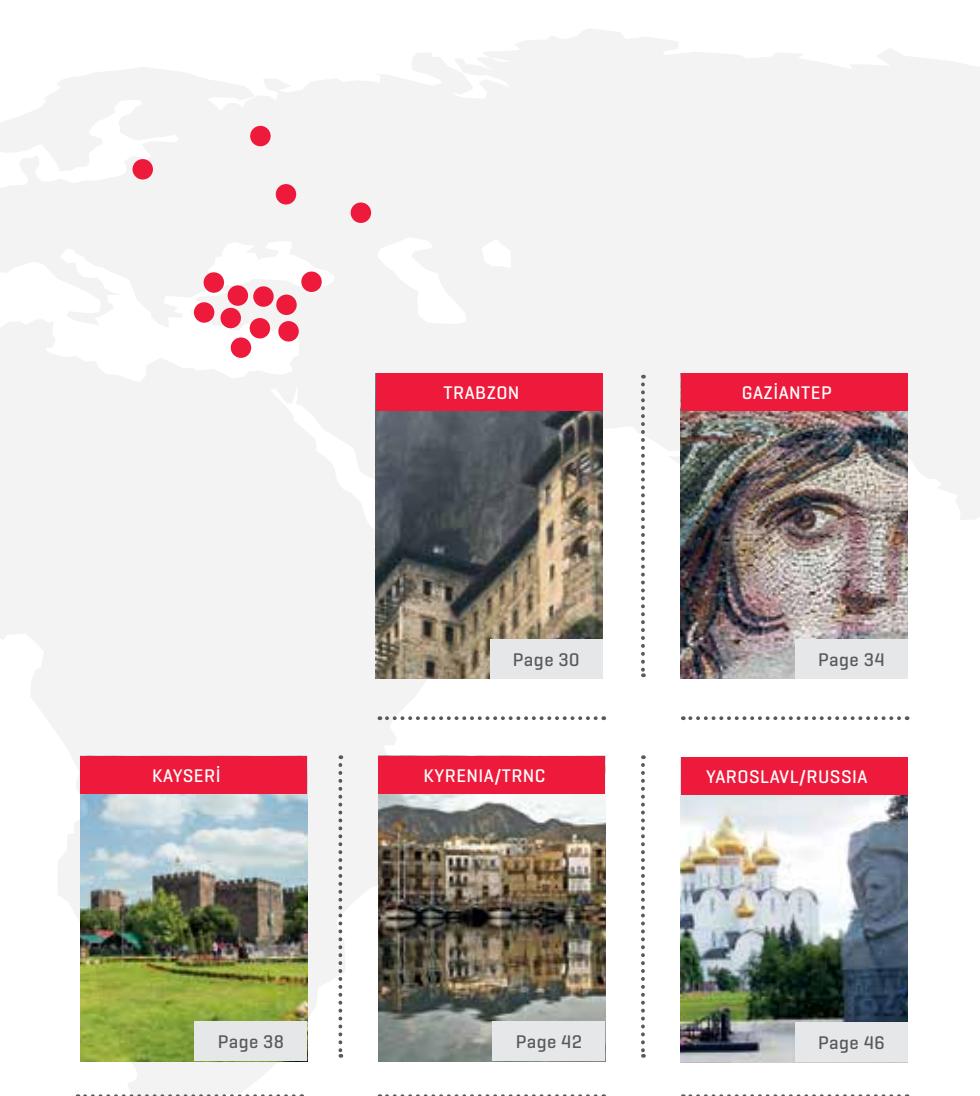


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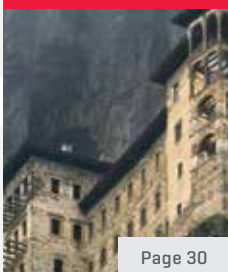
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TRABZON



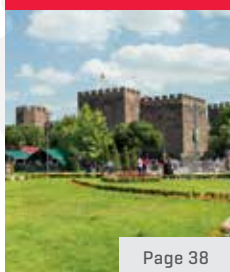
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THE SULTAN OF CITIES İSTANBUL



As the capital to three of the world's great empires, İstanbul is a magnificent and powerful bridge for the past and today. Designated by UNESCO as a world heritage site and added to the organization's famed World Heritage List, İstanbul was honored with serving as a European Capital of Culture in 2010.



İstanbul enchants visitors with palaces that carry traces of the three empires it has hosted, time-defying mosques, ancient churches and museums each of which is a treasury of the past. The city is Turkey's top tourist destination with its many natural wonders, rich historical heritage, as well as ample transport and accommodation options. Sitting astride the magical Bosphorus, extending towards both Asia and Europe at once, İstanbul figures among the world's top urban centers.

URBAN TRANSPORT



In İstanbul, the urban transportation network is expansive. The city has a complex transport system: İETT operates the public buses, İDO is charged with operation of sea buses, İstanbul Ulaşım manages light rail, metro, funicular and cable cars, TCDD provides suburban train services, not to mention dolmuş (minibus), passenger ferry and taxi options. In İstanbul, highways are connected by the Bosphorus Bridge and Fatih Sultan Mehmet Bridge over the straits. İstanbulcard, valid on all modes of public transport, creates cohesion in the sprawling system of transportation services.



Grand Bazaar

WHAT TO BUY?



İstanbul boasts a large number of historical bazaars. The Grand Bazaar [1461], Mahmutpaşa Bazaar [1462] and the Spice Bazaar number among the best known. The first modern shopping center founded in İstanbul is Galleria, located in the Bakırköy district. In the late 20th century, the number of shopping malls in the city increased rapidly. The most noteworthy among these include Akmerkez [1993], Capitol Shopping Mall [1994], Profilo Shopping Mall [1998], Cevahir Shopping Mall [2002], Metrocity - designated the best shopping mall in Europe and the world [2003] - Kanyon Shopping Mall [2006], İstinye Park [2008], Meydan Shopping Mall [2009], Akasya [2013], Palladium [2008], and Zorlu Center [2013].



A banquet of fresh fish awaits you

WHAT TO EAT?



İstanbul is home to traditional Turkish eateries as well as numerous restaurants providing the best of European, Far Eastern and other world cuisines. Many of the city's leading entertainment venues are concentrated along İstiklal Avenue, in the Beyoğlu district. Historical restaurants and coffeehouses can also be found around the Tünel Arcade, along Asmalımescit Street and around Nevizade, located behind Çiçek Pasajı [Cité de Péra]. İstanbul's historic fish restaurants are also quite well known. The most popular among these are to be found on the shores of the Bosphorus and the Marmara Sea, south of the city. Furthermore, the Princes' Islands [Büyükdada, Heybeliada, Burgazada and Kınalıada] and Anadolu Kavağı, situated near the northern entrance of the Bosphorus, are also renowned for their seafood dining establishments.

SUGGESTIONS



- : Catch a ferry across the captivating Bosphorus and towards the islands,
- : Gaze out at sweeping views of İstanbul from Galata Tower and Pierre Loti Hill, and
- : Dine on fresh fish at a Bosphorus, Kumkapı or Cité de Péra restaurant, eat the unique yoghurt in Kanlıca and indulge in profiterole in Beyoğlu before you depart.



SEE

- İSTANBUL ARCHEOLOGICAL MUSEUM
- SÜLEYMANİYE MOSQUE
- SULTANAHMET MOSQUE
- HAGIA SOPHIA
- TOPKAPI PALACE
- DİVAN YOLU
- RUMELIAN CASTLE
- BOSPHORUS
- GALATA TOWER
- PIERRE LOTI
- DOLMABAĞÇE PALACE
- İSTİKLAL STREET
- GRAND BAZAAR
- EGYPTIAN BAZAAR
- SUNKEN PALACE
- GÜLHANE PARK
- COLUMN OF CONSTANTINE
[ÇEMBERLİTAŞ SÜTUNU]
- HAGIA IRENE
- THE MAIDEN'S TOWER
- THE PRINCES' ISLANDS

ARCHEOLOGICAL MUSEUM



SULTANAHMET MOSQUE



TOPKAPI PALACE



GRAND BAZAAR







WHERE TO STAY?

NOVOTEL AND IBIS HOTEL İSTANBUL

AT 10 KM TO THE AIRPORT

The land parcel for Novotel and Ibis Hotel Istanbul was granted to Akfen REIT by the State Treasury with a 49-year upper-right use agreement signed on December 4, 2003.

The hotel offers comfortable accommodation for commercial and leisure travelers with its convenient location just 10 km from the airport, 11 km from Taksim Square and its proximity to İstanbul's historic district and business centers. Guests can easily access a variety of activities from the hotel, which is conveniently located 0.5 km from the Veliefendi Hippodrome and Abdi İpekci Sports Hall and 6 km from the Olympic Stadium, 10 km from the Sultanahmet and Beyazıt districts, 10 km from CNR and the free zone and 27 km from the Tüyap Exhibition Center.



To see the hotel's location on a map, please scan the QR code with your smartphone or tablet device.

LAND AREA **11,720 m²**

**CONSTRUCTION
AREA** **26,372 m²**

NUMBER OF ROOMS **208**
[NOVOTEL] **rooms**

NUMBER OF ROOMS **228**
[IBIS HOTEL] **rooms**

**START OF
OPERATIONS** **March 2007**

OPERATOR **Tamaris Tourism
(Accor)**



WHERE TO STAY?

IBIS HOTEL İSTANBUL ESENYURT

CLOSE TO TÜYAP

Akfen REIT purchased the land for Ibis Hotel İstanbul Esenyurt. Having become operational on January 25, 2013, Ibis Hotel Esenyurt is located in Esenyurt, Büyükçekmece, one of İstanbul's rapidly growing areas, with many satellite town development projects. The hotel is conveniently located facing the E-5 highway and near the Tüyap Exhibition and Convention Center.



To see the hotel's location on a map, please scan the QR code with your smartphone or tablet device.

LAND AREA **1,755.37 m²**

**CONSTRUCTION
AREA** **7,331 m²**

**NUMBER OF
ROOMS** **156
rooms**

**START OF
OPERATIONS** **January 2013**

OPERATOR **Tamaris Tourism
(Accor)**



WHERE TO STAY?

NOVOTEL KARAKÖY

AT THE VERY CENTER

The land parcel for Novotel Karaköy has been allocated for a period of 49 years by the General Directorate of Foundations. The tract is located where Kozluca Han formerly stood, on Karaköy's Rıhtım Avenue. Set to become the world's first five-star Novotel, the hotel is scheduled to open for business by the end of 2015.



To see the hotel's location on a map, please scan the QR code with your smartphone or tablet device.

LAND AREA **3,074.58 m²**

CONSTRUCTION
AREA **21,440 m²**

NUMBER OF
ROOMS **200
rooms**

OPERATOR **Tamaris Tourism
(Accor)**



WHERE TO STAY?

IBIS HOTEL TUZLA

THE RISING STAR OF THE ANATOLIAN SIDE

Akfen REIT has purchased the land parcel for Ibis Hotel Tuzla. The construction permit for Ibis Hotel Tuzla, located in Tuzla on the Anatolian side of the city, was obtained on March 2, 2015; the hotel is scheduled to become operational by 2016.



To see the hotel's location on a map, please scan the QR code with your smartphone or tablet device.

LAND AREA	4,260 m²
CONSTRUCTION AREA	10,965 m²
NUMBER OF ROOMS	200 rooms
OPERATOR	Tamaris Tourism (Accor)



According to official statistics, Bursa is Turkey's largest industrial city and the country's automotive manufacturing hub. As the center of Turkish vehicle production, the city is also home to the Bursa Automobile Museum.



While one of the country's most economically developed urban areas, Bursa boasts natural and cultural riches as well. Bursa's many historic structures primarily date back to the early Ottoman era, as it served as the first capital of the Ottoman Empire. Bursa is a true standout with its mix of shopping malls, parks, museums and bazaars. Furthermore, Bursa is the second largest metro area in the Marmara region, after İstanbul, and one of Turkey's top industrial hubs. The city also ranks second in exports, again just behind İstanbul.

URBAN TRANSPORT



BURULAŞ manages Bursa's urban transport network. BURULAŞ buses service every corner of the city, while a 40 km light rail transit system also serves area passengers. In addition, heritage trams connect Zafer Square and Çınarönü on Bursa Cumhuriyet Avenue. Turkey's longest cable car line is also found on Bursa's Uludağ Mountain.



Renowned candied chestnuts

WHAT TO EAT?



Every visitor to Bursa must sample the city's famed İskender kebab. İnegöl meatballs and Kemalpaşa dessert are among the area's other widely known specialties. Additionally, you might also want to taste candied chestnuts, which are practically synonymous with Bursa, olives from Trilye, and Kayhan meatballs, after its namesake neighborhood.



Bursa's signature İskender kebab

WHAT TO BUY?



Bursa's silk fabric is truly world-renowned. Bursa towels are also a great option for shoppers in search of unique quality products. As Bursa is the second largest city in the Marmara region after İstanbul, it also boasts a large number of modern shopping malls. Meanwhile, Bursa's covered bazaar is home to 130 shops, which include jewelers, textile sellers, purveyors of silk goods and more.



Skiing on Uludağ Mountain

SUGGESTIONS



- : Make sure to ski or hike on Uludağ Mountain,
- : Visit the various historic mosque complexes,
- : Luxuriate in the area's thermal springs, and
- : Taste İskender kebab, Kemalpaşa dessert and candied chestnuts before you depart.



SEE

- ULUDAĞ
- GÖLYAZI
- MUDANYA
- İZNİK
- CUMALIKIZIK
- ULUABAT LAKE
- SOMUNCU BABA TOMB
- ULU MOSQUE
- EMİR SULTAN MOSQUE
- GREEN TOMB
- HISTORICAL PLANE TREE
- CRYING PLANE TREE
- BURSA CASTLE
- OYLAT
- KERAMET SU HOT SPRINGS
- SUUÇTU WATERFALL
- AYNALI LAKE
- GRAND BAZAAR

AYNALI LAKE



GREEN TOMB



GRAND BAZAAR





WHERE TO STAY?

IBIS HOTEL BURSA

LOCATED NEAR BUSINESS AND COMMERCIAL CENTERS

Conveniently situated in one of Turkey's largest industrial and commercial hubs, Ibis Hotel Bursa rises on a land parcel leased from Bursa International Textile Trade Center Cooperative on May 9, 2008, in close proximity to the city's main business centers. A permanent and independent right of tenancy on the land for a period of 30 years was granted to Akfen REIT and the title of deed was registered on August 7, 2008.



To see the hotel's location on a map, please scan the QR code with your smartphone or tablet device.

LAND AREA **7,961.79 m²**

**CONSTRUCTION
AREA** **7,523 m²**

**NUMBER OF
ROOMS** **200
rooms**

**START OF
OPERATIONS** **November 2010**

OPERATOR **Tamaris Tourism
(Accor)**

PEARL OF THE AEGEAN

İZMİR



A vibrant and cosmopolitan urban center, İzmir is Turkey's third most populous city, drawing countless visitors to its international arts festivals and the İzmir International Fair.



İzmir is Turkey's third most populous metropolitan area. Situated on the western edge of Anatolia, at the heart of the Aegean region and sprawling along the Bay of İzmir, this is a major port city, which also plays host to key industry expos, including the annual İzmir International Fair. To the west of İzmir lies the Çeşme Peninsula, long known for its enticing sea, beaches and thermal springs. Figuring among the most important centers of antiquity, nearby Ephesus was one of the world's most populated cities during the Roman Empire. Blending all the intricate riches of Ionian culture, Ephesus was also a center of art and creativity. For this reason, the city has also been known as "Beautiful İzmir," "Old İzmir" and "La Perle de l'Ionie [The Pearl of Ionia]."

URBAN TRANSPORT



In İzmir, urban transport is the responsibility of the Metropolitan Municipality. Bus, ferry and metro services form a coherent whole, with different city transportation lines complementing one other. Valid on all means of public transport, the electronic ticket card Kentcard ensures the integrity of the city's transit system and speeds up movement through the network. A suburban train line also runs north to south, connecting Aliağa to Menderes.



Kemeraltı Bazaar

WHAT TO BUY?



İzmir's main retail shopping area is Kemeraltı, where shops of all sorts line both sides of Anafartalar Avenue. Shopping enthusiasts have a wide array of items to ponder, ranging from awe-inspiring antiques, dazzling jewelry, unique boutique clothing to locally dried grapes, figs and much more. Modern, appealing stores are also located in the Karşıyaka bazaar, on the bay front, and along Alsancak and Kordon. The Çankaya district is also home to splendid boutiques and spacious retail stores. Meanwhile, Kızlarağası Hanı [Kızlarağası Inn] is a popular shopping destination for tourists. At the Inn, visitors can peruse hand crafted pottery and specially woven carpets, to purchase as gifts or for personal use. The Bostanlı Bazaar draws untold numbers of fashion-conscious female shoppers in search of both traditional and contemporary

clothing. İzmir also counts numerous modern shopping centers, the most important of which include Agora Shopping Mall, Ege Park Moda Shopping Mall, Forum Bornova Shopping Mall, Konak Pier Shopping Mall, Özdilek Shopping Mall, Park Bornova Outlet Center, Palmiye Shopping Mall and Novada Outlet Balçova.



Savor kumru in İzmir

WHAT TO EAT?



İzmir is the capital of Aegean cuisine. The Aegean region accounts for the lion's share of the olives grown in Turkey, and is popularly known for foods and appetizers prepared with olive oil. However, İzmir cuisine is not a monolith, blending Ottoman culinary traditions with Jewish, Armenian and Greek cuisines. Furthermore, Italian and French influences are also reflected in the city's many eateries. İzmir cuisine sets itself apart with delectable seafood, as well as fresh herbs and olive oil based dishes. Its famed salads feature diverse herbs and vegetables such as glasswort, spinach, cibez, soleirolia and nettles. Other popular delights include Tire meatballs and boyoz pastry.

SUGGESTIONS



- Stroll along the Kordon,
- Sample tasty local fare such as boyoz, kumru, Tire meatballs and lokma,
- Soak in the view over İzmir from Asansör, and
- Shop in Kemeraltı and sip Turkish coffee at Kızlarağası Hanı before you depart.



SEE

- KONAK SQUARE
- ASANSÖR
- ALSANCAK
- KADİFEKALE
- ALTINYOL
- CLOCK TOWER
- KEMERALTI
- KIZLARAĞASI HAN
- KÜLTÜRPARK
- SMYRNA
- GOVERNMENT OFFICE
- KORDON
- AGORA
- BERGAMA
- ÇEŞME
- KARŞIYAKA
- EPHEUS
- FOÇA

EPHEUS



ALSANCAK



CLOCK TOWER



KEMERALTI





WHERE TO STAY?

IBIS HOTEL İZMİR ALSANCAK

IN THE HEART OF İZMİR

The land parcel was leased on August 25, 2010 by Akfen REIT from the General Directorate of Foundations for a duration of 49 years.

Situated in the heart of İzmir, which makes significant contributions to Turkey's economy with the city's strategic location and workforce potential, Ibis Hotel İzmir Alsancak provides a relaxing and modern accommodation experience in a central urban location. The hotel is located in the Alsancak district of Konak, in the vicinity of Alsancak Port and Alsancak Train Station.



To see the hotel's location on a map, please scan the QR code with your smartphone or tablet device.

LAND AREA	629 m ²
CONSTRUCTION AREA	5,555 m ²
NUMBER OF ROOMS	140 rooms
START OF OPERATIONS	June 2013
OPERATOR	Tamaris Tourism (Accor)



Eskişehir province includes the basins of the Sakarya River and Porsuk and Sarısu Creeks. Plains make up 26% of the province's total area.

Eskişehir has truly stood apart in recent years as one of Turkey's model cities. Twenty-four new bridges for passengers and vehicles were recently constructed over Porsuk Creek, where area inhabitants go to fish, swim and engage in other recreational activities. As Eskişehir is the only locale in Turkey where a malleable form of meerschaum can be extracted, it is popularly known as "Eskişehir stone" across the country. A type of shepherd dog, Akbaş, which is found in the environs of Eskişehir and



Sivrihisar, is also closely associated with the city. Eskişehir has a vibrant cultural life with a large number of arts institutions and facilities. The city boasts two symphony orchestras, one at Anadolu University and the other sponsored by the Metropolitan Municipality. Eskişehir also is home to two major public institutions of higher learning: Anadolu University and Osmangazi University. Meanwhile, the annual International Eskişehir Festival hosts an impressive array of music and theater performances, film screenings and arts exhibitions. In 2013, Eskişehir was designated the Cultural Capital of the Turkic World and a UNESCO Intangible Cultural Heritage Capital. The city's region has been home to numerous civilizations to date; Phrygians, Byzantines, Anatolian Seljuks and Ottomans are just some of the peoples who have settled and left their imprint on Eskişehir over the centuries.

URBAN TRANSPORT



To ensure that the different urban modes of transport complement one another, Eskişehir has integrated the area's bus and light rail transit systems. An electronic card valid on all modes of public transport, Eskart facilitates a coherent and speedy transportation experience for area passengers. Almost any city location is easily accessible by municipal bus. And after taking a municipal bus trip, passengers can transfer to the light rail system within 60 minutes free-of-charge. As a result, city transport users can travel from one end of the city to the other via public transit, with a single ticket. Meanwhile, Eskişehir Tram Service consists of two lines and 26 stops, and connects the two universities in the city.



Meerschaum, a symbol of the city

WHAT TO BUY?



Eskişehir's retail shopping scene features both local arts and crafts, and modern shopping centers. Pieces carved from meerschaum, which are practically synonymous with Eskişehir, are a must-buy for every visitor to this unique and vibrant city. In addition, shoppers can also purchase a wide variety of domestic and international brands from downtown's several shopping malls.



The unique Çiğböreğ of Eskişehir

WHAT TO EAT?



Over the years, immigrants to Eskişehir from Caucasia, Crimea and the Balkans have helped shaped the city's culinary environment. These different and disparate food traditions have all influenced one another to make Eskişehir's unique cuisine.

When visiting Eskişehir, do not miss out on the wide range of local soups, such as Sütlü Ovmaç, Toyga, Göceli Tarhana, Islat Tarhana or Düşü Köftesi Soup; and be sure to sample home-grown specialties, including Haşhaşlı Dolama, Haşhaşlı Bükme, Kelem Dolması, Harşıl, Katlama Böreği, Mercimekli Manti, Kuzu Sorpa, Üyken Börek, Kaşık Börek, Çiğböreğ, Köbete, Sarıburma, Cantık or Kavurma Börek. In addition, two types of halva - met halva and nuga halva - figure among the city's many unique gastronomic delights.

SUGGESTIONS



- : Make an outing to Yazılıkaya [Midas Monument],
- : Relax and refresh at Sakarılıca Thermal Springs,
- : Taste the delectable çiğböreğ, the city's signature dish, and
- : Admire the homes and sample the local specialties of Odunpazarı before you depart.



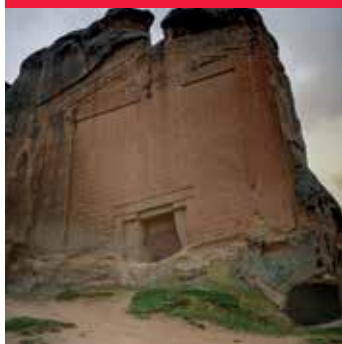
SEE

- KURŞUNLU MOSQUE
- ŞEYH EDEBALI TOMB
- YUNUS EMRE KÜLLİYE AND TOMB
- HOUSE OF NASRETTİN HODJA
- DOĞANLI CASTLE
- GERDEK KAYA MONUMENT
- KÜMBET ASAR CASTLE
- HAMAMKARAHİSAR HOT SPRINGS
- BALIK DAMI
- ODUN BAZAAR
- MİDAS MONUMENT
- SAZOVA PARK

ODUN PAZARI



MİDAS MONUMENT



SAZOVA PARK





WHERE TO STAY?

IBIS HOTEL ESKİŞEHİR

AT THE CENTER OF THE CITY

Conveniently located right in the bustling city center, the landmark silo structure that now houses Ibis Hotel Eskişehir was leased from the Eskişehir Metropolitan Municipality and then retrofitted into a hotel. The hotel is located within walking distance to all major shopping, business and entertainment venues and near the Anadolu University campus, one of the most important focal points of the city. The hotel's close proximity to the railway station provides guests with a convenient transportation option.



To see the hotel's location on a map, please scan the QR code with your smartphone or tablet device.

LAND AREA	6,806 m ²
CONSTRUCTION AREA	5,868 m ²
NUMBER OF ROOMS	108 rooms
START OF OPERATIONS	April 2007
OPERATOR	Tamaris Tourism (Accor)

THE HEART OF TURKEY

ANKARA



Considered to be at the exact center of the country, Ankara became Turkey's capital city due to its strategic location. As such, Ankara is frequently referred to as the "Heart of Turkey."

Turkey's vibrant capital, Ankara is the second most populous metropolitan area in the country and ranks 38th globally in terms of population. Situated at the very center of Anatolia, Ankara is a key hub for commerce, industry as



well as government. As the country's governmental center, Ankara is home to the Turkish parliament, ministry buildings, political party headquarters, numerous embassies and much more. Legend has it that a great Phrygian king initially founded the city and the Phrygians gave the locale the name "Ankyra," which meant anchor. After serving as the headquarters for the Turkish War of Liberation, Ankara became closely linked with the nation's struggle for freedom. It was declared to be the capital of the new Republic on October 13, 1923. Situated at what is considered the very center of the country, Ankara was named the capital in large part due to its strategic location. As such, the city is frequently referred to as the "Heart of Turkey."

URBAN TRANSPORT



For getting around Ankara, the city's Metro [subway] is the most commonly used mode of public transit. The Metro system transports an average of 150,000 passengers every day. In addition, the city is served by Ankaray, a light rail system. Buses operated by the municipality also serve Ankara city center and most other districts. Ankaracard is an urban transport card that can be conveniently used across the city. Additionally, the municipality grants licenses to privately owned buses. Dolmuş [minibus] is yet another popular means of transportation in the nation's capital.



Tunalı Hilmi Street

WHAT TO BUY?



Ankara has a vast number of modern shopping malls to choose from. These retail emporiums are home to world-famous brands as well as local favorites. Ankamall, Arcadium, Optimum, Bilkent Center, Mesa Plaza, Karum, Armada, Atakule, Cepa, Panora, 365, Antares, A City, Ankuva, Contour, Galeria, Forum are some of the city's top shopping centers. Located in Çankaya, Atakule is a vertical tower that rises 125 meters and has become an unofficial symbol of the capital. One of the most vibrant spots in the city, Tunalı Hilmi Avenue is dotted with numerous stores, shops and boutiques. Çıkırıkcılar Yokuşu, located near Ulus, is an avenue where one can

find purveyors of local arts and crafts. This is the ideal location for those interested in hand crafted wares, goods and products unique to Ankara.



A special taste: Ankara dolması

WHAT TO EAT?



Although modern world cuisine is widely available in Ankara, numerous dishes and desserts of traditional Ankaran cuisine remain popular with restaurant-goers. According to a research study from 2008, Ankara boasts the third richest cuisine in Turkey, after the cities of Gaziantep and Elâzığ, with 93 different local specialties, desserts and beverages. Options include soups such as dutmaç and miyane; regional specialties like Ankara Tavası, alabörtme, calla, ilişik, sızgıç, siyel, siyer, bici, pıtır, öllüğün körü; desserts such as karga beyni, köyter, omaç, perçem, tıtil halva, zerdali boranası and Beypazarı baklava, which consists of 80 layers of filo pastry; and local breads like bazlamacın, gözleme, çerpit, kartalaç, kömbe, kete, saçkiran, şerit and yarımca.

SUGGESTIONS



- : Do not miss Anıtkabir, the mausoleum of Atatürk, and stroll on the Road of Lions,
- : Marvel at the world-class collection at the Ankara Museum of Anatolian Civilizations, and
- : Admire the traditional style homes of Beypazarı and Kaleiçi.



SEE

- MAUSOLEUM
- ANATOLIAN CIVILIZATIONS MUSEUM
- ETHNOGRAPHY MUSEUM
- KUĞULU PARK
- ATAKULE
- ANKARA CASTLE
- TUNALI HİLMİ STREET
- KIZILAY SQUARE
- KOCATEPE MOSQUE
- TURKISH OLD PARLIAMENT BUILDING
- ATATÜRK FOREST FARM
- HOUSE AND MUSEUM OF ATATÜRK
- AGUSTUS TEMPLE
- GORDION
- BEYPAZARI

MAUSOLEUM



ANKARA CASTLE



ATAKULE





WHERE TO STAY?

IBIS HOTEL ANKARA AIRPORT

TWO KM FROM THE AIRPORT

The land parcel of Ibis Hotel Ankara Airport was acquired by Akfen REIT on July 21, 2011.

At just 2 km from Esenboğa Airport, Ibis Hotel Ankara Airport is only 28 km from the city center.



To see the hotel's location on a map, please scan the QR code with your smartphone or tablet device.

LAND AREA	7,134 m²
CONSTRUCTION AREA	7,663 m²
NUMBER OF ROOMS	147 rooms
START OF OPERATIONS	September 2014
OPERATOR	Tamaris Tourism (Accor)

ADANA



One of the country's top commercial and cultural centers, Adana is also a key transport hub between the Middle East and Turkey.



Situated on the Çukurova plain, just south of the Taurus Mountains, Adana is Turkey's fifth largest city. The city's downtown is on the banks of the Seyhan River and 30 km inland from the Mediterranean. One of the country's top commercial and cultural centers, Adana is also a key transport hub between the Middle East and Turkey. The connection to the Middle East is via the Gülek Pass in the Taurus Mountains. Adana's neighbours to the east include Osmaniye and Hatay, with Kahramanmaraş to the northwest, Kayseri due north, Niğde to the northwest and Mersin to the west. Adana province has a 160 km shoreline on the Mediterranean Sea. Half of the province's total area is mountainous, while the remainder consists of high and low plains. A large part of Adana province is comprised of vast stretches of very fertile, arable and flat land.

URBAN TRANSPORT



Adana's transportation system includes buses operated by the Metropolitan Municipality, privately owned bus lines and dolmuş [minibus] service. In addition, the 14 km Adana metro with 13 stations was inaugurated in 2010. Since 2007, smart ticket cards, dubbed Kentkart, can be used on Adana Metropolitan Municipality Buses, privately-owned buses and the light rail/metro system. The Adana Metropolitan Municipality bus fleet consists of 229 vehicles.



Check out the woven textiles

WHAT TO BUY?



Weaving is the most widely practiced traditional craft in Adana. Visitors to the area might want to purchase a rug, carpet or felt woven article with delightful patterns unique to the region. For general purpose shopping, the ideal venues are various shopping malls found in the city center.



Meat at its best: Adana Kebab

WHAT TO EAT?



Considered one of the world's most important culinary traditions, Adana cuisine blends various elements of Turkish and Mediterranean cuisines, making ample use of bitter and sour tastes, oranges and lemons, seafood, olive oil and herbs. Meat is another key ingredient, used in most local dishes. Needless to say, the most famous regional specialty is Adana Kebab, which can easily become a pleasant addiction. The kebab is usually consumed with a surfeit of fresh greens and accompanied by şalgam, or turnip juice. In recent years, the Adana Kebab has even been officially registered by the Adana Chamber of Commerce and given protected status. As a result, a number of hygienic and flavor standards are imposed on kebab varieties served in the area's restaurants.

SUGGESTIONS



- : Spend time browsing the impressive collections at the Regional Archaeology and Ethnography Museum and the Atatürk Museum in the city center,
- : Taste an Adana kebab and turnip juice [şalgam], and
- : Stroll leisurely through the old-time bazaars and acquire a Karatepe carpet before you depart.



SEE

- ADANA ARCHEOLOGICAL MUSEUM
- ETHNOGRAPHY MUSEUM
- ATATÜRK MUSEUM
- MİSİS MOSAIC MUSEUM
- ANAVARZA RUINS
- MİSİS RUINS
- MAGARSOS RUINS
- AYAS RUINS
- AKÖREN
- CEYHAN-SİRKELİ MUVATTALI KABARTMASI
- SNAKE CASTLE
- DUMLU CASTLE
- RAMAZANOĞLU MADRASAH
- TEPEBAĞ HOUSES
- RAMAZANOĞLU MANSION
- ÇARŞI BATH
- BIG CLOCK TOWER
- ULU MOSQUE AND KÜLLİYE
- CENTRAL MOSQUE

SNAKE CASTLE



ATATÜRK MUSEUM



CENTRAL MOSQUE





WHERE TO STAY?

IBIS HOTEL ADANA

IN THE CITY CENTER

Akfen REIT purchased the land for Ibis Hotel Adana on August 3, 2010. Ibis Hotel Adana is located in central Adana, one of the most important commercial and agricultural centers in Anatolia.



To see the hotel's location on a map, please scan the QR code with your smartphone or tablet device.

LAND AREA **2,213 m²**

**CONSTRUCTION
AREA** **9,047 m²**

**NUMBER OF
ROOMS** **165
rooms**

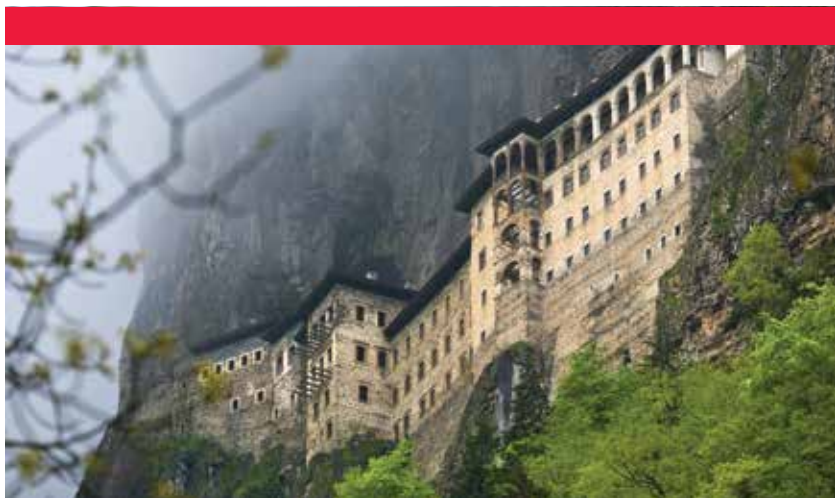
**START OF
OPERATIONS** **September
2012**

OPERATOR **Tamaris Tourism
(Accor)**

WHERE GREEN MEETS BLUE

TRABZON

● TRABZON



Trabzon is one of the two major cities of the Black Sea region.



Trabzon is Turkey's 29th most populous city. Situated in the Eastern Black Sea region of Turkey, with a Black Sea coastline, the province extends inland to the Zigana Mountains, covering a relatively small area. To Trabzon's west lies Giresun's Eynesil district, to the south is Gümüşhane's Torul and Bayburt, while Rize's İkizdere and Kalkandere districts are to the east. Trabzon is one of the two major cities in the Black Sea region. Trabzon has officially been designated a metropolitan area upon the Law on Metropolitan Cities dated November 12, 2012, with the previous central district being renamed Ortahisar.

URBAN TRANSPORT



In Trabzon, the primary means of public transport are modern buses and minibuses. Cash and the smart card, dubbed “Takkart,” can be used for travel in the area. In ancient times, the city of Trabzon became an important maritime hub after the Roman Emperor Hadrian built a harbor there. During the Republican Era, the city has maintained its importance in terms of maritime transport and trade. The construction of the Black Sea Coastal Highway improved the quality of travel between Samsun and the Sarp Border Gate. The old route, which connects Trabzon city center to Gümüşhane and Erzurum via the Zigana Pass, has since become a less important thoroughfare.



Trabzon Burması with its unique design

WHAT TO BUY?



Trabzon’s local residents do their shopping at Kemeraltı, an authentic bazaar with cobblestone pavements. Here, one can find silver filigree items unique to the Trabzon area. The city’s bazaars of goldsmiths and silversmiths are another must-see. Trabzon is

also home to numerous modern-day shopping malls, with the most noteworthy being Forum Shopping Mall, Varlıbaş Shopping Mall, Cevahir Shopping Mall, Huzur Plaza Shopping Mall, Mirapark Shopping Mall, Baumax, Metro Gross and Trabzon Bazaar.



Delight in hamsi koli

WHAT TO EAT?



Visitors to this Black Sea city have a wide range of dishes to choose from, such as corn soup with ayran or yoghurt, cabbage soup, vine leaves stuffed with rice and meat, kale soup, Trabzon Döner Kebab, rice with anchovies, fried anchovies (hamsi kuşu), omelette with anchovies (kaygana), kuymak, Akçaabat Meatballs, Trabzon Peynirlisi, Trabzon Burmalısı, and Laz pastry. However, anchovies largely dominate the local traditional cuisine. Trabzon Pide, or pita bread, comes in cheese or minced meat versions, and is the centerpiece of hearty weekend breakfasts in the region.

SUGGESTIONS



- : Take in the historic beauty of Trabzon Castle, which extends from the sea to the hills,
- : Hike up to stunning Sümela Monastery and lovely Uzungöl, and
- : Enjoy delectable trout with butter and other dishes unique to Turkey’s Black Sea region before you depart.



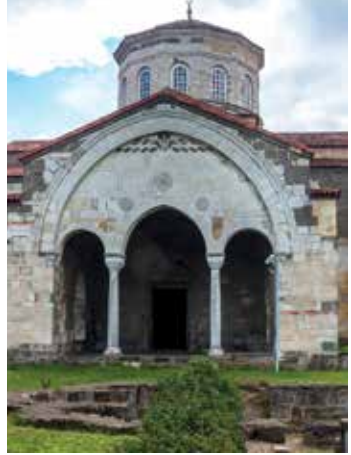
SEE

- SÜMELA MONASTERY
- HAGIA SOPHIA MUSEUM
- TRABZON CASTLE
- CEPHANELİK
- BEDESTEN
- ZAĞNOS BASTION
- ATATÜRK MANSION
- İSKENDER PAŞA MOSQUE
- HAGIAIOS SAVAS (MAŞATLIK)
- CHURCH
- SEKİZ DİREKLİ BATH
- UZUNGÖL
- PLATEAUS

PLATEAUS



HAGIAIOS CHURCH



ATATÜRK MANSION





WHERE TO STAY?

NOVOTEL TRABZON

THE FIRST INTERNATIONAL HOTEL CHAIN IN THE REGION

Located on Turkey's Black Sea coast, the land parcel for Novotel Trabzon was leased from the Trabzon World Trade Center on December 9, 2005 for 49 years. A permanent and independent right of tenancy for a 49-year period was granted to Akfen REIT and the title of deed was registered on February 27, 2008. Offering guests a transportation advantage with its close proximity to the airport and the city center, Novotel Trabzon is the first international hotel chain in the city and the surrounding region. Situated adjacent to the World Trade Center, the hotel is very popular in Trabzon thanks to its central location and unique architecture.



To see the hotel's location on a map, please scan the QR code with your smartphone or tablet device.

LAND AREA **13,450 m²**

**CONSTRUCTION
AREA** **15,232 m²**

**NUMBER OF
ROOMS** **200
rooms**

**START OF
OPERATIONS** **October
2008**

OPERATOR **Tamaris Tourism
(Accor)**

TURKEY'S OLDEST INHABITED CITY

GAZİANTEP

● GAZİANTEP



Gaziantep plays a crucial role in Turkish industry and commerce, due to the city's strategic location between Anatolia and the Middle East, and its close proximity to key port cities.



Gaziantep, or more popularly known by its former name Antep, is Turkey's eighth most populated city. It is the most industrialized and developed urban area in the Southeastern Anatolia region. Furthermore, Gaziantep is the oldest inhabited city in the country, and one of the oldest in the world. Gaziantep also plays a crucial role in Turkish industry and commerce, due to the city's strategic location between Anatolia and the Middle East, and its close proximity to key port cities. Gaziantep is best known for Gaziantep Castle, baklava, pistachio nuts, Zeugma mosaics and copperware.

URBAN TRANSPORT



For centuries, Gaziantep has been a key stop on important trade routes, including the storied Silk Road, due the city's strategic location between Anatolia and Mesopotamia. Today, Gaziantep remains a major hub for land and air transportation. The E-24 highway, linking Europe to Asia and Africa, has played a leading role in the development of the city as a modern-day center of industry and trade. Gaziantep's train station, inaugurated in 1954, is still a vital component in the region's transportation network; an additional terminal was put into service in 2001. Municipal buses, privately owned buses and dolmuş (minibuses) are other primary modes of transport in this ancient city.



Copper fashioned by artful and skilled hands

WHAT TO BUY?



Original souvenirs and keepsakes from Gaziantep might include handmade copperware, articles inlaid with mother of pearl, silver items and gold jewelry, yemeni (flat-heeled, healthy shoes with uppers of black or red leather and soles of cowhide leather), as well as Gaziantep scarves woven with white, yellow and cream colored yarn on distinctive white fabric. Baklava, pistachio nuts, sweet sujuk and pestil, red pepper

and other spices are also must-buys. Some arcades, or "pasaj," excellent for browsing or shopping include Belediye Passage, Büyük Passage, Söylemez Passage, Halep Passage, Suriye Passage and Kurtuluş Passages.



Antep's world-famous baklava

WHAT TO EAT?



Boasting nearly 300 dishes specific to the region, Gaziantep is the province with the highest number of gastronomic specialties in Turkey. Antep cuisine is renowned for its kebab and meat dishes in particular. Alaca soup, kebab with six purees, Arab meatballs, baklava, beyti, erik tavası, firik rice, kavurma or deep-fried meat, kuşbaşı kebab, küşneme, lahmacun, aubergine kebab, garlic kebab, simit kebab, onion kebab, şiveydz, yuvarlama and yeni dünya kebab are just some delectable offerings that form Gaziantep's rich culinary tradition.

SUGGESTIONS



- : Visit the Gaziantep Archaeology Museum, historical Gaziantep residences and Gaziantep Castle,
- : Sample Gaziantep lahmacun, world-renowned Gaziantep baklava and pistachio nuts, and
- : Shop for traditional Gaziantep handicrafts, mother of pearl inlaid items, kutnu fabrics, copperware and yemeni shoes before you depart.



SEE

- ZEUGMA MOSAIC MUSEUM
- MEDUSA GLASS MUSEUM
- WAR MUSEUM
- PANAROMA MUSEUM
- GAZİANTEP ARCHEOLOGICAL MUSEUM
- DÜLÜK ANCIENT CITY
- BELKIS/ZEUGMA ANCIENT CITY
- YESEMİK OPEN-AIR MUSEUM
- HASAN SÜZER ETNOGRAPHY MUSEUM
- GAZİANTEP CASTLE
- HALFETİ

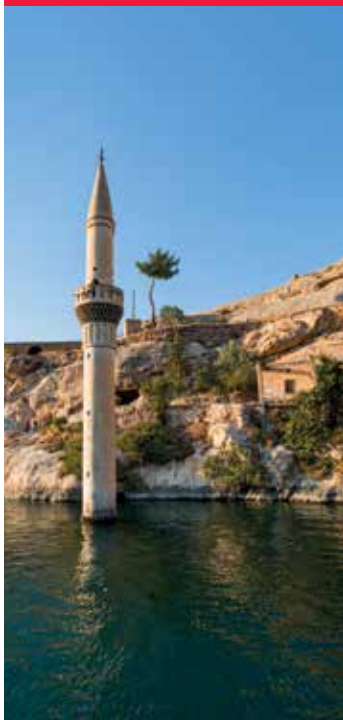
GAZİANTEP CASTLE



ZEUGMA



HALFETİ





WHERE TO STAY?

NOVOTEL AND IBIS HOTEL GAZIANTEP

WITHIN WALKING DISTANCE TO THE CITY CENTER

The land parcel for Novotel and Ibis Hotel Gaziantep was leased from the Gaziantep Metropolitan Municipality for 30 years on May 31, 2007. A permanent and independent right of tenancy for a 30-year period was granted to Akfen REIT and the title of deed was registered on July 17, 2007.

The hotel's location is quite close, only a 1 km walk, to Gaziantep city center, which is home to regional government and municipal institutions such as the Governor's Office, Metropolitan Municipality, Revenue Office, among others. The opening of Multi Turkmall's Gaziantep Forum Shopping Mall has made the district even more vibrant.



To see the hotel's location on a map, please scan the QR code with your smartphone or tablet device.

LAND AREA	6,750 m²
CONSTRUCTION AREA	18,825 m²
NUMBER OF ROOMS [NOVOTEL]	92 rooms
NUMBER OF ROOMS [IBIS HOTEL]	177 rooms
START OF OPERATIONS	January 2010
OPERATOR	Tamaris Tourism (Accor)

A CENTER OF CULTURE AND INDUSTRY

KAYSERİ

● KAYSERİ



Kayseri's industrial production capacity and diversified economy have also provided a boost to foreign trade in the region. The city exports goods worth USD 2 billion each year, and is home to over 20,000 commercial enterprises.



Kayseri is Turkey's 15th most populous city, and is composed of 16 districts: Akkışla, Bünyan, Develi, Hacılar, İncesu, Kocasinan, Melikgazi, Pınarbaşı, Sarioğlu, Sarız, Tomarza, Yahyalı, Talas, Özvatan, Felahiye and Yeşilhisar. It is the largest urban center and industrial hub in the Central Anatolia region, after Ankara and Konya. One of the world's oldest cities, Kayseri is located in the ancient Cappadocia region. Situated just south of the Kızılırmak River, Cappadocia extends from Lake Tuz to the Euphrates and lies on the old Silk Road.

URBAN TRANSPORT



In addition to municipal and privately owned buses, Kayseri has a light rail system, Kayseray. Kayseray includes two lines, Kayseri QSB-Cumhuriyet Meydanı-İldem 5 and Cumhuriyet Meydanı-Erciyes Lojmanlar. The two lines intersect at Cumhuriyet Meydanı-Erciyesevler, which are used as interchange stations.



Erciyes: A unique ski destination

WHAT TO BUY?



Kayseri is renowned for its rugs, with the most popular originating from Yahyalı and Bünyan. Rugs are an absolute must-buy for visitors to this ancient city. Furthermore, one can purchase ample quantities of pastrami and sujuk from local shops all across town. Modern shopping malls such as Kayseri Park, İpek Saray, Almer, Kaseria and Forum Kayseri Shopping Mall are home to numerous world brands and local favorites; in addition, winter sports equipment is also readily available.



Kayseri's signature delicacy: Pastrami

WHAT TO EAT?



The two main staples of Kayseri cuisine are flour and meat. In Kayseri, aside from traditional Turkish foods, local and regional cuisines also exact a great influence. Manti is one of the region's signature dishes. Although ready-made manti is sold in the marketplace, most Kayseri inhabitants consume the homemade version. Kayseri boasts around 36 different types of manti, with the most popular varieties prepared with meat. Pastrami and sujuk, too, are nearly synonymous with the Kayseri name. Aşmakarna is another widespread food item, and is used to prepare pasta, noodle and soups. The most popular type of pastry is su böreği. Güveç, or hot pot, is also much appreciated in the Kayseri region. The districts of Hisarcık and Talas are home to restaurants where you can sample excellent local delicacies. If you pass through Develi, don't miss the famous Cıvıklı pide [pita].

SUGGESTIONS



- : Do not miss out on skiing and trekking opportunities on Erciyes Mountain,
- : Visit the ancient churches carved from rock in Erdemli and Soğanlı Valley,
- : Taste Kayseri manti, pastrami and sujuk, and
- : Purchase local hand woven textiles, Bünyan or Yahyalı rugs and carpets before you depart.



SEE

- ARCHEOLOGICAL MUSEUM
- ETHNOGRAPHY MUSEUM
- KAYSERİ MUSEUM
- KÜLTEPE-KARAHÖYÜK VILLAGE
- SOĞANLI-YEŞİLHİSAR
- KÜLTEPE RUINS
- SULTANHANI CARAVANSARAY
- KARATAY CARAVANSARAY
- KARA MUSTAFA PAŞA CARAVANSARAY
- VEZİR HAN
- BEDESTEN
- GRAND BAZAAR
- BAYRAMHACI HOT SPRINGS
- TEKGÖZ HOT SPRINGS
- ERCİYES MOUNTAIN
- CAPPADOCIA

ARCHEOLOGICAL MUSEUM



TEKGÖZ HOT SPRINGS



SULTANHANI CARAVANSARAY



GRAND BAZAAR





WHERE TO STAY?

NOVOTEL AND IBIS HOTEL KAYSERİ

10 MINUTES TO THE AIRPORT

The land for Novotel and Ibis Hotel Kayseri was leased from the Kayseri Chamber of Industry and Commerce for 49 years on November 4, 2006. A permanent and independent right of tenancy for a period of 49 years on the land was granted to Akfen REIT.

Located in the city center, the hotels are only 10 minutes from the airport.



To see the hotel's location on a map, please scan the QR code with your smartphone or tablet device.

LAND AREA **11,035.40 m²**

**CONSTRUCTION
AREA** **11,064 m²**

NUMBER OF ROOMS **96**
[NOVOTEL] **rooms**

NUMBER OF ROOMS **160**
[IBIS HOTEL] **rooms**

**START OF
OPERATIONS** **March
2010**

OPERATOR **Tamaris Tourism
(Accor)**

FULLY APPRECIATE HISTORY AND THE SEA

KYRENIA

KYRENIA



A port city in Northern Cyprus, Kyrenia is the most popular holiday destination on the island. The town's population has increased rapidly in recent years. The Beşparmak Mountains lie to the south, with the Mediterranean to the north. With this unique geographic location, Kyrenia stands out with both natural and historic treasures.



Due to the city's natural beauty and romantic atmosphere, Kyrenia became a port of call and a holiday destination under British rule, for the military and their families traveling between colonies. The city maintains these two characteristics today and is one of the very best locations in the Mediterranean for a truly relaxing vacation. The restaurants, bars and small hotels housed in historic structures lining the horseshoe-shaped harbor offer an unmatched ambiance for tourists. Kyrenia and the city's environs are also home to numerous historical sites.

URBAN TRANSPORT



Traffic flows on the left-hand side in Kyrenia, where the municipality provides bus service. There are frequent intercity buses between Güzelyurt - Kyrenia, Nicosia - Kyrenia, Nicosia - Magosa and Güzelyurt - Nicosia.



Handmade crafts and unique souvenirs

WHAT TO BUY?



In Kyrenia, hand crafted goods are the most popular souvenir items. Many shops in Kyrenia sell a wide range of keepsakes for personal use or gift purposes. The official currency of the Turkish Republic of Northern Cyprus [TRNC] is the Turkish lira; however, most stores conveniently accept euros, British pounds and US dollars and function like foreign exchange offices.



Do not miss out on the peach kebab

WHAT TO EAT?



TRNC has a rich culinary history. Influenced by Mediterranean and Cypriot cuisines, Kyrenia's local food tradition includes light meals, such as olive oil based dishes, salads, and generous amounts of fresh vegetables and herbs. The region's signature foods are delectable and extraordinary: halloumi pastry, mücendra rice, peach kebab, rose water with almonds, zivaniya, samarella, pirohu, yalancı dolma, bumar, molohiya, shish kebab, çakistes, and hawthorn jam. Additionally, it is sheer dining pleasure to feast on freshly caught fish at the Kyrenia harbor restaurants at sunset. Mezes with olive oil and all manner of seafood simply must be sampled by all.

SUGGESTIONS



- Wander leisurely around the historic Arasta bazaar and shop to your heart's content,
- Enjoy the island's traditional and unique dish, peach kebab,
- Discover the joys of Kyrenia's famous marina and surrounding Venetian-style homes, and
- Feast on a rich island breakfast featuring fried halloumi cheese before you depart.



SEE

- KYRENIA CASTLE
- BELLAPAI'S MONASTERY
- PUBLIC ART MUSEUM
- ARHANGELOS MIHAIL ICON MUSEUM
- KYRENIA MARINA
- AYIOS PANTELEIMON CHURCH
- KYRENIA CASTLE
- SULTANHANI CARAVANSARAY

AYIOS PANTELEIMON CHURCH



KYRENIA CASTLE



SULTANHANI CARAVANSARAY





WHERE TO STAY?

MERİT PARK HOTEL KYRENIA TRNC

KYRENIA CASTLE, NOW MODERN AND COMFORTABLE

The land parcel for Merit Park Hotel Kyrenia was granted by the Ministry of Finance of TRNC for a 49-year period. The hotel, which is in the portfolio of the Akfen REIT subsidiary Akfen Real Estate Trading and Construction, was leased to Voyager Kıbrıs Ltd. on May 15, 2012, along with the casino and all outbuildings.



To see the hotel's location on a map, please scan the QR code with your smartphone or tablet device.

LAND AREA **37,000 m²**

**CONSTRUCTION
AREA** **33,387 m²**

**NUMBER OF
ROOMS** **286
rooms**

**START OF
OPERATIONS** **April
2007**

OPERATOR **Voyager Kıbrıs
Ltd. Şti.**

THE RUSSIAN CITY OF FIRSTS

YAROSLAVL

● YAROSLAVL



Yaroslavl is one of the eight historic cities that form the “Golden Ring” around Moscow. Founded in 1010, the city is home to excellent historical sites and attractions, while also serving as an industrial and cultural hub with 650 thousand inhabitants.



With a 29 km coastline along the famed Volga River, Yaroslavl served as the Russian capital in 1598 for a brief period, when Moscow was under threat of occupation. Russia's first manufacturers of trucks, trolleybuses and various types of heavy construction equipment were all based here. Most importantly, the world's first synthetic caoutchouc [rubber] was produced in this key city of industry. Having played a prominent role in Russian history through the ages, Yaroslavl is also featured in UNESCO's World Heritage List.

Yaroslavl is also located in the center of the cities known as the “Golden Ring” and is home to one of Russia's major oil refineries.

URBAN TRANSPORT



Since the city has a long coastline along the Volga River, numerous ferries and bridges crisscross Yaroslavl, which also is served by a number of major highways and railway lines. In fact, the city serves as one of Russia's key railway hubs. As a result, railway is the most popular choice of transport both within and outside this urban center. Other popular modes of transport in the area include buses, which run in over 600 lines, trolleybuses as well as a tram network, which is Russia's oldest.



Matryoshkas are an excellent gift idea

WHAT TO BUY?



Goods unique to Yaroslavl are mostly sold in small shops on Deputatskaya Avenue. Here, tourists can find all manner of products, from traditional Russian garments to precious stones excavated in the region. In addition, souvenir purveyors at the entrance of museums also market a wide range of local items.



Delicious, freshly baked rye bread

WHAT TO EAT?



Downtown features many restaurants of various types of international cuisine. The historical town center is also home to a wide range of traditional restaurants that serve Kvass, Okroshka, Russian salads and grilled meats.

SUGGESTIONS



- : Take a boat cruise along the Volga from May through October, but bear in mind that the river is frozen the other six months of the year,
- : Dine at a traditional restaurant designed with warm colors, savor renowned Russian soups and enjoy fresh rye bread baked in stone ovens, and
- : Treat yourself to a pair of boots decorated with traditional motifs to protect your feet from the Russian cold before you depart.



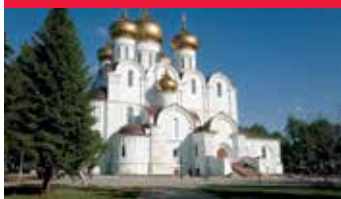
SEE

- KAZAN CATHEDRAL
- CHURCH OF ST. ELIJAH THE PROPHET
- TRANSFIGURATION MONASTERY
- CHURCH OF ST. JOHN BAPTIST
- ASSUMPTION CATHEDRAL
- MONASTERY OF SPASO-PREOBRAZHENSKY
- MONASTERY OF TOLGA
- ARENA 2000 LOCOMOTIVE ICE RINK
- SHINIK FOOTBALL STADIUM
- CITY PARK
- DORMITION CATHEDRAL
- CHURCH OF ST. ELIJAH THE PROPHET

CITY PARK



DORMITION CATHEDRAL



CHURCH OF ST. ELIJAH THE PROPHET





WHERE TO STAY?

IBIS HOTEL YAROSLAVL

IN THE HISTORICAL CITY CENTER

The 3-star Ibis Hotel Yaroslavl appeals to travelers with its high quality service in Yaroslavl, a popular destination of domestic and foreign tourists. The city of Yaroslavl, located within a periphery of 250 km from Moscow, is in a very vibrant area in terms of cruise tourism on the Volga River as well as business and cultural and tourism generated by international conferences.



To see the hotel's location on a map, please scan the QR code with your smartphone or tablet device.

LAND AREA **4,432 m²**

**CONSTRUCTION
AREA** **7,916 m²**

**NUMBER OF
ROOMS** **177
rooms**

**START OF
OPERATIONS** **September
2011**

OPERATOR **Russian
Management Hotel
Company (Accor)**

A HUB OF TRANSPORT AND INDUSTRY

SAMARA



One of Russia's most important engineering institutions, Samara State Aerospace University has made great contributions over the years to Russian space exploration programs.

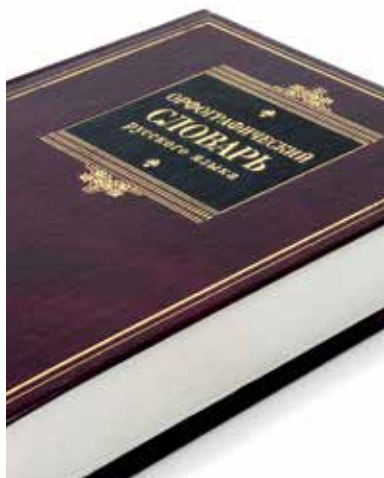


Samara is one of Russia's leading industrial centers, while also boasting a rich cultural heritage, a multi-ethnic population and a glorious past. Located in the southeast part of European Russia, at the confluence of the Volga and Samara rivers, the city hosted the EU-Russia summit in 2007 and has become one of the country's most prominent economic, political, industrial and cultural hubs. Samara is also one of the host cities of the FIFA 2018 World Cup.

URBAN TRANSPORT



Samara's railway plays a leading role in urban transport, linking the city with Moscow and other major metropolitan centers. The city has a large harbor on the river and ferries are used for both transport and tourism purposes. Municipal buses and privately owned buses are other key means of transportation in the area.



Spend some time in bookstores

WHAT TO BUY?



Samara is home to a plethora of shops selling traditional handcrafted products as well as modern stores and boutiques with contemporary offerings. Some retailers feature traditional souvenir items while small backstreet bookshops sell printed wares at very favorable prices. Although most books for sale are in the Russian language, one can also often find English versions of world classics.



Try the many different salmon dishes

WHAT TO EAT?



Samara is a city that brings together a wide assortment of delights from world cuisines. However, the restaurants most popular with tourists are mainly located in the vicinity of Samara's beaches. If you are searching out tastes unique to Samara, you can sample different kinds of salmon, pumpkin dessert and famous Russian soups at these dining establishments. Furthermore, many area eateries offer international dishes, ranging from Chinese to Turkish cuisine.

SUGGESTIONS



- : Take in the breathtaking sunset on a beach along the Volga,
- : Enjoy traditional "Coulibiac," a pastry with fish, and
- : Peruse the farmers' markets to shop for a wide array of delicious organic produce and organic chocolate before you depart.



SEE

- SANCTUARY OF STALIN
- THE HOUSE OF LENIN MUSEUM
- KLODT MANSION
- ACADEMIC OPERA AND BALLET THEATRE
- OBSERVATION TOWER
- GORKY DRAMA THEATRE
- RAINBOW EXHIBITION CENTER
- M. GORKY LITERATURE MUSEUM
- SAMARA AEROSPACE UNIVERSITY MUSEUM
- SAMARA SPACE MUSEUM

GORKY DRAMA THEATRE



SAMARA SPACE MUSEUM





WHERE TO STAY?

IBIS HOTEL SAMARA

ALONG THE VOLGA RIVER

Akfen REIT has two major development projects in Samara, one of Russia's largest cities. Ibis Hotel Samara and Samara Office are located on the main artery that intersects the road to the airport, two kilometers away from Samara city center, which has a population of about 1.2 million. Samara is also home to one of Russia's most important oil refineries.



To see the hotel's location on a map, please scan the QR code with your smartphone or tablet device.

LAND AREA **4,803.66 m²**

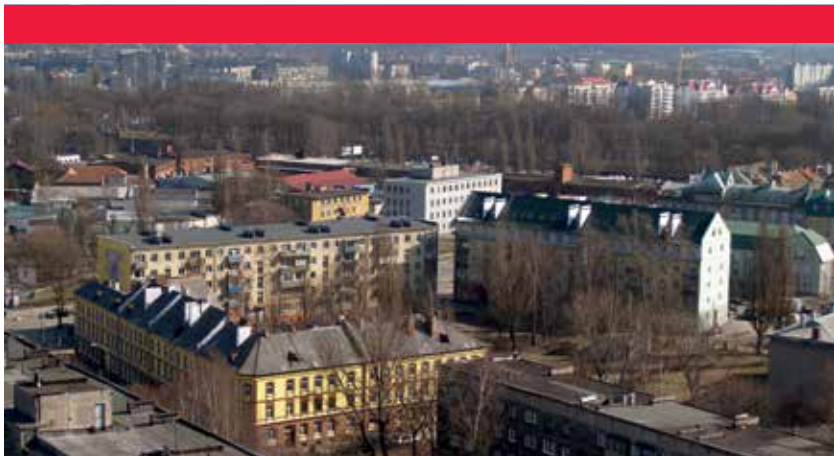
**CONSTRUCTION
AREA** **11,749.25 m²**

**OFFICES
FOR RENT** **4,637 m²**

**NUMBER OF
ROOMS** **204
rooms**

**START OF
OPERATIONS** **March
2012**

OPERATOR **Russian
Management Hotel
Company (Accor)**



Located within the borders of what was once the Kingdom of Prussia, Kaliningrad was previously known as Königsberg in German, which means the same as its current name, the “City of Kings.”



Situated on the Baltic Sea coast between Lithuania and Poland, Kaliningrad is largely dominated by German style architecture. Uniquely, the city has no land connection to mainland Russia; it is an autonomous Russian region and the westernmost point of the country. Kaliningrad’s population today is about 450 thousand. Known as a city of parks and gardens before World War II, Kaliningrad was largely destroyed during the war but still has a number of recreational areas. Since Kaliningrad is one of the FIFA 2018 World Cup host cities selected by the Russian government, the region’s popularity is expected to rise with the investments that are to be made in the area prior to the championship tournament

URBAN TRANSPORT



Kaliningrad enjoys transportation options galore. Train and auto are popular means of transport, while boat tours are an ideal option for those who want to discover the area by water. In addition, buses and minibuses serve almost every corner of the city.



Kaliningrad's famous amber

WHAT TO BUY?



Kaliningrad boasts 90% of the world's extractable amber reserves and the world's only amber manufacturing facility. As a result, one can purchase any manner of product made of amber at bargain prices all over town. Additionally, shopping enthusiasts can find most global brands in downtown shops and stores.



Salads replete with rich seafood

WHAT TO EAT?



Most restaurants in town offer the many specialties and delicacies of Eastern Prussian cuisine. Gourmets can find a wide range of fish and salad options in Kaliningrad, which is also home to a full range of world cuisines, from pizza to sushi.

SUGGESTIONS



- : Stop in to pay a visit to King's Gate, a popular destination for newlywed couples,
- : Shop for unique jewelry, ornaments, key chains and other souvenirs made of amber, and
- : Sample the classical dish of Eastern Prussian cuisine, "Königsberger Klopse," before you depart.



SEE

- AMBER MUSEUM
- THE BUNKER OF GERMANY MUSEUM
- CHURCH OF HOLY FAMILY
- KÖNIGSBERG TABERNACLE
- CHRIST THE SAVIOR CATHEDRAL
- RUSSIAN SUBMARINE
- KÖNIGSBERG CATHEDRAL
- THE DOOR OF ROSSGARTEN
- THE GATE OF KINGS
- KANT MUSEUM

AMBER MUSEUM



KANT MUSEUM



KÖNIGSBERG CATHEDRAL





WHERE TO STAY?

IBIS HOTEL KALININGRAD

20 KM TO THE AIRPORT

Ibis Hotel Kaliningrad is located 1.2 km outside Kaliningrad, a key transport hub by the Baltic Sea, and 450 meters from the Progolya River. The hotel is located 20 km from the airport.

Kaliningrad is home to one of Russia's major oil refineries.



To see the hotel's location on a map, please scan the QR code with your smartphone or tablet device.

LAND AREA **5,099 m²**

**CONSTRUCTION
AREA** **6,322 m²**

**NUMBER OF
ROOMS** **167
rooms**

**START OF
OPERATIONS** **August
2013**

OPERATOR **Russian
Management Hotel
Company (Accor)**

AN ENCHANTING CENTER OF LIFE

MOSCOW

● MOSCOW



The Russian capital Moscow is one of the most populated urban conglomerations in Europe, and is home to 8% of Russia's population. The city serves as the country's economic, education, financial, cultural and transportation center.



Traversed by the Moskva River, Moscow boasts the world's busiest metro network, widely known for its stately architectural style. The city has hosted such global events as Eurovision Song Contest 2009 and the 1980 Summer Olympics. In addition, the world's largest concentration of billionaires resides in Moscow. Russia's political, historic, architectural and commercial center, the city also embodies the contrasts and contradictions of this vast country. A dynamic city of 10 million, Moscow interestingly blends the old with the very new.

URBAN TRANSPORT



Buses and trolleybuses serve almost the entire city. However, since traffic is a pressing issue in Moscow, ground transport is typically not the best option. Traversed by the Moskva River, Moscow boasts the world's busiest metro network, well known for its stately architectural style. Some subway stations simply must be visited to be believed; it would take half a day to see the most prominent ones among them.



Metro stations that resemble museums

WHAT TO BUY?



Local souvenirs, caviar and authentic hand crafted items are good options for visiting travelers. Tverskaya Avenue is the city's most densely developed shopping district. Tretyakovsky Proyezd in Kitaigorod is the center of luxury boutique shopping and all the world's most famous high-end brands can be found there.



You simply must try the borscht soup

WHAT TO EAT?



Moscow is the ideal locale for those who enjoy dining out. Both old-style Russian restaurants and international eateries are very popular in the city. Armenian, American, European, Italian, Japanese and Ukrainian cuisines are widely loved by restaurant patrons here. The most common soup in Moscow's dining establishments is undoubtedly "borscht."

SUGGESTIONS



- : Taste the renowned Beluga caviar on a piece of freshly baked bread with butter, or with other dishes,
- : Buy a traditional nesting Matroynshka doll or other Russian souvenirs, and
- : Pay a visit to some of the world's most famous metro stations before you depart.



SEE

- KREMLIN PALACE
- THE TOMB OF LENIN
- LOBNOYE MESTO
- SAINT BASIL CATHEDRAL
- RED SQUARE
- CZAR BALL
- CZAR BELL
- BOLSHOI THEATRE
- CHURCH OF CHRIST THE REDEEMER

RED SQUARE



THE TOMB OF LENIN



SAINT BASIL CATHEDRAL



KREMLIN PALACE





WHERE TO STAY?

IBIS HOTEL MOSCOW

A COMFORTABLE AND ECONOMICAL STAY IN THE CITY CENTER

Ibis Hotel Moscow is located around 200m southwest of Leningradsky Boulevard, next to the former bus terminal. The hotel is on the most prominent political route in the city, which connects Red Square to Sheremetyevo Airport, and only four km from the Kremlin. Ibis Hotel Moscow is also in close proximity to tourist hotspots such as Petrovsky Park, CSKA Ice Place Arena and the city center.

Upon completion, Accor will operate the 317-room Moscow hotel under the Ibis brand.



To see the hotel's location on a map, please scan the QR code with your smartphone or tablet device.

LAND AREA **2,010 m²**

**CONSTRUCTION
AREA** **13,250 m²**

**NUMBER OF
ROOMS** **317
rooms**

OPERATOR **Russian
Management Hotel
Company (Accor)**

The project is still under construction and is planned to become operational in 2015.

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FINANCIAL STRUCTURE

TL	2013	2014
Total Assets	1,518,526,032	1,445,949,859
Shareholders' Equity	932,791,533	856,220,166
Paid-in Capital	184,000,000	184,000,000
Revenue	41,262,185	51,011,677
Cost of Sales	[5,338,972]	5,729,946
Operating Profit*	233,167,883	70,785,544
Profit/Loss for the Period*	121,349,899	[4,947,367]
Net Profit/Loss**	118,002,845	[2,447,787]
Investments	[95,842,466]	[61,611,264]

* Operating profit and profit for the period includes the increase in value of fixed assets.

** Net profit for the shares controlled by Akfen REIT.

AKFEN REIT 2014
TOTAL PORTFOLIO VALUE

1,209.6
[TL million]

AKFEN REIT 2014
NET ASSET VALUE

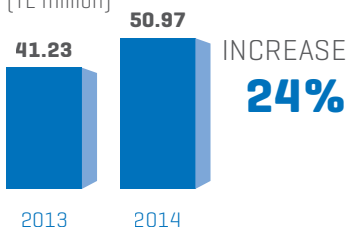
920.2
[TL million]

AKFEN REIT 2014
OPERATING PROFIT

70.8
[TL million]

CONSOLIDATED RENTAL INCOME

[TL million]



2014 REGIONAL DISTRIBUTION OF RENTAL INCOME [%]

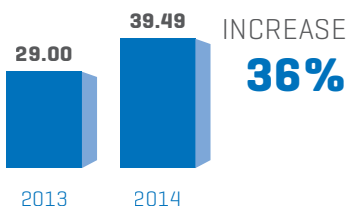
Russia TRNC Turkey
26% 27% 47%

2014 REGIONAL DISTRIBUTION OF EBITDA [%]

Russia TRNC Turkey
26% 34% 40%

EBITDA

[TL million]



2014 REGIONAL DISTRIBUTION OF REAL ESTATE [%]

Russia TRNC Turkey
20% 16% 64%

2014 REGIONAL DISTRIBUTION OF INVESTMENTS [%]

Russia TRNC Turkey
57% 2% 41%

STRONG PORTFOLIO

STATUS	HOTEL	START OF OPERATIONS	CITY
Operating Hotel	Ibis Hotel İstanbul	March 2007	İstanbul
	Novotel İstanbul	March 2007	İstanbul
	Ibis Hotel Eskişehir	April 2007	Eskişehir
	Merit Park Hotel Kyrenia	April 2007	Kyrenia-TRNC
	Novotel Trabzon	October 2008	Trabzon
	Ibis Hotel Gaziantep	January 2010	Gaziantep
	Novotel Gaziantep	January 2010	Gaziantep
	Ibis Hotel Kayseri	March 2010	Kayseri
	Novotel Kayseri	March 2010	Kayseri
	Ibis Hotel Bursa	November 2010	Bursa
	Ibis Hotel Yaroslavl	September 2011	Yaroslavl-Russia
	Ibis Hotel Samara	March 2012	Samara-Russia
	Samara Office	March 2012	Samara-Russia
	Ibis Hotel Adana	September 2012	Adana
	Ibis Hotel Esenyurt	January 2013	İstanbul
	Ibis Hotel Alsancak	June 2013	İzmir
	Ibis Hotel Kaliningrad	August 2013	Kaliningrad-Russia
	Ibis Hotel Ankara Airport	September 2014	Ankara
Ongoing Project	Novotel Karaköy	2015	İstanbul
	Ibis Hotel Moscow	2015	Moscow-Russia
	Ibis Hotel Tuzla	2016	İstanbul

**NUMBER OF
OPERATING
HOTELS**

17

**TOTAL NUMBER
OF ROOMS IN
OPERATING HOTELS**

2,911

**NUMBER OF
ONGOING HOTEL
PROJECTS**

3

**TOTAL NUMBER OF
ROOMS IN ONGOING
PROJECTS**

717

AKFEN HOLDING IN BRIEF

Thanks to sound investment decisions in business areas with high growth potential, Akfen Holding demonstrates rapid growth and brings vision to its sectors of operation with top quality, original projects.

Established in 1976, Akfen has recorded stable, consistent growth through its history and gained Holding status in 1999. One of Turkey's top infrastructure investment holdings, Akfen operates in a wide range of sectors, including airport management and operation, construction, port management, marine transport, water distribution, wastewater treatment, energy and real estate.

Introducing an innovative and dynamic approach to its business lines, the Group demonstrates rapid growth and brings vision to a range of sectors with top quality, original projects thanks to sound investment decisions in business areas with high growth potential.

World-renowned brands

In the airport management and operation sector, Akfen operates with Turkey's globally known brand TAV Havalimanları Holding A.Ş. [TAV Airports Holding] and TAV Yatırım Holding A.Ş. [TAV Investment Holding].

Akfen Holding added maritime transport to its activities with İDO - İstanbul Deniz Otobüsleri Sanayi ve Ticaret A.Ş. [İstanbul Sea Buses] in 2011. Today, the Holding is one of the leading marine transportation companies not only in Turkey but also worldwide.

The Group is active in port management with Mersin Uluslararası Liman İşletmeciliği A.Ş. [Mersin International Port Operations - MIP], a joint venture with Port of Singapore Authority International [PSA]. The strategic partnership with PSA, one of the world's leading port operators with 25 ports in 15 countries, grows stronger each passing day.

Companies that are industry leaders

In line with its sustainable growth strategy, Akfen Holding places a special focus on real estate investments in addition to the Group's subsidiaries in airport and seaport operations. Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. [Akfen REIT] ranks among the leading companies in the real estate sector with its high quality projects.

The Group's operations in the construction sector are the responsibility of Akfen İnşaat [Akfen

Construction], its oldest subsidiary. A 99.85%-owned subsidiary of the Holding, Akfen Construction was initially set up to provide feasibility and engineering services to industrial projects, and then expanded the scope of its operations to include the engineering, construction and installation of industrial facilities.

Akfen Holding has invested in major energy projects in order to help meet Turkey's ever-growing demand for energy. In addition to its investments made in the energy sector to date, the Holding plans to actively participate in energy distribution and wholesale investments as well as energy generation. The Holding's hydroelectric plant investments are grouped under the umbrella of AkfenHES Yatırımları ve Enerji Üretim A.Ş. [AkfenHEPP] while other energy investments operate under Akfen Enerji Yatırımları Holding [Akfen Energy Investments Holding].

The Group's subsidiary in the water sector is Akfen Çevre ve Su Yatırım, Yapım İşletme A.Ş. [Akfen Water], founded in 2005 to develop concession projects in the Turkish water and waste water industries. Akfen Water's mission, above all, is to compensate for the large economic losses in Turkey's current water and infrastructure sector, and offer sustainable, reliable and healthy water and infrastructure services to the population. The company strives to develop new technological solutions to ensure sustainability and gain clout in the international arena by means of these advanced technologies.



AKFEN HOLDING IN BRIEF

Akfen continues to ascend through successful strategic partnerships with enterprises that lead their sectors.

Akfen Holding holds a 50% share in Akfen Su (Akfen Water) which develops and operates concession projects in the Turkish water industry and constructs

drinking and potable water facilities from underground and aboveground sources.

Since its inception, Akfen has continued to ascend via successful strategic partnerships with domestic and international enterprises that lead their sectors. With an effective managerial structure, high human capital potential and an uncompromising transparency policy, Akfen Holding is one of the country's model business groups and continues as ever to multiply Turkey's assets.

Shareholder's Name or Trade Name	Share in Capital (TL)
Hamdi Akın*	198,499,750.00
Akfen Holding	7,989,806.00
Other	2,278,224.00
Free Float**	82,232,220.00
Total	291,000,000.00

The Company's capital is divided into Class A (registered) and Class B (bearer) shares. As of December 31, 2014, Class A shares have a total nominal value of TL 57,458,736, or 19.75% of total capital. Class A shares are not listed on the stock exchange. At General Assembly meetings, each Class A share has three votes and voting privilege. Class B shares correspond to a total nominal value of TL 233,541,264 or 80.25% of total capital. Some 82,232,220 of Class B shares are traded on the BIST National Market. Class B shares do not have voting privileges.

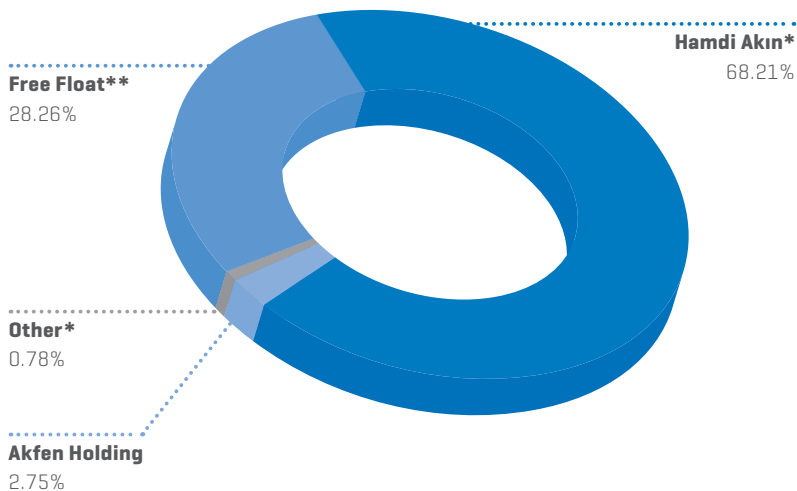
* Akfen Holding's Chairman Hamdi Akın converted 50 million of his Akfen Holding shares to shares listed on the BIST. Some 7,989,806 shares of Akfen Construction (transferred to Akfen Holding on August 12, 2014) are also in free float.

** With the CMB communique dated December 5, 2014, the Company received the necessary CMB approval to lower its paid-in capital by means of redemption of the shares repurchased as part of the Company's share buyback program. The redemption of shares amounting to TL 29,100,000, to lower the capital from TL 291,000,000 to TL 261,900,000, was approved by the Extraordinary General Assembly dated January 15, 2015; the referenced capital reduction was performed January 22, 2015. After the capital reduction, Hamdi Akın's stake stands at 75.83%, free-floated shares at 20.29%, and Akfen Holding's stake at 3.05%.

*** As of the date the annual report was issued, Akfen has repurchased 22,107,901 shares (7.60%) under the Company's share buyback program. In addition, the free-float portion includes 6,992,099 Akfen Construction shares (2.40% of total capital) transferred to Akfen on August 12, 2014. As part of the share buyback program, 10% of the Company's capital was repurchased. Upon the capital reduction performed on January 22, 2015, Class A shares account for 21.94% and Class B shares for 78.06% of the total capital.



SHARE IN CAPITAL (%)



AKFEN HOLDING IN BRIEF

STRUCTURE OF AKFEN HOLDING



AIRPORT CONCESSIONS AND CONSTRUCTION

TAV AIRPORTS HOLDING

TAV Airports Holding has created a success story in airport operations, one of the world's most challenging sectors, with the company's strong know-how, deep experience and creative solutions. TAV Airports Holding operates İstanbul Atatürk, Ankara Esenboğa, İzmir Adnan Menderes, Antalya Gazipaşa Airports and Milas-Bodrum Airport domestic terminal in Turkey; Georgia's Tbilisi and Batumi Airports; Tunisia's Monastir and Enfidha-Hammamet Airports; Macedonia's Skopje and Ohrid Airports; Saudi Arabia's Medina, Croatia's Zagreb and Lithuania's Riga Airports.

In addition to its airport concessions, the Holding has other operations in seven countries through its subsidiaries in various areas including ground handling, duty free retailing, food & beverage, information technology and security services. The company and its subsidiaries served 95.1 million passengers and 742.9 thousand commercial airplanes in 2014. TAV Airports Holding stock has traded on the Borsa İstanbul (BIST) since February 23, 2007.



SEAPORT OPERATIONS

MERSİN INTERNATIONAL PORT (MIP)

Established in 2007 as a joint venture between Akfen Holding and Port of Singapore Authority (PSA), one of the world's biggest port operators, Mersin International Port (MIP) is one of the largest container ports in the Mediterranean. The Holding has acquired the operational rights for MIP until 2043 in return for USD 755 million.

Port of Mersin is capable of delivering all maritime and terminal services. Since it is adjacent to the Free Zone, it is considered to be an exemplary port. Its railroad and highway connections make it an ideal transit port for the Middle East.

Port of Mersin is connected to a vast hinterland by means of railways and highways. The closest airport is in Adana, at a distance of 69 kilometers. One of the most important ports of the Eastern Mediterranean, Port of Mersin is the gateway of import and export for the Central Anatolia, Mediterranean and Southeastern Anatolia regions of Turkey and one of the most important transit hubs in the Middle East. The port will gain even more importance upon the completion of the Southeastern Anatolia Project (GAP).

Closing 2014 with success in operational terms, MIP increased the volume of containers handled by 8.7% over the prior year, to 1.5 million TEU, an all-time record in company history. MIP served 4,633 ships in 2014 and brought up the volume of conventional cargo by 16.8%, to 8.8 million tons.



ENERGY

AKFENHES YATIRIMLARI
VE ENERJİ ÜRETİM A.Ş.

[AKFENHEPP]

AKFEN ENERJİ YATIRIMLARI
HOLDİNG A.Ş. [AKFEN ENERGY
INVESTMENTS HOLDİNG]

Akfen Holding plays an active role in energy investments, which have recently become the focus of the entire economy. The Group's energy-related business activities include investments in both renewable and fossil energy sources. Working to increase the installed generation capacity of its portfolio by putting energy investments into service as quickly as possible, the Group continues to help meet Turkey's growing energy needs.

Akfen Holding's hydroelectric power plant portfolio includes 14 plants with an aggregate installed power of 237.8 MW and an energy generation capacity of 963.4 GWs, grouped under the umbrella of AkfenHES Yatırımları ve Enerji Üretim A.Ş. [AkfenHEPP].

Akfen Energy Investments Holding was founded by Akfen Holding to engage in natural gas energy generation, distribution and trade in addition to overseeing the Group's hydroelectric power plant investments. To this end, Akfen Energy Investments undertook the construction of a Natural Gas Combined Cycle Power Plant [NGCCPP] to be built in Mersin. The project is currently in progress.



REAL ESTATE

AKFEN REIT

The first and only real estate investment trust in Turkey that focuses exclusively on the rapidly growing city hotel concept, Akfen REIT develops city hotel projects under the Ibis and Novotel brands as part of a strategic partnership with Accor, one of the world's largest chain hotel operators.

Currently, the Company has a portfolio of 20 hotels - of which 17 are operational with three in the investment stage - in Turkey, TRNC and Russia,

AKFEN HOLDING IN BRIEF

STRUCTURE OF AKFEN HOLDING



WATER CONCESSIONS

AKFEN ENVIRONMENT AND WATER INVESTMENT, CONSTRUCTION AND OPERATION [AKFEN WATER]

Akfen Çevre ve Su Yatırım, Yapım İşletme A.Ş. [Akfen Water] has developed concession projects in the water and waste water treatment sectors in Turkey since 2005.

Akfen Water's mission, above all, is to compensate for the large economic losses in Turkey's current water and infrastructure sector, and offer sustainable, reliable and healthy water and infrastructure services to the population. The company strives to develop new technological solutions to ensure sustainability and gain clout in the international arena by means of these advanced technologies.

A 50:50 joint venture between Akfen Holding and Kardan N.V., Akfen Water has undersigned projects that include Güllük Municipality Potable Water and Waste Water Concession Project and Dilovası Organized Industrial Zone Waste Water - Build Operate Transfer Project.

Transferring its specialized expertise and deep experience in water and waste water treatment to solid waste management, Akfen Water delivers solid waste management systems services to customers in response to their needs.



CONSTRUCTION

AKFEN CONSTRUCTION TAV INVESTMENT HOLDING

Akfen Holding has a 99.85% share in Akfen Construction, which is the Holding's oldest subsidiary. Akfen Construction was initially set up to provide feasibility and engineering services to industrial projects, and then expanded the scope of its operations to include the engineering, construction and installation of industrial facilities.

Having completed construction projects with a total value of USD 2.06 billion over 20 years, Akfen Construction has built, to date, TED Ankara College Campus, Atatürk Airport New International Terminal, Samsun Çarşıamba Airport, Bursa City Natural Gas Distribution Line, waste water treatment services, Ibis Hotels and Novotels, Levent Loft Residence, state hospitals, as well as other superstructure, infrastructure, environmental protection and turn-key airport constructions.

TAV Construction, a subsidiary of TAV Investment Holding, is becoming a globally known brand in the airport construction industry thanks to the high profile projects it undertakes.



Although established in 2003, TAV Construction is confidently making strides in the world construction sector. The company and its branches have reached a significant business volume via partnerships with global leaders in construction, which include Doha Project, Taisei - Japan, Libya Projects CCC - Lebanon and Odebrecht - Brazil, Oman and Abu Dhabi Projects CCC Lebanon, among others.

In 2014, according to Engineering News Record (ENR) magazine, TAV Construction ranks 83rd among the world's top construction companies; in addition, the company is ranked number one among the world's top airport construction firms.



MARITIME TRANSPORT

İDO - İSTANBUL SEA BUSES INDUSTRY AND TRADE

In 2011, Akfen Holding, through the consortium of Akfen-Tepe-Sera-Souter, was awarded the privatization tender for İstanbul Deniz Otobüsleri Sanayi ve Ticaret A.Ş. (İstanbul Sea Buses Industry and Trade - İDO).

The company holds nearly 30-year operational rights of most piers that it serves.

İDO transports passengers and vehicles over a total of 15 sea lines - nine sea bus, two conventional ferry and four fast ferry lines- in İstanbul and across the Marmara Sea. With a modern fleet of 55 vessels (24 sea buses, 19 conventional ferries, nine fast ferries, a passenger boat and two service boats), İDO is one of the world's leading maritime passenger and vehicle transport companies.

The company serves a vast customer base with its strong brand name. In 2014, it transported about 47.5 million passengers and 8.2 million vehicles.

AKFEN REIT IN BRIEF

To date, our hotels in Turkey and Russia have welcomed more than 4 million guests in total.

Akfen REIT was established in 2006 through a change in trade registry name and a restructuring of Aksel Tourism Investments and Operations (Aksel), which was founded on June 25, 1997, into a real estate investment trust.

Akfen REIT's core business is to invest in real estate-based capital markets instruments and to create and develop a real estate portfolio. Specialized in the development and construction of middle market hotel projects, Akfen REIT develops city hotel projects under Ibis Hotel and Novotel brands through a strategic cooperation with Accor, Europe's largest international hotel operator chain.

Akfen REIT's hotels currently in operation include Ibis and Novotel in İstanbul; Ibis in Esenyurt; Ibis in Ankara; Ibis in Eskişehir; Novotel in Trabzon; Ibis and Novotel in Kayseri; Ibis and Novotel in Gaziantep; Ibis in Bursa; Ibis in Adana; Ibis in İzmir; Ibis in Yaroslavl, Russia; Ibis in Samara, Russia; Ibis in Kaliningrad, Russia; and the five-star Merit Park Hotel in TRNC. The Company's hotel properties under construction include Ibis in Tuzla, Ibis in Moscow and Novotel in Karaköy. The Company has a portfolio of 20 hotels in total.

To date, we have welcomed 4 million guests

Aiming to set an example by building three and four star hotels that embody the modern city hotel concept, the Company's business model is based on leasing these properties to the strategic partner, Accor, through long-term contracts to obtain steady and predictable rental income.

To date, the Company's hotels in Turkey and Russia have welcomed more than 4 million guests. As of December 2014, the average occupancy rates of all Akfen REIT hotels stood at 64%. In 2014, Akfen REIT's lease revenue grew 24% over the previous year, to TL 51 million. Hotels in Turkey contribute 47% of total lease revenue, while hotels in TRNC account for 27% and those in Russia make up 26%.

Akfen REIT's innovative management approach toward its domestic investments is based on the rising tourism demand of the Turkey's middle class and the increasing mobility of the Turkish business community.

As one of the leading REITs in Turkey in terms of net asset value, Akfen REIT further strengthens its reliable and market leading position with world-class real estate development projects.

Akfen REIT's consolidated EBITDA rose 36% over the prior year, climbing to TL 39.5 million; meanwhile, the EBITDA margin increased 7% over the previous year, to 77%. As of December 31, 2014, the Company's net asset value amounted to TL 920.2 million.

Akfen REIT was floated on the BIST on May 11, 2011 and is traded under the ticker "AKFGY."

Akfen REIT's trade registry number is 372279 and its headquarter is located at Levent Loft, Büyükdere Cad. No: 201 C Block Floor: 8 34394 Levent / İstanbul. Company information is also available on the corporate website at: www.akfengyo.com.tr.

SHAREHOLDING STRUCTURE

Free Float	Akfen Holding	Hamdi Akın	Other
29.60%	51.72%	16.41%	2.27%

* Akfen Holding controls 5.16% of the Company's free-floating shares.



IN 2014...

HOTELS BECOMING OPERATIONAL

IBIS HOTEL ANKARA AIRPORT

[ANKARA]



Land Area: 7,134 m²

Construction Area: 9,506 m²

Number of Rooms: 147 rooms

Start of Operations: September 2014

Operator: Tamaris Tourism [Accor]

ONGOING HOTEL PROJECTS

IBIS HOTEL MOSCOW

[RUSSIA]



Land Area: 2,010 m²

Construction Area: 13,250 m²

Number of Rooms: 317 rooms

Planned Opening Date: 2015

Operator: Russian Management Hotel Company [Accor]

NOVOTEL KARAKÖY

[İSTANBUL]



Land Area: 3,074.58 m²

Construction Area: 21,440 m²

Number of Rooms: 200 rooms

Planned Opening Date: 2015

Operator: Tamaris Tourism [Accor]

IBIS HOTEL TUZLA

[İSTANBUL]



Land Area: 4,260 m²

Construction Area: 9,480 m²

Number of Rooms: 200 rooms

Planned Opening Date: 2016

Operator: Tamaris Tourism [Accor]

MILESTONES OF AKFEN REIT

Akfen REIT is in a strategic cooperation with Accor, Europe's largest international hotel operator chain.

2005

- Akfen Holding and Accor S.A. signed a memorandum of understanding.

2006

- Following CMB approval, Aksel Tourism Investment and Operations was transformed into Akfen REIT.

2007

- 208-room Novotel İstanbul and 228-room Ibis Hotel İstanbul in Zeytinburnu started operations.
- 108-room Ibis Hotel Eskişehir started operations.
- 286-room Merit Park Hotel Kyrenia in TRNC started operations.

2008

- 200-room Novotel Trabzon started operations.
- Construction of Novotel and Ibis Hotel commenced in Gaziantep and Kayseri.

2010

- 92-room Novotel Gaziantep and 177-room Ibis Hotel Gaziantep started operations.
- 96-room Novotel Kayseri and a 160-room Ibis Hotel Kayseri started operations.
- 200-room Ibis Hotel Bursa started operations.
- The Company's paid-in capital was increased to TL 138 million from TL 72 million.



IBIS HOTEL GAZİANTEP



IBIS HOTEL İSTANBUL

2011

- The Company's paid-in capital increased from TL 138 million to TL 184 million through an initial public offering in May 2011.
- The Company increased its share in its joint investments in Russia from 50% to 95%.
- 177-room Ibis Hotel Yaroslavl started operations.

2012

- 204-room Ibis Hotel Samara started operations.
- 165-room Ibis Hotel Adana started operations.
- Akfen REIT's subsidiary Akfen Real Estate Trading and Construction signed a 20-year lease contract with Voyager Cyprus Limited Company for the lease of a 5-star hotel in Kyrenia, TRNC along with the casino and all the outbuildings.

2013

- 156-room Ibis Hotel Esenyurt/Istanbul became operational.
- 140-room Ibis Hotel Alsancak/İzmir became operational.
- 167-room Ibis Hotel Kaliningrad became operational.

2014

- The 147-room Ibis Hotel Ankara Airport became operational.



MERİT PARK KYRENIA

AKFEN REIT'S MISSION AND VISION

MISSION

TO BECOME THE LEADING INVESTOR IN TURKEY AND THE REGION DEDICATED TO THE DEVELOPMENT OF HOTEL PROJECTS THAT ARE MANAGED BY INTERNATIONAL HOTEL OPERATORS AT WORLD-CLASS STANDARDS.

VISION

TO ACHIEVE STEADY BALANCE SHEET GROWTH THROUGH THE DEVELOPMENT OF PROJECTS THAT YIELD HIGH PROFITABILITY IN THE REAL ESTATE SECTOR AND TO REWARD SHAREHOLDERS WITH AN UNINTERRUPTED STREAM OF INCREASED DIVIDENDS AND CAPITAL GAINS.

STRATEGY

STRATEGIC PARTNERSHIP WITH ACCOR, EUROPE'S LARGEST AND THE WORLD'S LEADING HOTEL GROUP

INVESTMENTS IN ECONOMICAL CITY HOTELS

PREDICTABLE AND SUSTAINABLE CASH FLOW VIA LONG-TERM LEASE AGREEMENTS

KNOW-HOW ACQUIRED THROUGH SPECIALIZATION IN A SINGLE CONCEPT

INCREASING RENTAL INCOME BASED ON THE PERFORMANCE OF THE HOTELS

ABILITY TO WORK WITH MINIMAL STAFF SINCE ACCOR EMPLOYS THE HOTEL PERSONNEL

AKFEN REIT

- UNIQUE BUSINESS MODEL
- MINIMUM OPERATIONAL RISK
- LOW-RISK AND PREDICTABLE CASH INFLOW
- UNLIMITED AND RAPID GROWTH OPPORTUNITY



OPERATIONS MAP

Akfen REIT develops and builds three and four star mid-class hotels that are outstanding examples of the modern city hotel concept.



**CITIES THAT WILL HOST THE
2018 FIFA WORLD CUP**



OPERATING HOTELS



OPERATING OFFICE



ONGOING PROJECTS

Information

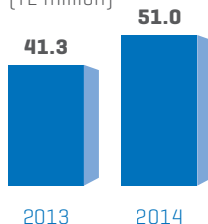
For detailed information:
www.akfengyo.com.tr



KEY FINANCIAL AND OPERATIONAL HIGHLIGHTS

As one of the largest REITs operating in Turkey in terms of net asset value, Akfen REIT reinforces its solid and pioneering position in the sector with projects at world standards.

REVENUE
(TL million)



INCREASE
24%

Akfen REIT's revenue in 2014 rose 24%, to TL 51 million.

TL	2012	2013	2014
Total Assets	1,179,027,637	1,518,526,032	1,445,949,859
Shareholders' Equity	809,271,752	932,791,533	856,220,164
Paid-in Capital	184,000,000	184,000,000	184,000,000
Sales	32,047,644	41,262,185	51,011,677
Cost of Sales	[4,494,226]	[5,338,972]	[5,729,946]
Operating Profit	32,397,517	233,167,883	70,785,544
Investments	[40,445,582]	[95,842,466]	[61,611,264]

* Operating profit and profit for the period includes the increase in value of fixed assets.

** Net profit for the shares controlled by Akfen REIT.



PLANET 21,

projesi ile Akmerkezi'ni dünyanın
en kaliteli hizmet veren
21 taahhütte bulunmaktadır.
Dünyanın en kaliteli hizmet
Lütfen içeri girin.

with PLANET 21, we have
21 commitments
to our guests for the quality of service.
Come for the planet Planet, stay in.



MESSAGE FROM THE CHAIRMAN

As the one and only REIT in Turkey to invest exclusively in city hotels, Akfen REIT continues to invest in line with its unrivaled and original business model.

Dear Stakeholders of Akfen REIT,

2014 went down in history as a period when political and economic developments, both globally and regionally, rose to the forefront; thus, most investors opted for a prudent and cautious approach.

Developments in the Middle East, expectations about the quantitative easing policies of the Fed, the ongoing drop in oil prices throughout the year and the ensuing economic woes in Russia, worries of a Chinese slowdown were some of the most important events during 2014.

It is also necessary to point to the slowing economies in emerging markets. Meanwhile, the Turkish economy was largely affected by external risks such as regional developments, and uncertainty in global markets.

The most heated topic of debate in Turkey concerned the policies implemented by the government's economic management to bring inflation and the current account deficit down to more acceptable levels in response to global market developments. However, there was a partial rebound in investor interest towards Turkey during the last months of the year, as two important elections were over, the government announced economic structural reforms and a sharply declining oil price environment had taken hold. Based on these factors, it is plausible to expect 3% growth for the Turkish economy in 2014.



With regard to forecasts for 2015, the mid-year general elections and the current political atmosphere are set to have a negative effect on investors' appetite for a period of time. However, in the medium and long term, foreign investors' interest in Turkey is expected to tilt upwards. The narrowing of the current account gap, which will minimize the negative impact of global uncertainty on the Turkish economy, will help maintain the vibrant character of our sector.

Accordingly, Turkey's GDP is projected to expand 4% in 2015. In 2016 and 2017, the macro-target is to bring this figure up to 5%, with a growth strategy based on increased investment in productive areas, improved productivity, and financed through domestic savings.

Due to unexpected developments in global markets, particularly the drop in oil prices, these targets seem attainable currently.

Furthermore, the economic growth trend in developing countries has a direct impact on commercial real estate and infrastructure investments. The Turkish real estate sector accounts for 19.5% of total GDP, which demonstrates the investment potential of the sector. Viewed from this perspective, Turkey maintains its appeal for the real estate sector thanks to the country's young and rapidly growing population. In recent years, the rise in general prosperity and the increasing living standards of the middle class fueled the growth of the real estate sector, just as in other sectors of the economy.

The Turkish real estate sector, which has garnered USD 110 billion in foreign investment over the last 10 years, remained attractive in 2014. Since the elimination of limits on foreigners' rights to acquire real estate, investors from Russia, the Middle East and Asia have directed their attention to Turkey.

A rapidly growing market bolstered by the strong domestic economy, economical city hotel operations stand out as one of the most dynamic segments of the Turkish real estate sector. In recent years, with the growth of commercial activity across the world, the economical city hotel sector has expanded significantly. International operators active in this area have pursued a strategy of expansion into new geographic regions across the world, through both their current brands and new economical hotel brands.

MESSAGE FROM THE CHAIRMAN

As the first and only REIT in Turkey to invest exclusively in city hotels, Akfen REIT continues to invest in line with its unmatched and original business model.

As the first and only REIT in Turkey to invest exclusively in city hotels, Akfen REIT continues to invest in line with an unmatched and original business model. In line with the agreement reached with Accor Group, the Company has a portfolio of 20 hotels consisting of Accor's two most successful brands, the 3-star Ibis Hotel and 4-star Novotel in Turkey, Russia and TRNC. Currently, 17 of these hotel properties are operational while the remaining three are in the investment stage. Upon completion of those properties now underway, the Company will boast a hotel portfolio that includes 3,628 rooms in total.

Currently, the Company has three hotels under construction in and outside of Turkey. The 200-room Novotel Karaköy will become the world's very first Novotel at five-star standards upon inauguration. Novotel Karaköy is scheduled to open towards the end of 2015. In addition, the construction of the 200-room Ibis Hotel Tuzla located in İstanbul will commence in first quarter 2015. Furthermore, the 317-room Ibis Hotel Moscow currently under construction is scheduled for opening at the beginning of second quarter 2015.

The main factors underlying Akfen REIT's achievements are the deeply rooted know-how of our parent company Akfen Holding, the hard work of our dedicated employees, as well as the trust and support of our shareholders and investors.

I hereby extend to you my sincerest gratitude. May we continue reaching new heights together.



İBRAHİM SÜHA GÜÇSAV

Chairman of the Board



MESSAGE FROM THE GENERAL MANAGER

Akfen REIT was once again named the “Best Hotel Developer in Turkey” at the Euromoney Real Estate Awards, a highly prestigious event for the real estate sector.

Dear Shareholders and Business Partners,

With their immense potential for growth, the tourism and real estate sectors add significant momentum to the ascent of both advanced and developing economies and continue to expand year after year. In particular, with the growth of commercial activities in recent years, the economical city hotel sector has entered a phase of remarkable growth. International operators active in this area pursue a strategy of expansion into new regions across the world, with both their current and new economical hotel brands.

Turkey is located in the Mediterranean Basin, which accounts for around one-third of the world's total tourist population and one-fourth of total bed capacity. The country is the fourth biggest tourism destination in Europe

and the sixth biggest in the world. In 2023, when we shall celebrate the centenary of the founding of the Turkish Republic, the country's tourism sector is expected to attract 50 million tourists and generate USD 50 billion in annual revenues.

For the nation's tourism industry to grow and attain these targets, investments in 3- and 4-star hotels play a crucial role. In particular, İstanbul as well as numerous Anatolian cities such as Bursa, Eskişehir and Kayseri, hold great potential for economical city hotels due to both their commercial activity and socio-cultural structure.

Akfen REIT is a standout as the only real estate investment trust to invest in economical city hotels in Turkey. Thanks to our original business model, which has clearly proven its success, the Company reported yet another year of achievements in terms of economical city hotel development.

Akfen REIT inaugurated the 147-room Ibis Hotel Ankara Airport in September 2014 just two km from the Ankara airport, raising the total number of the Company's operational hotels up to 17. Upon completion of construction of Karaköy Novotel, Ibis Hotel Tuzla and Ibis Hotel Moscow, the Company will have a portfolio of 20 hotels located in Turkey, Russia and TRNC.



Akfen REIT's consolidated lease revenues rose 24% over the prior year, to TL 51 million. Consolidated EBITDA grew 36% over 2013, climbing to TL 39.5 million in 2014; meanwhile, the EBITDA margin expanded 7%, to 77%. Akfen REIT's net asset value as of December 31, 2014 totaled TL 920.2 million.

In 2014, the average occupancy rate in Akfen REIT's domestic and overseas hotels amounted to 64%. This figure was 67% in hotels active in Turkey and 53% in hotels active in Russia.

"Best Hotel Developer in Turkey"

Akfen REIT's business activities throughout the year were crowned with a number of international awards. Akfen REIT was once again named the "Best Hotel Developer in Turkey" at the Euromoney Real Estate Awards, a highly prestigious event for the real estate sector where the best product and service developers are recognized for their excellence.

Our target is to become one of the top hotel investors in the region in hotels constructed and operated at international standards, in both numbers of hotel properties and rooms.

The Company plans to continue its investments in the coming periods, with a special focus on metropolitan areas with high potential, such as İstanbul and Moscow. Preparing to open the world's first five-star Novotel in Karaköy, İstanbul, Akfen REIT will continue contributing to Turkey's development by creating a vast potential domestic as well as international customer base.

I extend my gratitude to all Akfen REIT for their efforts underlying the achievements of the Company. We shall continue as always to provide the best service with the support of our parent company Akfen Holding and with the help of our esteemed shareholders, creditors and business partners.

Sincerely yours,

VEDAT TURAL

General Manager

BOARD OF DIRECTORS

01



02



03



04



05



06



07



08



09



01 İBRAHİM SÜHA GÜÇSAV

Chairman of the Board of Directors

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

02 MUSTAFA KETEN

Vice Chairman of the Board of Directors

Mustafa Keten graduated from the İstanbul Academy of Economics and Commercial Sciences, Department of Economic Administration in 1968 and began his professional career in 1970 as an Assistant Specialist in the State Planning Organization. In 1978, he earned an MA in Development Administration from the Institute of Social Studies in the Netherlands. From 1979 to 1983, Mr. Keten worked in the State Planning Organization as President of Priority Development Regions, the years between 1984-1999 as Undersecretary of Agriculture, Forestry and Village Affairs, Advisor to the Prime Minister, President of the Special Environmental Protection Board, President of Prime Ministerial Foundations and President of the Foundation's Board. During his time in

the public sector, Mr. Keten also served on the Board of Directors at Petkim (petrochemicals) and Tamek Gıda (foods) and as the Chairman of the Board of Directors at Güneş Sigorta (insurance) and at Vakıfbank. He has also been a faculty member at various educational institutions. Mr. Keten joined Akfen Holding in 1999 as Vice Chairman of the Board of Directors and has also served on the Board at the Eurasian Business Council, Turkish-Russian Business Council, Turkish-Georgian Business Council and as the President of the Turkish-Moldovan Business Council. He is currently the Vice Chairman of the Turkish Tourism Investors Association (TYD) and President of the Tourism Assembly at TOBB and Board member of TMOK.

03 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 Tatlı Dil Forum 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, TİKAD, GYİAD (2011-2012) 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, board member of the IBS Insurance and Reinsurance Brokerage and a member of the Early Risk Detection Committee at Akfen REIT. Pelin Akin was elected as Substitute Member of TÜSIAD's Board of Directors in January 2015.

BOARD OF DIRECTORS

04

SELİM AKIN
Board Member

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

05

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. Ms. İnanç has actively participated in every aspect of build-operate-transfer, transfer of rights/privileges and privatization projects, from tender offer to transfer; she also was active in the establishment of the project financing structure and loan agreements and IPO processes of Akfen Holding A.Ş. and Akfen REIT. Currently, she has focused her efforts on company and holding structures. Sıla Ciliz İnanç is serving as the Vice President of Akfen Holding A.Ş. and as member of the Board of Directors at various Akfen Holding subsidiaries.

06

İRFAN ERCİYAS
Board Member

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

07

AHMET SEYFİ USLUOĞLU
Independent 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 Sıtel Branch from 1990 to 1993; as Branch Manager of Türk Ticaret Bankası Yenışehir Branch between 1993 and 1996; and as Branch Manager of Türk Ticaret Bankası Ankara Branch from 1996 until 2000. Mr. Usluoğlu has been serving as an Independent Board Member, Audit Committee and Corporate Governance Committee Member at Akfen REIT since 2009.

08

M. SEMİH ÇİÇEK

Independent 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. Mr. 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. Mr. Çiçek has been serving as an Independent Board member, Audit Committee, and Corporate Governance Committee Chairman at Akfen REIT since 2008.

09

MUSTAFA DURSUN AKIN

Independent Board Member

Mustafa Dursun Akin graduated from Ankara University, Faculty of Political Science, Department of Economics and Finance in 1974. He began his professional career as an Assistant Inspector at the Audit Board of Vakıfbank in 1975. Mr. Akin subsequently worked in the same bank as an Inspector from 1978 to 1982; as Deputy Manager of Personnel in 1982; as Vice President and Chief Assistant of the Audit Board from 1983 to 1993; as Risk Monitoring Manager for the İstanbul Region from 1993 to 1997; as President of the Audit Board in 1997; and as Deputy General Manager in 1998. He served as General Manager at Vakıf Real Estate Expertise and Valuation in 2000 and as President of the Audit Board at the İstanbul Gold Exchange between 2003 and 2004. He has served as an Independent Board Member, Audit Committee Chairman, Corporate Governance Committee Member and Early Detection of Risk Committee Chairman at Akfen REIT since 2008.

SENIOR MANAGEMENT

01



01 VEDAT TURAL
General Manager

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

02



03



02

H. DENİZ BİLECİK

Deputy General Manager – Corporate Communications, Human Resources and Administrative Affairs

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

03

MEMDUH OKYAY TURAN

Deputy General Manager – Operations

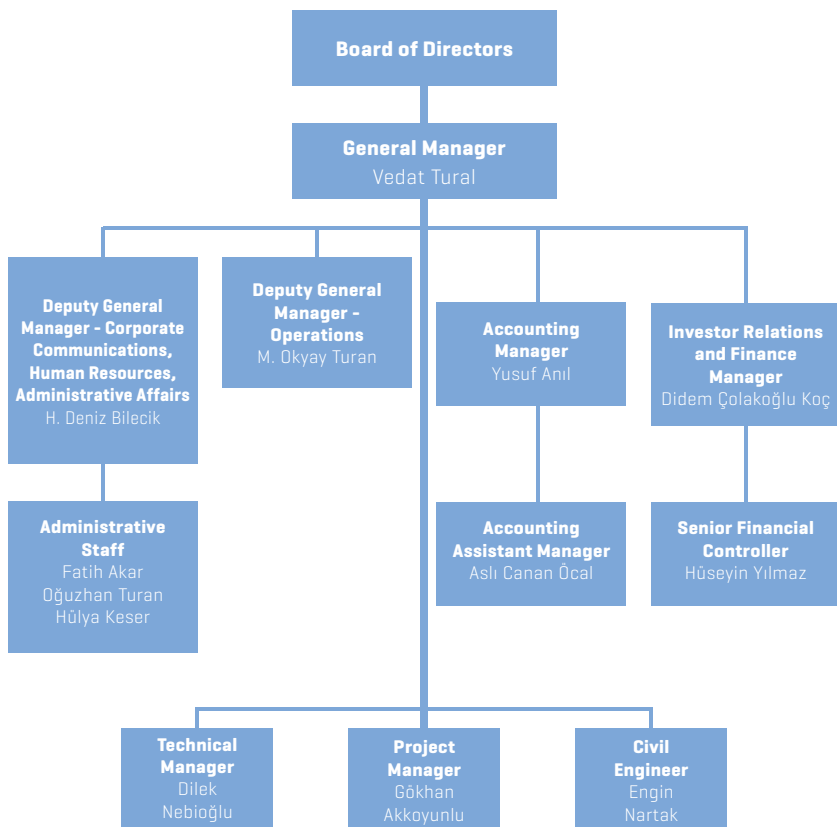
Memduh Okyay Turan graduated from Bilkent University, Department of Tourism and Hotel Management in 1993. He began his professional career at Antalya Club Hotel Sera City & Resort and also at Antalya Dedeman Convention Center. He holds a Tourism Agencies Information Certificate granted by the Ministry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

The total financial benefits provided to directors of the Company, such as remunerations, wages, premiums, bonuses and dividends are as follows.

Benefits to Key Management Personnel (TL thousands)	2013	2014
Short-Term Benefits	1,497	1,545

Other than the figures provided above, no other material rights, benefits, representation expenses, non-cash rights, insurance or other guarantees were provided. For the reporting year that ended December 31, 2014, total short-term benefits provided to senior executives of Akfen REIT and its subsidiaries amounted to TL 1,545,123 [December 31, 2013: TL 1,497,236]. The Company complies with the statements made pursuant to applicable legal and regulatory requirements and acts in line with the Company's remuneration policy.

ORGANIZATIONAL CHART





SUBSIDIARIES OF AKFEN REIT

Group Companies

Name	Akfen Real Estate Trade and Construction Co. Inc.
Activity	Create a real estate portfolio
Paid-in/Issued Capital	121,000,000
Share in the Company Currency	121,000,000
Currency	TL
Company's Share (%)	100
Relationship with the Company	Subsidiary

Name	Russian Hotel Investment B.V.
Activity	Develop hotel projects in Russia
Paid-in/Issued Capital	18,000
Share in the Company Currency	17,101
Currency	EUR
Company's Share (%)	95.01
Relationship with the Company	Subsidiary

Name	Russian Property Investment B.V.
Activity	Develop office and residential projects in Russia
Paid-in/Issued Capital	18,000
Share in the Company Currency	17,101
Currency	EUR
Company's Share (%)	95.01
Relationship with the Company	Subsidiary

Name	Hotel Development Investment B.V.
Activity	Develop hotel projects in Russia
Paid-in/Issued Capital	18,000
Share in the Company Currency	18,000
Currency	EUR
Company's Share (%)	100.00
Relationship with the Company	Subsidiary

Name	Akfen Karaköy Real Estate Investment and Construction Co. Inc.
Activity	Make real estate investments
Paid-in/Issued Capital	17,200,000
Share in the Company Currency	12,039,656
Currency	TL
Company's Share (%)	69.99
Relationship with the Company	Subsidiary

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

The main fields of activity include investing in real estate and developing, operating and outsourcing the operations of real estate.

Akfen RETC, which is currently 100% owned by Akfen REIT, generates rental income from its 5-star hotel located in TRNC. The 5-star Merit Park Hotel located in Kyrenia province has been operational since 2007. Also, Akfen

RECT's Russian investments, which are Ibis Hotel Yaroslavl, Ibis Hotel Samara. Ibis Hotel Kaliningrad and Samara Office, became operational.

Akfen RETC holds a 95% stake in Netherlands-based Russian Hotel Investments B.V. [RHI] and Russian Property Investment B.V. [RPI].

Russian Hotel Investment B.V. (RHI)

RHI's main aim is to develop hotel projects in Russia where the Company gathers other companies that are established in Russia, under the same roof for hotel projects. The active companies presented in the table.

Russian Property Investment B.V. (RPI)

RPI purpose is to develop projects other than hotels in Russia; thus, the companies that are established for these projects are organized under RPI.

In December 2010, Eastern European Property Investment Ltd. [EPEI] transferred 45% of its shares in RHI and RPI to Kasa Investments B.V. and 5% of its shares to Cüneyt Baltaoğlu. In July

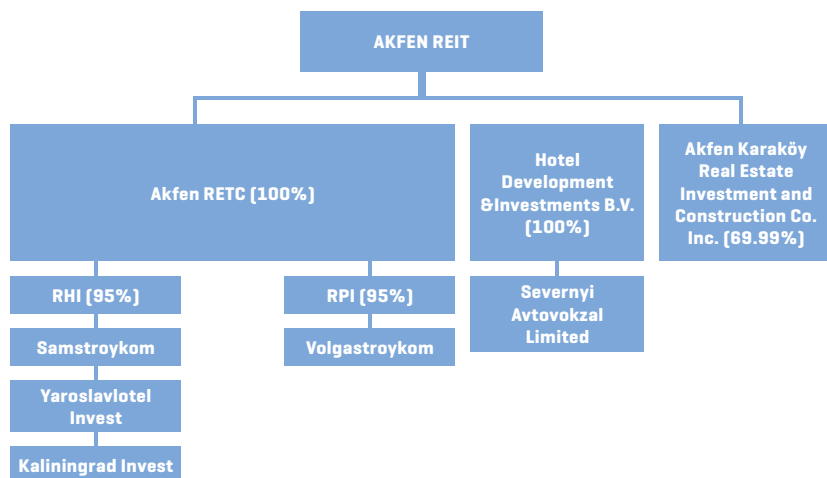
2011, Akfen REIT purchased the 45% stake held by Kasa Investments B.V. in the Russian projects, thereby increasing its share from 50% to 95%.

Hotel Development and Investments B.V.

Headquartered in the Netherlands, Hotel Development and Investments B.V. [HDI] was established to develop hotel projects in Russia. Akfen REIT holds 100% of the shares of HDI, which currently has a hotel development project under construction in Moscow.

Akfen Karaköy Real Estate Investment and Construction Co. Inc.

Established with a 69.99% partnership of Akfen REIT, Akfen Karaköy Gayrimenkul Yatırımları ve İnşaat A.Ş. [Akfen Karaköy Real Estate Investment and Construction] is a special purpose subsidiary to develop real estate projects in Karaköy, İstanbul. The company engages in planning, construction and/or contracting out the construction, leasing, operating and outsourcing of miscellaneous tourism facilities, hotels and real estate investments. The company has an ongoing hotel development project in Karaköy.



SHAREHOLDER STRUCTURE

Shareholder Structure as of December 31, 2014

Shareholder	Group	Share Amount (TL)	Number of Shares
Akfen Holding	B	95,154,384	95,154,384
Akfen Holding	A	1,000	1,000
Akfen Holding	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 Machinery Industry and Trade	B	43,512	43,512
Akınısı Machinery Industry and Trade	C	1	1
Akınısı Machinery Industry and Trade	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
TOTAL		184,000,000	184,000,000

A, C and D group shares have the privilege to nominate the members of the Board of Directors. Members of the Board of Directors are elected by the General Assembly in order to include two Board members among the candidates nominated by the shareholders of Group A, two members among the candidates of Group C and two members among the candidates of Group D. The Company does not have its own share acquired.

31.12.2014

Akfen Holding A.Ş.	Free Float	Hamdi Akın	Akfen Holding A.Ş. [Free Float]	İbrahim Süha Güçsav	Other
51.72%	24.44%	16.41%	5.16%	2.25%	0.02%



REIT INDUSTRY

In 2014, Akfen REIT inaugurated a new hotel in Ankara Esenboğa. The Company's expertise in city hotels allows it to add significant value to investments; moreover, the Company further strengthens its financial structure by focusing on profitable development projects.

The Turkish REIT sector was born in 1995 after the Capital Markets Board issued the necessary legal framework and REIT companies became listed on the stock exchange in 1997.

Under the Capital Market Law, the goal of real estate investment trust (REIT)s is to invest in real estate, real estate-based projects, real estate-based rights and capital market instruments that have high return potential, and to earn rental income and real estate purchase/sale profit from their real estate portfolios.

Another activity of real estate investment trusts is to provide financial support to large-scale real estate development projects, such as commercial and shopping centers, that project developer companies have difficulty in financing. Many companies that do not have sufficient equity to fund large development projects can be directed to debt financing, which brings with it a significant interest burden.

Even if the equity capital is sufficient for the investment, the cost of equity has to be taken into consideration. Such development projects can be financed by the funds collected from the public in exchange for shares of real estate investment trusts. With the solutions offered by REITs, the financial burden on these companies is decreased significantly.

Although a nascent field in Turkey, the REIT sector has made immense contributions to the nation's economy to date. As of year-end 2014, 31 REITs are listed on the BIST with a total market capitalization of USD 20.5 billion.

The real estate and construction industries, which support hundreds of sub-sectors, play an important role in sustainable development by providing significant added value to the Turkish economy and the labor market. The real estate sector, in which the REITs operate, provides employment opportunities to over 2 million persons in Turkey.

Growth trend to continue

Following a relatively subdued trajectory in first half 2014 due to political and economic developments in Turkey and abroad, the sector started to rebound from September onwards and closed the year with 13-14% growth, remaining the engine of the Turkish economy. Foreign investments in the real estate sector, which totaled USD 1,764 million in the first eight months of 2013, rose 64.7% in the same period of 2014, climbing to USD 2,906 million. This upward trend is expected to continue in 2015, resulting in projected overall growth of about 10%.

Tourism investments set to rise

Istanbul, attracting ever-increasing attention from foreigner investors as well as tourists, is expected to remain the heart of the sector. Real estate and tourism investments are forecast to rise significantly during the year. The retail sector, which expands by 8% on average every year, has seen a 65% increase in foreign investment in shopping malls over the last five years.

A similar trend is visible in tourism investments. Welcoming 10 million tourists every year, İstanbul requires nearly 150,000 beds to meet this demand. This suggests that more 5-star hotels and city hotels are required in Turkey's largest city.

These developments attest to the success of the unrivaled and original business model of Akfen REIT, Turkey's only real estate investment trust to invest exclusively in city hotels.

Going from strength to strength, the Company inaugurated a new hotel in Ankara Esenboğa, adding value to investments with deep expertise in city hotels and strengthening its financial structure with a focus on profitable projects.

Committed to continue investing in 2015, the Company will boast a portfolio of 20 hotels located in Turkey, Russia and TRNC upon the completion of three hotels currently under construction.

HOTEL INDUSTRY

Investments in the accommodations sector, currently valued at about USD 71 billion, continue apace. In 2014, 172 new facilities were inaugurated and 90,000 new beds were added in Turkey.

In 2013, Turkey placed sixth in the list of countries drawing the most visitors, after France, USA, China, Spain and Italy, and continued to grow and expand in tourism in 2014.

The number of foreign tourist arrivals in Turkey rose from 34.9 million in 2013 to 37.3 million in 2014. In the same period, tourism revenues went up from USD 32.3 billion to USD 34.1 billion.

This upward trend is expected to continue in the coming period. The number of foreign visitors to Turkey is forecast to increase 5.3%, to 39.2 million, with tourism revenues growing 6.9%, to USD 36.5 billion, in 2015.

The tourism sector is vitally important for the Turkish economy. Some 2.6 out of every 100 business enterprises in Turkey are active in the tourism sector, which also employs 4.6 out of every 100 residents of the country. Tourism accounts for 1.1% of profits before taxes of all private sector companies.

Investments in the accommodations sector, totaling USD 71 billion, continue apace. In 2014, 172 new facilities were inaugurated and thus 90,000 new beds were added in the sector.

The city hotel concept continued to develop through the year with 3- and 4-star hotel projects drawing a large proportion of all tourism investments. Some 63% of all accommodation facilities that opened in 2014 were 4- and 5-star hotels, followed by boutique and thermal hotel properties, and then 3-star hotels.

Of the new beds, 23% were in Antalya, with 17% in Muğla and 16% in İstanbul. In Turkey, hotel investments spread out from the large cities to Anatolia. In terms of the number of new beds in service, Antalya, İstanbul and Muğla are followed by Afyon, Ankara, Aydın, Trabzon, İzmir, Eskişehir, Adana and Mersin.

Continuing to invest in Turkey and abroad with its economical city hotel concept, Akfen REIT increased the number of properties in its hotel portfolio to 20 with one new hotel opened in 2014 and with ongoing development projects.

Akfen REIT will continue to pursue a robust real estate investment schedule in 2015 boosted by the long-established know-how of Akfen Group and the Company's successful business model. Planning to open three new hotels (one in Moscow, and one in Karaköy in 2015, one in Tuzla in 2016), the Company will continue to expand with new development projects by thoroughly evaluating market needs.



HIGHLIGHTS OF 2014

The 147-room Ibis Hotel Ankara Airport, a property in Akfen REIT's portfolio, became operational on September 30, 2014.

December 10, 2014, Share Acquisition

On December 10, 2014, the Company acquired a 0.00014% stake in its subsidiary Akfen Gayrimenkul Ticareti ve İnşaat A.Ş. [Akfen RETC] in return for the nominal share value of TL 175. After the share transfer, the Company's total stake in Akfen RETC rose from 99.99986% to 100%.

September 30, 2014, Ibis Hotel Ankara Airport Inauguration

The 147-room Ibis Hotel Ankara Airport, part of Akfen REIT's portfolio, became operational on September 30, 2014.

September 4, 2014, Appointment to Investor Relations Department

The Company's Board of Directors unanimously decided on September 4, 2014 with resolution numbered 18 to appoint Hüseyin Yılmaz to the Investor Relations Department as per the CMB's Corporate Governance Communiqué.

July 3, 2014, Collection of Compensation in Moscow Land Lawsuit

In the lawsuit filed in 2012 with regard to the lease contract for the operational

rights of a land parcel belonging to Dinamo-Petrovskiy Park XXI Vek-MS Ltd. under the umbrella the Company's subsidiary Hotel Development and Investments B.V. [HDI], the court of first instance decided that RUB 199,775,062 [EUR 4,560,000] shall be paid to the subsidiary in compensation. The referenced amount was collected by the Company's subsidiary on July 3, 2014.

May 28, 2014, Application for the Amendment of Articles of Association Pursuant to the CMB's Communiqué on Principles Concerning Real Estate Investment Trusts no. III-48.1

As stipulated in the CMB's Communiqué on Principles Concerning Real Estate Investment Trusts no. III-48.1, the phrase "Increase of in-kind capital can only be decided upon by the General Assembly" must be added to Article 8 on "Capital and Shares" of the Articles of Association. Accordingly, as per Board of Directors resolution dated May 28, 2014 and numbered 13, the Company filed an application with CMB for the amendment of Article 8 as indicated in the Annex.

May 26, 2014, Election of Committee Members

Pursuant to the unanimous Board of Directors resolution dated May 23, 2014 and numbered 2014/12, in line with Capital Markets Board's Corporate Governance Communiqué ["Communiqué"] no. II-17.1:

1. Independent Board Member Mehmet Semih Çiçek, Independent Board Member Mustafa Dursun Akin, Independent Board Member Ahmet Seyfi Usluoğlu and Finance and Investor Relations Manager Servet Didem Koç are appointed to the Corporate Governance Committee for a period of 1 [one] year, and Mehmet Semih Çiçek will serve as Corporate Governance Committee Chairman,
2. The Corporate Governance Committee shall also fulfill the functions of the Nomination Committee and Remuneration Committee,
3. Independent Board Member Mehmet Semih Çiçek, Independent Board Member Mustafa Dursun Akin and Independent Board Member Ahmet Seyfi Usluoğlu are appointed to the Audit Committee for a period of 1 [one] year, and Mustafa Dursun Akin will serve as Audit Committee Chairman,
4. Independent Board Member Mustafa Dursun Akin, Board Member Selim Akin and Board Member Pelin Akin are appointed to the Early Risk Detection Committee for a period of 1 [one] year, and Mustafa Dursun Akin will serve as Early Risk Detection Committee Chairman,
5. In accordance with Article 11 of the Communiqué, in order to maintain communications between the Company and investors, an Investor Relations Department will be established, to be chaired by Servet Didem Koç, who already fulfills these functions and has the qualifications outlined in the Communiqué; Servet Didem Koç will report directly to the Company CEO Vedat Tural, will also sit on the Corporate Governance Committee, and her contact data will be published on the Public Disclosure Platform [KAP].

May 23, 2014, Board Decision Related to Appointments of the Chairman and the Deputy Chairman of the Board of Directors

As resolved at the Company's Board of Directors meeting dated May 23, 2014 and numbered 2014/11, İbrahim Süha Güçsavaş was appointed Chairman and Executive Director of the Board of Directors of Akfen REIT and Mustafa Keten was appointed Deputy Chairman of the Board of Directors of Akfen REIT for one [1] year from the referenced date forward, not taking into consideration their previous terms of office.

HIGHLIGHTS OF 2014

May 14, 2014, Registry of the Ordinary General Assembly for 2013

The Ordinary General Assembly for 2013, held on May 6, 2014, was registered by the İstanbul Commercial Registry Office on May 14, 2014.

May 6, 2014, Ordinary General Assembly Results

The Company's Ordinary General Assembly for 2013 was held on May 6, 2014 at 14:00, at the Company Head Office at the address Levent Loft Binası, Büyükdere Caddesi, No: 201 C Blok Kat: 8 Levent/İstanbul, under the supervision of Ministry Official M. Zafer Karakoç, authorized by the relevant document dated May 5, 2014 and numbered 12334 issued by the İstanbul Governor's Office, Provincial Directorate of Commerce. As prescribed by Article 414 of the Turkish Commercial Code, the invitation to the referenced meeting was published within the legally required deadline in the Turkish Commercial Registry Gazette dated April 3, 2014, numbered 8542 and dated April 10, 2014 and numbered 8547, in Star newspaper dated April 3 and 4, 2014, on the Company's web site and on the Central Registry Agency's Electronic General Assembly System, in the format required by the Turkish Commercial Code and Articles of Association, and complete with the list of agenda items. An analysis of the list of participants revealed that, of the Company's total capital worth TL 184,000,000.00, 1,000 Class A shares worth TL 1,000.00, 1,000 Class C shares

worth TL 1,000.00, 1,000 Class D shares worth TL 1,000.00, and 142,941,083 Class B shares worth TL 142,941,083.00 were represented at the meeting. As such, the meeting quorum required by law and the Articles of Association was met. Board Member and Executive Director İbrahim Süha Güçsav, Board Member Sıla Ciliz İnanç, and Senior Independent Auditor M. Şafak Erdur, on behalf of Independent Audit Firm Akis Bağımsız Denetim Serbest Muhasebeci Mali Müşavirlik A.Ş. [KPMG], were present at the meeting. The Ordinary General Assembly Meeting was initiated by Executive Director İbrahim Süha Güçsav simultaneously in both the physical and virtual environments, with the discussion of the agenda items.

The Meeting Agenda has been read by Board Member Sıla Ciliz İnanç and since there was no proposal to change the order of the agenda items, the agenda items have been discussed in the announced order.

According to the consolidated financial statements for 2013 issued pursuant to the Capital Markets Law and the Company's Dividend Distribution Policy and audited by KPMG-Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., the Company's Consolidated Net Profit for the Period stands at TL 118,002,845.00; however, there is no distributable profit. This issue was presented to the attention of the General Assembly, which approved that no dividend would be distributed for the accounting period 2013.

April 10, 2014, Establishment of Mortgage on Ibis Hotel Tuzla Land Parcel

For the financing of the 200-room Tuzla Ibis Hotel project in the Company portfolio, a loan agreement with a limit of EUR 10,000,000 was made on March 20, 2014 and the first tranche of EUR 4,000,000 was released. In return for the allocation of the loan, a first lien mortgage of EUR 15,000,000 was placed in favor of the bank on the referenced parcel of land, on April 10, 2014.

April 1, 2014, Unanimous Board of Directors Resolutions at the Ordinary General Assembly for 2013

The Board of Directors met at the Head Office and resolved the following:

Resolution No. 1: The Ordinary General Assembly of Shareholders for 2013 shall be held on May 6, 2014 at 14:00, at the Company Head Office at the address Levent Loft Binası, Büyükdere Caddesi, No: 201 C Blok Kat: 8 Levent/İstanbul in order to review the operations of 2013 and discuss and decide on the agenda items listed above,

Resolution No. 2: This detailed Informational Note including Board of Directors and relevant reports, Financial Statements and Independent Audit Report, Dividend Distribution Proposal, and Annual Report complete

with Corporate Governance Principles Compliance Report and agenda items, shall be made available at the Head Office, posted on the web site www.akfengyo.com.tr and on the Central Registry Agency's Electronic General Assembly System for the review of shareholders three weeks prior to the Ordinary General Assembly, Resolution No. 3: In accordance with legal obligations, the issue shall be duly announced to shareholders,

Resolution No. 4: An application shall be filed with the Ministry of Customs and Commerce, İstanbul Provincial Directorate, for the appointment of a Ministry Official to the meeting.

Agenda of the General Assembly for 2013

1. Opening and election of the Chairperson of the Meeting,
2. Authorization of the Chairperson to sign the minutes of the General Assembly,
3. Reading out, deliberation and approval of the Annual Report 2013 issued by the Board of Directors,
4. Reading out of the Independent Audit Report Summary for the accounting period 2013,

HIGHLIGHTS OF 2014

5. Reading out, deliberation and approval of the Financial Statements for the year 2013,
6. Release of each Board Member from liability with respect to the Company's business activities in 2013,
7. Voting on the Dividend Distribution Policy for 2013 and following years, pursuant to Capital Markets Board regulations,
8. Approval, revision or rejection of the Dividend Distribution Policy by the Board of Directors for 2013 and following years,
9. Provision of information to shareholders with regard to the duties of Board Members including Independent Board Members within and outside the Group,
10. Determination of the number, and term of office of Board Members,
11. Election of the Board Members including Independent Board Members,
12. Provision of information to shareholders on the Remuneration Policy for Board Members and Senior Managers, and the payments effectuated in line with the policy, as stipulated by the Corporate Governance Principles, and approval of the referenced actions,
13. Determination of the monthly gross salary for Board Members,
14. Approval of the selection of the Independent Audit Firm by the Board of Directors, pursuant to the Turkish Commercial Code and Capital Markets Board regulations,
15. Approval of the selection of the Independent Rating Firm by the Board of Directors, pursuant to Capital Markets Board regulations,
16. Provision of information to shareholders about the Company's donations in 2013 and determination of an upper limit for donations in 2014,
17. Provision of information to shareholders about any collateral, pledge mortgage or indemnity placed in favor of third parties, and any revenue and side benefits obtained in 2013 as prescribed by Capital Markets Board regulations,
18. Provision of information to shareholders about any transactions such as described by Turkish Commercial Code Articles 395 and 396 concerning ultimate controlling shareholders, Board Members, senior managers and their second and third degree relatives by blood or marriage in 2013, and the authorization of such transactions,
19. Wishes and opinions.

April 1, 2014, Board of Directors Resolution on Dividend Distribution for 2013

Since the financial statements for the accounting period January 1 - December 31, 2013, prepared in accordance with Board of Directors resolution dated April 1, 2014 and numbered 6, pursuant to the provisions of Capital Markets Board's Communiqué no. II-14.1, in line with Turkish Accounting Standards and Turkish Financial Reporting Standards issued by the Public Supervision, Accounting and Audit Standards Institution, and independently audited by Denge Ankara Bağımsız Denetim ve Yeminli Mali Müşavirlik A.Ş., show no distributable profit according to applicable legislation, the Board of Directors unanimously decided to inform the General Assembly of this situation, and put to a vote that no profit shall be distributed.

March 31, 2014, Court Decision on Moscow Land Parcel

In the lawsuit filed in 2012 with regard to the lease contract for the operational rights of a land parcel belonging to Dinamo-Petrovskiy Park XXI Vek-MS Ltd. under the umbrella the Company's subsidiary Hotel Development and Investments B.V. (HDI), the court of first instance decided that RUB 199,775,062 [EUR 4,560,000] shall be paid to the subsidiary in compensation. The referenced amount was collected by the Company's subsidiary on July

3, 2014. Upon the application of the Moscow government, the court of appeal convened on December 23, 2013 and approved the decision of the court of first instance. The Moscow government made an appeal to the Court of Cassation against this decision on February 10, 2014. The Court of Cassation approved the decision of the court of first instance and court of appeal on February 31, 2014 and the detailed ruling was issued on April 7, 2014.

March 20, 2014, Financing of Ibis Hotel Tuzla

For the financing of the 200-room Tuzla Ibis Hotel project in the Company portfolio, a loan agreement with a limit of EUR 10,000,000 was made on March 20, 2014 and the first tranche of EUR 4,000,000 was released on April 10, 2014.

March 1, 2014, Ibis Hotel Tuzla - Accor Lease Contract

A lease contract for the development of a 200-room Ibis Hotel on the Akfen REIT-owned land parcel in İstanbul province, Tuzla district, Aydınli Village, Pavli Pier, Sheet 18, City Block 3623 and its lease to Accor S.A. was signed on March 1, 2014. The lease duration is 25+/-10 years, and the lease value is the greater one of 25% of turnover or 85% of adjusted gross operating profit (AGOP).

HIGHLIGHTS OF 2014

February 19, 2014, Contract for Samara Office Lease

On February 19, 2014, 746 sqm of a total of 4,637 sqm belonging to Samara Office, which is in the portfolio of Russian Property Investment's subsidiary Volgastroykom, was leased to the firm Samarasnabpodshipnik, set up by Samara Podshibnik -Russia's biggest ball and roller bearing company- for marketing purposes. The monthly rent is around TL 29,559 including VAT, and the lease period will start on April 15, 2014.

January 29, 2014, Ibis Hotel Moscow - Accor Lease Contract

On January 29, 2014, HDI, via its subsidiary Severny, signed a lease agreement with Accor S.A.'s Russia subsidiary Russian Management Hotel Company with regard to the 317-room Ibis Hotel project under construction in Moscow. According to the terms of the contract, the lease period is 25 years, and Accor S.A. has the right to extend the period by 10 years. The annual rent has been determined as the greater one of 25% of annual rent turnover or 85% of AGOP.

January 29, 2014, Selection of Real Estate Appraisal Company and Independent Audit Firm

At the Board of Directors meeting dated January 29, 2014:

- In accordance with Article 35 of the Capital Markets Board Communiqué Serial: III, No: 48.1 on "Principles

Regarding Real Estate Investment Trusts," the selection of EPOS Gayrimenkul Değerleme A.Ş. as the main appraisal company to assess the value of real estate in the Company's portfolio; and EPOS Gayrimenkul Değerleme A.Ş. and ELİT Gayrimenkul Değerleme A.Ş. as the appraisal companies for real estate that will be added to the Company's portfolio that require a valuation,

- In accordance with the Capital Markets Board Communiqué on "Standards of Independent Audit in Capital Markets," the selection of PWC-Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. as the independent audit firm for the 2014 reporting year, subject to submission of approval of the next General Assembly.

DEVELOPMENTS AFTER 2014

January 7, 2015, Land Parcel Purchase

A land parcel belonging to the Company located in İstanbul province, Tuzla district, Aydınlı neighborhood, parcel no.: 3623 has been merged with the surrounding parcels belonging to the Treasury (parcels no. 3624, 3590 and 3558), and the resulting 427.74 sqm parcel was purchased for TL 1,924,830 and the title deed transfer was completed on January 7, 2015.

January 19, 2015, Loan Agreement

A 10-year loan agreement for EUR 116,000,000 with a 2-year grace period was signed on February 19, 2015 between Akfen REIT and Credit Europe Bank N.V. to be used in refinancing loans taken out by Akfen REIT and to cover the expenses of ongoing investment projects in the Company portfolio. The loan will be extended once the loan allocation requirements are fulfilled.

Talks are ongoing between Credit Europe Bank and Akfen REIT with regard to another loan under the same terms and conditions to be used in refinancing loans taken out by Akfen REIT's subsidiaries and to cover their expenses related to ongoing investment projects.

March 2, 2015, Ibis Hotel Tuzla Construction Permit

The construction permit for the 200-room Ibis Hotel project, located on a land parcel in İstanbul province, Tuzla district, Aydıntepe neighborhood was obtained on March 2, 2015.



EVALUATION OF OPERATIONS IN 2014

One of the largest REITs operating in Turkey in terms of balance sheet size, Akfen REIT raised its lease revenues up to TL 51 million as of December 31, 2014.

Highlights of 2014

- Consolidated rental income increased 24% compared to the previous year and amounted to TL 51 million.
- Consolidated EBITDA rose 36% over the prior year and climbed to TL 39.5 million.
- Consolidated net debt totaled TL 493.8 million.
- As of December 31, 2014, the Company's net asset value amounted to TL 920.2 million.

Financial Assessment of the Management

Managed by highly competent and experienced professionals in both operational as well as financial areas, Akfen REIT maintained its financial performance in 2014 and continued to grow with successful projects. The Company increased its cash generation capability with the opening of the Ibis Hotel Ankara Airport project in 2014.

The Company's EBITDA [Earnings before interest, taxes, depreciation and amortization], excluding other operating income and expenses, increased by 36% to TL 39,485,479 at the end of 2014. Akfen REIT's lease revenue grew by 24% compared to the same period of the previous year and amounted to TL 50,974,167.

As one of the largest REITs operating in Turkey in terms of balance sheet size, the net asset value of Akfen REIT reached TL 920.2 million as of December 31, 2014.

Operational Performance

- Consolidated rental income rose 24% over 2013, to TL 51 million.
- With the opening of Ibis Hotel Ankara Airport on December 30, 2014, the number of operating hotels in the Company's portfolio climbed to 17 and rentable rooms rose to 2,911.
- As of December 31, 2014, the average occupancy rates of Akfen REIT hotels operating in Turkey and Russia was 67% and 53%, respectively, while the average occupancy rate of all operational hotels was 64%.
- The average room rate of Akfen REIT hotels operating in Turkey was EUR 50 while the average room rate of hotels operating in Russia was EUR 46. As of December 31, 2014, the average room rate of all Akfen REIT operational hotels was EUR 49.
- The Company's consolidated hotel expenses increased 7% from TL 5.7 million in 2013 to TL 5.3 million in 2014.
- Consolidated general management expenses fell 16%, from TL 7.0 million in 2013 to TL 5.8 million in 2014.
- As a result of both the smaller increase in hotel lease expense compared to hotel rental income and the fall in general and administrative expenses over the previous year, the Company's consolidated EBITDA rose 36% to TL 39.5 million in 2014, up from TL 29 million in 2013.
- Interest expense was up 5% in 2014 and stood at TL 21.2 million.
- As of December 31, 2014, the Company's net asset value amounted to TL 920.2 million.

EVALUATION OF OPERATIONS IN 2014

Increase in the EBITDA value in 2015

By the end of 2014, the total number of hotels built and leased out by Akfen REIT reached 17. Akfen REIT plans to complete two new hotel projects in Turkey and one in Russia, increasing the number of leased hotels to a total of 20 by 2016.

With newly opened hotels and hotels planned to be opened, the Company's 2015 year-end consolidated EBITDA is expected to increase.

Regional Distribution of 2013 Annual Rental Income [%]

Russia	TRNC	Turkey
26%	27%	47%

Regional Distribution of 2013 EBITDA [%]

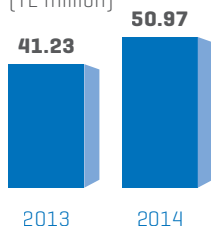
Russia	TRNC	Turkey
26%	34%	40%

Breakdown of 2013 General and Administrative Expenses [%]

Personnel expenses	Consulting expenses	Operating lease expenses	Taxes, duties and levies	Other
49%	22%	9%	3%	2%
Outsourced benefits and services	Advertising expenses	Travel and representation expenses	Depreciation and amortization expenses	
10%	1%	3%	1%	

CONSOLIDATED RENTAL INCOME

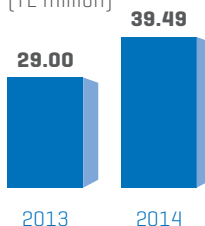
[TL million]



INCREASE
24%

EBITDA

[TL million]



INCREASE
36%

2014 [TL million]	Rental Income	EBITDA	EBITDA Margin	Net Debt
Turkey	23.8	15.9	67	311.8
TRNC	13.8	13.3	97	30.0
Russia	13.4	10.3	77	152.0
Consolidated	51.0	39.5	77	493.8

Number of Employees	2013	2014	Change [%]
Turkey	13	13	0
TRNC	2	0	-100
Russia	16	14	-13
Consolidated	31	27	-13

Rental Income [TL million]	2013	2014	Change [%]
Turkey	23.0	23.8	3
TRNC	12.0	13.8	15
Russia	6.2	13.4	11.4
Consolidated	41.2	51.0	24

EVALUATION OF OPERATIONS IN 2014

	2013	2014	Increase/ Decrease Rate
	[January- December]	[January- December]	%
Total Income per All-in Room (TL)			
Total Ibis in Turkey	93	95	2
Total Novotel in Turkey	190	198	4
Total Ibis & Novotel in Turkey	124	126	2
Total Ibis in Russia	107	98	-8
Total Ibis & Novotel in Turkey & Russia	121	120	-1

	2013	2014	Increase/ Decrease Rate
	[January- December]	[January- December]	%
Rent Income (TL million)			
Total Ibis in Turkey	12	13	3
Total Novotel in Turkey	11	11	3
Total Ibis & Novotel in Turkey	23	24	3
Total Ibis in Russia	5	12	118
KKTC TRNC Merit Park Hotel	12	14	15
Office Samara	1	2	96

	2013	2014	Increase/ Decrease Rate
	[January- December]	[January- December]	%
Average Room Rate			
Total Ibis in Turkey	121	120	-1
Total Novotel in Turkey	177	198	12
Total Ibis & Novotel in Turkey	141	145	3
Total Ibis in Russia	136	135	-1
Total Ibis & Novotel in Turkey & Russia	140	144	2

	2013	2014	Increase/ Decrease Rate
	[January- December]	[January- December]	%
Occupancy Rate			
Total Ibis in Turkey	64%	65%	1
Total Novotel in Turkey	74%	70%	-4
Total Ibis & Novotel in Turkey	67%	67%	0
Total Ibis in Russia	58%	53%	-5
Total Ibis & Novotel in Turkey & Russia	65%	64%	-2

Investment Property

The total value of investment property in the Company's portfolio was TL 1,351.9 million in 2014.

In 2014, construction of one hotel in Turkey was completed; the property value for this real estate was transferred to the operating investment property account from the investment property under the construction account.

Investment property (TL million)	2013	2014	Change (%)
Operating investment property	1,129.2	1,047.0	-7
Investment property under construction	289.7	304.9	5
Total	1,418.9	1,351.9	-5

Investment property (TL million)	2013	2014	Change (%)
Turkey	869.4	862.7	-1
TRNC	227.3	217.2	-4
Russia	322	272	-18
Total	1,418.9	1,351.9	-5

Real Estate Investments

As of December 31, 2014, a total of TL 61.6 million was invested in real estate in the Company's portfolio.

EVALUATION OF OPERATIONS IN 2014

As of December 31, 2014

TURKEY

Investment	Novotel Karaköy
Location	Istanbul
Number of Rooms	200
Status	Under Construction
Total Investment Cost [EUR, VAT included]*	34,000,000
Investment Completion [%]	68%
Physical Completion [%]	62%
Estimated Hotel Opening Date	2015

Investment	Ibis Hotel Tuzla
Location	Istanbul
Number of Rooms	200
Status	Project
Total Investment Cost [EUR, VAT included]*	15,000,000
Investment Completion [%]	44%
Physical Completion [%]	0
Estimated Hotel Opening Date	2016

* Excluding the cost of financing in the construction period and general and administrative expenses attributable to the projects.

Includes advance payments made to the contractors.

As of December 31, 2014

RUSSIA

Investment	Ibis Hotel Moscow
Location	Moscow
Number of Rooms	317
Status	Under Construction
Total Investment Cost [EUR, including VAT]*	33,500,000
Investment Completion [%]	88%
Physical Completion [%]	90%
Estimated Hotel Opening Date	2015

* Excluding the cost of financing in the construction period and general and administrative expenses attributable to the projects.

Includes advance payments made to the contractors.

Receivables and Payables from Related Parties

Trade Payables to Related Parties:

As of December 31, 2014, the entire balance of trade payables to related parties consists of a price discrepancy in invoices received from Akfen İnşaat related to progress payments of the Company's Esenyurt, İzmir and Adana projects.

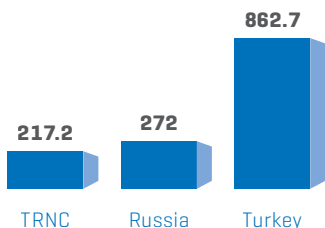
Trade payables to related parties [TL]	December 31, 2013	December 31, 2014
Akfen İnşaat Turizm ve Ticaret A.Ş.	751,010	721,394

Related Party Transactions

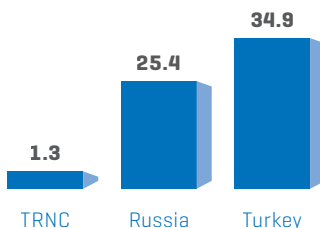
Investment Property [TL]	January 1 - December 31, 2013	January 1 - December 31, 2014
Akfen İnşaat Turizm ve Ticaret A.Ş.	30,740,471	17,666,490

Rent expenses [TL]		
Hamdi Akin	266,628	278,344

BREAKDOWN OF INVESTMENT PROPERTY BY REGION (TL million)



REGIONAL DISTRIBUTION OF INVESTMENT EXPENDITURE IN 2014 (TL million)



Net Asset Value

The Company's net asset value was 920.2 TL million as of December 31, 2014.

EVALUATION OF OPERATIONS IN 2014

Portfolio Table (TL million)	2013	2014
Operating Hotels		
Novotel and Ibis Hotel İstanbul	247.4	233.3
Novotel Trabzon	96.8	110.4
Novotel and Ibis Hotel Gaziantep	65.3	58.7
Ibis Hotel Esenyurt	57.7	55.5
Novotel and Ibis Hotel Kayseri	60.8	54.1
Ibis Hotel Bursa	54.4	47.6
Ibis Hotel İzmir	46.8	46.0
Ibis Hotel Adana	39.5	39.7
Airport Ibis Hotel Ankara	-	35.3
Ibis Hotel Eskişehir	16.9	14.7
Ongoing Projects		
Ibis Hotel Ankara Airport	35.3	-
Ibis Hotel Tuzla	16.5	20.9
Subsidiaries	511.3	466.8
Money & Capital Market Instruments	0.4	0.2
Total Portfolio Value	1,249.2	-1,183.3
Other Assets & Receivables	28.9	26.2
Liabilities	289.9	289.4
Net Assets	988.2	920.2

**As of December 31, 2014, Ibis Hotel Ankara Airport passed from "Ongoing Projects" to "Operating Hotels."*



REAL ESTATE ASSESSMENT REPORT RESULTS

As of year-end 2014, the total number of hotels built and leased by Akfen REIT has risen to 17.

Novotel and Ibis Hotel İstanbul

In the real estate appraisal study for the hotel, the property value was calculated through the Income Approach and Cost Approach since it is an income generating commercial property. In the Cost Approach, the value of land parcel was determined according to the market comparison method.

According to the cost including land approach, the total value was assessed as EUR 39,413,000 (TL 111,172,000).

The net value of the appraised hotel situated on the parcel has been calculated as EUR 93,320,000 (TL 263,228,000) through discounting the potential rental income in the remaining term of the 49-year lease contract. The value of the lease payments by Accor Group to Akfen REIT has been calculated as EUR 72,110,000 (TL 203,401,000) according to the discounted income method. The hotel's resulting value is the arithmetic average of the values calculated through these two methods: EUR 82,716,000 (TL 233,315,000).

As of December 31, 2014 the rental value of the property was calculated by discounting the real estate's rental income. The annual rental value of the property was found by discounting the average annual net cash flows in the first year to the valuation date. As a result, the annual rental value of the hotel was appraised as EUR 4,880,000 (TL 13,768,000).

Novotel Trabzon

In the real estate appraisal study for the hotel, the property value was calculated through the Income Approach and Cost Approach since it is an income generating commercial property. In the Cost Approach, the value of the land parcel was calculated according to the market comparison method.

According to the cost including land approach, the total value was assessed as EUR 20,438,000 (TL 57,650,000).

The net value of the appraised hotel situated on the parcel has been calculated as EUR 43,410,000 (TL 122,447,000) through discounting the potential rental income in the remaining term of the 49-year lease contract. The value of the lease payments by Accor Group to Akfen REIT has been calculated as EUR 34,840,000 (TL 98,273,000) according to the discounted income method. The hotel's resulting value is

the arithmetic average of the values calculated through these two methods: EUR 39,125,000 [TL 110,360,000].

As of December 31, 2014, the rental value of the property was calculated by discounting the real estate's rental income. The annual rental value of the property was found by discounting the average annual net cash flows in the first year to the valuation date. As a result, the annual rental value of the hotel was calculated as EUR 2,043,000 [TL 5,763,000].

Novotel and Ibis Hotel Gaziantep

In the real estate appraisal study for the hotel, the property value was calculated through the Income Approach and Cost Approach since it is an income generating commercial property. In the Cost Approach, the value of land parcel was determined according to the market comparison method.

According to the cost including land approach, the total value was assessed as EUR 18,523,000 [TL 52,248,000].

The net value of the appraised hotel situated on the parcel has been calculated as EUR 24,260,000 [TL 68,430,000] through discounting the potential rental income in the remaining term of the 30-year lease contract. The value of the lease payments by Accor Group to Akfen REIT has been calculated as EUR 17,380,000 [TL 49,024,000] according to the discounted income method. The hotel's resulting value is the arithmetic average of the values calculated through these two methods: EUR 20,820,000 [TL 58,727,000].

As of December 31, 2014 the rental value of the property was calculated by discounting the real estate's rental income. The annual rental value of the property was found by discounting the average annual net cash flows in the first year to the valuation date. As a result, the annual rental value of the hotel was calculated as EUR 1,276,000 [TL 3,599,213].

Novotel and Ibis Hotel Kayseri

In the real estate appraisal study for the hotel, the property value was calculated through the Income Approach and Cost Approach since it is an income generating commercial property. In the Cost Approach, the value of land parcel was determined according to the market comparison method.

According to the cost including land approach, the total value was assessed as EUR 14,080,000 [TL 39,715,000].

As per the income capitalization approach, by discounting potential revenues that will be generated in the remaining period of the 49-year rental agreement of the building, the net present value of the hotel was calculated as TL 21,330,000. The present value of the rent income that will be paid by Accor Group to Akfen REIT was calculated as EUR 17,050,000 [TL 48,093,000] using the discounted cash flow method. The fair market value of the hotel was appraised as EUR 19,190,000 [TL 54,130,000], the approximate arithmetic average of the values calculated with both methods.

REAL ESTATE ASSESSMENT REPORT RESULTS

As of December 31, 2014 the rental value of the property was calculated by discounting the real estate's rental income. The annual rental value of the property was found by discounting the average annual net cash flows in the first year to the valuation date. As a result, the annual rental value of the hotel was calculated as EUR 971,000 [TL 2,739,000].

Ibis Hotel Eskişehir

In the real estate appraisal study for the hotel, the property value was calculated through the Income Approach and Cost Approach since it is an income generating commercial property.

The appraised real estate generates income, and in such property the income approach and rent value analysis yield more accurate results. As such, in the final appraisal, the value calculated through the cost approach was disregarded.

According to the cost including land approach, the total value was assessed as EUR 7,500,000 [TL 21,167,000].

As per the income capitalization approach, by discounting potential revenues that will be generated in the remaining period of the 22-year rental agreement of the building, the net present value of the hotel was calculated as EUR 5,530,000 [TL 15,598,000]. The present value of the

rent income that will be paid by Accor Group to Akfen REIT was calculated as EUR 3,370,000 [TL 9,506,000] using the discounted cash flow method.

The rent income for the hotel's additional facilities, such as restaurant and fitness center, was calculated separately. Accordingly, the net current value of the rent income from the restaurant is EUR 190,000 [TL 536,000], and that for the fitness center is EUR 580,000 [TL 1,636,000].

When the rent income of the restaurant and fitness center is added to the final value of the hotel property calculated as the arithmetic average of the two methods, the resulting figure is EUR 5,220,000 [TL 14,724,000].

As of December 31, 2014 the rental value of the property was calculated by discounting the real estate's rental income. The annual rental value of the property was found by discounting the average annual net cash flows in the first year to the valuation date. As a result, the annual rental value of the hotel was calculated as EUR 438,000 [TL 1,235,000].

Ibis Hotel Bursa

In the real estate appraisal study for the hotel, the property value was calculated through the Income Approach and Cost Approach since it is an income generating commercial property. In the

Cost Approach, the value of land parcel was determined according to the market comparison method.

According to the cost including land approach, the total value was assessed as EUR 10,553,000 [TL 29,766,000].

The net value of the appraised hotel situated on the parcel has been calculated as EUR 19,540,000 [TL 55,116,000] through discounting the potential rental income in the remaining term of the 30-year lease contract. The value of the lease payments by Accor Group to Akfen REIT has been calculated as EUR 14,240,000 [TL 40,167,000] according to the discounted income method. The hotel's resulting value is the arithmetic average of the values calculated through these two methods: EUR 16,892,000 [TL 47,642,000].

The real estate's rent value as of December 31, 2014 is the average of the discounted income method and rent income method used to calculate the net cash flow for the first year. The annual rent income of the real estate was found through discounting the net cash flow in the first year up to the assessment day. Accordingly, the hotel's annual rent value is EUR 1,029,000 [TL 2,903,000].

Ibis Hotel Adana

In the real estate appraisal study for the hotel, the property value was calculated through the Income Approach and Cost Approach since it is an income generating commercial property. In the Cost Approach, the value of land was determined according to the market comparison method.

According to the cost including land approach, the total value was assessed as EUR 12,415,000 [TL 35,000,000].

The net value of the appraised hotel situated on the parcel has been calculated as EUR 14,920,000 [TL 42,085,000] through discounting the potential rental income over 10 years. The value of the lease payments by Accor Group to Akfen REIT has been calculated as EUR 13,210,000 [TL 37,261,000] according to the discounted income method. The hotel's resulting value is the arithmetic average of the values calculated through these two methods: EUR 14,065,000 [TL 39,673,000].

The real estate's rent value as of December 31, 2014 is the average of the discounted income method and rent income method used to calculate the net cash flow for the first year. The annual rent income of the real estate was found through discounting the net cash flow in the first year up to the assessment day. Accordingly, the hotel's annual rent value is EUR 601,000 [TL 1,695,000].

Ibis Hotel Esenyurt

In the real estate appraisal study for the hotel, the property value was calculated through the Income Approach and Cost Approach since it is an income generating commercial property.

In the Cost Approach, the value of the property including land was determined as around EUR 8,785,000 [TL 24,779,000]. The value yielded by the Cost Approach was disregarded since it does not offer accurate results in real estate with operational potential such as hotels.

REAL ESTATE ASSESSMENT REPORT RESULTS

By discounting the potential revenues, the net present value of the fitness center was calculated as TL 21,060,000. Accordingly, the net present value of the hotel was calculated as EUR 59,404,000. The value of the lease payments by Accor Group to Akfen REIT has been calculated as EUR 18,300,000 [TL 51,619,000] according to the discounted income method. The hotel's resulting value is the arithmetic average of the values calculated through these two methods: EUR 19,680,000 [TL 55,511,000].

The rental value of the real estate as of December 31, 2014 has been calculated as the average of the discounted income method and rent income method used to calculate the net cash flow for the first year. The rental value of the property was calculated by discounting the real estate's rental income. The annual rental value of the property was found by discounting the average annual net cash flows in the first year to the valuation date. As a result, the annual rental value of the hotel was calculated as EUR 834,000 [TL 2,352,000].

Ibis Hotel İzmir/Alsancak

In the real estate appraisal study for the hotel, the property value was calculated through the Income Approach and Cost Approach since it is an income generating commercial property. In the Cost Approach, the value of land was determined according to the market comparison method.

In the Cost Approach, the total value including land was calculated as approximately EUR 7,393,000 [TL 20,854,000].

The net value of the appraised hotel situated on the parcel has been calculated as EUR 18,340,000 [TL 51,732,000] through discounting the potential rental income in the remaining term of the 49-year lease contract. The value of the lease payments by Accor Group to Akfen REIT has been calculated as EUR 14,280,000 [TL 40,280,000] according to the discounted income method. The hotel's resulting value is the arithmetic average of the values calculated through these two methods: EUR 16,310,000 [TL 46,006,000].

The rental value of the real estate as of December 31, 2014 has been calculated as the average of the discounted income method and rent income method used to calculate the net cash flow for the first year. The annual rent income of the real estate was found through discounting the net cash flow in the first year up to the assessment day. Accordingly, the hotel's annual rent value is EUR 496,000 (TL 1,399,000).

Ibis Hotel Ankara Airport

In the real estate appraisal study for the hotel, the property value was calculated through the Income Approach and Cost Approach since it is an income generating commercial property. In the Cost Approach, the value of land was determined according to the market comparison method.

According to the cost including land approach, the total value was assessed as EUR 11,325,000 (TL 31,944,000).

The net value of the appraised hotel situated on the parcel has been calculated as EUR 12,310,000 (TL 34,723,000) through discounting the potential income. The value of the lease payments by Accor Group to Akfen REIT has been calculated as EUR 12,710,000 (TL 35,851,000) according to the discounted income method.

The figures calculated through the Discounted Income Approach and discounted rental income are close in value. The figure reached through the Cost Analysis Method shows a 10% disparity between these two values, which is an acceptable deviation. As a result, these three methods are in agreement. Since the concerned



REAL ESTATE ASSESSMENT REPORT RESULTS

real estate is an income generating property, the final methods chosen were discounted income and discounted rental income. The hotel's resulting value is the arithmetic average of these two: EUR 12,510,000 [TL 35,287,000].

The real estate's rent value as of December 31, 2014 is the average of the discounted income method and rent income method used to calculate the net cash flow for the first year. The annual rent income of the real estate was found through discounting the net cash flow in the first year up to the assessment day. Accordingly, the hotel's annual rent value is EUR 381,000 [TL 1,075,000].

Ibis Hotel Tuzla Project

Since the land parcel for sale has similarities with the concerned property, and the tract is an empty parcel with no structures on it, the methods of market comparison and discounted income were employed.

The shares of Akfen REIT were calculated as EUR 7,415,000 [TL 20,917,000] according to the market comparison method, and EUR 6,916,000 [TL 19,508,000] according to the discounted income method.

Since the concerned real estate is divided into shares and since the other shareholder is the Treasury, in case Akfen REIT develops a project on the

parcel and builds a hotel, the Treasury will be among the shareholders of the hotel property. Since the revenue sharing model in such a case cannot be precisely estimated, the market comparison method was chosen to calculate the value.

Valuation of Subsidiaries

Akfen Real Estate Trade and Construction Co. Inc. [Akfen RETC]

The discounted cash flow (DCF) method was used to assess the value of Akfen RETC. This method is based on calculating the present value of the company by discounting the future free cash flows projected to be generated by Akfen RETC with the weighted average cost of capital of the company. Under this method, the present value of future cash flows gives the "enterprise value." The equity value is achieved by deducting the net financial liabilities from this amount.

By discounting the firm's cash flows with the weighted average cost of capital by year, it has been calculated as EUR 144,605 million as of December 31, 2014.

The equity value of Akfen RETC, calculated by deducting the net financial liabilities from and by adding the cash and cash equivalents (liquid assets) to the enterprise value, is EUR 109,651 million [TL 309,293 million] as of December 31, 2014.

The calculation of the equity value of Akfen RETC using the DCF method is given in the table below:

EUR [000]		Value	Financial Liabilities [-]	Liquid Assets [+]	Equity Value
Akfen	TRNC & Headquarters	65,038	10,636	6,925	61,327
RETC and Headquarters	Land in Bafra	2,531	-	-	2,883
	Ibis Samara	22,290	24,494	73	41,433
RHI [95%]	Ibis Hotel Yaroslavl	21,783			
	Ibis Hotel Kaliningrad	21,791			
RPI [95%]	Samara Office	10,821	6,827	6	4,000
Akfen RETC Company Value		144,695	Akfen RETC Equity Value		109,651

Akfen Karaköy Real Estate Investment and Construction Co. Inc. [Akfen Karaköy]

The net asset value (NAV) method was used to find the fair market value of Akfen Karaköy. The NAV method is based on the principle of finding an "adjusted book value" by deducting the approximate market values of all assets presently owned by the company from the market value of all liabilities of the company, without considering the possible future cash flows to be created. In order to achieve this, all cost and expense items listed on the balance sheet in historical terms need to be expressed with their current market values.

Accordingly, the NAV is calculated by deducting all financial and other liabilities of the company from the sum of estimated market values of all assets owned by the company and expertise values of all fixed assets.

The net asset value calculation of Akfen Karaköy was based on the balance sheet dated December 31, 2014, which was the most recent financial table of the company by the valuation date.

The most important fixed asset item on the company's balance sheet dated December 31, 2014, "Investment Properties and Investment Properties in Process," was revised by the Company according to the fair market value based on the real estate appraisal report dated December 31, 2014 of TSKB Gayrimenkul Değerleme A.Ş. Values related to other items included in the assets of Akfen Karaköy and values related to the liabilities of the company were taken as given on the balance sheet, based on the assumption that such figures reflect the actual market value.

According to the balance sheet as of December 31, 2014 and expert report dated December 31, 2014, the firm's net asset value stands at TL 92,797,440.

Hotel Development Investment B.V. (HDI)

The net asset value method was used to find the fair market value of HDI. The NAV method is based on the principle of finding an "adjusted book value" by deducting the approximate market values of all assets presently owned by the company from the market value of all liabilities of the company, without considering the possible future cash flows to be created.

REAL ESTATE ASSESSMENT REPORT RESULTS

In order to achieve this, all cost and expense items listed on the balance sheet in historical terms need to be expressed with their current market values. Accordingly, the net asset value is calculated by deducting all financial and other liabilities of the company from the sum of estimated market values of all assets owned by the Company and expertise values of all fixed assets.

HDI's net asset value has been calculated on the basis of the company's most recent financial statement, the balance sheet dated December 31, 2014, which has yet to have undergone an independent audit.

The most important fixed asset item on the company's balance sheet dated December 31, 2014, "Investment Properties and Investment Properties in Process," was revised by the Company according to the market value stated on the real estate appraisal report dated December 31, 2014 of TSKB Gayrimenkul Değerleme A.Ş. Values related to other items included in the assets of HDI and amounts related to the liabilities of the company were taken as given on the balance sheet based on the assumption that such figures reflect the actual market value.

According to the balance sheet as of December 31, 2014 and real estate appraisal report dated December 31, 2014, the firm's net asset value is TL 92,581,292.

As of December 31, 2014	TL	Discount Rates
Operating Hotels		
Novotel and Ibis Hotel İstanbul	233,315,000	7.00% and 9.00%
Novotel Trabzon	110,360,000	7.00% and 9.00%
Novotel and Ibis Hotel Gaziantep	58,727,000	7.00% and 9.00%
Ibis Hotel Esenyurt	55,511,000	7.00% and 9.00%
Novotel and Ibis Hotel Kayseri	54,130,000	7.00% and 9.25%
Ibis Hotel Bursa	47,642,000	7.00% and 9.00%
Ibis Hotel Alsancak	46,006,000	7.00% and 9.00%
Ibis Hotel Adana	39,673,000	7.00% and 9.00%
Ibis Hotel Ankara Airport	35,287,000	7.00% and 9.00%
Ibis Hotel Eskişehir	14,724,000	7.00% and 9.00%
Ongoing Hotel Projects		
Ibis Hotel Tuzla Project	20,917,000	Market Comparison
Subsidiaries	466,823,220	
Akfen Real Estate Trade and Construction Co. Inc.	309,293,000	
Hotel Development and Investment B.V.	92,581,292	
Akfen Karaköy Real Estate Investment and Construction Co. Inc.	64,948,928	



PORTFOLIO LIMITS

Unconsolidated (Individual) Main Financial Account	Related Regulation	December 31, 2014 (TL)	December 31, 2013 (TL)
A. Cash and Capital Market Instruments	III-48.1. Article 24/[b]	232,262	409,421
B. Real Estate, Real Estate Based Projects, Real Estate Based Rights	III-48.1. Article 24/[a]	716,292,000	737,445,000
C. Subsidiaries	III-48.1. Article 24/[b]	466,823,220	511,336,899
Receivables from Related Parties (Non-Commercial)	III-48.1. Article 24/[a]	-	-
Other Assets		26,218,968	28,922,193
D. Total Assets [Total Assets]	III-48.1. Article 3/[p]	1,209,566,450	1,278,113,513
E. Financial Liabilities	III-48.1. Article 31	283,631,976	281,647,741
F. Other Financial Liabilities	III-48.1. Article 31	5,777,063	8,296,370
G. Finance Lease Liabilities	III-48.1. Article 31	-	-
H. Liabilities to Related Parties (Non-Commercial)	III-48.1. Article 23/[f]	-	-
I. Shareholders' Equity [Net Asset Value]	III-48.1. Article 31	920,157,411	988,169,402
	Other Resources	-	-
D. Total Equity And Liabilities [Total Resources]	III-48.1. Article 3/[p]	1,209,566,450	1,278,113,513

Unconsolidated (Individual) Main Financial Account	Related Regulation	December 31, 2014 (TL)	December 31, 2013 (TL)
A1. Cash and Capital Market Instruments Held for Real Estate Payments for the Coming 3 Years	III-48.1. Article 24/[b]	-	
A2. Term/Demand TL/Foreign Currency	III-48.1. Article 24/[b]	225,929	398,565
A3. Foreign Capital Market Instruments	III-48.1. Article 24/[d]	-	-
B1. Foreign Real Estate, Projects Based on Real Estate, Rights Based on Real Estate	III-48.1. Article 24/[d]	-	-
B2. Idle Plot/Land	III-48.1. Article 24/[c]	-	-
C1. Foreign Subsidiaries	III-48.1. Article 24/[d]	92,581,292	95,736,087
C2. Affiliates in Operator Company	III-48.1. Article 28	-	-
J. Non Cash Loans	III-48.1. Article 31	871,662,526	763,683,318
K. Mortgage Costs of Mortgaged Parcels that the Project will be Developed on and are not Owned by the Company	III-48.1. Article 22/[e] 0.00%	0.00%	<10%
L. Total investment of Cash and Capital Market Instruments within One Company	III-48.1. Md. 22 / [I]	-	-

PORTFOLIO LIMITS

Portfolio Restrictions	Related Regulation	Current Period	Previous Period	Minimum/ Maximum Rate
1. Mortgage Costs of Mortgaged Parcels that the Project will be Developed on and are not Owned by the Company	III-48.1. Article 22/[e]	0.00%	0.00%	<10%
2. Real Estate, Projects Based on Real Estate, Rights Based on Real Estate	III-48.1. Article 24/ [a]. [b]	59.22%	57.70%	>51%
3. Cash, Capital Market Instruments and Subsidiaries	III-48.1. Article 24/[b]	38.61%	40.04%	<50%
4. Foreign Real Estate, Projects Based on Real Estate, Rights Based on Real Estate Subsidiaries, Capital Market Instruments	III-48.1. Article 24/[d]	38.59%	40.01%	<50%
5. Idle Plot/Land	III-48.1. Article 24/[c]	0.00%	0.00%	<20%
6. Affiliates in Operator Company	III-48.1. Article 28	0.00%	0.00%	<10%
7. Borrowing Limit	III-48.1. Article 31	126.18%	106.62%	<500%
8. Term/Demand TL/Foreign Currency	III-48.1. Article 22/[e]	0.02%	0.03%	<10%
9. Total Money and Capital Market Instruments Investments of a Company	III-48.1. Md. 22 / [I]	0,00%	0,00%	<10%

As of December 31, 2014, the information provided in the endnote entitled "Control of Compliance with Portfolio Limits," includes summary information derived from the financial statements pursuant to the provisions on the control of portfolio limits such as Article 16 of CMB's "Communique on Principles of Financial Reporting in Capital Markets" Series: II, No: 14.1, "Communique on Principles of Real Estate Investment Trusts" Series: III, No: 48.1 issued on May 28, 2013 in Official Gazette numbered 28660 and "Communique on the Amendment of the Communique on Principles of Real Estate Investment Trusts" Series: III, No: 48.1a issued in the Official Gazette dated January 23, 2014 and numbered 28891. Furthermore, since the data in the table are non-consolidated, they may not correspond to those found in the consolidated tables.

AWARDS

Akfen REIT Annual Report Wins Golden Award

Akfen REIT's Annual Report for 2013 was presented with the "Golden Award" by the US-based independent institution MerComm in the "Real Estate Investment Trust" category at the Galaxy Awards 2014.

Developed around the theme "The World is Our Guest," Akfen REIT's Annual Report placed first among 600 applications from 22 countries including the USA, Canada, Czech Republic, UK, Italy and Turkey.

Playing off the Company's original business model and investments, the annual report's cover was designed like a suitcase covered with symbols of different countries, suggesting that the whole world is our guest. In addition, the report's body text featured large visuals of the Company's hotel investments and detailed information about each project.

Akfen REIT Honored by Euromoney

Akfen REIT was named the "Best Hotel Developer in Turkey" at the Euromoney Real Estate Awards, a highly prestigious event for the real estate sector where the best product and service developers are recognized for their excellence. With this latest accolade, the Company has now won the sector's most coveted award for the fourth consecutive year.

Four Wins for Akfen REIT at the 2014 Vision Awards

At the Annual Reports 2014 Vision Awards, held by the League of American Communication Professionals, one of the world's most renowned public relations platforms, the leader of economical city hotels in Turkey, Akfen REIT, was presented with four awards for its 2013 Annual Report with the theme "The World is Our Guest."

Having received 98 out of a possible 100 points in the REIT category, the annual report won the "Golden Award," ranking 58th out of the Top 80 reports from the MENA (Middle East-Europe-North Africa) Region. The report was also designated as one of Turkey's "Top 20 Reports," while Akfen REIT's agency Finar Kurumsal was deemed worthy of the "Honorary Award for the Best Agency" in the "Best Agency" category.

HUMAN RESOURCES

Creating a dynamic working environment by maximizing employee performance and motivation is the fundamental principle of Akfen REIT's human resources policy.

Akfen REIT develops its human resources strategy to support the vision and mission of the Company. The human resources concept at Akfen REIT is based on creating a dynamic working environment that helps to take the performance and the motivation of the employees to highest levels with the aim of matching the requirements of the job with employees' skills and competencies.

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.

Distribution of employees by education level

Company	Number of Employees	Master's Degree	Bachelor's Degree	High School Degree
Akfen REIT	13	2	8	3
RHI and RPI	14	1	12	1

The Company's goal is to create an employee profile that places importance on professional development while carrying out tasks at the highest performance level. Keen to boost employee performance by offering personnel a dynamic and innovative atmosphere that is open to change and development, the Company provides employees with in-house and external training opportunities and enhances their success and productivity. Akfen REIT accepts the personal and professional development of employees as an integral part of its human resources policy; in this regard, employees were provided with a total of 596 hours of training in 2014.

The Company gives priority to current employees to meet its human resource needs. Akfen REIT's career management practices are based on an impartial and equal opportunity assessment of employee performance reviews. Personality characteristics, self-development capabilities and professional commitments are other factors considered during the assessment process.

With 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, and social responsibility and who are customer-oriented. By the end of 2014, Akfen REIT had 13 employees; its subsidiaries had 14 employees.

The average age of employees is 40 and women account for 30% of the total workforce.

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



RISK MANAGEMENT

With consultancy support provided by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. [Deloitte], Akfen REIT finalized its work related to the early detection of risk in 2012 and the Enterprise Risk Management Manual was presented to the Company's Board of Directors. It was decided that the upcoming internal audits of the Audit Committee would be based on the principles of the Risk Management Manual. The manual is provided in the appendix of this annual report.

The Board of Directors decision dated April 25, 2013 and numbered 2013/9 unanimously resolved that the duties of the Early Detection of Risk Committee, which were previously carried out by the Corporate Governance Committee, shall be conducted by a separate committee pursuant to Capital Markets Board Communiqué Serial IV, No: 56 as amended by Communiqué Serial IV, No: 63. In addition, the referenced decision appointed Mr. M. Dursun Akin as the Chairman and Ms. Pelin Akin and Mr. Selim Akin as the members of the Early Detection of Risk Committee that is to be established. To date, the Committee has held one meeting since its founding regarding early detection of risks that endanger the Group's existence, development and continuity, implementation of necessary measures to prevent these risks and management of such risks. The Committee presented a report regarding these issues to the Board of Directors.

As of December 31, 2014, the financial structure, financial position and performance of the Company were evaluated; no sign was detected related to loss of capital or the insolvency of the Company.

Audit Committee

Akfen REIT's consolidated financial statement along with the footnotes, comprehensive income statement, cash flow statement and statement of change in equity, which were prepared in accordance with the related Capital Markets Board Communiqué, along with the Board of Directors' annual report for the period in question:

- For the not independently audited 01.01.2014 - 31.03.2014 reporting period, were approved by the Audit Committee and the Board of Directors on May 09, 2014;
- For the independently audited 01.01.2014 - 30.06.2014 reporting period, were approved by the Audit Committee and the Board of Directors on August 13, 2014;
- For the not independently audited 01.01.2014 - 30.09.2014 reporting period, were approved by the Audit Committee and the Board of Directors on November 3, 2014;
- For the independently audited 01.01.2014 - 31.12.2014 reporting period, were approved by the Audit Committee and the Board of Directors on March 2, 2015.

AUDITOR REPORT ON EARLY RISK DETECTION SYSTEM AND COMMITTEE

To the Board of Directors of Akfen Gayrimenkul Yatırım A.Ş.:

1. We have assessed the early risk detection system and the committee established by Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. ["Group"].

Responsibility of the Board of Directors

2. As per the first paragraph of the 378th Article of the Turkish Commercial Code n. 6102, the Board of Directors is obligated to ensure early diagnosis on the reasons threatening the existence, development and continuation of the Company, and to take necessary measures and implement solutions on this issue, to establish an expert committee for the risk management, to run and develop the system.

Responsibility of the Audit Firm

3. Our responsibility is to make a conclusion-based on the audit we performed-regarding the early risk detection system and the committee. Our audit was conducted in conformity with the code of ethics and with the Turkish Commercial Code and with "The Principles Regarding Audit Report on the Early Risk Detection System and the Committee" published by the Public Oversight, Accounting and Auditing Standards Authority. These principles require evaluating whether or not the

Company has established the early risk detection system and the committee, and whether or not the system and the committee [if established] functions within the framework of the 378th Article of the Turkish Commercial Code. The suitability of the remedies against the risks proposed by the Early Risk Detection Committee and the implementations made by the management against the risks, are not within the scope of our assessments.

Information about the Early Risk Detection System and the Committee

4. The Group has established the Early Risk Detection Committee and the Committee is composed of three members. The Committee has presented the Board of Directors, the reports it has prepared within the accounting period between the 1st of January 2014 and 31st of December 2014, in order to early diagnose the reasons threatening the existence and development of the Company, to take necessary measures and implement solutions on that issue and to manage the risks.

Conclusion

5. As a result of our audit, we concluded that: Akfen Gayrimenkul Yatırım Ortaklığı A.Ş.'s early risk detection system and early risk detection committee, with all its important aspects, is sufficient within the framework of the 378th Article of the Turkish Commercial Code.

DIVIDEND DISTRIBUTION POLICY

The Company makes dividend distribution decisions in accordance with the Turkish Commercial Code, Capital Market Law, Capital Markets Board regulations and decisions, tax laws, other relevant legislation and the Company's Articles of Association.

As per the Board of Directors decision on February 25, 2011, Akfen Real Estate Investment Trust adopted a dividend distribution policy based on the principle "beginning from the 2012 accounting period, by taking into consideration the overall profitability of the Company, to propose to the General Assembly the distribution of at least 30% of the distributable profit as dividends."

The Dividend Distribution Policy was presented to the shareholders at the General Assembly. Since there was no distributable profit for the year 2013, the General Assembly decided unanimously that profit distribution would not take place in 2014.

The Profit Distribution Policy of the Company is disclosed to the public on the Company's website.

GOVERNMENT GRANTS AND INCENTIVES

As per Investment Incentive Law numbered 47/2000, the Group holds a 100% investment incentive on the capital expenditures made in the TRNC until December 31, 2008.

AFFILIATION REPORT

CONCLUSION

As a member of Akfen Holding A.Ş. Group of Companies, our Company maintains its commercial relations with the Group companies. But, taking into consideration the operations made with the main company, any of its subsidiaries as well as those made for the benefit of the main company or any of its subsidiaries in the main company's direction, no loss was recorded for 2014, while no adjustment of the main company's loss or interests was made for the same period.

Pursuant to Article 199 of the Turkish Commercial Code number 6102, the Company's Board of Directors made the following statement with the adherence report issued on its relations with the main company and any of its subsidiaries:

As regards to all operations made by our Company with the main company and its subsidiaries during the operating year as of January 1 – December 31, 2014 based on the information we possess on the current situation and conditions, and for legal transactions made for the benefit of the main company or any of its subsidiaries, all precautions taken or abstained from in 2014 for the benefit of the main company or any of its subsidiaries have been evaluated. We hereby declare that our Company did not suffer from any loss nor take any advantage of any operation made during the 2014 operating year in accordance with the known situation and conditions and no adjustment of the main company's loss or interests was made for the same period.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

SECTION I - CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE STATEMENT

In 2014, Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. ["Company" or "Akfen GYO"] ensured compliance with all compulsory principles of the Corporate Governance Principles stipulated in the annex of the Communiqué [n. IV-56] on "Determination and Implementation of the Corporate Governance Principles".

The Company continues to carry out necessary activities in order to ensure compliance also with the non-compulsory principles. Our Company's approach and the latest status regarding the principles with which the compliance have not yet been achieved, are specified under the following topics.

Our Company continuously takes necessary steps to reach the highest standards in the field of corporate governance and constantly carries out activities to actualize some of the advisory provisions. Akfen GYO perceives the code of ethics and the principles of transparency, fairness, responsibility and accountability as part of its company culture.

With the amendments made to the Articles of Association of Akfen GYO, we have had our Articles of Association comply with the regulations that must be included in the articles of association as per the Corporate Governance Principles.

The Investor Relations Unit directly reports to the General Manager and at least once a year presents a report to the Board of Directors regarding the

activities that it conducts. The Investor Relations Manager was appointed as a member of the Corporate Governance Committee. Moreover, one personnel was appointed to assume tasks in the Investor Relations Unit, and all these issues were publicly disclosed on the Public Disclosure Platform.

In compliance with the Corporate Governance Principles, as per the Board of Directors' Decision taken on the February 16, 2011, the Audit Committee and the Corporate Governance Committee were established.

The Board of Directors Decision dated March 14, 2013 resolved that the duties of the Early Detection of Risk Committee, which were previously carried out by the Corporate Governance Committee, shall be conducted by a separate committee pursuant to Capital Markets Board Communiqué Serial IV, No: 56 as amended by Communiqué Serial IV, No: 63. In addition, the referenced decision appointed Mr. M. Dursun Akın as the Chairman and Ms. Pelin Akın and Mr. Selim Akın as the members of the Early Detection of Risk Committee.

The Board of Directors Decision dated May 23, 2014 resolved that the remuneration principles of Board members and senior executives are to be adopted as the "Remuneration Policy." It was decided:

- to appoint Independent Member of the Board of Directors Mehmet Semih Çiçek, Independent Member of the Board of Directors Mustafa Dursun Akın, Independent Member

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

of the Board of Directors Ahmet Seyfi Usluoğlu, and (Financing and) Investor Relations Manager Servet Didem Koç to the Corporate Governance Committee for a period of one year, and to appoint Mehmet Semih Çiçek as the Chairman of the Corporate Governance Committee,

- to have the Corporate Governance Committee also serve as the Nomination Committee and as the Remuneration Committee,
- to appoint Independent Member of the Board of Directors Mehmet Semih Çiçek, Independent Member of the Board of Directors Mustafa Dursun Akin and Independent Member of the Board of Directors Ahmet Seyfi Usluoğlu to the Audit Committee for a period of one year, and to appoint Mustafa Dursun Akin as the Chairman of the Audit Committee,
- to appoint Independent Member of the Board of Directors Mustafa Dursun Akin, Member of the Board of Directors Selim Akin and Member of the Board of Directors Pelin Akin to the Early Risk Detection Committee for a period of one year, and to appoint Mustafa Dursun Akin as the Chairman of the Early Risk Detection Committee,
- It was decided: i) to establish the Investor Relations Unit in order to ensure communication between our Company and the investors as per the 11th Article of the Communiqué, ii) to appoint Servet Didem Koç as the Investor Relations Manager, who has already been assuming this task and who possesses the requisite qualifications stipulated in

the Communiqué, iii) to have Servet Didem Koç directly report to our Company's General Manager Vedat Tural, moreover, iv) to appoint Servet Didem Koç as the member of the Corporate Governance Committee and v) to publicly disclose the contact information of Servet Didem Koç who was appointed as the Investor Relations Manager.

At our Company's Board of Directors meeting held on September 4, 2014, as per the Corporate Governance Communiqué, Hüseyin Yılmaz was appointed to assume duties in the Investor Relations Unit. The mentioned decision was publicly disclosed on the Public Disclosure Platform ("KAP").

Recently, according to our Company Board of Directors' Decision taken on February 18, 2015: Due to the fact that Mustafa Dursun Akin and Mehmet Semih Çiçek who were Independent Members of the Board of Directors, had lost the requisite qualifications of the independency criteria – stipulated in the 4.3.6 Article of the Corporate Governance Principles that entered into force in the annex of the Capital Markets Board's Corporate Governance Communiqué – due to "term" principle; It was decided: i) to appoint Adnan Aydoğan – who was appointed upon Mustafa Dursun Akin's resignation on February 2, 2015 – as a Member of the Corporate Governance Committee, and as the Chairman of the Early Risk Detection Committee and the Audit Committee: ii) to appoint Halil Eroğlu – who was appointed upon Mehmet Semih Çiçek's resignation – as the Chairman of

the Corporate Governance Committee, and as a Member of the Early Risk Detection Committee and the Audit Committee.

The Board of Directors of Akfen REIT supports the senior management and all employees in the implementation of Corporate Governance Principles across every level of the Company. In the recently published Corporate Governance Principles Compliance Report, the Company states its commitment to the principles of equality, transparency, accountability and responsibility, following the adaptation of the Corporate Governance Principles by the Company. The meeting procedures of the General Assembly provide for the highest level of shareholder participation. The General Assembly Meeting Informational Note is prepared and posted on the Company's website at least two weeks before the meeting date.

PART II - SHAREHOLDERS

2.1. Investor Relations Unit

Regarding the exercise of shareholding rights, the Company complies with legislation, the Articles of Association and other Company regulations and takes all the necessary measures to ensure the exercise of these rights.

- Investor Relations Unit reports to Akfen GYO General Manager Vedat Tural.
- Investor Relations Unit prepared a report regarding the activities it carried out in 2014 and presented this report to the Board of Directors and the Company's top management on the December 2, 2014.
- Investor Relations Unit is conducted by Akfen GYO Finance and Investor Relations Manager Servet Didem Koç who has a CMB Advanced Level License and a Corporate Governance

Rating Specialist License, and by Akfen GYO Senior Financial Controller Hüseyn Yılmaz who has the same licenses.

The Investor Relations Unit is committed to providing accurate, timely and consistent information to the existing and potential shareholders of Akfen REIT; to increasing the public awareness and credibility of the Company; to lowering the cost of capital through the application of Corporate Governance Principles; and to ensuring communication between the Board of Directors and capital markets players. In line with these objectives, the Company has placed the utmost importance on communication with shareholders and investors and conducts an active investor relations program.

In the organizational chart, the Investor Relations Unit reports directly to the General Manager.

The Investor Relations Unit, which serves as a bridge that connects the Board of Directors with the shareholders and the financial community, has the following main duties:

- Safely keeping the records regarding the correspondences made between the Investors and the Company, and other information and documents in good shape and up-to-date,
- Answering the written information requests of the shareholders regarding the Corporation,
- Preparing the documents that must be presented for the information and review of the shareholders regarding the General Assembly meetings, and taking necessary measures to ensure that the General Assembly meetings are held in conformity with the relevant legislation, Articles of Association and other internal regulations of the corporation.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

- Overseeing and monitoring the fulfilment of the obligations arising from the Capital Markets legislation including all relevant issues regarding the Corporate Governance and public disclosure,

The Investor Relations Unit gives due care to the use of electronic means of communication and the Company's website in its activities.

Contact details for the Investor Relations Unit are available at www.akfengyo.com.tr and in annual reports. The Investor Relations Unit is accessible at gyoyatirimci@akfengyo.com.tr for all inquiries and requests.

During 2014, the Company participated in a number of domestic and overseas conferences organized to provide information to shareholders and investors. More than twenty five interviews were made with existing and potential investors. Upon request, face-to-face meetings were held with investors, shareholders and analysts regarding the Company's operating results, performance and other developments. Moreover, our individual investors' questions asked over the phone were answered.

2.2. Exercise of Shareholders' Right to Information

The Company treats all shareholders, potential investors and analysts equally in terms of the use of their right to information and analysis. As such, all disclosures are provided to everyone simultaneously, with the same content.

Within the framework of information disclosure, all information that might concern shareholders and market players is announced via material event disclosures; and past material disclosures are posted on the website both in Turkish and English at the Company's website.

Numerous written and oral requests for information from shareholders are answered without delay, under the supervision of the Investor Relations Unit and in accordance with the Capital Market Law. In order to comply with the shareholders' right to information, all information that might influence the exercise of their rights is immediately submitted to their attention via the Company website. The information on the website is published simultaneously both in Turkish and English to assure equal exercise of rights by domestic and foreign investors.

In the Articles of Association of the Company, there is no regulation or restriction regarding the assignment of a private auditor. In the Internal Directive regarding the Working Principles and Procedures of the Company's General Assembly, there is an article stating that the shareholder's private audit request would be resolved by the general assembly regardless of whether it is on the agenda or not. The Company avoids making any transactions that would complicate private auditing.

The Company has not received any request for the appointment of special auditors.

2.3. General Assembly

The General Assembly of 2014 was held on May 06, 2014, at 14:00 in the Meeting Hall at the Company's Headquarters.

Within the timeframe, the call for the meeting, that must be made according to the 414th Article of the Turkish Commercial Code, and the Articles of Association of the Company, and the agenda were announced in the Turkish Trade Registry Gazette n.8542 [date: April 03, 2014] and its edition n. 8547 [date: April 10, 2014], and in the Star Newspaper's editions dated April 03, 2014 and April 04, 2014, and on the Company's website and via Central Registry Agency's Electronic General Assembly System.

To enable shareholders to attend the General Assembly meeting by electronic means as stipulated by the Turkish Commercial Code and Capital Markets Board legislation, the Company made the necessary amendments to the Articles of Association and completed the certification of employees for the required infrastructure. The General Assembly Meeting that took place in 2013 was held electronically.

The Meeting Room of the General Assembly is located in the headquarters of the Company and has the facilities to accommodate all shareholders. General Meetings are open to the public and are under the supervision of the Ministry of Industry and Trade.

According to the list of attendants, it was seen that: 1000 Group A shares equivalent to TL 1,000, 1,000 Group C shares equivalent to TL 1,000, 1,000 Group D shares equivalent to TL 1,000, 142,941,083 Group B shares equivalent to TL 142,941,083, of the Company's total capital of TL 184,000,000 were represented at the meeting, and thus, the minimum meeting quorum

stipulated in the legislation and in the articles of association was present in the meeting.

The agenda of the General Assembly meetings is kept in an impartial, thorough, clear and comprehensible manner and the expressions used are not as such to lead to different interpretations. The shareholders are given the opportunity to ask questions and express their opinions under equal conditions and in a healthy discussion environment.

Two of the shareholders presented their opinions, however, none of the shareholders asked any questions or made any suggestions for the agenda. The meeting minutes of the General Assembly are available on our website [www.akfengyo.com.tr], on the Public Disclosure Platform and in the Turkish Trade Registry Gazette.

With a separate agenda item, the shareholders were informed about the Company's donation of TL 300 to the Turkish Education Foundation within the period. The upper limit of donations that will be made in 2014 was determined as TL 500,000.

2.4. Voting Rights and Minority Rights

The Company avoids any practice that might jeopardize the exercise of voting rights and grants every shareholder to use her/his vote in the most convenient and appropriate way.

According to the Company's Articles of Association, for all Company shares, one share is entitled to one vote. Class A, C and D shares are registered and are not traded on the BİAŞ.

There are no provisions that impose a delay for the exercise of voting rights after the acquisition of shares.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

There are no provisions preventing non-shareholders from acting as proxies for shareholders.

Minority rights in the Company are exercised in compliance with the Turkish Commercial Code, Capital Market Law, relevant legislation, communiqués and resolutions of the Capital Markets Board. The Articles of Association of the Company does not provide for any additional provision regarding minority rights. Minority rights in the Company are exercised in compliance with the relevant legislation. In addition, minority rights may be exercised via the three independent members of the Board. The independent members of the Board of Directors ensure representation of the minority in the management.

2.5. Dividend Rights

The Company makes dividend distribution decisions in accordance with the Turkish Commercial Code, Capital Market Law, Capital Markets Board Regulations and Decisions, tax laws, other relevant legislation and the Company's Articles of Association.

In dividend distribution, there is no privilege among the share groups.

While taking profit distribution decision, Company's strategies, capital requirements of our associate companies and subsidiaries, investment and financing policies, profitability and cash positions are taken into consideration.

The method and timeframe of profit distribution is decided by the General Assembly upon the Board of Directors' proposal on the issue.

Depending on the decision to be taken at the General Assembly, dividend distribution can be made fully in cash or fully in the form of "scrip issue" or can be made partially in cash and partially in the form of "scrip issue."

As per the Board of Directors resolution dated February 25, 2011, Akfen REIT's Dividend Distribution Policy is based on "starting from the 2011 accounting period and after due consideration of the Company's general profitability performance; to propose to the General Assembly the distribution of a minimum 30% of distributable profit as dividends." Mentioned Profit Distribution Policy was approved at the "Ordinary General Assembly Meeting regarding 2013" that was held on May 6, 2014.

The aim is to make profit distribution within six months at the latest subsequent to the General Assembly's distribution decision. Profit distribution date is determined by the General Assembly. The General Assembly or if it is authorized, the Board of Directors may decide to distribute dividends with installments in compliance with the Capital Market Regulations.

The Board of Directors may distribute advance dividend provided that it is authorized by the General Assembly and that the process complies with the Capital Market Regulations.

As specified above, profit distribution policy that was approved by the shareholders at the General Assembly is available in the annual report, and is announced in the Turkish Trade Registry Gazette and publicly disclosed on the company website and on the Public Disclosure Platform ["KAP"].

As there was no distributable profit for the year of 2013, it was unanimously decided at the General Assembly meeting that profit distribution is not possible.

2.6. Transfer of Shares

The transfer and conveyance of bearer shares of the Company is subject to the provisions of the Turkish Commercial Code, Capital Market Law and relevant legislation. As per the Company's Articles of Association, the transfer of bearer shares cannot be restricted.

According to the Company's Articles of Association, the transfer of shares prior to a public offering is subject to the approval of the General Assembly. As for transfer of shares within the scope of this article, the new shareholders who will acquire shares in the Company must meet the requirements demanded from founding shareholders.

PART III – PUBLIC DISCLOSURE AND TRANSPARENCY

3.1. Company's Website and Its Contents

The Company's corporate website is actively used for public disclosure purposes, as required by the CMB.

All issues related to the Investor Relations are made public at the corporate website [www.akfengyo.com.tr].

The information provided on the website is also prepared in English for foreign investors.

The information made to public by the Company is available online. The address of the Company's corporate website is clearly printed on the Company's letterhead and is available at www.akfengyo.com.tr. The website includes information about:

- History of the Company
- Latest management and shareholding structure
- Board of Directors and its committees
- Latest version of the Articles of Association
- Agenda, information document, proxy voting form, meeting minutes of the General Assembly meeting,
- Prospectus and circulars
- Continuous disclosure form
- Real estate appraisal reports
- Monthly investor reports
- Profit distribution policy
- Trade registry data
- Annual reports
- Corporate Governance Compliance Report
- Informing Meeting
- Dividend Distribution Policy
- Code of Ethics
- Financial statements and reports
- Material event disclosures
- Share price and performance data and charts
- Contact details of the Investor Relations Unit
- Contact details of the Company

Of the information listed in Section II, Article 1.1.1.1 of the Capital Markets Board Corporate Governance Principles, all those relevant to the Company are published and updated on the Company's website.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

3.2. Annual Report

Akfen Real Estate Investment Trust's Annual Report is prepared in detail to enable complete and accurate public access to all information about the activities of the Company and in accordance with the provisions specified in the legislation. Annual reports are prepared by taking into account the Corporate Governance Principles.

The annual reports are prepared by taking all issues specified in the Corporate Governance Principles into consideration. Additionally, all information that must be specified as per the TTK [Turkish Commercial Code] regulations, regulations of the CMB legislations, and the Regulation on "Determining the Minimum Content of the Annual Reports of the Companies" that was issued by the Ministry of Customs and Trade and published in the Official Gazette [date: August 28, 2012], is included in the annual reports.

PART IV - STAKEHOLDERS

4.1. Informing Stakeholders

The Company's corporate governance practices and code of ethics guarantee stakeholders' rights that are regulated by legislation and mutual agreements. Stakeholders are continually kept informed within the framework of the Company's disclosure policy that was formed in accordance with the existing legislation.

Moreover, it is aimed that all stakeholders are informed with applications as part of our informing policy based on press releases, annual report, website and transparency.

While carrying out their duties, employees are expected to put Company interest above their own interests or that of their families/relatives and fulfill their obligations accordingly. Employees refrain from any action that might be interpreted as creating private gain for themselves or their relatives.

Foreseeable conflict from interest situations and circumstances as defined by the Company's management are shared with employees; the Company's management will take necessary measures.

Stakeholders may convey the information of any activity that is unethical and contrary to the legislation to the Corporate Governance Committee and the Audit Committee, through the independent members who also serve as chairmen of these committees.

4.2. Participation of Stakeholders in Management

The Company has not defined any mechanism or model for stakeholder participation in management. However, independent members on the Board of Directors enable the representation of not only shareholders but also all stakeholders in the management.

The opinions of stakeholders are sought for important decisions that give rise to outcomes in terms of stakeholders' interests.

4.3. Human Resources Policy

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

- Our Main Human Resources Policy is to select, develop, evaluate and manage the human resources according to the contemporary criteria and principle of equal opportunity for everybody, by matching the requirements of the job with the skills and competencies of the employees.
- Human Resources management is obligated to increase the employee performance and match the corporate goals with individual goals by creating a dynamic and innovative environment that is open to development, and thus to support reaching the Company goals in an effective and efficient manner.
- Our employee profile is a human resource who: is open to changes and developments, has high achievement motivation, believes in team work and spirit of team work, correctly utilizes resources and time, and has high sensitivity for social responsibility.
- Relations with the employees are managed by the Assistant General Manager [Corporate Communication, Human Resources and Administrative Affairs] Ms. Hülya Deniz Bilecik.

- Our ethic approach forms the basis of our working environment. A working environment is created that is far from discrimination, mobbing, favoritism. Thus, a peaceful and productive working environment is created with an honest, transparent and fair approach. We did not receive any complaints from our employees on this issue.

As of December 31, 2014, the total number of employees in Akfen Real Estate Investment Trust and its subsidiaries and joint ventures is 31.

4.4. Code of Ethics and Social Responsibility

Code of Ethics

Akfen Real Estate Investment Trust has formulated its "Code of Ethics" such as to deliver value to shareholders and to increase its corporate value; all managers and employees are obliged to comply with these rules and principles. The Code of Ethics is published on the corporate website.

These rules are designed to ensure that Akfen REIT managers and employees display the highest standard of behavior, be aware of the corporate effects of their acts and attitudes and utilize the best methods in corporate operations to serve shareholders.

Social Responsibility

In its activities, the Company pays utmost attention to fulfill its social responsibilities and supports organizations related to its sector.

In this regard, there is no investigation, litigation or any other legal action or sanction brought against the Company or its subsidiaries relating to these issues.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

PART V – BOARD OF DIRECTORS

5.1. Structure and Formation of Board of Directors

The formation and election of the Board of Directors are carried out in accordance with the Corporate Governance Principles. The principles relating this process are outlined in the Articles of Association. Accordingly:

Management, representation and binding against third parties of the Company are carried out by the Board of Directors that composed of nine (9) members, the majority of them being non-executive, who are elected by the General Assembly under the provisions of the Turkish Commercial Code and meet the requirements specified in the Turkish Commercial Code and Capital Markets Regulations.

In the first meeting of the Board of Directors, a Chairman, to chair the meetings of the Board of Directors and a Vice Chairman, to preside in the Chairman's absence, are elected from among its members. In accordance with the principles regarding the independence of the Board of Directors of the Capital Markets Board Corporate Governance Principles and with the condition of being not less than two (2), a sufficient number of independent Board members are elected by the General Assembly to the Board of Directors. The statements of independence relating to the independence of Board members are provided in the Board of Directors' Annual Report.

The names and curriculum vitae of the members of the Board of Directors in 2014, who were elected in accordance with the Company's Articles of Association, are listed below.

- İbrahim Süha Güçsav, Chairman of the Board, Executive Board Member
- Mustafa Keten, Vice Chairman of the Board, Non-executive Board Member
- Pelin Akın, Board Member, Executive Board Member
- Selim Akın, Board Member, Executive Board Member
- Sila Cılız İnanc, Board Member, Non-executive Board Member
- İrfan Erciyas, Non-executive Board Member
- Mustafa Dursun Akın, Non-executive Independent Board Member (He resigned from his duty on February 16, 2015 and Adnan Aydoğlan was appointed to his duty in the same date)
- Mehmet Semih Çiçek, Non-executive Independent Board Member (He resigned from his duty on February 16, 2015 and Halil Eroğlu was appointed to his duty in the same date)
- Ahmet Seyfi Usluoğlu, Non-executive Independent Board Member

The Company does not have an Executive Committee. The posts of Chairman and General Manager are not occupied by the same individual. There is no Board member authorized to represent or bind the Company individually.

Board members Mustafa Dursun Akin, Mehmet Semih Çiçek and Ahmet Seyfi Usluoğlu are independent members as per CMB's Corporate Governance Principles. During the reporting period, there was no development that might compromise the independence of independent Board members.

According to the legislation, the independent Board members are obliged to submit a statement of independence to the Board of Directors and immediately notify the Board of Directors in case their independence is compromised. A person who has served as Board member for a total of six years cannot be appointed as an independent Board member.

CURRICULUM VITAE:

İbrahim Süha Güçsav Chairman of the Board of Directors

İbrahim Süha Güçsav graduated from İstanbul University, Faculty of Economics in 1992 and received his Master's in business administration from Gazi University, Institute of Social Sciences. He began his professional career at Alexander & Alexander Insurance Brokerage in 1992 and joined the Akfen family in 1994. Mr. Güçsav served as the Head of Financing Department at Akfen Holding and then as Chief Executive Officer. He assumed important roles in the privatizations of Vehicle Inspection Stations, Mersin International Port and İDO; the establishment and investment stages of Akfen REIT; initial public offerings of Akfen Holding and Akfen REIT; share sales of subsidiaries and long-term

project financing. Mr. Güçsav also held the position of Vice Chairman of the Board of Directors of Akfen Holding from 2003 to March 2010. Since then, he has served as the CEO and on the Board of Akfen Holding. He was a member of the Board of Directors at Akfen Holding from March 2010 until May 2012 and has been CEO of Akfen Holding since March 2010. He also serves as the Chairman of the Board of Directors at Akfen REIT and Akfen Water and is a member of the Board at TAV Airports Holding, Mersin International Port, Akfen Energy Investments Holding and several other subsidiaries. Mr. Güçsav is the Chairman of Turkey-Singapore Business Council, and in October 2014 he became Turkey Honorary Business Representative for Turkey at the International Commerce and Investment Agency under the umbrella of the Ministry of Singapore and Commerce.

Mustafa Keten Vice Chairman of the Board of Directors

Mustafa Keten graduated from the İstanbul Academy of Economics and Commercial Sciences, Department of Economic Administration in 1968 and began his professional career in 1970 as an Assistant Specialist in the State Planning Organization. In 1978, he earned an MA in Development Administration from the Institute of Social Studies in the Netherlands. From 1979 to 1983, Mr. Keten worked in the State Planning Organization as President of Priority Development Regions, the years between 1984-1999 as Undersecretary of Agriculture, Forestry and Village Affairs, Advisor to the Prime Minister, President of the Special Environmental Protection Board, President of Prime Ministerial Foundations and President of the Foundation's Board. During his time in the public sector, Mr. Keten also served on the Board of Directors at Petkim [petrochemicals] and Tamek Gıda [foods] and as the Chairman of

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

the Board of Directors at Güneş Sigorta [insurance] and at Vakıfbank. He has also been a faculty member at various educational institutions. Mr. Keten joined Akfen Holding in 1999 as Vice Chairman of the Board of Directors and has also served on the Board at the Eurasian Business Council, Turkish-Russian Business Council, Turkish-Georgian Business Council and as the President of the Turkish-Moldovan Business Council. He is currently the Vice Chairman of the Turkish Tourism Investors Association [TYD] and President of the Tourism Assembly at TOBB and Board member of TMOK.

Pelin 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's 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 Tatlı Dil Forum 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 TÜSİAD, GYİAD [2011-2012] 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 board member of the IBS Insurance and Reinsurance Brokerage and a member of the Early Risk Detection Committee at Akfen REIT. Pelin Akin was elected as Substitute Member of TÜSİAD's Board of Directors in January 2015.

Selim Akin **Board Member**

Selim Akin graduated from Surrey University, Department of Business Administration, in the United Kingdom. He was the president of the Surrey University Turkish Association during his years at the university and became a member of Young Businessmen Association of Turkey [TUGIAD] after his return to Turkey. Concurrently, he is a member of the DEİK Turkish-Russian Business Council and a member on the Executive Board of the DEİK Turkish-Iraqi Business Council. Mr. Akin began his professional career in the Accounting Department at Akfen Holding and also held positions in the Project Development and Finance Departments. Some of the projects in which he

participated include the privatization and financing of Vehicle Inspection Stations, privatization and financing of Mersin Port and Akfen Holding's IPO and corporate bond issues. Mr. Akin currently serves as a Vice Chairman of the Board of Directors of Akfen Holding and as a member of the Board of Directors of its subsidiaries.

Sıla Cılız İnanç **Board Member**

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

İrfan Erciyas **Board Member**

Having graduated from Gazi University, Department of Economics and Finance in 1977, İrfan Erciyas started his professional career at Türkiye Vakıflar Bankası. After serving as Inspector and branch manager at Türkiye Vakıflar Bankası, he worked as Executive Vice President from 1996-2002 and as CEO from 2002-2003. In 2003, he joined Akfen Holding as Vice Chairman and played a key role in Vehicle

Inspection Stations, privatization of Mersin International Port and İDO, establishment of Akfen REIT and Akfen Energy, the IPO of Akfen Holding and Akfen REIT, sales of subsidiaries' shares and long-term finance. Since March 2010, İrfan Erciyas has served as Executive Director at Akfen Holding; in addition, he is the Chairman, Vice Chairman and Board Member at a number of Akfen Holding affiliates and subsidiaries.

Ahmet Seyfi Usluoğlu **Independent 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. Mr. Usluoğlu has been serving as an Independent Board Member, Audit Committee and Corporate Governance Committee Member at Akfen REIT since 2009.

M. Semih Çiçek **Independent 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. Mr. 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

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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 Makımsan 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. Mr. Çiçek has been serving as an Independent Board member, Audit Committee Member and Corporate Governance Committee Chairman at Akfen REIT since 2008.

Mustafa Dursun Akin **Independent Board Member**

Mustafa Dursun Akin graduated from Ankara University, Faculty of Political Science, Department of Economics and Finance in 1974. He began his professional career as an Assistant Inspector at the Audit Board of Vakıfbank in 1975. Mr. Akin subsequently worked in the same bank as an Inspector from 1978 to 1982; as Deputy Manager of Personnel in 1982; as Vice President and Chief Assistant of the Audit Board from 1983 to 1993; as Risk Monitoring Manager for the İstanbul Region from 1993 to 1997; as President of the Audit Board in 1997; and as Deputy General Manager in 1998. He served as General Manager at Vakıf Real Estate Expertise and Valuation in 2000 and as President of the Audit Board at the İstanbul Gold Exchange between 2003 and 2004. He

has served as an Independent Board Member, Audit Committee Chairman, Corporate Governance Committee and Early Detection of Risk Committee Chairman at Akfen REIT since 2008.

Vedat Tural **General Manager**

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

Halil Eroğlu**Independent Member of the Board of Directors**

Born in 1952 in Karşıyaka, Halil Eroğlu studied at seven different primary schools because his father was a public officer. He was a boarding student for seven years at İzmir Maarif High School [Bornova Anatolian High School - BAL]. He graduated from Ankara University, Faculty of Political Sciences in 1974.

He started his professional career in banking at İşbank as an auditor for ten years [1976-1986]. Afterwards, he assumed various duties at the General Directorate and the branches between 1986-1996. He served as a General Manager for three year at Dışbank between 1996 and 1998, and for three years at İş Leasing between 1998-2001.

He became the General Manager at Industry Investment Bank in 2001. After the bank's merger with the Industrial Development Bank of Turkey (TSKB) in 2002, he served as General Manager for ten years and retired in 2011. While working and after his retirement, he assumed duties as the Chairman and a Member of the Board of Directors at various corporations.

Adnan Aydoğan**Independent Member of the Board of Directors**

Adnan Aydoğan graduated from Diyarbakır Maarif High School in 1980, Elazığ High School in 1983, Gazi University, Faculty of Public Administration Department of Economics and Administrative Sciences in 1987. He completed his Master's degree at Gazi University, Management Sciences Department of Institute of Social Sciences.

He assumed duties as a Social Facilities Manager at Iron and Steel Establishments of Turkey, as a Research Assistant at Sakarya University, as a Specialist [Project Coordinator] and immediately after as a Project Monitoring and Financing Division Director and as a Head of Fund Management at the Undersecretariat for Defense Industries. Finally, he worked as a Head of Financial Affairs and Subsidiaries within TAİ and left TAİ in 2013.

Qualifications of Board Members

All candidates and all elected members of the Company's Board of Directors must meet the qualifications specified in the CMB's Corporate Governance Principles.

The Board of Directors is structured to ensure the highest level of efficiency and effectiveness. The relevant principles are provided in Article 14 of the Company's Articles of Association. Accordingly, Board Members are elected from among individuals, who possess a basic knowledge of the legal framework regulating the procedures and operations in the Company's field of activity, professional and experienced in corporate management, have the ability to analyze financial statements and reports and preferably are university graduates.

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5.2. Operating Principles of the Board of Directors

Members of the Board of Directors are provided with timely access to all relevant information required to carry out their tasks.

A Board of Directors Secretariat has been formed to serve Board members in keeping all the records related to Board of Directors meetings.

Board meetings are planned and conducted effectively and efficiently. As indicated in the Articles of Association of the Company, the Board of Directors meet whenever deemed necessary for the operations of the Company.

- The Board of Directors may convene upon the invitation of the Chairman or Vice Chairman or upon the written application of any Board member to the Chairman or Vice Chairman.
- The Chairman of the Board of Directors determines the agenda of the meetings of the Board of Directors; the agenda may change upon a Board of Directors decision.
- Independent Board members receive an attendance fee determined by the General Assembly. The other Board members do not receive any payment.
- The meeting quorum of the Board of Directors established with the participation of at least five members.
- Board of Directors resolutions must be approved by the majority of meeting participants.

- At the meetings, each member has a right to one vote that shall be exercised in person. Unless a request is not made by a member to hold a meeting, a proposal made by a member may be decided upon by written consent of the other members.
- In case it is reported by a legal entity shareholder to the Board of Directors that a member representing the legal entity shareholder has no relation left whatsoever with the legal entity in question, the member in question shall be deemed to have resigned from the Board of Directors; and the Board of Directors shall elect the person determined by the legal entity shareholder as the new member instead of the member in question.
- Non-participating members shall not vote in writing or howsoever unless they have a legitimate excuse.

The Board of Directors convened a total of 20 times in 2014. Full participation in a large number of the meetings was ensured and decisions were taken unanimously.

A "Director Liability Insurance" with a total limit of EUR 4,000,000 was purchased for the Board Members for the period 2014-2015.

Non-Transaction and the Non-Compete Clause

The General Assembly dated May 6, 2014 has approved the authorization of the Chairman and Board members as regards to non-compete and non-transaction issues between the Company and the Board members as given in Article 1.3.7 of Communiqué on the Establishment and Implementation of Corporate Governance Principles published by the Capital Markets Board and Articles 395 and 396 of the Turkish Commercial Code.

Authorities and Responsibilities of the Board Members and the Executives

The authorities and responsibilities of the Board of Directors, consistent with their functions and beyond any reasonable doubt, were set to be separated and identifiable from the authorities and responsibilities of the General Assembly. Members of the Board of Directors use their powers pursuant to the signature circulars.

Each shareholder, regardless of how learned, is obliged to keep confidential at all times the confidential information concerning the Company, even if subsequently losing his/her shareholding rights. A shareholder who fails to meet this obligation is directly liable to the Company for any damage that may occur. However, this provision is not applicable for information disclosed according to the capital markets legislation.

5.3. Number, Structure and Independence of Committees under the Board of Directors

In accordance with the relevant legislation and regulations of the Capital Markets Board, the committees that are necessary to fulfill the duties and responsibilities of the Board of Directors are formed by the Board of Directors.

The responsibilities, working principles and members of the committees are determined by the Board of Directors and disclosed to the public.

The Board of Directors may establish among its members as much committee or commissions as necessary for the various purposes such as to follow the progress of the work, to prepare reports to be used by the Board, to decide the preparation of the balance sheet for all important issues and to oversee the implementation of the decisions made.

Committees shall meet as deemed necessary for the effectiveness of the work.

Corporate Governance Committee

Directly reporting to the Board of Directors, the Corporate Governance Committee supports the Board of Directors to ensure that the Company owns and develops the structures and practices required by internationally accepted Corporate Governance Principles and that remuneration, development and career plans of senior management are efficiently coordinated.

The Corporate Governance Committee assists the Board of Directors as regards the compliance of Akfen REIT with Corporate Governance Principles, determination of the remuneration of Board members and senior executives, evaluation of salary, reward and performance, career planning, investor relations and public disclosure. The Corporate Governance Committee consists of three Board members. the President of the Corporate Governance Committee is appointed by the Board of Directors.

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The Corporate Governance Committee is in charge of monitoring the Company's compliance with Corporate Governance Principles, especially with the following:

- Overseeing the implementation of corporate governance principles in the Company, identifying the reasons and effects of non-compliance, if any, and suggesting the measures for improvement,
- Determining the methods to ensure transparency in deciding the candidates for the Board of Directors,
- Making studies and developing recommendations on the number of Board members and other executives,
- Formulating proposals on principles and practices of the performance evaluation and remuneration of Board members and executives, monitoring the application of these principles,
- Monitoring activities of Investor Relations Department.

Members of the Corporate Governance Committee are as follows:

President of the Corporate Governance Committee

M. Semih Çiçek, Independent Board Member

Members of the Corporate Governance Committee

Mustafa Dursun Akin, Independent Board Member

Ahmet Seyfi Usluoğlu, Independent Board Member

Servet Didem Kog, Director of Finance and Investor Relations

Within the framework of the principles and the Company's Articles of Association, the Corporate Governance Committee also assumes the duties of the Nominating Committee, Early Detection of Risk Committee and the Remuneration Committee.

Audit Committee

The Audit Committee supports the Board of Directors in the supervision of Akfen Real Estate Investment Trust's accounting and financial audit system and the operation and efficiency of its internal control system. The Audit Committee is composed of three Board members.

Members of the Audit Committee and Corporate Governance Committee are appointed in line with the provisions of the Articles of Association and their authorities and duties are determined by the Board of Directors.

The Audit Committee is responsible for taking all necessary measures to ensure the efficient and transparent performance of all kinds of internal or independent audit and fulfilling of duties defined by the Capital Market Law.

The Audit Committee shall meet a total of at least four times in a year, at least once in every three months.

Members of the Audit Committee are as follows:

President of the Audit Committee

Mustafa Dursun Akin, Independent Board Member

Members of the Audit Committee

M. Semih Çiçek, Independent Board Member

Ahmet Seyfi Usluoğlu, Independent Board Member

The three independent members of the Board of Directors serve both in the Audit Committee and the Corporate Governance Committee to ensure the participation of minority and stakeholders in the management.

Early Detection of Risk Committee

The Board of Directors Decision dated March 14, 2013 resolved that the duties of the Early Detection of Risk Committee, which were previously carried out by the Corporate Governance Committee, shall be conducted by a separate committee pursuant to Capital Markets Board Communiqué Serial IV, No: 56 as amended by Communiqué Serial IV, No: 63.

The Early Detection of Risk Committee is responsible for early detection of risks that may endanger the Company's existence, development and continuity, taking the necessary measures relating to identified risks and management of such risks. The Committee revises the risk management systems at least once a year. In addition, the Committee provide information about risks determined and action plans taken by submitting a report to the Board of Directors in every two months.

Chairman of Early Risk Detection Committee

Mustafa Dursun Akin, Independent Board Member

Members of Early Risk Detection Committee

Selim Akin, Board Member

Pelin Akin, Board Member

5.4. Risk Management and Internal Control Mechanism

In order to stimulate risk management activities at the Company, trainings related to early detection of risk, one-on-one interviews and workshops were organized with the consultancy support of DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. [Deloitte]. The Company finalized this work in 2012 and the Enterprise Risk Management Manual was presented to the Board of Directors. It was decided that internal audits of the Audit Committee would hereafter be based on the principles defined in the Risk Management Manual.

With the formation of the Audit Committee, the Internal Control Mechanism fulfills the tasks effectively assigned to it by the Board of Directors within the Audit Committee organization. Independent Board Member Mustafa Dursun Akin is the Chairman of the Audit Committee.

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5.5. Strategic Objectives of the Company

Mission

To become a leading hotel investor in Turkey and the surrounding region through the hotel projects built and operated at international standards.

Vision

While maintaining steady balance sheet growth by developing real estate projects of high profitability, to provide shareholders with high return on capital and dividend income.

Strategic Approach

Akfen REIT is organized in the best way for steady growth in the city hotel segment and is specialized in the field of investment in city hotels having international standards:

The exclusive partnership with Accor, the Europe's largest and the world's leading hotel group

Increasing commercial activity in the major cities of Turkey

Increasing volume of domestic and international tourism in Turkey, The extensive hotel investment know-how gained from specialization in the only one area of activity, Export of know-how to the neighboring region, Low-risk and long-term lease contracts without the responsibility of operating hotels and regular rental income that increases in line with the performance of the hotels.

Corporate Policy

To make use of the knowledge base accumulated since its foundation, the organization's capabilities and the possibilities that technology offers, with the help of the driving force created by an expert team of well qualified employees and teamwork.

Principles

To take quality to the forefront in production, construction and management via working with well-trained and experienced human resources, to complete work under its commitment in a timely manner.

The Board of Directors sets strategic goals for the period through discussions with the Executive Board members and senior management. The Board of Directors also reviews the Company's degree of achievement of its objectives, its operations and past performance within the scope of the year-end performance appraisal process.

5.6. Remuneration

In line with the CMB's Corporate Governance Principles, independent Board members are paid a certain attendance fee in return for the time and effort required to fulfill their duties. At the 2013 Ordinary General Assembly Meeting dated May 06, 2014, it was decided that other Board members will not be paid any salary or attendance fee.

The Shareholders were informed, as a separate agenda item, about the "Remuneration Policy" for Board Members and Senior Managers and the payments made under this policy and the said policy was made written and approved at the Ordinary General Assembly Meeting for the year 2014 held on May 6, 2014 pursuant to the Corporate Governance Principles.

The Company does not grant any loans or credits to members of the Board of Directors nor does it give any guarantees in their favor.



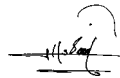
STATEMENT OF INDEPENDENCE

I hereby declare that I stand as a candidate to serve as an "independent board member" on the Board of Directors of Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. [the "Company"] under the criteria set out in the Capital Markets Law, the Corporate Governance Principles and the Company's Articles of Association and in this context:

- a) That there is no relationship of employment at a manager position to undertake important duties and responsibilities within the last five years between the Company, partnerships under control of the Company or on which the Company has a significant influence and the shareholders who hold the Company's management control or who have a significant influence on the Company and legal entities with a management control held by such shareholders and me, my spouse and my relatives by blood and by marriage and that I do not hold the capital or voting rights or privileged shares more than 5% jointly or individually in or I have not established any commercial relationship with the foregoing,
- b) That I have not been a partner (5% and above) to, employed at a management position to undertake important duties and responsibility or served as a board member within the last five years in companies from, or to, which the Company purchases, or sells out, significant amounts of services or products within the contracts executed particularly for providing the Company with auditing (including tax audit, statutory audit, internal audit), grading and consulting services,
- c) That as it can be seen in my resume, I have the professional education, knowledge and experience to fulfil duties properly that I will assume by

virtue of being an independent board member,

- d) That I am not employed in state institutions and organizations on a full-time basis,
- e) That I am a resident in Turkey according to the Income Tax Law No. 193, dated 31/12/1960, [ITL],
- f) That I can make positive contributions to the Company's operations, maintain my neutrality in conflicts of interest between the Company and the shareholders, decide independently taking into account the stakeholders' rights and I have strong ethical standards, professional reputation and experience,
- g) That I can take time for the Company's affairs to the extent that I can follow up running of the Company's operations and fulfil my duties that I assume fully and completely,
- h) That I have not served as a board member more than six years in the Company's Board of Directors in the last ten years,
- i) That I have not served as an independent board member in more than three companies owned by the same person, the Company or in which the shareholders controlling the Company's management hold the management control and in more than five companies traded on the stock exchange in total,
- j) That I have not been registered and declared on behalf of the legal entity elected as a board member,



Ahmet Seyfi USLUOĞLU
30.04.2014

I hereby declare that I stand as a candidate to serve as an “independent board member” on the Board of Directors of Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. (the “Company”) under the criteria set out in the Capital Markets Law, the Corporate Governance Principles and the Company’s Articles of Association and in this context:

- a) That there is no relationship of employment at a manager position to undertake important duties and responsibilities within the last five years between the Company, partnerships under control of the Company or on which the Company has a significant influence and the shareholders who hold the Company’s management control or who have a significant influence on the Company and legal entities with a management control held by such shareholders and me, my spouse and my relatives by blood and by marriage and that I do not hold the capital or voting rights or privileged shares more than 5% jointly or individually in or I have not established any commercial relationship with the foregoing,
- b) That I have not been a partner (5% and above) to, employed at a management position to undertake important duties and responsibility or served as a board member within the last five years in companies from, or to, which the Company purchases, or sells out, significant amounts of services or products within the contracts executed particularly for providing the Company with auditing (including tax audit, statutory audit, internal audit), grading and consulting services,
- c) That as it can be seen in my resume, I have the professional education, knowledge and experience to fulfil duties properly that I will assume by

virtue of being an independent board member,

- d) That I am not employed in state institutions and organizations on a full-time basis,
- e) That I am a resident in Turkey according to the Income Tax Law No. 193, dated 31/12/1960, [ITL],
- f) That I can make positive contributions to the Company’s operations, maintain my neutrality in conflicts of interest between the Company and the shareholders, decide independently taking into account the stakeholders’ rights and I have strong ethical standards, professional reputation and experience,
- g) That I can take time for the Company’s affairs to the extent that I can follow up running of the Company’s operations and fulfil my duties that I assume fully and completely,
- h) That I have not served as a board member more than six years in the Company’s Board of Directors in the last ten years,
- i) That I have not served as an independent board member in more than three companies owned by the same person, the Company or in which the shareholders controlling the Company’s management hold the management control and in more than five companies traded on the stock exchange in total,
- j) That I have not been registered and declared on behalf of the legal entity elected as a board member,



Mustafa Dursun AKIN
30.04.2014

STATEMENT OF INDEPENDENCE

I hereby declare that I stand as a candidate to serve as an "independent board member" on the Board of Directors of Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. [the "Company"] under the criteria set out in the Capital Markets Law, the Corporate Governance Principles and the Company's Articles of Association and in this context:

- a) That there is no relationship of employment at a manager position to undertake important duties and responsibilities within the last five years between the Company, partnerships under control of the Company or on which the Company has a significant influence and the shareholders who hold the Company's management control or who have a significant influence on the Company and legal entities with a management control held by such shareholders and me, my spouse and my relatives by blood and by marriage and that I do not hold the capital or voting rights or privileged shares more than 5% jointly or individually in or I have not established any commercial relationship with the foregoing,
- b) That I have not been a partner (5% and above) to, employed at a management position to undertake important duties and responsibility or served as a board member within the last five years in companies from, or to, which the Company purchases, or sells out, significant amounts of services or products within the contracts executed particularly for providing the Company with auditing (including tax audit, statutory audit, internal audit), grading and consulting services,
- c) That as it can be seen in my resume, I have the professional education, knowledge and experience to fulfil duties properly that I will assume by

virtue of being an independent board member,

- d) That I am not employed in state institutions and organizations on a full-time basis,
- e) That I am a resident in Turkey according to the Income Tax Law No. 193, dated 31/12/1960, [ITL],
- f) That I can make positive contributions to the Company's operations, maintain my neutrality in conflicts of interest between the Company and the shareholders, decide independently taking into account the stakeholders' rights and I have strong ethical standards, professional reputation and experience,
- g) That I can take time for the Company's affairs to the extent that I can follow up running of the Company's operations and fulfil my duties that I assume fully and completely,
- h) That I have not served as a board member more than six years in the Company's Board of Directors in the last ten years,
- i) That I have not served as an independent board member in more than three companies owned by the same person, the Company or in which the shareholders controlling the Company's management hold the management control and in more than five companies traded on the stock exchange in total,
- j) That I have not been registered and declared on behalf of the legal entity elected as a board member,



M. Semih ÇİÇEK
30.04.2014

AGENDA OF ORDINARY GENERAL ASSEMBLY MEETING FOR 2014

1. Opening and Election of the Meeting Presidency,
2. Authorizing the Meeting Presidency to sign the minutes of the General Assembly Meeting,
3. Reading, discussion and approval of the Annual Report for the year 2014 prepared by the Company's Board of Directors,
4. Reading of Summary of the Independent Auditors' Report for the accounting period of 2014,
5. Reading, discussion and approval of the Financial Statements for the fiscal year of 2014,
6. Release of the Board Members individually due to the Company's activities in 2014,
7. Accepting, or accepting upon amendment, or rejecting the proposal of the Board of Directors regarding the distribution of profit for the year 2014 and the date of the dividend distribution,
8. Based on the Resolution No. 2015/4, dated 17/02/2015, of the Board of Directors, submitting for approval the board membership of Adnan Aydoğan, appointed upon resignation of Mustafa Dursun Akin to complete the term of office of the Board Membership of Mustafa Dursun Akin,
9. Based on the Resolution No. 2015/4, dated 17/02/2015, of the Board of Directors, submitting for approval the board membership of Halil Eroğlu, appointed upon resignation of Mehmet Semih Çiçek to complete the term of office of the Board Membership of Mehmet Semih Çiçek,
10. Submitting information to the shareholders at the General Assembly about the group and non-group duties of candidate members of the Board of Directors, including independent members,
11. Electing the Board Members,
12. Determining monthly gross remuneration of the Board Members,
13. Submitting for approval the matter of amending Article 8, titled "Capital and Shares," of the Company's Articles of Association in accordance with the permissions obtained from the Capital Market and the Ministry of Customs and Trade for the purpose of adding the provision of "decisions for increase in the real capital can be taken only in the General Assembly" to Article 8, titled "Capital and Shares" of the Company's Articles of Association in accordance with the Communiqué No. III-48.1 of the Capital Market on the Principles of Real Estate Investment Companies,
14. Pursuant to the Resolution, dated 30.01.2015, of the Board of Directors in line with the

AGENDA OF ORDINARY GENERAL ASSEMBLY MEETING FOR 2014

- Turkish Commercial Code and the regulations of the Capital Market, submitting the matter that the valuation company from which the valuation service will be received for the assets in the Company's portfolio to be determined as EPOS Gayrimenkul Danışmanlık ve Değerleme A.Ş. and also the matter that the valuation companies from which the valuation service for assets which can be taken to the Company's portfolio and will require valuation in 2015 will be received to be determined as EPOS Gayrimenkul Danışmanlık ve Değerleme A.Ş. ve TSKB Gayrimenkul Değerleme A.Ş. to the General Assembly for approval,
15. Pursuant to the Resolution, dated 30.01.2015, of the Board of Directors in line with the Turkish Commercial Code and the regulations of the Capital Market, submitting the matter that the company from which the audit service will be received as an independent audit firm to be determined as PWC-Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. to the General Assembly for approval,
16. Providing information to the shareholders about donations the Company made in 2014 and determining an upper limit for donations to be made in 2015,
17. In accordance with the regulations of the Capital Markets Board, providing information to the shareholders about guarantees, pledges, mortgages and sureties given in favour of third parties and income and benefits generated in 2014,
18. In accordance with the regulations of the Capital Markets Board, providing information to the shareholders about transactions made with Related Parties within the framework of the Corporate Governance Communiqué in 2014,
19. Authorizing the shareholders controlling the management, the Board Members, senior managers and their spouses and relatives by blood and affinity up to the second degree within the framework of Article 395 and 396 of the Turkish Commercial Code, and providing information to the shareholders about transactions realized in this context in 2014 in line with the Corporate Governance Communiqué of the Capital Market Board,
20. Wishes and opinions, closing.

FORMER TEXT**CAPITAL AND SHARES**

ARTICLE 8: The Company has adopted the registered capital system in accordance with the Capital Markets Law and based on the Resolution No. 31/894, dated 14.07.2006, of the Capital Markets Board.

The upper limit of the Company's registered capital is 1,000,000,000 TRY [one billion Turkish Liras] and this capital is divided into 1,000,000,000 [one billion] shares with a nominal value of 1 [one] TRY each.

The permission for the upper limit of the registered capital as granted by the Capital Markets Board shall be valid for the years between 2011 and 2015 [5 years]. Even the permitted upper limit of the registered capital is not reached at the end of 2015, in order for the Board of Directors take a decision for capital increase, the Company shall be required to obtain an authorization for a new period at the first General Assembly to be held by obtaining permission from the Capital Markets Board for the previously granted or a new upper limit.

The Company's issued share capital is 184,000,000 TRY [one hundred eighty four million Turkish Lira].

AMENDED TEXT**CAPITAL AND SHARES**

ARTICLE 8: The Company has adopted the registered capital system in accordance with the Capital Markets Law and based on the Resolution No. 31/894, dated 14.07.2006, of the Capital Markets Board.

The upper limit of the Company's registered capital is 1,000,000,000 TRY [one billion Turkish Liras] and this capital is divided into 1,000,000,000 [one billion] shares with a nominal value of 1 [one] TRY each.

The permission for the upper limit of the registered capital as granted by the Capital Markets Board shall be valid for the years between 2011 and 2015 [5 years]. Even the permitted upper limit of the registered capital is not reached at the end of 2015, in order for the Board of Directors take a decision for capital increase, the Company shall be required to obtain an authorization for a new period at the first General Assembly to be held by obtaining permission from the Capital Markets Board for the previously granted or a new upper limit.

The Company's issued share capital is 184,000,000 TRY [one hundred eighty four million Turkish Lira].

AGENDA OF ORDINARY GENERAL ASSEMBLY MEETING FOR 2014

The share groups representing the issued share capital consist of 1,000 TRY corresponding to 1,000 Group A registered shares owned by Akfen Holding A.Ş.; 183,997,000 TRY corresponding to 183,997,000 Group B bearer shares; 1,000 TRY corresponding to 1,000 Group C registered shares of which 999 shares are owned by Hamdi Akin and 1 share is owned by Akinisi Makine Sanayi ve Ticaret A.Ş. and 1,000 TRY corresponding to 1,000 Group D registered shares owned by Akfen Holding A.Ş., each share has a nominal value of 1 TRY. Transfer of the bearer shares cannot be restricted.

For capital increases, Group A Shares shall be issued in exchange for Group A Shares; Group B Shares in exchange for Group B Shares; Group C Shares in exchange for Group C Shares; Group D Shares in exchange for Group D Shares. However, all of new shares to be issued shall be Group B and bearer shares if the Board of Directors restricts the right of the shareholders to purchase new shares.

The share groups representing the issued share capital consist of 1,000 TRY corresponding to 1,000 Group A registered shares owned by Akfen Holding A.Ş.; 183,997,000 TRY corresponding to 183,997,000 Group B bearer shares; 1,000 TRY corresponding to 1,000 Group C registered shares of which 999 shares are owned by Hamdi Akin and 1 share is owned by Akinisi Makine Sanayi ve Ticaret A.Ş. and 1,000 TRY corresponding to 1,000 Group D registered shares owned by Akfen Holding A.Ş., each share has a nominal value of 1 TRY. Transfer of the bearer shares cannot be restricted.

For capital increases, Group A Shares shall be issued in exchange for Group A Shares; Group B Shares in exchange for Group B Shares; Group C Shares in exchange for Group C Shares; Group D Shares in exchange for Group D Shares. However, all of new shares to be issued shall be Group B and bearer shares if the Board of Directors restricts the right of the shareholders to purchase new shares.

The Board of Directors shall be authorized to increase the issued capital by issuing shares up to the upper limit of the registered capital and to take decision on restricting the right of the shareholders to purchase new shares and issuing shares above or below the privileged or nominal value between the years 2011 and 2015 in accordance with the provisions of the Capital Markets Law and the regulations of the Capital Markets Board. The authority to restrict the right to purchase new shares cannot be exercised in a manner to cause inequality among the shareholders.

Assignment of partnership interests prior to public offering shall be subject to the Board's approval regardless of any rate. The requirements that apply to the founders shall be sought also for new partners who will acquire a share in the partnership for assignments of partnership interests under this Article.

It is mandatory to show the amount of issued share capital on documents on which the Company's title is used.

Shares representing the capital shall be monitored in the framework of dematerialization principles.

The Board of Directors shall be authorized to increase the issued capital by issuing shares up to the upper limit of the registered capital and to take decision on restricting the right of the shareholders to purchase new shares and issuing shares above or below the privileged or nominal value between the years 2011 and 2015 in accordance with the provisions of the Capital Markets Law and the regulations of the Capital Markets Board. The authority to restrict the right to purchase new shares cannot be exercised in a manner to cause inequality among the shareholders.

Assignment of partnership interests prior to public offering shall be subject to the Board's approval regardless of any rate. The requirements that apply to the founders shall be sought also for new partners who will acquire a share in the partnership for assignments of partnership interests under this Article.

It is mandatory to show the amount of issued share capital on documents on which the Company's title is used.

Shares representing the capital shall be monitored in the framework of dematerialization principles.

The decision to increase the real capital can only be taken at the General Assembly Meeting.

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

CONVENIENCE TRANSLATION TO ENGLISH OF
CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED
31 DECEMBER 2014
[ORIGINALLY ISSUED IN TURKISH]

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CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Akfen Gayrimenkul Yatırım Ortaklığı A.Ş.;

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. [the "Company"] and its Subsidiaries [collectively referred to as the "Group"], which comprise the consolidated statement of financial position balance sheet as at 31 December 2014 and the consolidated statement of profit or loss and other comprehensive income consolidated statement of changes in equity and consolidated statement of cash flows for the period then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

2. The Group's management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Turkish Accounting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our audit was conducted in accordance with standards on auditing issued by the Capital Markets Board of Turkey and Independent Auditing Standards that part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority. Those standards require that ethical requirements are complied with and that the audit is planned and performed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An independent audit involves performing procedures to obtain evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on independent auditor's professional judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to error or fraud. In making those risk assessments, the independent auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An independent audit includes also evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the independent audit evidence we have obtained during our audit is sufficient and appropriate to provide a basis for our audit opinion.



Other matters

4. The consolidated financial statements of Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. as of 31 December 2014 had been audited by a different audit firm and an unqualified opinion had been issued in the auditor's report dated 3 March 2014.

Opinion

5. In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. and its Subsidiaries as at 31 December 2014 and their financial performance and cash flows for the period then ended in accordance with Turkish Accounting Standards.

Other Responsibilities Arising From Regulatory Requirements

6. In accordance with subparagraph 4 of Article 398 of the Turkish Commercial Code ["TCC"] No: 6102; auditor's report on the early risk identification system and committee has been submitted to the Company's Board of Directors on 2 March, 2015.

7. In accordance with subparagraph 4 of Article 402 of the TCC; no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January – 31 December 2014 is not in compliance with the code and provisions of the Company's articles of association in relation to financial reporting.

8. In accordance with subparagraph 4 of Article 402 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

**Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.**

a member of
PricewaterhouseCoopers



İstanbul, 2 Mart 2015

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

CONSOLIDATED FINANCIAL POSITION AS AT 31 DECEMBER 2014

[Amounts are expressed in Turkish Lira ["TRY"] unless otherwise stated.]

		Audited 31 December 2014	Audited 31 December 2013
ASSETS	Notes		
CURRENT ASSETS		39,058,426	43,602,611
Cash and cash equivalents	5	24,097,271	30,326,239
Trade receivables	7	10,939,041	6,031,253
-Trade receivables from third parties	7	10,939,041	6,031,253
Other receivables	8	26,155	44,062
-Other receivables from third parties	8	26,155	44,062
Prepaid expenses	16	752,976	2,162,893
Other current assets	17	3,242,983	5,038,164
NON-CURRENT ASSETS		1,406,891,433	1,474,923,421
Other receivables	8	9,985,108	9,780,255
-Other receivables from third parties	8	9,985,108	9,780,255
Investment property	9	1,351,891,377	1,418,898,726
Property and equipment	10	80,630	98,357
Intangible assets	11	42,046	44,321
-Other intangible assets	11	42,046	44,321
Prepaid expenses	16	12,925,807	11,770,339
Deferred tax assets	24	388,778	1,133,551
Other non-current assets	17	31,577,687	33,197,872
TOTAL ASSETS		1,445,949,859	1,518,526,032

The accompanying notes form an integral part of these consolidated financial statements.

CONVENIENCE TRANSLATION TO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

CONSOLIDATED FINANCIAL POSITION AS AT 31 DECEMBER 2014

(Amounts are expressed in Turkish Lira ["TRY"] unless otherwise stated.)

		Audited 31 December 2014	Audited 31 December 2013
LIABILITIES	Notes		
CURRENT LIABILITIES		124,677,322	105,200,282
Short term financial liabilities	6	31,808,759	8,504,390
Short term portion of long term financial liabilities	6	85,805,896	83,782,797
Trade payables	7	4,136,311	11,236,283
-Trade payables to related parties	7	721,394	751,010
-Other trade payables to third parties	7	3,414,917	10,485,273
Other payables	8	1,379,813	781,985
-Other payables to third parties	8	1,379,813	781,985
Short term provisions	15	356,194	360,243
-Short term provisions for employee benefits	15	356,194	360,243
Other current liabilities	17	1,190,349	534,584
NON-CURRENT LIABILITIES		465,052,371	480,534,217
Long term financial liabilities	6	400,234,298	408,511,424
Long term provisions	15	59,832	48,512
-Long term provisions for employee benefits	15	59,832	48,512
Deferred tax liability	24	61,526,518	68,474,722
Other non-current liabilities	17	3,231,723	3,499,559
EQUITY	18	856,220,166	932,791,533
Equity attributable to equity holders of parent		823,809,895	897,881,682
Paid in capital		184,000,000	184,000,000
Adjustment to share capital		317,344	317,344
Purchase of share of entity under common control		53,748,727	53,748,727
Share premiums		58,880,000	58,880,000
Other comprehensive income to be reclassified to profit or loss		(68,636,240)	2,987,760
-Currency translation differences		(68,636,240)	2,987,760
Restricted reserves allocated from profit		4,147	4,147
Retained earnings		597,943,704	479,940,859
Net profit for the period		[2,447,787]	118,002,845
Non-controlling interests		32,410,271	34,909,851
TOTAL EQUITY AND LIABILITIES		1,445,949,859	1,518,526,032

The accompanying notes form an integral part of these consolidated financial statements.

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2014

[Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.]

	Notes	Audited 1 January- 31 December 2014	Audited 1 January- 31 December 2013
PROFIT OR LOSS			
Revenue	19	51,011,677	41,262,185
Cost of sales	19	(5,729,946)	(5,338,972)
GROSS PROFIT		45,281,731	35,923,213
General administrative expenses	20	(5,842,691)	(6,977,188)
Fair value gain on			
Investment property, net	21	16,778,970	205,607,302
Other operating income	21	17,498,643	2,720,670
Other operating expenses	21	(2,931,109)	(4,106,114)
OPERATING PROFIT		70,785,544	233,167,883
Financial income	22	30,262,898	6,145,332
Financial expenses	23	(103,478,309)	(96,697,163)
(LOSS)/PROFIT BEFORE TAX		(2,429,867)	142,616,052
Current tax expense	24	(2,517,500)	(21,266,153)
-Deferred tax expense	24	(2,517,500)	(21,266,153)
NET (LOSS)/PROFIT FOR THE YEAR		(4,947,367)	121,349,899
Attribution of (expense)/income for the year			
Non-controlling interest		(2,499,580)	3,347,054
Attributable to equity holders of the parent		(2,447,787)	118,002,845
Net (loss)/profit for the year		(4,947,367)	121,349,899
Earnings per share (Full TRY)	25	(0.01)	0.64
(LOSS)/PROFIT FOR THE YEAR		(4,947,367)	121,349,899
OTHER COMPREHENSIVE (EXPENSE)/INCOME		(71,624,000)	1,586,020
Items to be reclassified to Profit or loss		(71,624,000)	1,586,020
Change in currency translation differences		(71,624,000)	1,586,020
TOTAL COMPREHENSIVE (EXPENSE)/INCOME		(76,571,367)	122,935,919
Attribution of total comprehensive (expense)/income:			
Non-controlling interest		(2,499,580)	3,347,054
Attributable to equity holders of the parent		(74,071,787)	119,588,865

The accompanying notes form an integral part of these consolidated financial statements.

CONVENIENCE TRANSLATION TO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts are expressed in Turkish Lira ["TRY"] unless otherwise stated.)

	Other Comprehensive Income and Items to be reclassified to Profit or Loss										
	Paid-in Capital	Adjustment to Share Capital	Share Premium	Purchase of share of under entity common control	Foreign currency translation reserve	Restricted reserves allocated from profit	Retained Earnings			Equity attributable of equity holders of the parent	Non controlling interests
Retained earnings							Net profit/ (loss) for the year				
Balance as at 1 January 2013	184,000,000	317,344	58,880,000	53,748,727	1,401,740	4,147	455,739,024	24,201,835	778,292,817	30,978,935	809,271,752
Transfers	-	-	-	-	-	-	24,201,835	(24,201,835)	-	-	-
Total comprehensive income	-	-	-	-	1,586,020	-	-	118,002,845	119,588,865	3,347,054	122,935,919
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	583,862	583,862
Balance as at 31 December 2013	184,000,000	317,344	58,880,000	53,748,727	2,987,760	4,147	479,940,859	118,002,845	897,881,682	34,909,851	932,791,533
Balance as at 1 January 2014	184,000,000	317,344	58,880,000	53,748,727	2,987,760	4,147	479,940,859	118,002,845	897,881,682	34,909,851	932,791,533
Transfers	-	-	-	-	-	-	118,002,845	(118,002,845)	-	-	-
Total comprehensive loss	-	-	-	-	(71,624,000)	-	-	(2,447,787)	(74,071,787)	(2,499,580)	(76,571,367)
Balance as at 31 December 2014	184,000,000	317,344	58,880,000	53,748,727	(88,636,240)	4,147	597,943,704	(2,447,787)	823,809,895	32,410,271	856,220,166

The accompanying notes form an integral part of these consolidated financial statements.

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2014

[Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.]

	Notes	Audited 31 December 2014	Audited 31 December 2013
A. Cash flows from operating activities			
Net profit for the year		(4,947,367)	121,349,899
<i>Adjustments to reconcile profit to cash provided by operating activities:</i>			
Adjustments for depreciation and amortization expense	10,11	46,439	51,907
Adjustments for change in provisions for employee termination benefits and unused vacation	15	7,271	207,782
Fair value gain on operating investment property, net	21	(16,778,970)	(205,607,302)
Adjustments for interest income and expense		22,680,694	22,361,210
Adjustments for foreign currency exchange differences		53,117,690	66,211,412
Adjustments for rent expense accrual		387,929	540,962
Adjustments for tax expense/(income)		2,517,500	21,266,153
		57,031,186	26,382,023
Net working capital changes in:			
Trade receivables		(4,907,788)	289,913
Other receivables from operating activities		(186,946)	(2,367,367)
Change in other current and noncurrent assets		3,669,815	(6,427,322)
Trade payables		(7,099,972)	5,997,736
Other payables from operating activities		(8,123,102)	4,994,599
Cash provided from operating activities		40,383,193	28,869,582
Interest received		241,021	492,118
Employment termination benefit and vacation liability paid		-	(13,175)
Net cash provided from operating activities		40,624,214	29,348,525
B. Cash flows from investing activities			
Cash outflow from acquisition of property, equipment and intangible assets		(26,437)	(51,666)
Acquisition of investment property		(61,584,827)	(95,790,800)
Net cash used in investment activities		(61,611,264)	(95,842,466)
C. Cash flows from financing activities			
Proceeds from borrowings		179,235,939	234,786,154
Repayment of financial liabilities		(141,556,142)	(143,698,833)
Change in project, reserve accounts		7,855,264	(7,880,037)
Interest received		477,268	353,077
Interest paid		(23,398,983)	(23,206,405)
Change in non-controlling interests		-	583,862
Net cash provided by financing activities		22,613,346	60,937,818
Net increase in cash and cash equivalents		1,626,296	(5,556,123)
Cash and cash equivalents at the beginning of the year	5	22,446,202	28,002,325
Cash and cash equivalents at the end of the year	5	24,072,498	22,446,202

The accompanying notes form an integral part of these consolidated financial statements.

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014

[Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.]

1. REPORTING ENTITY

Akfen Gayrimenkul Yatırım Ortaklığı AŞ ["the Group" or "Akfen GYO"] was restructured as a real estate investment trust by transforming Aksel Turizm Yatırımları ve İşletmecilik AŞ ["Aksel"]. Aksel was originally established on 25 June 1997 for the purpose of undertaking investments in domestic tourism sector under the partnership of Hamdi Akın and Yüksel İnşaat A.Ş. Subsequently, Akfen Holding AŞ, ["Akfen Holding"] purchased shares of Yüksel İnşaat A.Ş. in 2006 and the Group became a subsidiary of Akfen Holding. The restructuring was completed subsequent to the Board of Directors resolution dated 25 April 2006 and Capital Markets Board of Turkey's ["CMB"] approval numbered 31/894 and dated 14 July 2006 with the result of the Group's conversion to "Real Estate Investment Trust" registered in 25 August 2006. The change of title and activities was published on Official Trade Gazette on 31 August 2006.

The Group's main operations and activities are investing in real estates, real estate projects and other capital markets instruments, as described on CMB Communiqué Series: III No: 48.1, Clause 23 and 25 regulating Real Estate Investment Trusts. Akfen Holding signed a Memorandum of Understanding ["MoU"] with a 100% owned subsidiary of ACCOR S.A., one of the world's leading hotel groups. The Group is mainly developing hotels with Ibis Hotel and Novotel trademarks and leasing the hotels to Tamaris Turizm A.Ş. which is a 100% owned subsidiary of ACCOR S.A operating in Turkey.

The Group was enlisted on İstanbul Stock Exchange [ISE] on 11 May 2011.

The Group acquired 100% of Akfen Gayrimenkul Ticareti ve İnşaat AŞ ["Akfen GT"] on 21 February 2007 which was 100% owned by Akfen Holding. Akfen GT's main operations are also are investing in real estates, forming real estate portfolio and develop real estate projects.

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014

[Amounts are expressed in Turkish Lira ["TRY"] unless otherwise stated.]

The Group and Eastern European Property Investment Ltd. ["EEPI Ltd."] formed joint ventures in the Netherlands under the name of Russian Hotel Investment BV ["Russian Hotel" or "RHI"] and Russian Property Investments BV ["Russian Property" or "RPI"] on 21 September 2007 and 3 January 2008 respectively. EEPI Ltd assigned its 45% shares in RHI and RPI to Kasa Investments ["Kasa BV"], and 5% shares to Cüneyt Baltaoğlu in December 2010. On 29 July 2011, Akfen GT, has taken over 45% shares of RHI and RPI previously owned by Kasa Investments BV. The main objective of Russian Hotel is to develop hotels in Russia and Ukraine and lease them to ACCOR S.A while the main objective of Russian Property is to develop office projects in Russia. The capital structures of the joint ventures are both designated as 95% of participation for the Group and 5% participation of Cüneyt Baltaoğlu as at 31 December 2014.

The Group has set up a subsidiary in the Netherlands, Hotel Development and Investment BV ["HDI"], to develop hotel projects in Russia on 18 March 2011. Based on the share purchase agreement signed on 4 September 2013 between HDI-%100 subsidiary of the Group and Beneta Limited, the shares of Severnyi Avtovokzal Limited Company ["Severny"] of which central office is located in Russia has been taken over by HDI B.V. on 4 September 2013 with the amount of USD 12.975.000. Severny owns 2,010 m2 land located in the center of Moscow and has construction permit on the land for a hotel project designed with 317 rooms.

The Group has set up a subsidiary, Akfen Karaköy Otel Yatırımları A.Ş. ["Akfen Karaköy"], to develop a hotel project in İstanbul Karaköy on 31 May 2011. The capital structure of Akfen Karaköy is designated as 70% of participation for the Group.

"The Group" phrase will be used for Akfen GYO and its subsidiaries in this report.

The Group is registered in Levent Loft, Büyükdere Caddesi, C Blok No: 201, Kat: 8, Daire: 150, Levent-İstanbul address.

The number of employees of Akfen GYO and its subsidiaries is 13 [31 December 2013:13] and 14 [31 December 2013:18] respectively as at 31 December 2014.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1. Basis of preparation

a Statement of compliance

The accompanying consolidated financial statements are prepared in accordance with the Communiqué serial II, No: 14.1 announcement of Capital Markets Board ("CMB") dated 13 June 2013 related to "Capital Market Communiqué on Principles Regarding Financial Reporting" ("Communiqué") which is published in official gazette, no 28676.

The Group and its subsidiaries, Akfen GT and Akfen Karaköy head offices maintain its legal books of account and prepare its statutory financial statements in accordance with accounting principles set out in the Turkish Commercial Code ("TTC"), tax legislation and uniform chart of account. Akfen GT, is also operating in Turkish Republic of Northern Cyprus ("Northern Cyprus"), its branch has been registered by the decision of the Cabinet of Northern Cyprus as a foreign company under the limited liability companies Code Article 346, with the registry number YŞ00148, Chapter 113 of Northern Cyprus Corporate Registration Office. Akfen GT's branch operating in Northern Cyprus maintains its legal books of account and prepares its statutory financial statements in accordance with accounting principles set out in the Commercial Code accepted in Northern Cyprus.

The Group's foreign entities RHI, RPI and HDI maintain their records and prepare their statutory financial statements in accordance with the generally accepted accounting principles and the related legislation applicable in the countries they operate.

b. Compliance with TAS

According to the Communiqué of CMB, the accompanying consolidated financials are prepared in accordance with Turkish Accounting Standards ("TAS") issued by Public Oversight Accounting and Auditing standards Authority of Turkey ("POA"). TAS is composed of Turkish Accounting Standards, Turkish Financial Reporting Standards, appendixes and interpretations.

The accompanying consolidated financial statements as of 31 December 2014 have been approved by the Group's Board of Directors on 2 March 2015. General assembly and related legal institutions have right to correct related financial tables and financial tables according to legal statute.

c. Functional and presentation currency

The presentation currency of the accompanying financial statements is TRY. The table below shows the functional currency of each Company:

The Group	Functional Currency
Akfen GYO	TRY
Akfen GT	TRY
Akfen Karaköy	TRY
Russian Hotel	Euro
Russian Property	Euro
HDI	Euro

All financial information presented in TRY unless otherwise stated. All other currencies are stated full unless otherwise stated.

d Basis of consolidation

Subsidiaries

The consolidated financial statements of the Group include its subsidiaries, which it controls directly or indirectly. This control is normally evidenced when the Group owns control power, either directly or indirectly, over company's share capital and is able to govern the financial and operating policies of an enterprise so as to benefit from its activities. This control power is determined based on current and convertible voting rights. The financial statements of the subsidiaries are consolidated from the beginning of the control power over the affiliate to end of that power.

Financial statements of the subsidiaries are prepared in line with the financial statements of the Group in the same accounting period using uniform accounting policies. Financial statements of the subsidiaries are consolidated based on full consolidation method.

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The table below shows Akfen GYO's ownership ratio in subsidiaries as at 31 December 2014 and 31 December 2013:

The Group	Direct or indirect shares of company [%]
Akfen GT	100
HDI	100
RHI	95
RPI	95
Akfen Karaköy	70

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Transactions in foreign currencies are translated to the functional currencies of the Group entities at the exchange rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at reporting date are translated to the functional currency at the exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognized in the consolidated statement of comprehensive income.

The Group entities use Euro or TRY, as functional currency since these currencies are used to a significant extent in, or have a significant impact on, the operations of the related Group entities and reflect the economic substances of the underlying events and circumstances relevant to these entities.

All currencies other than the currency selected for measuring items in the financial statements are treated as foreign currencies.

Assets and liabilities of the Group entities with a different functional currency than the reporting currency of the Group are translated into the reporting currency of the Group at the rate of exchange ruling at the reporting date. The income and expenses of the Group entities are translated into the reporting currency at the average exchange rates for the period. Equity items are presented at their historical costs. The foreign currency differences are recognized directly in equity, under "Foreign Currency Translation Reserve" (FCTR). When the related Group entity is disposed of, in part or in full, the relevant amount in the FCTR is transferred to profit or loss.

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The Euro/TRY and USD/TRY exchange rate as at the end of each year are as follows:

	31 December 2014	31 December 2013
Euro/TRY	2.8207	2.9365
USD/TRY	2.3189	2.1343

e. Comparative information and restatement of prior periods' financial statements

The accompanying consolidated financial statements are presented comparatively in order to identify the tendency of the Group's financial position, performance and its cash flows. The accounting policies applied in the preparation of the accompanying consolidated financial statements have been consistently applied to all periods presented by the Group. Financial statements as at 31 December 2014 are presented comparatively to the financial statements as at 31 December 2013.

Adjustments in financial statements for the year 2013

For allowing determination of financial position and performance trends, the Group's consolidated financial statements are prepared in comparison to prior period. For compliance with the presentation of the consolidated financial statements for the current period, compared information can be categorized. The categories determined for compliance with the presentation of the consolidated financial statements for the current year are given below.

The reclassifications in the Group's consolidated profit or loss and other comprehensive income for the year ended 31 December 2013 are shown as below;

- TRY 46,967,179 foreign currency exchange loss disclosed in "Finance expense" as of 31 December 2013 has been net-off with foreign currency exchange gain disclosed in "Finance income" in the comparative financial statements.

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The reclassification in the Group's consolidated cash for the year ended 31 December 2013 is as follows;

- The Group has reclassified the following item in the cash flow statement of 31 December 2014 between "Adjustments to reconcile profit to cash provided by operating activities" and "Net working capital changes". The change in construction cost provisions amounting to TRY 2,752,344 which was previously disclosed under "Adjustments to reconcile profit to cash provided by operating activities" as of 31 December 2013 has been reclassified to "Net working capital changes".

2.2. Accounting estimates

The preparation of the financial statements in conformity with Communiqué No: II-14.1 requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The estimates are used particularly in the following notes:

Note 9-Fair value measurement of investment property

Note 17 Long Term VAT receivables

The Group classifies its VAT receivables which will be recovered more than one year based on its current operations, to non-current asset [Note 17]. The Group's total VAT receivable as of 31 December 2014 is in amount of TRY 31,577,687 [31 December 2013: TRY 33,197,872] and this amounts has been reclassified to non-current based on timing of forecasted income and expense subjected to VAT.

2.3 Changes in accounting policies

The Group, for the current year, applied amendments and interpretations among the new and revised TAS [Turkish Accounting Standards]/TFRS [Turkish Financial Reporting Standards] amendments and interpretations published by the Turkish Accounting Standards Authority [TASB] and TASB's Turkish Financial Reporting Interpretations Committee [TFRIC], effective for the periods of the year beginning as of 1 January 2014 that affected the Group's financial statements.

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Standards, amendments and interpretations in effect as of 31 December 2014

Amendment on TAS 32, "Financial Instruments": Offsetting assets and liabilities; effective for annual reporting periods starting from January 1 or after this date. These amendments are provided for assisting the application of TAS 32 "Financial Instruments: Presentation" and outline some matters necessary for offsetting financial assets and financial liabilities in the balance sheet.

Amendment on TAS 36, "impairment of assets" regarding disclosure of recoverable amount"; effective for annual reporting periods starting from January 1, 2014 or after this date. These amendments, if the recoverable amount of the impaired asset is determined as fair value less costs of disposal; provide complementary explanation for disclosure of information regarding recoverable amount.

Amendment on TAS 39, "Financial Instruments": Recognition and Measurement'- 'transfer of derivative instruments'; effective for annual reporting periods starting from January 1, 2014 or after this date. This amendment, as long as the specified conditions provided, clarifies that use of the hedge accounting shall not be terminated due to change of the parties to the hedging instrument or counterparty renewal arisen from laws and regulations.

IFRIC 21, 'Levies', effective from annual periods beginning on or after 1 January 2014. This interpretation is on IAS 37, 'Provisions, contingent liabilities and contingent assets'. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event [known as an obligating event]. The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

Amendments to IFRS 10, 'Consolidated financial statements', IFRS 12 and IAS 27 for investment entities, effective from annual periods beginning on or after 1 January 2014. These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an 'investment entity' definition and which display particular characteristics. Changes have also been made IFRS 12 to introduce disclosures that an investment entity needs to make.

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New IFRS standards, amendments and IFRICs effective after 1 January 2015

- Annual improvements 2012; effective from annual periods beginning on or after 1 July 2014. These amendments include changes from the 2010-12 cycle of the annual improvements project, that affect 7 standards:
 - IFRS 2, 'Share-based payment'
 - IFRS 3, 'Business Combinations'
 - IFRS 8, 'Operating segments'
 - IFRS 13, 'Fair value measurement'
 - IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets'
 - Consequential amendments to IFRS 9, 'Financial instruments', IAS 37, 'Provisions, contingent liabilities and contingent assets', and
 - IAS 39, 'Financial instruments-Recognition and measurement'
- Annual improvements 2013; effective from annual periods beginning on or after 1 July 2014. These amendments include changes from the 2011-12-13 cycle of the annual improvements project, that affect 4 standards:
 - IFRS 1, 'First time adoption'
 - IFRS 3, 'Business combinations'
 - IFRS 13, 'Fair value measurement' and
 - IAS 40, 'Investment property'.
- IFRS 14 'Regulatory deferral accounts', effective from annual periods beginning on or after 1 January 2016. IFRS 14, 'Regulatory deferral accounts' permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items.
- Amendment to IFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation, effective from annual periods beginning on or after 1 January 2016. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.

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- Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets', on depreciation and amortisation, effective from annual periods beginning on or after 1 January 2016. In this amendment the it has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. It is also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.
- Amendments to IAS 27, 'Separate financial statements' on the equity method, effective from annual periods beginning on or after 1 January 2016. These amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.
- Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures', effective from annual periods beginning on or after 1 January 2016. These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.
- IFRS 15 'Revenue from contracts with customers', effective from annual periods beginning on or after 1 January 2017. IFRS 15, 'Revenue from contracts with customers' is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally.
- IFRS 9 'Financial instruments', effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

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- Amendments to IAS 16 'Property, plant and equipment', and IAS 41, 'Agriculture', regarding bearer plants, effective from annual periods beginning on or after 1 January 2016. These amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms. It has been decided that bearer plants should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of IAS 16, instead of IAS 41. The produce growing on bearer plants will remain within the scope of IAS 41.
- Amendment to IAS 19 regarding defined benefit plans, effective from annual periods beginning on or after 1 July 2014. These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.
- Annual improvements 2014, effective from annual periods beginning on or after 1 January 2016. These set of amendments impacts 4 standards:
 - IFRS 5, 'Non-current assets held for sale and discontinued operations' regarding methods of disposal.
 - IFRS 7, 'Financial instruments: Disclosures', [with consequential amendments to IFRS 1] regarding servicing contracts.
 - IAS 19, 'Employee benefits' regarding discount rates.
 - IAS 34, 'Interim financial reporting' regarding disclosure of information.

2.4 Summary of significant accounting policies

Significant accounting policies used in the preparation of the financial statements are summarized as follows:

2.4.1 Revenue

Revenue includes rental income and Akfen GYO's time deposit interest income.

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Rental income

Rental income from investment property is recognized on accrual basis. Revenue is measured at the fair value of the consideration received or receivable. Income is realized when the economic benefits obtained by the Group and amount of the related income is measured confidently.

2.4.2 Statement of cash flows

The Group presents statement of cash flows as an integral part of other financial statements to inform the users of financial statements about the changes in its net assets, its financial structure and its ability to manage the amount and timing of its cash flows under new conditions.

2.4.3 Investment property

a Operating investment properties

Investment properties are those which are held either to earn income or for capital appreciation or for both. Investment properties are stated at fair value. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The fair value of the investment properties determined by discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease. Fair value models are designed by taking into consideration the type and the credibility of current or potential tenants, the allocation of maintenance and insurance expenses among lessor and lessee; and the remaining economic life of the property. Fair values of the Group's investment properties located in Turkey and the TRNC are calculated by a real estate appraisal company included in the list of authorized companies to offer appraisal services within the framework of the CMB legislation.

It has been assumed that all notices and where appropriate counter notices have been served validly and within the appropriate time.

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Any gain or loss arising from a change in fair value is recognized in profit or loss. Rental income from investment property is accounted for as described in accounting policy in Note 2.4.1.

b Investment property under development

Interest costs among the borrowing costs directly related to investment property under construction is included to the cost of the relevant asset. Exchange gains/losses recognise under income statement.

Investment properties under development are those which are held either to earn income or for capital appreciation or for both. Investment properties under development are stated at fair value as operating investment property. The fair value of the investment properties under development are determined by discounted cash flow projections based on reliable estimates of future cash flows, using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows and also includes the expenditures required to complete the project except for the Moscow hotel project of HDI which is stated at costs incurred and Northern Cyprus-Bafra hotel project of Akfen GT which is determined with the precedent comparison method.

2.4.4. Property and equipment

Tangible assets acquired before 1 January 2005 are carried at restated cost for the effects of inflation in TRY units current at the 31 December 2004 less accumulated depreciation and impairment losses, and tangible assets acquired after 1 January 2005 are carried at acquisition cost less accumulated depreciation and impairment losses.

Depreciation

Depreciation on the tangible assets is provided on straight-line method according to their useful lives from the date of recognition or assembly of the related assets.

The estimated useful lives of the related assets are as follows:

Equipment	6 years
Furniture and fixtures	3-10 years
Motor vehicles	5 years

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Subsequent expenditure

Expenditures incurred to replace a component of tangible assets that is accounted for separately, including major inspection and overhaul costs, are capitalized. Other subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of tangible assets. All other expenditures are recognized in the income statement as expense as incurred.

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

2.4.5 Intangible assets

Intangible assets include computer software. Intangible assets acquired before 1 January 2005 are carried at restated cost for the effects of inflation in TRY units current at the 31 December 2004 less accumulated amortisation and impairment losses, and intangible assets acquired after 31 December 2004 are carried at acquisition cost less accumulated amortisation and impairment losses. Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of the related assets of 3 or 5 years.

2.4.6. Impairment of assets

At each balance sheet date, the carrying of Group's assets, other than investment property [see note 2.4.3] is reviewed to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset [or cash-generating unit] is estimated to be less than its carrying amount, the carrying amount of the asset [cash-generating unit] is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset [cash-generating unit] is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset [cash-generating unit] in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

2.4.7. Financial instruments

Classification

The Group's financial assets are consisted of trade receivables besides cash and cash equivalents. The Management makes classification of the financial assets as of their acquisition date.

i) Loans and receivables

Loans and receivables are financial assets having a fixed or certain amount of payment, which are not traded on an active market and not being derivate instruments. If their due date is shorter than 12 months as of the balance sheet date, they are classified as current assets, but if their due date is longer than 12 months, then they are classified as fixed assets.

Trade receivables mainly consisted of receivables arisen from lease transactions based on lease contracts of real estates.

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Recognition and Measurement

Financial assets are recorded on the date of sales/purchase. The date of sales/purchase is the day that the management has promised to realize such sales/purchase. Except for financial assets of which fair value differences related to the income statement, other investments are initially recorded to the book from their fair value plus transaction cost. The financial assets, measured at their fair value and related to the income statement, are appraised from fair value and transaction costs are recognized as expense in the comprehensive income statement. Once the cash flow rights arisen from financial assets are expired or transferred and the Group has transferred all risks and returns, financial assets are removed from books. The financial assets, measured at their fair value and related to the income statement, are recognized at their fair value in successive periods. Loans and receivables are recognized at a value discounted using effective interest rate.

Trade receivables and liabilities

Trade receivables arisen from supply of a product or service to a customer by the Group are reflected by netting against unrealized financing income. Trade receivables after unrealized financing income is calculated by discounting future amounts to be obtained in successive periods from the receivables recorded at their original invoice value by use of effective interest rate method. Short-term receivables not having a determined interest rate are reflected from their cost value if the original effective interest rate has no substantial effect.

The Group sets aside provision for doubtful trade receivables in case of objective evidence that there is no possibility for collection. The amount of such provision is the recorded value of the receivable less the collectible amount. The collectible amount is the discounted amount of the trade receivable arisen, all cash flows including amounts likely to be collected guarantees and collaterals, based on the original effective interest rate.

Subsequent to setting aside provision for doubtful trade receivables, if whole or a part of the doubtful trade receivables are paid, the amount paid is deducted from the provision for doubtful trade receivables and recorded under the other income account.

Trade liabilities are liabilities arisen from direct purchase of product and service from suppliers. Trade liabilities and other liabilities are reflected by netting against unrealized financing expenses. Trade liabilities and other liabilities after unrealized financing expenses is calculated by discounting future amounts to be paid in successive periods from the liabilities recorded at their original invoice value by use of effective interest rate method. Short-term liabilities not having a determined interest rate are reflected from their cost value if the original effective interest rate has no substantial effect.

Financial liabilities and borrowing cost

Financial liabilities are initially recognised at the value received by deducting transaction costs from the amount of financial liability on the borrowing date. Financial liabilities are measured in the consolidated financial statements from their amortised cost using effective interest rate on subsequent dates.

Cash and cash equivalents

Cash and cash equivalents are consisted of cash on hand, demand deposits and time deposits having a maturity date less than 3 months.

With reference to Karaköy Novotel Project of Akfen Karaköy, in the scope of the loan agreement signed on 17 January 2013, for funding of the loan repayment of the project, investment expenses, operational and administrative expenses besides funding of the cash surplus account, banks accounts having the names rental income account, foundation rental reserve account, debt discharging reserve account, investment expenses and operational expenses account, cash surplus account are opened.

ii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

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2.4.8 Earnings per share

Earnings per share, which is stated income statement, is calculated by dividing net profit by the weighted average number of ordinary shares outstanding during the period. The number of common share available during the period is the sum of number of common share at the beginning of the period and the product of number of common shares exported during the period and a time weighted factor [Note 25].

2.4.9 Subsequent events

Events after the balance sheet date are those events, favorable and unfavorable, that occur between the balance sheet date and the date when the financial statements are authorized for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed on the financial position date (adjusting events after the balance sheet date); and
- those that are indicative of conditions that arose after the financial position date (non-adjusting events after the balance sheet date).

If there is evidence of such events as of balance sheet date or if such events occur after balance sheet date and if adjustments are necessary, Group's financial statements are adjusted according to the new situation. The Group discloses the post-balance sheet events that are not adjusting events but material.

2.4.10 Provisions, contingent liabilities and contingent assets

A provision is recognized when the Group has a present implicit or legal obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

If the specified criteria are not met, the Group discloses the related issues in the accompanying notes. If the inflow of economic benefits is probable contingent assets have been disclosed in the notes to the financial statements. If the inflow of the economic benefit is more than likely to occur such asset and income statement effect has been recognized in the financial statements at the relevant period that income change effect occurs.

2.4.11 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

The Group as lessee

Rental payables under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

2.4.12 Related parties

For the purpose of the accompanying consolidated financial statements, shareholders, key management and board members, in each case together with companies controlled by or affiliated with them, and associated companies are considered and referred to as related parties. Transactions with the related parties consist of the transfer of the assets and liabilities between related parties by a price or free of charge.

2.4.13 Segment reporting

The Group has three reporting segments, which are the Group's strategic business units. The Group management evaluates the performance and determines allocation of resources based on these business units. The Group management reviews the business units based on resource allocation and performance results regularly, since they are affected from different economic conditions and geographical locations each of the strategic business units, although the strategic business units offer same services. The Group's operating segments are in Turkey, Northern Cyprus and Russia in which the Group is operating in real estate investments.

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2.4.14 Government grants and incentives

According to the Investment Incentive Law numbered 47/2000, the Group has a 100% of investment incentive on capital expenditures made until 31 December 2008 in Northern Cyprus for an indefinite time.

2.4.15 Taxation

According to Article 5/1[d] [4] of the New Corporate Tax Law 5520, the income of Real Estate Investment Trusts ["REIT"] is exempt from Corporate Income Tax in Turkey. This exemption is also applicable to Quarterly Advance Corporate Tax. According to Article 15/[3] the income of REITs is subject to 15% withholding tax irrespective of its distribution. The Council of Ministers has the authority to increase the withholding tax rate on REIT income to corporate income tax rate or reduce it to 0% or change it within the limits defined through Article 15/[34] of New Corporate Tax Law. In accordance with New Corporate Tax Law Article 15/[2], income subject to corporate tax is also exempt from withholding tax.

According to temporary Article [1] of the New Corporate Tax Law, resolutions of the Council of Ministers related with Income Tax Law numbered 193 and Tax Law No: 5422 are valid up to new Decrees published by the Council of Ministers. Determined rates cannot exceed statutory limits defined at New Corporate Tax Law.

Based on the resolution of the Council of Ministers numbered 2009/14594 related to the withholding tax rates which were determined as 15% according to the New Corporate Tax Law Article 15/[3] published in the Official Gazette dated 3 February 2009 numbered 27130, the withholding tax rate is determined as 0% and this resolution is effective on the same date. According to Article 5/1[d] [4] the income of REITs is subject to 0% withholding tax irrespective of its distribution.

Akfen GT's head office operating in Turkey and Akfen Karaköy are subject to the 20% of taxation on its taxable income. Akfen GT's branch operating in Northern Cyprus is subject to a corporate tax rate of 23.5%.

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RHI, RPI and HDI are subject to 20% corporate tax income and are not subject to income tax for dividend yield according to regulations of the Netherlands.

Deferred tax liability or asset is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts reported for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax liabilities and assets are recognized in the financial statements from the enacted or substantially enacted tax rates to the extent that the temporary differences in the subsequent periods will be reversed. Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deferred tax asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. The current tax rates are used in the computation of deferred tax.

Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income tax levied by the same taxation authority.

2.4.16 Employee termination benefits

In accordance with the existing labor code in Turkey, the Group is required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The Group calculated the severance pay liability for the retirement of its employees by discounting the future liabilities to their present values, by using actuarial method and reflected to the financials.

Reserve for severance payment is calculated according to the ceiling rate announced by the Government. As at 31 December 2014 and 31 December 2013 the ceiling rates are TRY 3,438 and TRY 3,254, respectively.

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2.4.17 Offsetting

Every item that has importance due to its nature an amount is reflected in the financial statements separately even if they are similar. Unimportant amounts are reflected by adding to each other based on their principles and functions. As a result of a requirement for offsetting due to nature of the transactions and events, reflection of such transactions and events from their net values or following up from their amount after deducting impaired value shall not be considered as violation of the rule of no offset.

2.5. Investment portfolio limitations on real estate investment trust

Presented information as of 31 December 2014, in accordance with Capital Markets Board's Communiqué Serial: II, No: 14.1 "Financial Reporting in Capital Markets" Amendment No: 16 comprised condensed information and prepared in accordance with Capital Markets Board's Communiqué Serial: III, No: 48.1 "Real Estate Investment Company" published in the Official Gazette dated 28 May 2013 numbered 28660.

In addition since the information given "Restrictions on the Investment Portfolio of Real Estate Investment" comprise unconsolidated data; such information may not match with the information disclosed in the consolidated financial statements.

2.6. Determination of fair values

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability. Fair value, according to valuation techniques used is classified into the following levels:

Level 1: For identical assets or liabilities in active markets [unadjusted] prices;

Level 2: 1st place other than quoted prices and asset or liability, either directly [as prices] or indirectly [i.e. derived from prices] observable data ;

Level 3: Asset or liability is not based on observable market data in relation to the data [non-observable data].

3. SEGMENT REPORTING

The Group has three reporting segments, which are the Group's strategic business units. The Group management evaluates the performance and determines allocation of resources based on these business units. The Group management reviews the business units based on resource allocation and performance results regularly, since they are affected from different economic conditions and geographical locations each of the strategic business units, although the strategic business units offer same services. Since the Group operates only in real estate investments in Turkey, Northern Cyprus and Russia, operating segments are provided in geographical segment.

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31 December 2014:

	Turkey	TRNC	Russia	Elimination	Total
Revenue	23,774,412	13,818,700	13,418,565	-	51,011,677
Cost of sales	[4,629,719]	[146,648]	[953,579]	-	[5,729,946]
GROSS PROFIT	19,144,693	13,672,052	12,464,986	-	45,281,731
General administrative expenses	[3,301,525]	[337,035]	[2,204,131]	-	[5,842,691]
Fair value loss on operating investment property, net	[30,468,270]	[9,833,000]	[809,742]	-	[41,111,012]
Fair value [loss]/gain on investment property under construction, net	[1,650,705]	[1,602,149]	61,142,836	-	57,889,982
Other operating income	4,229,414	11	13,269,218	-	17,498,643
Other operating expenses	[278,432]	[17,469]	[2,635,208]	-	[2,931,109]
OPERATING [LOSS]/PROFIT	[12,324,825]	1,882,410	81,227,959	-	70,785,544
Financial income	20,075,505	1,071,954	9,115,439	-	30,262,898
Financial expenses	[22,785,180]	[1,469,560]	[79,223,569]	-	[103,478,309]
[LOSS]/PROFIT BEFORE TAX	[15,034,500]	1,484,804	11,119,829	-	[2,429,867]
Current tax [expense]/income	[470,923]	82,072	[2,128,649]	-	[2,517,500]
-Deferred tax [expense]/income	[470,923]	82,072	[2,128,649]	-	[2,517,500]
[LOSS]/PROFIT FOR THE YEAR	[15,505,423]	1,566,876	8,991,180	-	[4,947,367]

31 December 2014:

Reportable segment assets	1,214,106,472	221,593,145	290,725,406	[280,475,164]	1,445,949,859
Reportable segment liabilities	391,951,657	70,031,559	177,322,495	[49,576,018]	589,729,693
Capital expenditures	25,358,413	1,330,150	34,922,701	-	61,611,264
Depreciation and amortization expenses	17,658	1,406	27,375	-	46,439
Fair value [loss]/gain on investment property, net	[32,118,975]	[11,435,149]	60,333,094	-	16,778,970

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31 December 2013:

	Turkey	TRNC	Russia	Elimination	Total
Revenue	22,998,964	12,004,517	6,258,704	-	41,262,185
Cost of sales	(4,130,132)	(132,163)	(1,076,677)	-	(5,338,972)
GROSS PROFIT	18,868,832	11,872,354	5,182,027	-	35,923,213
General administrative expenses	(3,740,252)	(340,497)	(2,896,439)	-	(6,977,188)
Fair value gain on operating investment property, net	88,975,655	35,269,281	4,850,881	-	129,095,817
Fair value gain on investment property under construction, net	20,676,950	1,520,373	54,314,162	-	76,511,485
Other operating income	111,750	2,002	2,606,918	-	2,720,670
Other operating expenses	(89,016)	(20,721)	(3,996,377)	-	(4,106,114)
OPERATING PROFIT	124,803,919	48,302,792	60,061,172	-	233,167,883
Financial income	4,789,490	408,312	947,530	-	6,145,332
Financial expenses	(71,769,198)	(6,667,909)	(18,260,056)	-	(96,697,163)
PROFIT BEFORE TAX	57,824,211	42,043,195	42,748,646	-	142,616,052
Current tax expense	(3,214,230)	(9,888,351)	(8,163,572)	-	(21,266,153)
-Deferred tax expense	(3,214,230)	(9,888,351)	(8,163,572)	-	(21,266,153)
PROFIT FOR THE YEAR	54,609,981	32,154,844	34,585,074	-	121,349,899

31 December 2013:

Reportable segment assets	1,226,100,990	231,513,616	348,305,102	(287,393,676)	1,518,526,032
Reportable segment liabilities	391,032,889	81,518,905	176,589,069	(63,406,364)	585,734,499
Capital expenditures	52,000,518	3,655,346	40,186,601	-	95,842,465
Depreciation and amortization expenses	34,813	3,502	13,592	-	51,907
Fair value gain on investment property, net	109,652,605	36,789,654	59,165,042	-	205,607,301

4. RELATED PARTY DISCLOSURES

4.1. Related party balances

Due to related parties [trade]:

As at 31 December 2014 and 31 December 2013, the Group has no due to related parties [trade].

	31 December 2014	31 December 2013
Akfen İnşaat Turizm ve Ticaret A.Ş.	739,476	751,010
	739,476	751,010

As at 31 December 2014 and 31 December 2013, all amount of due to related parties is comprised from debts Akfen İnşaat Turizm ve Ticaret A.Ş. related to progress payments of Esenyurt, İzmir ve Adana projects of the Group.

Guarantees given to and provided from related parties are explained in Note 6.

4.2. Related party transactions

a) Operating investment purchases [Investment properties under development]

	31 December 2014	31 December 2013
Akfen İnşaat Turizm ve Ticaret A.Ş.	17,666,490	30,740,471
	17,666,490	30,740,471

b) Rent expenses

	31 December 2014	31 December 2013
Hamdi Akın	278,344	266,628
	278,344	266,628

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c) Interest income

	31 December 2014	31 December 2013
Akfen Holding	1,418	187
Akfen İnşaat Turizm ve Ticaret A.Ş.	40	277
	1,458	464

d) Interest expenses

	31 December 2014	31 December 2013
Akfen İnşaat Turizm ve Ticaret A.Ş.	29	1,022
Akfen Holding	-	726,236
	29	727,258

e) Remuneration of top management

	31 December 2014	31 December 2013
Remuneration of top management	1,545,123	1,497,236
	1,545,123	1,497,236

5. CASH AND CASH EQUIVALENTS

	31 December 2014	31 December 2013
Cash on hand	10,967	12,831
Cash at banks	24,061,531	22,433,371
-Demand deposits	606,568	4,829,194
-Time deposits	23,454,963	17,604,177
Project, reserve accounts	24,773	7,880,037
Cash and cash equivalents	24,097,271	30,326,239
Project, reserve accounts	[24,773]	[7,880,037]
Cash and cash equivalents in cash flow statement	24,072,498	22,446,202

As at 31 December 2014, there is no blockage on cash and cash equivalents (31 December 2013: None).

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Demand deposits

As at 31 December 2014 and 31 December 2013 demand deposits are comprised of the following currencies at TRY equivalents:

	31 December 2014	31 December 2013
Euro	287,134	4,661,002
TRY	246,148	26,049
Russian Ruble	69,911	129,341
USD	3,375	12,802
Total demand deposits	606,568	4,829,194

Time deposits

As at 31 December 2014 and 31 December 2013 time deposits are comprised of the following currencies and banks:

31 December 2014

Bank	Currency	Maturity	Interest Rate	31 December 2014
Ziraat Bankası	TRY	January 2015	8.00%	15,700,000
Ziraat Bankası	Euro	January 2015	0.05%	3,793,842
Credit Europe Bank	Euro	January 2015	1.60%	3,660,366
T. İş Bankası	Ruble	January 2015	0.10%	300,755
TOTAL				23,454,963

31 December 2013

Bank	Currency	Maturity	Interest Rate	31 December 2013
Ziraat Bankası	TRY	January 2014	5%	7,166,290
Ziraat Bankası	Euro	January 2014	2.75%	6,372,205
Credit Europe Bank	Ruble	January 2014	5.50%-7.75%	3,715,682
Türkiye İş Bankası A.Ş.	TRY	January 2014	5.50%	350,000
TOTAL				17,604,177

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Project and Reserve Accounts

Within the framework of loan agreement signed in 17 January 2013 related to Karaköy Novotel Project of Akfen Karaköy, for funding the investment debt repayment expenditures, operational and managerial expenditures and cash surplus accounts of the project, the accounts are opened such as lease revenue account, foundation lease revenue reserve account, debt payment reserve account, investment expenditures and operational expenditures account, cash surplus account.

As of 31 December 2014 and 31 December 2013, the details of project, reserve accounts and interest rates are shown as below:

31 December 2014

Bank	Currency	Maturity	Interest Rate	31 December 2014
Demand deposits				24,773
TOTAL				24,773

31 December 2013

Bank	Currency	Maturity	Interest Rate	31 December 2013
Türkiye İş Bankası A.Ş.	Euro	January 2014	0.50%	4,889,290
Türkiye İş Bankası A.Ş.	TRY	January 2014	5.50%	2,900,000
				7,789,290
Demand deposits				90,747
TOTAL				7,880,037

6. FINANCIAL LIABILITIES

As at 31 December 2014 and 31 December 2013 the details of loans and borrowings are as follows:

	31 December 2014	31 December 2013
Current financial liabilities:		
Short-term bank borrowings	31,808,759	8,504,390
Current portion of long-term bank borrowings	85,805,896	83,782,797
Non-current financial liabilities:		
Long-term bank borrowings	400,234,298	408,511,424
Total financial liabilities	517,848,953	500,798,611

The repayment schedule of financial liabilities is as follows:

	31 December 2014	31 December 2013
Less than one year	117,614,655	92,287,187
Between one and two years	86,194,346	62,613,210
Between two and three years	75,411,577	71,555,995
Between three and four years	58,887,562	75,525,166
Between four and five years	52,339,904	56,981,621
In five years and longer	127,400,909	141,835,432
Total financial liabilities	517,848,953	500,798,611

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31 December 2014:

Currency	Interest rate [%]	Original currency	Current	Non-current	Total
Euro ⁽¹⁾	Euribor + 3.75%	48,154,802	27,425,139	108,405,110	135,830,249
Euro ⁽¹⁾	Euribor + 5.00%	7,580,449	1,813,566	19,568,606	21,382,172
Euro ⁽²⁾	Euribor + 5.25%	15,166,508	8,931,769	33,848,400	42,780,169
Euro ⁽³⁾	Euribor + 6.00%	7,117,400	13,494,416	6,581,633	20,076,049
Euro ⁽⁴⁾	7.50%	2,124,349	5,992,153	-	5,992,153
TRY ⁽⁵⁾	13.20%	28,550,000	28,550,000	-	28,550,000
TRY ⁽⁶⁾	13.25%	3,258,759	3,258,759	-	3,258,759
Euro ⁽⁷⁾	Euribor + 5.25%	4,046,777	131,943	11,282,800	11,414,743
Euro ⁽⁸⁾	Euribor + 4.60%	10,636,254	8,846,433	21,155,250	30,001,683
Euro ⁽⁹⁾	Euribor + 6.35%	16,977,570	641,908	47,246,725	47,888,633
Euro ⁽¹⁰⁾	Euribor + 7.00%	7,175,229	2,289,296	17,949,873	20,239,169
Euro ⁽¹¹⁾	Euribor + 6.50%	10,992,983	3,690,313	27,317,596	31,007,909
Euro ⁽¹²⁾	Euribor + 6.50%	6,379,541	2,646,572	15,348,198	17,994,770
Euro ⁽¹³⁾	Euribor + 6.50%	8,346,357	2,354,679	21,187,890	23,542,569
Euro ⁽¹⁴⁾	Euribor + 7.35%	22,527,119	-	63,542,245	63,542,245
Euro ⁽¹⁵⁾	Euribor + 6.80%	5,086,567	7,547,709	6,799,972	14,347,681
			117,614,655	400,234,298	517,848,953

31 December 2013:

Currency	Interest rate [%]	Original currency	Current	Non-current	Total
Euro ⁽¹⁾	Euribor + 3.75%	57,122,889	27,469,262	140,272,110	167,741,372
Euro ⁽¹⁾	Euribor + 5.00%	6,061,930	181,858	17,619,000	17,800,858
Euro ⁽²⁾	Euribor + 5.25%	15,171,194	502,710	44,047,500	44,550,210
Euro ⁽¹⁶⁾	6.95%	3,414,219	10,025,855	-	10,025,855
Euro ⁽⁴⁾	7.50%	6,128,036	12,232,893	5,762,085	17,994,978
Euro ⁽⁸⁾	Euribor + 4.60%	13,678,952	9,334,991	30,833,250	40,168,241
Euro ⁽⁹⁾	Euribor + 6.35%	12,918,738	495,498	37,440,375	37,935,873
Euro ⁽¹⁰⁾	Euribor + 7.00%	7,576,373	1,309,713	20,938,307	22,248,020
Euro ⁽¹¹⁾	Euribor + 6.50%	11,988,039	3,173,878	32,028,998	35,202,876
Euro ⁽¹²⁾	Euribor + 6.50%	7,100,312	2,262,726	18,587,339	20,850,065
Euro ⁽¹³⁾	Euribor + 6.50%	8,881,716	1,763,334	24,317,823	26,081,157
Euro ⁽¹⁴⁾	Euribor + 7.35%	12,485,829	-	36,664,637	36,664,637
Euro ⁽¹⁷⁾	8.75%	5,118,365	15,030,079	-	15,030,079
TRY ⁽¹⁸⁾	12.00%	3,502,450	3,502,450	-	3,502,450
TRY ⁽¹⁹⁾	13.30%	5,001,940	5,001,940	-	5,001,940
			92,287,187	408,511,424	500,798,611

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^[1] The Group signed a loan agreement in amount of Euro 100 million on 30 July 2008 to finance the ongoing hotel projects based on the Memorandum of Understanding ("MoU") signed between the Group and ACCOR S.A. to develop hotel projects in Turkey. According to loan agreement signed in 2 November 2012, the interest rate of loans to be issued for Ankara Esenboğa Ibis Hotel project is Euribor + 5%. The interest rates of the loans issued for other projects under the loan agreement is not changed and it is Euribor + 3.75%. Bank borrowings obtained with this agreement is secured by the followings:

- Right of tenancy of the hotels in Gaziantep, Kayseri, Trabzon, Bursa, Zeytinburnu and Ankara Esenboğa and the lands on which hotels are going to be built in Esenyurt and Adana are pledged in favor of the creditors in first degree,
- Rent revenue of these hotels is pledged to the creditors,
- Demand deposits in banks and financial institutions related with these projects are pledged in favor of the creditors,
- Sureties of Akfen Holding and Akfen İnşaat Turizm ve Ticaret A.Ş. ["Akfen İnşaat"], the shareholders' of the Group, are given for the completion guarantee of the related projects.

As of 31 December 2013 this guarantee is valid for only Ankara Esenboğa Ibis Hotel. As of December 2014, all projects included in agreement have been constructed.

^[2] On 22 October 2013, Euro 15,000,000 loan with 4 year maturity has been used. Bank borrowings obtained is secured by the followings:

- Merit Park Hotel which is in the portfolio of Akfen GT is pledged to in favor of creditors in second degree,
- Sureties of Akfen GT is given for the total outstanding loan amount.

^[3] On 27 March 2014, Euro 7,000,000 loan with 2 year maturity has been used. Sureties of Akfen Holding are given for the total outstanding loan amount.

^[4] On 20 September 2013, Euro 6,000,000 loan with 2 year maturity has been used and sureties of Akfen Holding are given for the total outstanding loan amount.

^[5] TRY 28,550,000 revolving loans have been used on third quarter of 2014. Sureties of Akfen Holding for the loans are given for the total outstanding loan amounts.

^[6] TRY 3,250,000 spot loans have been used on June 2014. Sureties of Akfen Holding and Akfen İnşaat for the loans are given for the total outstanding loan amounts.

^[7] Loan agreement with 20 March 2014 date and Euro 10,000,000 limit has been signed for financing of 200 room Tuzla Ibis Hotel in portfolio of the Group and Euro 4,000,000 loan based on loan agreement has been used as of 31 December 2014. Bank borrowings obtained based on the loan agreement is secured by the followings:

- Rent revenue of Tuzla Ibis Hotel after start of its operation is pledged to the creditor,
- Deposits in banks and financial institutions related with Tuzla Ibis Hotel are pledged in favor of the creditor,
- Right of tenancy of related hotel is pledged in favor of the creditors in first degree
- Sureties of Akfen Holding the shareholder' of the Group, are given for the completion guarantee of the related project.

^[8] On 29 March 2013, Euro 15,000,000 loan with 5 year maturity has been used. As of 31 December 2014, the loan balance is Euro 10,500,000. Bank borrowings obtained is secured by the followings:

- Rent revenue of the casino in Merit Park Hotel is alienated in favor of the creditor,
- Rent revenue of Merit Park Hotel is alienated in favor of the creditor,
- Right of tenancy of Merit Park Hotel is pledged in favor of the creditor.

^[9] On 17 January 2013, a loan agreement with Euro 25,500,000 loan limit has been signed for financing the Karaköy Novotel project which is in the portfolio of the Group. Bank borrowings obtained with this agreement is secured by the followings:

- Rent revenue which occurs after Karaköy Novotel starts its operations is alienated in favor of the creditor,
- The deposit accounts opened in bank and financial corporations under Karaköy Novotel project are pledged to the favor of creditor,
- All receivables of principal shareholders from Akfen Karaköy due to principal shareholders' delivering capital amounts are pledged to the favor of the creditor,
- The right of tenancy of the hotels in Esenyurt, Kayseri, Trabzon, Gaziantep, Bursa, Adana and Zeytinburnu and right of tenancy of lands in Adana and Ankara Esenboğa are pledged to the favor of the creditor as second-degree and first rank mortgage,

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^[10] The loan has been used for Samara Office in portfolio of Russian Property on 7 August 2013. Bank borrowings obtained with this agreement is secured by the followings:

- RPI has given its 100% share related to Volgostroykom as guarantee,
- Office building are pledged in favor of creditors in the first degree,
- Sureties of Akfen GYO and Akfen GT are given for the total amount of Euro10,044,444,
- Rent revenue is alienated in favor of the creditor.

^[11] As of 31 December 2014, remaining balance of loan that has been used within the scope of agreement signed is related to Samara Ibis Hotel on 26 February 2012. Bank borrowings obtained with this agreement is secured by the followings:

- Sureties of Akfen Holding are given for the total outstanding loan amount,
- Based upon the loans used related to Yaroslavl Ibis Hotel, Samara Ibis Hotel and Kaliningrad Ibis Hotel, the Group pledged, the shares of RHI in Akfen GT and Cüneyt Baltaoğlu in ratio of 95% and 5%, respectively,
- The land and Samara Hotel building owned by the Group are pledged in favor of creditors,
- Rent revenue is alienated in favor of the creditor.

^[12] As of 31 December 2014, remaining balance of loan that has been used within the scope of agreement signed related to Yaroslavl Ibis on 7 September 2012. Bank borrowings obtained with this agreement is secured by the followings:

- Sureties of Akfen Holding are given for the total outstanding loan amount,
- Based upon the loans used related to Yaroslavl Ibis Hotel, Samara Ibis Hotel and Kaliningrad Ibis Hotel, the Group pledged, the shares of RHI in Akfen GT and Cüneyt Baltaoğlu in ratio of 95% and 5%, respectively,
- The land and Yaroslav Hotel building owned by the Group are pledged in favor of creditors,
- Rent revenue is alienated in favor of the creditor.

^[13] As of 31 December 2014, remaining balance of loan that has been used within the scope of agreement signed related to Kaliningrad Ibis Hotel project on 7 September 2012. Bank borrowings obtained with this agreement is secured by the followings:

- Sureties of Akfen Holding are given for the total outstanding loan amount,
- Based upon the loans used related to Yaroslavl Ibis Hotel, Samara Ibis Hotel and Kaliningrad Ibis Hotel, the Group pledged, the shares of RHI in Akfen GT and Cüneyt Baltaoğlu in ratio of 95% and 5%, respectively,
- The land and Kaliningrad Hotel building owned by the Group are pledged in favor of creditors,
- Rent revenue is alienated in favor of the creditor.

^[14] It is related to loan with Euro 25,500,000 limit obtained for financing the Moscow Novotel project which is in portfolio of HDI. Bank borrowings obtained with this agreement is secured by the followings:

- HDI has given its 100% share related to Severnyi Avtovozkaz Limited company as guarantee,
- Land of the related project are pledged in favor of creditors in the first degree. After completion of the hotel, the hotel building will also be pledged in favor of creditors,
- Sureties of Akfen GYO and Akfen GT are given for the total amount of Euro 38,000,000,
- Rent revenue is alienated in favor of the creditor.

^[15] On 29 November 2012, the loan with 2 year maturity has been used and sureties of Akfen Holding are given for the total outstanding loan amount.

^[16] On 29 September 2014, the loan with 1,5 year maturity has been used. Sureties of Akfen Holding are given for the total outstanding loan amount.

^[17] On 29 March 2012, the loan with 2 year maturity has been used. The sureties of Akfen Holding are given for the total outstanding loan amount.

^[18] On 31 December 2013, TRY 3,500,000 revolving loan has been used. Sureties of Akfen Holding for the loan is given for the total outstanding loan amount.

^[19] On 31 December 2013, TRY 5,000,000 spot loan has been used. Sureties of Akfen Holding and Akfen İnşaat for the loan is given for the total outstanding loan amount.

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7. TRADE RECEIVABLES AND PAYABLES

a) Short-term trade receivables

As at 31 December 2014 and 31 December 2013, short-term trade receivables comprised the followings:

	31 December 2014	31 December 2013
Trade receivables from third parties	10,939,041	6,031,253
	10,939,041	6,031,253

As at 31 December 2014, TRY 3,671,387 [31 December 2013: TRY 3,498,886] and TRY 6,927,249 [31 December 2013: TRY 2,322,541] portions of total trade receivables are comprised of receivables of the Group from Tamaris Turizm A.Ş. -operator of the hotels in Turkey and Russian Hotel Management Company-operator of the hotels in Russia-related to hotel rental revenue.

b) Short-term trade payables

As at 31 December 2014 and 31 December 2013, short-term trade payables comprise the followings:

	31 December 2014	31 December 2013
Trade payables to related parties ⁽¹⁾	721,394	751,010
Trade payables to third parties	3,414,917	10,485,273
-Accruals for construction cost ⁽²⁾	2,170,813	4,245,285
-Other trade payables ⁽²⁾	724,110	5,765,490
-Other expense accruals	519,994	474,498
	4,136,311	11,236,283

⁽¹⁾ As at 31 December 2014 and 31 December 2013, all amount of trade payables due to related parties consist of debts to Akfen İnşaat related to progress payments of Esenyurt, İzmir ve Adana projects of the Group. The amount has been disclosed in Note 5.

⁽²⁾ As at 31 December 2014, TRY 571,120 of other trade payables to contractors related to construction works of the Group. As at 31 December 2013, TRY 1,741,461, TRY 1,225,507 and TRY 1,980,474 portions of other trade payables comprise the payables to Kasa Story, Elba and Ant Yapı Sanayi ve Ticaret A.Ş. for constructions work in Russia, respectively.

⁽³⁾ As at 31 December 2014 accruals for construction costs are comprised of the progress invoices related with the ongoing project of Karaköy. As at 31 December 2013 accruals for construction costs are comprised of the progress invoices related with the ongoing projects of Ankara Esenboğa and Karaköy.

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8. OTHER RECEIVABLES AND PAYABLES

a) Other current receivables

As at 31 December 2014 and 31 December 2013, other current receivables are comprised of the followings:

	31 December 2014	31 December 2013
Other receivables from third parties	26,155	44,062
	26,155	44,062

b) Other non-current receivables

As at 31 December 2014 and 31 December 2013 other non-current receivables are comprised of the followings:

	31 December 2014	31 December 2013
Other receivables from third parties	9,853,201	9,668,011
Deposits and guarantees given	131,907	112,244
	9,985,108	9,780,255

As at 31 December 2014, other non-current receivables are mainly comprised of capital receivables of Akfen GT related to capital paid on behalf other shareholders of Akfen Karaköy and other shareholders of RHI and RPI, amounting to TRY 7,847,392 (31 December 2013: TRY 7,599,827) and TRY 2,005,809 (31 December 2013: TRY 2,067,929), respectively.

c) Other current payables

As at 31 December 2014 and 31 December 2013 other current payables comprised the followings:

	31 December 2014	31 December 2013
Taxes and funds payable	1,113,134	466,802
Loan commission accrual	61,716	75,933
Social security premiums payable	28,246	8,818
Other payables	176,717	230,432
	1,379,813	781,985

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9. INVESTMENT PROPERTY AND INVESTMENT PROPERTY UNDER DEVELOPMENT

As at 31 December 2014 and 31 December 2013 details of investment property and investment property under development are as follows:

	31 December 2014	31 December 2013
Operating investment properties	1,046,988,878	1,129,195,631
Investment properties under development	304,902,499	289,703,095
Total	1,351,891,377	1,418,898,726

Operating investment properties:

As at 31 December 2014 and 31 December 2013 movements in operating investment property are as follows:

	31 December 2014	31 December 2013
Opening balance	1,129,195,631	872,850,482
Additions	3,020,655	4,653,059
Transfer from development projects	39,363,705	106,160,792
Foreign currency translation difference	(83,480,101)	16,435,481
Fair value (loss)/gain, net	(41,111,012)	129,095,817
Carrying amount	1,046,988,878	1,129,195,631

As at 31 December 2014, the transfer from development projects composed of Ankara Esenboğa Ibis Hotel which was completed during the year. As at 31 December 2013, the transfer from development projects composed of İzmir Ibis Hotel and Kaliningrad Ibis Hotel which were completed during the year.

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As at 31 December 2014 and 31 December 2013, the fair value adjustment on investment property is recognized based on the fair values of the investment property. Fair values of the Group's investment properties located in Turkey and the TRNC are calculated by a real estate appraisal company included in the list of authorized companies to offer appraisal services within the framework of the CMB legislation. Fair values of the Group's investment properties located in Russia are calculated jointly by a real estate appraisal company included in the list of authorized to offer appraisal services within the framework of the CMB legislation and the Group management. The fair values of the investment properties of which right of buildings are held, are determined as the present value of aggregate of the estimated cash flows expected to be received from renting out the property and the fair values of the investment properties which the Group owns, are determined as the present value of aggregate of the estimated cash flows for the period of lease agreement made with ACCOR S.A. In the valuation process, a projection period which fits to the lease term for right of tenancy of each hotels is taken into consideration. The fair value is calculated by discounting the estimated cash flows at a rate which is appropriate for the risk level of the economy, market and the business to determine its present value.

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As at 31 December 2014 and 31 December 2013, the fair values of operating investment properties in Turkey and Northern Cyprus are as follows:

	31 December 2014			31 December 2013		
	Date of appraisal report	Appraisal report value	Fair value	Date of appraisal report	Appraisal report value	Fair value
Zeytinburnu Novotel and Ibis Hotel	31 December 2014	233,315,000	233,315,000	31 December 2013	247,380,000	247,380,000
Merit Park Hotel	31 December 2014	209,113,000	209,113,000	31 December 2013	218,946,000	218,946,000
Trabzon Novotel	31 December 2014	110,360,000	110,360,000	31 December 2013	96,770,000	96,770,000
Gaziantep Novotel and Ibis Hotel	31 December 2014	58,727,000	58,727,000	31 December 2013	65,317,000	65,317,000
Kayseri Novotel and Ibis Hotel	31 December 2014	54,130,000	54,130,000	31 December 2013	60,817,000	60,817,000
Esenyurt Ibis Hotel	31 December 2014	55,511,000	55,511,000	31 December 2013	57,700,000	57,700,000
Bursa Ibis Hotel	31 December 2014	47,642,000	47,642,000	31 December 2013	54,440,000	54,440,000
İzmir Ibis Hotel	31 December 2014	46,006,000	46,006,000	31 December 2013	46,833,000	46,833,000
Ankara Esenboğa Ibis Hotel	31 December 2014	35,287,000	35,287,000	-	-	-
Adana Ibis Hotel	31 December 2014	39,673,000	39,673,000	31 December 2013	39,500,000	39,500,000
Eskişehir Ibis Hotel and Fitness Center	31 December 2014	14,724,000	14,724,000	31 December 2013	16,948,000	16,948,000
Total		904,488,000	904,488,000		904,651,000	904,651,000

The investment properties of RHI and RPI located in Russia, of which Akfen GT has 95% shares, are recorded with fair values which are calculated on the basis of a valuation carried out jointly by a certified company that is included in the approved list of CMB for "Property Appraisal Companies" and the Group's management. Yaroslavl Ibis Hotel, Samara Ibis Hotel and Kaliningrad Ibis Hotel, operating in Russia, owned by RHI have fair values at amounts of TRY 43,656,908, TRY 46,571,123 and TRY 35,547,789 [31 December 2013: Yaroslavl Ibis Hotel TRY 69,225,660, Samara Ibis Hotel TRY 73,905,562 and Kaliningrad Ibis Hotel TRY 54,880,701] and the discount rate used for appraisals as of 31 December 2014 is 14% [31 December 2013: 12,5%]. Samara office project, owned by RPI which has started to operate as at 31 December 2014, has fair value amount of TRY 16,725,060 [31 December 2013: TRY 26,532,708] and the discount rate used for appraisal as of 31 December 2014 is 14% [31 December 2013: 12,5%].

As at 31 December 2014, total insurance amount on operating investment properties is TRY 1,061,411,984 [31 December 2013: TRY 1,086,971,028].

As at 31 December 2014 the pledge amount on operating investment property is TRY 657,223,100 [31 December 2013: TRY 651,168,875].

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Discount rates used for fair value calculations of operating investment properties in Turkey and Northern Cyprus as of 31 December 2014 and 31 December 2013, are as below:

Name of investment property	Discount rates	Discount rates
	31 December 2014	31 December 2013
Zeytinburnu Novotel ve Ibis Hotel	%7.00 and %9.00	%6.75 and %9.25
Merit Park Otel	%8.50 and %10.00	%8.25 and %9.75
Trabzon Novotel	%7.00 and %9.00	%6.75 and %9.25
Kayseri Novotel and Ibis Hotel	%7.00 and %9.25	%6.75 and %9.25
Gaziantep Novotel and Ibis Hotel	%7.00 and %9.00	%6.50 and %9.50
Bursa Ibis Hotel	%7.00 and %9.00	%6.75 and %9.25
Eskişehir Ibis Hotel and Fitness Center	%7.00 and %9.00	%6.75 and %9.25
Adana Ibis Hotel	%7.00 and %9.00	%7.75 and %9.50
Esenyurt Ibis Hotel	%7.00 and %9.00	%7.50 and %9.50
İzmir Ibis Hotel	%7.00 and %9.00	%7.50 and %9.75
Ankara Esenboğa Ibis Hotel	%7.00 and %9.00	%7.75 and %10.25

Investment properties under development:

As at 31 December 2014 and 31 December 2013, the details of investment property under development are as follows:

	31 December 2014	31 December 2013
Opening balance	289,703,095	217,494,468
Additions	58,564,172	91,137,741
Currency translation difference	[61,891,045]	10,720,193
Fair value gain	57,889,982	76,511,485
Transfer to operating investment properties	[39,363,705]	[106,160,792]
Carrying amount	304,902,499	289,703,095

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As at 31 December 2014 and 31 December 2013, the fair values of investment properties under development in Turkey and Northern Cyprus are as follows:

	31 December 2014			31 December 2013		
	Date of appraisal report	Appraisal report value	Fair value	Date of appraisal report	Appraisal report value	Fair value
Karaköy Hotel Project	31 December 2014	146,366,000	146,366,000	31 December 2013	132,000,000	132,000,000
Tuzla Ibis Hotel Project	31 December 2014	20,917,000	20,917,000	31 December 2013	16,470,000	16,470,000
Northern Cyprus Bafra Hotel Project	31 December 2014	8,127,000	8,127,000	31 December 2013	8,399,000	8,399,000
Ankara Ibis Hotel Project ⁽¹⁾	-	-	-	31 December 2013	35,270,000	35,270,000
Total		175,410,000	175,410,000		192,139,000	192,139,000

⁽¹⁾ It has been transferred to operating investment property.

Fair values of the Group's investment properties under development of RHI and RPI firms, located in Russia are calculated jointly by a real estate appraisal company included in the list of authorized valuation firms to offer appraisal services within the framework of the CMB legislation for "Property Appraisal Companies" and the Group's management.

Fair value of Moscow Ibis Hotel project of which construction has started in 2 September 2013 belonging to HDI which was corporated in Holland in 2011 of which Akfen GYO has 100% of shares is TRY 129,942,498 as of 31 December 2014 (31 December 2013: TRY 94,155,951) and the discount rate used for appraisal as of 31 December 2014 is %14 (31 December 2013: %15.5). The fair value of other hotel project of HDI which is planned to be developed in Moscow, is composed of the expenditures related to the project and the fair value is TRY 3,408,144 as of 31 December 2013. Land lease agreement has been cancelled by Moscow Government. The suit against Moscow Government has been won by the Group and compensation related to the suit has been collected by the Group on 3 July 2014. Since the project has been cancelled, there is no investment amount in the balance sheet as of 31 December 2014.

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Discount rates used for fair value calculation of investment properties under development as of 31 December 2014 and 31 December 2013 are as below:

	Discount rates	Discount rates
Name of investment property	31 December 2014	31 December 2013
Karaköy Hotel Project	%7.00 and %9.00	%7.75 and %9.50
Ankara Esenboğa Ibis Hotel ^(*)	-	%7.75 and %10.25
Tuzla Ibis Hotel Land	Peer Comparison	Peer Comparison
Northern Cyprus Bafra Hotel Project	Peer Comparison	Peer Comparison

^(*) It has been transferred to operating investment property.

As at 31 December 2014, total insurance amount on investment properties under development is TRY 136,726,007 (31 December 2013: TRY 115,433,815).

As at 31 December 2014 the pledge amount on investment property under development is TRY 257,388,875 (31 December 2013: TRY 144,622,625).

As at 31 December 2014, directly attributable operating costs incurred for operating investment properties and investment properties under development are TRY 3,441,864 and TRY 2,288,082, respectively (31 December 2013: TRY 3,519,971 and TRY 1,809,001). Directly attributable operating costs mainly comprise operating lease, insurance, maintenance, tax and duties expenses.

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10. PROPERTY AND EQUIPMENT

As at 31 December 2014 and 31 December 2013, the movement of property and equipment is as follows:

	Equipments	Furniture and fixtures	Motor vehicles	Total
Cost value				
Balance at 1 January 2013	4,688	263,436	129,583	397,707
Acquisitions	-	7,050	-	7,050
Balance at 31 December 2013	4,688	270,486	129,583	404,757
Cost value				
Balance at 1 January 2014	4,688	270,486	129,583	404,757
Acquisitions	-	26,437	-	26,437
Balance at 31 December 2014	4,688	296,923	129,583	431,194
Accumulated depreciation				
Balance at 1 January 2013	[1,763]	[198,619]	[58,482]	[258,864]
Depreciation charge for the year	[384]	[24,394]	[22,758]	[47,536]
Balance at 31 December 2013	[2,147]	[223,013]	[81,240]	[306,400]
Balance at 1 January 2014	[2,147]	[223,013]	[81,240]	[306,400]
Depreciation charge for the year	[384]	[24,344]	[19,436]	[44,164]
Balance at 31 December 2014	[2,531]	[247,357]	[100,676]	[350,564]
Net carrying amount				
1 January 2013	2,925	64,817	71,101	138,843
31 December 2013	2,541	47,473	48,343	98,357
1 January 2014	2,541	47,473	48,343	98,357
31 December 2014	2,157	49,566	28,907	80,630

As at 31 December 2014 there is no pledge on property and equipment (31 December 2013: None).

As of 31 December 2014, depreciation expenses amounting to TRY 44,164 has been recognized in general administrative expenses (31 December 2013: TRY 47,536).

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11. INTANGIBLE ASSETS

As at 31 December 2014 and 31 December 2013, the movement of intangible assets is as follows:

	Softwares
Cost value	
Balance at 1 January 2013	41,551
Additions	44,615
Balance at 31 December 2013	86,166
Balance at 1 January 2014	86,166
Additions	-
Balance at 31 December 2014	86,166
Accumulated amortization	
Balance at 1 January 2013	[37,474]
Charge for the year	[4,371]
Balance at 31 December 2013	[41,845]
Balance at 1 January 2014	[41,845]
Charge for the year	[2,275]
Balance at 31 December 2014	[44,120]
Net carrying amounts	
1 January 2013	4,077
31 December 2013	44,321
1 January 2014	44,321
31 December 2014	42,046

As of 31 December 2014, amortization expenses amounting to TRY 2,275 has been recognized in administrative expenses [31 December 2013: TRY 4,371].

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12. 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.

13. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

There is no ongoing or finalized significant lawsuit against the Group as at 31 December 2014 and 31 December 2013.

14. COMMITMENT AND CONTINGENCIES

As at 31 December 2014 and 31 December 2013, Group's position related to commitments, pledges and mortgages ["CPM"] are as follows:

CPM are given by the Group	31 December 2014	31 December 2013
A. Total amount of CPM is given on behalf of own legal personality	774,057,619	726,295,739
B. Total amount of CPM is given in favor of subsidiaries which are fully consolidated	245,852,359	200,529,971
C. Total amount of CPM is given for assurance of third party's debts in order to conduct of usual business activities	-	-
D. Total Amount of other CPM	-	-
i. Total amount of CPM is given in favor of parent company	-	-
ii. Total amount of CPM is given in favor of other group companies, which B and C doesn't include	-	-
iii. The amount of CPM is given in favor of third party which C doesn't include	-	-
	1,019,909,978	926,825,710

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Total original amount of foreign currency denominated CPM given on behalf of the Group's own legal personality are Euro 273,500,000 and USD 800,000 as at 31 December 2014 [31 December 2013: Euro 246,500,000 and USD 800,000]. Total original amount of foreign currency denominated other CPM is Euro 86,345,744 as at 31 December 2014 [31 December 2013: Euro 48,095,744].

Other guarantees given by the shareholders and the alienation of rent revenue which will be generated from the hotels are presented at Note 6.

Based upon the loans used from EBRD and IFC Banks related to Yaroslavl Ibis Hotel, Samara Ibis Hotel and Kaliningrad Ibis Hotel, the Group pledged, the shares of RHI in Akfen GT and Cüneyt Baltaoğlu in ratio of 95% and 5%, respectively.

The Group, has given guarantees for the loan used by Russian Property from Credit Europe Bank on 7 August 2013.

The Group, has given guarantees for the loan used by HDI in 2013 from Credit Europe Bank.

14.1. The Group as lessee

Operating lease arrangements

As at 31 December 2014, the Group has undergone 12 operating lease arrangements as lessee;

- The Group signed a rent agreement with Finance Ministry of Turkish Republic of Northern Cyprus to lease a land for constructing a hotel in Girne and establishing right of tenancy on 15 July 2003. The lease payments started in 2003 and the payments are made annually. The lease term is 49 years starting from agreement date. Rent amount for the year 2014 is USD 12,167 and it will increase by 3% every year. Rents are paid annually.
- The Group signed a rent agreement with the Ministry of Treasury and Finance, on 4 December 2003 to lease a land and for constructing a hotel in Zeytinburnu, İstanbul. The lease term is 49 years starting from 18 November 2012. The lease payment composed of yearly fixed lease payments determined by Ministry of Treasury and Finance and 1% of the total annually revenue generated by the hotel constructed on the land.

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- The Group signed a rent agreement with Municipality of Eskişehir on 8 August 2005 to lease an incomplete hotel construction site located at Eskişehir for 22 years starting from 30 March 2007. Related lease agreement is expounded in land registry office. The hotel started to be operated in 2007 after the construction was completed. The lease payment is the annually fixed lease amount determined by the agreement and 5% of the total annually revenue generated by the hotel constructed on the land.
- The Group signed a rent agreement with Trabzon Dünya Ticaret Merkezi A.Ş. on 30 October 2006 to lease a land and to construct a hotel in Trabzon. The lease term is 49 years starting from 19 September 2008. The lease payments will start after a five year rent free period subsequent to acquisition of the operational permissions from the Ministry of Culture and Tourism. The Group has priority over the companies which submit equivalent proposals for the extension of the lease term.
- The Group signed a rent agreement with Kayseri Chamber of Industry on 4 November 2006 to lease a land and to construct a hotel in Kayseri. The term of the servitude right obtained with this agreement is 49 years starting from 3 March 2010. Lease payments will start after a five year rent free period. The Group has priority over the companies which submit equivalent proposals for the extension of the lease term.
- The Group signed a rent agreement with Municipality of Gaziantep on 31 May 2007 to lease a land and to construct a hotel in Gaziantep. The term of the servitude right obtained with this agreement is 30 years starting from 3 December 2009. The lease payment for the first 5 years is paid in advance after obtaining building permit.
- The Group signed a rent agreement with Bursa International Textile Trading Centre Business Cooperative on 9 May 2008 to lease a land and to construct a hotel in Bursa. The lease term is 30 years starting from 6 October 2010. Lease payments will start after a five year rent free period.
- The Group signed lease agreement on 18 February 2009 for land of Kaliningrad projects with Kaliningrad Municipality amounting to TRY 20,436 per year. The Group has right to purchase the land over a percentage to be specified on its cadastral value or to extend the lease period for utmost 49 years. On 11 November 2013, lease agreement for 49 years has been signed with Kaliningrad Municipality and the Group plans to use its right to purchase the land in third quarter of 2014.
- The Group signed a rent agreement with Prime Ministry General Directorate of Foundations on 16 September 2010 to lease a land and to construct a hotel in İzmir for 49 years starting from the agreement date. The lease payments made for the first three years are TRY 2,340 per month and TRY 25,155 for the fourth year per month. After the fourth year, the previous year rent increases at the beginning of the period as the average of annual Producer Price Index ["PPI"].

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- The Group took over the 224,524 m2, tourism zoning land in Bafra, Northern Cyprus which is owned by Northern Cyprus Ministry of Agriculture and Natural Resources and assigned to Akfen İnşaat for 49 years with the approval of Northern Cyprus Cabinet on 23 February 2011. Annual rent amount for 2014 is USD 56,872 and it will increase by 3% every year.
- The Group took over the lease agreement for a period of 49 years starting from the agreement date on 22 June 2011, which was signed between the 1. Regional Directorate of Foundations and Hakan Madencilik ve Elektrik Üretim Sanayi Ticaret A.Ş. for the land in Beyoglu district of İstanbul under the build-operate-transfer model at 1 September 2009. Monthly rent amount is TRY 170,103 for 2014 by yearly increase in ratio of PPI and shall continue till the end of 49th year.
- Severny Company, which the Group purchased all shares on 15 August 2013, signed a lease agreement with Moscow City Administration on 20 April 2010 valid till 24 September 2056 related to land on which Moscow Ibis Hotel will be constructed and all object is projected as hotel. An additional lease agreement has been signed on 02 June 2011 related to aforesaid lease agreement. Rent amount is approximately 280,000 TRY in 2014. The Group has right to purchase the land over a percentage to be specified on its cadastral value or to extend the lease period for utmost 49 years.

Most of operating lease contracts contains clauses on review of market conditions in the event that the Group exercises its option to renew.

Payments recognized as an expense

	31 December 2014	31 December 2013
Lease expenses	4,813,601	4,103,809
	4,813,601	4,103,809

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As of 31 December 2014 and 31 December 2013, the Group's minimum amount of estimated rental expenses to be paid for operating lease in total is given below by taking into account terms of existing contracts:

	31 December 2014	31 December 2013
Less than one year	3,709,394	1,625,708
Between one and five years	15,765,936	11,948,934
More than five years	171,972,784	139,289,602
	191,448,114	152,864,244

Accrued rental expenses are given below:

	31 December 2014	31 December 2013
Accrued rent expense		
Non-current [Note 17]	3,231,723	3,499,559
Current [Note 17]	1,190,349	534,584
	4,422,072	4,034,143

15.2. The Group as lessor

Operating lease arrangements

As at 31 December 2014, the Group has undergone 23 operating lease arrangements as;

- The Group signed a rent agreement with ACCOR S.A. on 18 November 2005 to lease a hotel which was completed in 2007 and started operations in Eskişehir.
- The Group signed a rent agreement with ACCOR S.A. on 12 December 2005 to lease two hotels which were completed in 2007 and started operations in İstanbul.
- The Group signed a rent agreement with ACCOR S.A. on 26 July 2006 to lease a hotel which was completed and started operations in 2008 in Trabzon.
- The Group signed a rent agreement with ACCOR S.A. on 24 March 2008 to lease two hotels which was completed and started operations in 2010 in Kayseri.
- The Group signed a rent agreement with ACCOR S.A. on 24 March 2008 to lease two hotels which was completed and started operations in 2010 in Gaziantep.
- The Group signed a rent agreement with ACCOR S.A. on 31 July 2009 to lease a hotel which is completed and started operations in 2010 in Bursa.

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- The Group signed a rent agreement with ACCOR S.A. on 7 September 2010 to lease a hotel which is completed and start its operations in 2012 in Adana.
- The Group signed a rent agreement with ACCOR S.A. on 16 August 2010 to lease a hotel which was completed at the end of 2012 and starts its operations in beginning of 2013 in Esenyurt.
- The Group signed a rent agreement with ACCOR S.A. on 2 February 2011 to lease a hotel which was completed and starts its operations in 2013 in İzmir.
- The Group signed a rent agreement with ACCOR S.A. on 19 December 2012 to lease a hotel which is planned to complete and starts its operations in 2015 in Karaköy.
- The Group signed a rent agreement with ACCOR S.A. on 28 March 2013 to lease a hotel which was completed and starts its operations in 2014 in Ankara Esenboğa.
- The Group signed a rent agreement with ACCOR S.A. on 1 March 2014 to lease a hotel which is planned to complete and starts its operations in 2016 in Tuzla.

All of the twelve agreements have similar clauses described below;

The agreements are signed with Tamaris Turizm operating in Turkey and owned 100% by ACCOR S.A. and ACCOR S.A. has 100% guarantees over these agreements.

The lease term is sum of the period between the opening date of the hotel and the end of that calendar year plus, twenty five full calendar years with an optional extension of ten years. ACCOR S.A. has the right to terminate the agreement at the end of the fifteenth full fiscal year upon by their mutual agreement. ACCOR S.A. has the right to terminate the agreement, if the Group fails to meet the defined completion date (after 6 months additional period over the completion date). In this case, the parties shall be freed of all mutual obligations, and ACCOR S.A. will receive immediate payment of any due amounts upon the date of termination and liquidated damages up to Euro 750,000.

As of 1 January 2013;

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- In Zeytinburnu Ibis, Eskişehir Ibis, Kayseri Ibis, Gaziantep Ibis, Bursa Ibis, Adana Ibis, Esenyurt Ibis and İzmir Ibis, 25% of gross revenue or the higher of 70% of the Adjusted Gross Operating Profit ["AGOP"] pays from Tamaris Turizm A.Ş. to Akfen GYO as a rent.
- In Zeytinburnu Novotel, Trabzon Novotel, Kayseri Novotel ve Gaziantep Novotel, 22% of gross revenue or the higher of 70% of the Adjusted Gross Operating Profit ["AGOP"] pays from Tamaris Turizm A.Ş. to Akfen GYO as a rent.
- In Karaköy Novotel, 22% of gross revenue or the higher of 85% of the Adjusted Gross Operating Profit ["AGOP"] pays from Tamaris Turizm A.Ş. to Akfen GYO as a rent.
- In Ankara Esenboğa Ibis Otel, 25% of gross revenue or the higher of 85% of the Adjusted Gross Operating Profit ["AGOP"] pays from Tamaris Turizm A.Ş. to Akfen GYO as a rent.
- In Tuzla Ibis Otel, 25% of gross revenue or the higher of 85% of the Adjusted Gross Operating Profit ["AGOP"] pays from Tamaris Turizm A.Ş. to Akfen GYO as a rent.

AGOP is calculated as deduction of 4% of the Gross Operating Profit ["GOP"] corresponding to operational costs borne by ACCOR S.A. and costs related to corresponding to furniture, fixture and equipment (FF&E) reserve fund from GOP.

Each time that a total of new 500 rooms in Turkey, Russia and Ukraine will be open to the public by Akfen GYO, AGOP ratios in agreements of the hotels in Turkey, except Karaköy and Ankara shall be increased by 2,5%. In any case, rent to be calculated based on AGOP for these hotels shall not exceed 80%.

Annual rent is paid quarterly (January, April, July and October) based on the higher of AGOP ratio or gross revenue ratio actualized in related quarter.

The Group has additional eleven operating lease arrangements as lessor other than operating lease agreements signed with ACCOR S.A. in Turkey:

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- An agreement related to rental of Merit Park Hotel with its casino and all equipment for 20 years had been signed between the parties in 15 May 2012 and first year rent amount is Euro 4,750,000. The start date of the agreement is set as January 2013. In first 5 year, the rent amount will not increase, from 6th year, the rent will increase if yearly Euribor is less than 2%, in ratio of Euribor, if yearly Euribor is higher than 2%, in ratio of 2%, additional to previous year's rent amount. The name of the hotel has changed as "Merit Park Hotel" as at 6 October 2012.
- The Group signed rent agreement with Sportif Makine A.Ş. for Eskişehir İbis Hotel Fitness Center on 1 September 2006. The rent payments begin after two months from 1 January 2007 which the fitness center is delivered. VAT excluded monthly rent amount for the year 2014 is TRY 15,000.
- The Group signed rent agreement with Seven Turizm İnşaat ve Reklam Sanayi Ticaret Limited Şirketi for the bar/café in Eskişehir İbis Hotel on at 11 May 2007. The rent payments begin after two months after the bar/café is delivered. The rent increases at the beginning of the period as the average of annual PPI and CPI. VAT excluded monthly rent amount for the year 2014 is TRY 5,550.
- Russian Hotel through its subsidiary Samstroykom signed a lease agreement for IBIS Hotel building located in Samara, Russia, with Russian Management Hotel Company, a company which ACCOR S.A. operates in Russia. The lease term is 25 years with right of 10 years' of prolongation of ACCOR S.A. The rent shall be equal to 75% of the Adjusted Gross Operating Revenue. The Parties agreed that the Minimum Annual Guaranteed Rent for first year is Euro 2,500 per a room, for second year Euro 5,000 per a room, from third year Euro 6,000 per room and from fourth year to fifteenth year Euro 7,000 per a room. The parties agreed that the Minimum Annual Guaranteed Rent the highest price is Euro 14,000 per a room. ACCOR S.A. has the right to cancel the lease agreement at the end of fifteenth year of the lease agreement
- HDI through its subsidiary Severny signed a lease agreement for 317 rooms 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 prolongation 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"].

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- Russian Hotel through its subsidiary LLC YaroslavlOtelInvest signed a lease agreement for IBIS Hotel building located in Yaroslavl, Russia, with Russian Management Hotel Company, a company which ACCOR S.A. operates in Russia. The lease term is 25 years with right of 10 years' of prolongation of ACCOR S.A. The rent shall be equal to 75% of the Adjusted Gross Operating Revenue. The Parties agreed that the Minimum Annual Guaranteed Rent for first year is Euro 2,500 per a room, for second year Euro 5,000 per a room, for third year 6,000 Euro per a room and from fourth year to fifteenth year Euro 7,000 per a room. The Minimum Annual Guaranteed Rent the highest price is Euro14.000 per a room. ACCOR S.A. has the right to cancel the lease agreement at the end of fifteenth year of the lease agreement
- Russian Hotel through its subsidiary LLC KaliningradInvest signed a lease agreement for IBIS Hotel building located in Kaliningrad, Russia Russian Management Hotel Company, a company which ACCOR S.A. operates in Russia. The lease term is 25 years with right of 10 years' of prolongation of ACCOR S.A. The rent shall be equal to 75% of the Adjusted Gross Operating Revenue. The Parties agreed that the Minimum Annual Guaranteed Rent for first year is Euro 4,000 per a room, for second year Euro 5,000 per a room, from third year to fifteenth year Euro 6,000 per a room. The parties agreed that the Minimum Annual Guaranteed Rent the highest price is Euro 12,000 per a room. ACCOR S.A. has the right to cancel the lease agreement at the end of fifteenth year of the lease agreement.
- Russian Property leased 1,562 squaremeter area of total rentable 4,637 squaremeter area of Samara Office in portfolio of Russian Property through its subsidiary Volgastroykom, to OAO Bank VTB with an agreement signed on 1 March 2013. The duration of the agreement is 6 years and monthly rent amount is approximately TRY 78,524. The delivery of the rented offices was made in 15 March 2013. According to lease agreement, there will be no increase to the rent for the first year and for the upcoming year, the rent increase will be 10% with the condition of proving the rent increase in the market with an expertise report.
- On 2 September 2013, Russian Hotel signed a lease agreement for a fitness center including in Yaroslavl Ibis Hotel Project through its subsidiary LLC YaroslavlOtelInvest. The maturity of the rent is 30 June 2015 and the monthly rent revenue for 2013 is approximately TRY 3,622, including VAT.
- Russian Property leased 1,869 squaremeter area of total rentable 4,637 squaremeter area of Samara Office in portfolio of Russian Property through its subsidiary Volgastroykom, to Rosneft Oil Company with an agreement signed in 2 December 2013 with duration of 24 months. Monthly rent amount is approximately TRY 49,985, including VAT and rent payment will start on 1 July 2014.

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- 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 TRY 19,522, including VAT and rent payment will start on 15 April 2014.

As of 31 December 2014 and 31 December 2013, the Group's minimum amount of estimated rental income to be obtained for operating lease in total is given below by taking into account terms of existing contracts:

	31 December 2014	31 December 2013
Less than one year	25,091,963	26,171,049
Between one and five years	95,637,433	102,746,266
More than five years	250,262,612	285,625,417
	370,992,008	414,542,732

Memorandum of understanding ("MoU") signed between Akfen Holding and ACCOR S.A.

Each time that a total of new 500 rooms in Turkey, Russia and Ukraine will be open to the public by Akfen GYO, AGOP ratios in agreements of the hotels in Turkey, except Karaköy and Ankara shall be increased by 2,5%. In any case, rent to be calculated based on AGOP for these hotels shall not exceed 80%.

All of the operating lease arrangements with ACCOR S.A. that the Group is lessor in Turkey are based on MoU.

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According to MoU:

- Any sale of a controlling shareholding of the Group by Akfen Holding to a third party, not a member of its shareholder's and/or family group shall be submitted to a first refusal right agreement of ACCOR S.A. under the same terms and conditions proposed by the third party offer or, except in case that the Group becomes a publicly listed entity.
- For securitization of further investments, Akfen Holding and ACCOR S.A. agree that the share capital of the Group could be increased by the entry of new shareholders but at all times while ACCOR S.A. and Akfen Holding are partners, Akfen Holding should directly or indirectly keep control of the shareholding and the outside investor permitted by the above mention terms will not be another national or international hotel operator.
- ACCOR S.A. can terminate the agreement if ACCOR S.A. does not use its refusal right or this right is not the case and does not want to continue with the new shareholder under the same terms and conditions. If the agreement is terminated by ACCOR S.A., the ongoing lease agreements will continue until their maturity terms.

According to MoU amendment signed in December 2012 which had been valid as of 1 January 2013, the issues related to exclusivity and first right of refusal are stated as below:

- As from the 1 January 2013 to 31 December 2017, ACCOR S.A. is consent to Akfen GYO a right of refusal for hotel projects which ACCOR S.A. or any of its subsidiaries may develop and so long as the proposal is not refused, ACCOR S.A. will not be free to achieve the aforesaid project with any investors. During the term of present agreement period, Akfen GYO will offer the hotel projects to develop in Turkey, Moscow and Russia to ACCOR S.A. at first.
- Until 31 December 2014, in cities in which projects exist except İstanbul, ACCOR S.A. shall not make any lease agreement and besides any agreement related to operate, manage or franchise hotels under the existing brand with third parties. During the term of present agreement, ACCOR S.A. shall not make lease agreements with third parties offering conditions of rent better than those proposed to Akfen GYO.

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15. EMPLOYEE TERMINATION BENEFITS

	31 December 2014	31 December 2013
Provision for vacation pay liability-short term	356,194	360,243
Provision for employee termination benefits-long term	59,832	48,512
	416,026	408,755

The provision for employee termination benefits reflects the present value of future liabilities likely to be arisen due to retirement of employees of the Group and calculated according to Labor Act of Turkey. The provision for employee termination benefits are calculated based on accrual principle as soon as the employees deserve such right and reflected to the financial statements. The ceiling for calculation of the provision for employee termination benefits are the ceiling stipulated by the government for employee termination benefits. The ceilings for employee termination benefits as of 31 December 2014 are 3,438 TRY (31 December 2013: 3,254 TRY), respectively.

In accordance with TAS 19 "Employee Benefits", it is required to use actuarial valuation methods in estimating the liability related with current retirement plans of the Group. The Group has calculated the provision for employee termination indemnity using the "Projected Unit Cost Method" in accordance with TAS 19 and based on its experience in the personnel service period completion and obtaining the termination indemnity right and reflected in the financial statements. Provision for employee termination indemnity is calculated by taking into account the net present value of the total amount of the liability arising due to retirement of all employees.

As at 31 December 2014 and 31 December 2013 the liability is calculated using the following assumptions:

	31 December 2014	31 December 2013
Wage increase rate	6.00%	5.10%
Discount rate	9.00%	10.00%
Net discount rate	2.83%	4.66%
Anticipated retirement turnover rate	88.00%	85.00%

Reserve for employee termination indemnity is calculated according to the net present value of liability to occur in the future due to retirement of all employees and it is reflected in related financial statements.

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Movement of provision for employee termination benefits is as follows:

	31 December 2014	31 December 2013
Opening balance	48,512	18,312
Interest cost	5,385	1,811
Service cost	7,593	37,887
Payment during the year	-	[10,943]
Actuarial [loss]/gain	[1,658]	1,445
Closing balance	59,832	48,512

Movement of vacation pay liability is as follows:

	31 December 2014	31 December 2013
Opening balance	360,243	195,836
Payment during the year	-	[2,232]
[Disposals]/Additions during the year	[4,049]	166,639
Closing balance	356,194	360,243

16. PREPAID EXPENSES AND DEFERRED REVENUE

a) Short term prepaid expenses

	31 December 2014	31 December 2013
Prepaid expenses[1]	412,483	1,916,084
Advances given to suppliers	297,574	209,641
Job advances	42,919	37,168
	752,976	2,162,893

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b) Long term prepaid expenses

	31 December 2014	31 December 2013
Prepaid expenses ^[1]	7,781,796	3,420,068
Advances given ^[2]	5,144,011	8,350,271
	12,925,807	11,770,339

^[1] Akfen Karaköy took over the "Conditional Construction Lease Agreement" on 22 June 2011, which had been signed between 1. Regional Directorate of Foundations and "Hakan Madencilik ve Elektrik Üretim Sanayi Ticaret A.Ş. ("Hakan Madencilik") under the build-operate-transfer model for a period of 49 years on 1 September 2009 for the land in İstanbul, Beyoğlu, Kemankes district, Rıhtım Street, 121-77 map section, 28-60 parcels. Transfer payment which also includes the 5 years of rent prepaid by Hakan Madencilik, is recognized under the prepaid expenses and recorded as profit or loss by the straight-line basis over the lease term.

^[2] As at 31 December 2014 and 31 December 2013 advances given to subcontractors comprised of advances given to Akfen İnşaat for the construction of Ankara Esenboğa Ibis Hotel and Karaköy Novotel projects.

17. OTHER CURRENT/NON-CURRENT ASSETS AND LIABILITIES

a) Other current assets

	31 December 2014	31 December 2013
VAT carried forward	3,041,534	4,841,810
Prepaid taxes and funds	177,067	168,416
Other	24,382	27,938
	3,242,983	5,038,164

b) Other non-current assets

	31 December 2014	31 December 2013
VAT carried forward	31,577,687	33,197,872
	31,577,687	33,197,872

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c) Other current liabilities

	31 December 2014	31 December 2013
Rent expense accrual [Note 14]	1,190,349	534,584
	1,190,349	534,584

d) Other non-current liabilities

	31 December 2014	31 December 2013
Rent expense accrual [Note 14]	3,231,723	3,499,559
	3,231,723	3,499,559

18. EQUITY

18.1. Paid in capital

The capital structure as at 31 December 2014 and 31 December 2013 is as follows:

Shareholders		31 December 2014		31 December 2013
	[%]		[%]	
Akfen Holding	51.72	95,156,384	51.72	95,156,384
Publicly Listed ⁽¹⁾	29.60	54,462,880	29.60	54,462,880
Hamdi Akın	16.41	30,196,838	16.41	30,196,838
İbrahim Süha Güçsav	2.25	4,140,380	2.25	4,140,380
Akınısı Makina Sanayi ve Tic. AŞ	0.02	43,513	0.02	43,513
Akfen İnşaat	<0.001	2	<0.001	2
Mehmet Semih Çiçek	<0.001	1	<0.001	1
Mustafa Dursun Akın	<0.001	1	<0.001	1
Ahmet Seyfi Usluoğlu	<0.001	1	<0.001	1
Total		184,000,000		184,000,000
Restatement effect		317,344		317,344
Restated capital		184,317,344		184,317,344

⁽¹⁾ As of 31 December 2014, TRY 9,400,447 – equal to 5.16% of total capital-publicly offered shares are included in Akfen Holding's portion. [31.12.2013: TRY 9,370,515 – equal to 5.09% of total capital].

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As at 31 December 2014, the issued capital of the Group is TRY 184,000,000 [31 December 2013: TRY 184,000,000]. As at 31 December 2014, the issued capital of the Group comprises of 184,000,000 registered units with a nominal value of TRY 1 each [31 December 2013: TRY 1, units, 184,000,000 units]. The share group of A, C, D owning 1,000 unit share for each, has the privilege to select 2 nominees for each for the board of directors member selection.

Equal to 5.09% of total capital include TRY 9,500,447 portion of which TRY 8,040,787 in 2011, TRY 1,329,728 in 2013 and TRY 129,932 in 2014 were purchased from the publicly available shares in amount of TRY 54,117,500 traded on the İstanbul Stock Exchange on 11 May 2011.

18.2. Purchase of share of entity under common control

100% of Akfen GT and 50% of RHI and RPI were acquired with the nominal value from parents of the Group in 2007 and 2009, respectively. The acquired subsidiary, Akfen GT could be treated as an integrated operation of Akfen GYO by nature or by transfer of knowledge, were under common control with Akfen GYO since the beginning of their operations. The acquisition of this entity being under common control is accounted for using book values, where in its consolidated financial statements the acquirer, is permitted, but not required, to restate its comparatives as if the combination had been in existence throughout the reporting periods presented. Management decided not to restate its comparative information. The acquisition of this entity being under common control is recognized with cost method, since this treatment is the best way to present the economic substance of the transaction since the transaction is moving the shares of one party from one part of the group to another, there is no independent third party involvement and in particular the purchase price is not determined on an arm's length basis. Excess of net assets over cash paid at the acquisition date is recognized in "Business combination under common control" directly in equity.

18.3. Foreign currency translation reserves

The translation reserve comprise of foreign exchange difference arising from the translation of the financial statements of Russian Hotel, Russian Property and HDI from their functional currency to the presentation currency TRY which is recognized in equity.

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18.4. Share Premiums

The surplus of sales price over the nominal value of the shares amounted to TRY 58,800,000 during the initial public offering of the shares at 11 May 2011 were accounted as share premium.

18.5. Restricted reserves allocated from profit

Profit reserves comprised of the legal reserves as at 31 December 2014 and 31 December 2013.

	31 December 2014	31 December 2013
Legal reserves	4,147	4,147
Closing balance	4,147	4,147

The legal reserves consist of first and second legal reserves, according to the Turkish Commercial Code "TCC". The TCC stipulates that the first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Group's historical paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the historical paid-in share capital. Under TCC, the legal reserves are not available for distribution unless they exceed 50% of the historical paid-in share capital but may be used to offset losses in the event that historical general reserve is exhausted.

Accordingly the inflation adjustments provided for within the framework of TAS/IFRS, for paid-in capital has been presented under inflation adjustment on capital, where as for share premium and legal reserves and special reserves under restricted reserves inflation effects has been presented under retained earnings. Other equity items have been presented with their TAS/IFRS values.

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19. REVENUE AND COST OF SALES

For the years ended 31 December 2014 and 2013, sales and cost of sales are as follows:

	31 December 2014	31 December 2013
Rent income	50,974,167	41,232,531
Total income from property rentals	50,974,167	41,232,531
Income from bank deposits	37,510	29,653
Total income from debt instruments	37,510	29,653
Total revenue	51,011,677	41,262,185
Operating lease expenses ⁽¹⁾	[4,297,187]	[3,641,910]
Insurance expenses	[988,287]	[1,027,508]
Taxes and duties expenses	[208,762]	[226,642]
Outsourced service expenses	[143,333]	[381,424]
Others	[92,376]	[61,489]
Total cost of sales	[5,729,946]	[5,338,972]

⁽¹⁾ Operational lease expenses include rent expense accruals in the period belonging to rented lands of the hotels and the projects in the Group's portfolio.

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20. GENERAL ADMINISTRATIVE EXPENSES

For the years ended 31 December 2014 and 2013, administrative expenses are as follows:

	31 December 2014	31 December 2013
Personnel expenses	2,852,996	3,339,260
Consultancy expenses	1,276,158	1,569,869
Outsourced service expenses	604,278	314,752
Operating lease expenses	516,414	461,899
Travel and hosting expenses	198,536	178,480
Tax and duties expenses	160,958	494,008
Advertising expenses	61,188	297,016
Depreciation expense	44,164	47,536
Amortization expense	2,275	4,371
Other	125,724	269,997
Total	5,842,691	6,977,188

Personnel expenses

	31 December 2014	31 December 2013
Wages and salaries	2,485,076	2,746,092
Social security premiums	275,552	312,917
Change in employment termination benefit	11,320	41,143
Other	81,048	239,108
Total	2,852,996	3,339,260

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21. OTHER OPERATING INCOME/EXPENSES**a) Other operating income**

For the years ended 31 December 2014 and 2013, other operating incomes are as follows:

Other income	31 December 2014	31 December 2013
Fair value gain on investment property, net	16,778,970	205,607,302
Foreign exchange gain	77,724	57,496
Other income ⁽¹⁾	17,420,919	2,663,174
Total	34,277,613	208,327,972

⁽¹⁾ As at 31 December 2014, TRY 11,448,406 has been derived from the severance amount received from Moscow government on 3 July 2014, since the Group won the lawsuit related to Moscow project that the Group is planning to develop in Russia, TRY 457,601 of remaining balance consist of income resulting from the payable to Kasa Stroy in aforesaid amount related to the Group's construction works in Russia becoming not to be paid dealing with the counter party and TRY 483,715 comprises the invoice amount of RHI for Accor S.A.'s contribution related to purchase of furnitures and fixtures of hotels in Russia.

As at 31 December 2013, TRY 1,435,843 of other operating income is the income amount derived from cancellation of previous periods' provision provided for receivable from Razveev – ex-owner of Samara Office land belonging to RPI, by collection of that amount in related period. TRY 1,028,561 of remaining amount had been derived from contribution invoice of ACCOR S.A. which is invoiced by RHI to ACCOR S.A. related to furniture and fixtures of Kaliningrad Ibis Otel.

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b) Other operating expenses

For the years ended 31 December 2014 and 2013, other operating expenses are as follows:

	31 December 2014	31 December 2013
Foreign exchange loss	64,716	69,789
Other expense ⁽¹⁾	2,866,933	4,036,325
Total	2,931,109	4,106,114

⁽¹⁾ As at 31 December 2014, TRY 1,792,865 of other expense is related to advocacy expenses of the ongoing case of Moscow project which the Group is planning to develop in Russia. TRY 480,208 of remaining balance comprised from the expenditures in previous years related to unrealized projects that the Group is planning to develop.

As at 31 December 2013, TRY 931,509 of other expenses is related to the expenditures of Kaliningrad Ibis Hotel project which are not eligible for capitalization. TRY 817,896 of other expense is related to advocacy expenses of the ongoing case of Moscow project which the Group is planning to develop in Russia.

22. FINANCIAL INCOME

For the years ended 31 December 2014 and 2013, financial incomes are as follows:

	31 December 2014	31 December 2013
Foreign exchange gain	29,544,609	5,300,137
Interest income	718,289	845,195
Total	30,262,898	6,145,332

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23. FINANCIAL EXPENSES

For the years ended 31 December 2014 and 2013, financial expenses are as follows:

	31 December 2014	31 December 2013
Foreign exchange loss	80,079,326	73,490,758
Interest expenses	21,242,254	20,279,960
Commission expenses	2,103,845	2,100,687
Expenses for letter of guarantees	43,221	130,827
Other	9,663	694,931
Total	103,478,309	96,697,163

For the years ended 31 December 2014, the Group has capitalized interest expenses amounting to TRY 6,234,587 on investment properties under development (31 December 2013: TRY 3,299,289).

24. DEFERRED TAX ASSETS AND LIABILITIES

According to Article 5/1[d] [4] of the New Corporate Tax Law 5520, the income of real estate investment trusts are exempt from Corporate Income Tax in Turkey. This exemption is also applicable to Quarterly Advance Corporate Tax. Therefore, deferred tax is not recognized for the income of the Group from the operations as a real estate investment trust since those are exempt from income tax.

Deferred tax has been recognized for the temporary differences of Akfen GT and its branch operating in Northern Cyprus arising between its financial statements as reported in compliance with CMB standards and its statutory financial statements. The corporate tax rates are 23.5% and 20% in Northern Cyprus and Holland, respectively.

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For the years ended 31 December 2014 and 2013, the main components of tax expenses are as follows:

	31 December 2014	31 December 2013
Deferred tax expense	[2,517,500]	[21,266,153]
Total taxation expense	[2,517,500]	[21,266,153]

The reported taxation charge for the years ended 31 December 2014 and 2013 are different than the amounts computed by applying the statutory tax rate to income before tax as shown in the following:

	%	1 January- 31 December 2014	%	1 January- 31 December 2013
Profit/(Loss) for the year		[2,429,867]		142,616,052
Income tax using the domestic tax [expense]/income rate	[20]	485,972	[20]	[28,523,209]
Tax-exempt [loss]/income ⁽¹⁾	23.72	[576,449]	13.76	8,613,389
Non-deductible expenses	[0.41]	[9,921]	0.04	[36,233]
Effect of different tax rates in foreign				
Jurisdictions	2.26	[54,841]	0.27	[1,125,420]
Current year loss for which no deferred tax was recognized	29.31	[712,175]	1.36	[337,766]
Investment allowance to be used	72.03	[1,750,217]	0.58	[335,890]
Other	[4.12]	100,131	1.07	478,975
Taxation expense		[2,517,500]		[21,266,153]

⁽¹⁾ Akfen GYO is exempt from Corporate Tax.

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Unrecognized deferred tax assets

As at 31 December 2014, Akfen GT and Akfen Karaköy have accumulated statutory tax losses that can be netted from future fiscal profits amounting to TRY 11,086,565 [31 December 2013: TRY 8,968,884]. The expiry dates of the unrecognized accumulated losses are as follows:

	31 December 2014	31 December 2013	Year of expiry
2009	-	954,322	31 December 2014
2010	-	102,968	31 December 2015
2011	2,459,277	2,845,181	31 December 2016
2012	3,505,292	3,505,292	31 December 2017
2013	1,561,121	1,561,121	31 December 2018
2014	3,560,875	-	31 December 2019
	11,086,565	8,968,884	

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Recognized deferred tax assets and liabilities

Deferred tax assets and deferred tax liabilities as at 31 December 2014 and 31 December 2013 were attributable to the items detailed in the table below:

	Deferred tax Assets			Deferred tax Liabilities			Net
	31 December 2014	31 December 2013	31 December 2014	31 December 2013	31 December 2014	31 December 2013	31 December 2013
Investment incentive ⁽¹⁾	12,888,155	14,638,372	-	-	12,888,155	14,638,372	
Fair value gain on investment property	-	-	(72,283,698)	(82,103,714)	(72,283,698)	(82,103,714)	
Financial liabilities	45	3,143	-	-	45	3,143	
Tax losses carried forward	388,778	1,133,551	-	-	388,778	1,133,551	
Intangible assets	165,011	948,833	(2,295,852)	(1,955,233)	(2,130,841)	(1,006,400)	
Other	-	-	(179)	(6,123)	(179)	(6,123)	
Deferred tax asset/(liability)	13,441,989	16,723,899	(74,579,729)	(84,065,070)	(61,137,740)	(67,341,171)	
Net off tax	[13,053,211]	[15,590,348]	13,053,211	15,590,348	-	-	
Net deferred tax asset/ (liability)	388,778	1,133,551	(61,526,518)	(68,474,722)	(61,137,740)	(67,341,171)	

⁽¹⁾ The Group has recognized deferred tax assets on the capital expenditures subject to 100% of investment allowance completed until 31 December 2008 in Northern Cyprus.

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25. EARNINGS PER SHARE

Earnings per share are calculated by dividing net income for the years ended by the weighted average number of shares of the Group during the year. For the year ended 31 December 2014 and 2013, the earnings per share computation are as follows:

	31 December 2014	31 December 2013
Number of shares in circulation		
1 January	184,000,000	184,000,000
The shares issued for cash	-	-
Closing balance	184,000,000	184,000,000
Weighted average number of shares	184,000,000	184,000,000
Net [loss]/profit for the year	[2,447,787]	118,002,845
[Loss]/Earnings per share [Full TRY]	[0.01]	0.64

The Group has no diluted earnings.

26. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS*(i) General*

The Group exposed to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk
- operational risk

This note presents information about the Group's exposure to each of the above risks and explains the Group's objectives, policies and processes for measuring and managing risks, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

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The Group's risk management vision is defined as, identifying variables and uncertainties that will impact the Group's objectives, conducting proactively and managing through the most appropriate steps, supervising the implementation of steps in line with the shareholders' risk preference.

Corporate Risk Management activities are executed within the Group as a whole in the following fields:

- Determining risk management standards and policies,
- Developing a uniform risk management oriented work culture and capabilities,
- Conducting risk analysis of existing and potential investments,
- Creating a senior administration vehicle reporting on the risks of new investments of a company, sector or group
- Determining risk limitations and action plans,
- Supporting the implementation of these action plans,
- Supporting strategic processes with a risk management approach.

The Board of Directors ("BOD") has overall responsibility for the establishment and oversight of Akfen GYO's risk management framework.

Board of Directors states the risk options and ensures performing of the risk management implementations. Akfen GYO's BOD has the ultimate responsibility for Corporate Risk Management.

(ii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country in which customers operate has an influence on credit risk. Since the Group operates in real estate businesses geographically the concentration of credit risk for the Group's entities operating in the mentioned businesses are mainly in Turkey and Russia.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, geographic location, industry, ageing profile, maturity and existence of previous financial difficulties.

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[iii] Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, and interest rates, will affect the Group's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk

The Group is exposed to currency risk on various foreign currency denominated income and expenses and resulting receivables, payables and borrowings that are denominated in a currency other than the respective functional currencies of Group entities.

In respect of monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

To minimize risk arising from foreign currency denominated balance sheet items, the Group keeps part of its idle cash in foreign currencies.

As at 31 December 2014, the companies in the Group have foreign currency balances other than their functional currencies, such as Euro, as mentioned in the related notes of the consolidated financial statements.

The Group keeps cash in USD, Euro, GBP and TRY to manage the foreign currency risk. The Group realizes the medium and long term bank borrowings in the currency of project revenues. Additionally, the Group realizes short term bank borrowings in TRY and Euro in balance by pooling/portfolio model.

Interest rate risk

As at 31 December 2014, the Group's operations are subject to the risk of interest rate fluctuations to the extent that 90% of the Group's bank borrowings have been obtained by floating interest rates.

The Group is also exposed to basis risk for its floating rate borrowings, which is the difference in reprising characteristics of the various floating rate indices. Risk management activities are aimed at optimizing net interest income, given market interest rate levels consistent with the Group's business strategies.

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[iv] Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically, the Group's entities ensure that they have sufficient cash on demand to meet expected operational expenses in terms of the relevant characteristics of the businesses they operate, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

For the Group entities, risk of funding current and potential requirements is mitigated by ensuring the availability of adequate number of creditworthy lending parties. The Group entities, in order to minimize liquidity risk, hold adequate cash and available line of credit.

[v] Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

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- requirements for appropriate segregation of duties, including the independent authorization of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective

Capital management

The Group manages its capital by minimizing the investment risk through portfolio diversification. The Group's objective; is to ensure its continuity as an income-generating business, look after interests of shareholders and corporate members besides to ensure sustainability of its efficient capital structure by reducing cost of capital and continuing net debt-to-equity rate at market averages.

The Group's goals for capital management are to provide return to its members and benefit to other stakeholders besides to have the Group to protect its ability for conducting its activity for preserving the most suitable capital structure to reduce the cost of capital.

For preserving its capital structure or reorganizing it, the Group determines dividend amounts to be paid to members, may issue new shares and may sell assets to restrict borrowings.

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As of 31 December 2014 and 31 December 2013, the net debt-to-invested capital rate is given below:

	31 December 2014	31 December 2013
Total liabilities	589,729,693	585,734,499
Cash and cash equivalents	[24,097,271]	[30,326,239]
Net liabilities	565,632,422	555,408,260
Equity	856,220,166	932,791,533
Total capital	1,421,852,588	1,488,199,793
Net liabilities/total sources rate	40%	37%

26.1. Credit risk disclosures

The ownership of the financial assets brings the risk of not meeting the obligations of the agreement of the counter party.

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The maximum exposure to credit risk as at 31 December 2014 and 31 December 2013 is as follows:

31 December 2014	Related party	Receivables Trade receivables Third party	Related party	Third party	Other receivables Deposits on banks	Other
Exposure to maximum credit risk as of reporting date [A+B+C+D]	-	10,939,041	-	10,011,263	24,086,304	-
-The portion of maximum risk covered by guarantee	-	-	-	-	-	-
A. Net carrying value of financial assets which are neither impaired nor overdue	-	10,939,041	-	10,011,263	24,086,304	-
B. Net carrying value of financial assets which are overdue but not impaired	-	-	-	-	-	-
C. Net carrying value of impaired assets	-	-	-	-	-	-
-Overdue [gross book value]	-	-	-	-	-	-
-Impairment [-]	-	-	-	-	-	-
-Covered portion of net book value (with letter of guarantee etc.)	-	-	-	-	-	-
-Undue [gross book value]	-	-	-	-	-	-
-Impairment [-]	-	-	-	-	-	-
-Covered portion of net book value (with letter of guarantee etc.)	-	-	-	-	-	-
D. Off balance sheet items with credit risks	-	-	-	-	-	-

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31 December 2013	Related party	Receivables Trade receivables Third party	Related party	Third party	Other receivables Deposits on banks	Other
Exposure to maximum credit risk as of reporting date [A+B+C+D]	-	6,031,253	-	9,824,317	30,313,408	-
-The portion of maximum risk covered by guarantee	-	-	-	-	-	-
A. Net carrying value of financial assets which are neither impaired nor overdue	-	6,031,253	-	9,824,317	30,313,408	-
B. Net carrying value of financial assets which are overdue but not impaired	-	-	-	-	-	-
C. Net carrying value of impaired assets	-	-	-	-	-	-
-Overdue (gross book value)	-	-	-	-	-	-
-Impairment [-]	-	-	-	-	-	-
-Covered portion of net book value [with letter of guarantee etc.]	-	-	-	-	-	-
-Undue (gross book value)	-	-	-	-	-	-
-Impairment [-]	-	-	-	-	-	-
-Covered portion of net book value [with letter of guarantee etc.]	-	-	-	-	-	-
D. Off balance sheet items with credit risks	-	-	-	-	-	-

As at 31 December 2014 and 31 December 2013, the Group does not have any financial assets which are overdue but not impaired

26.2. Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements. The table analyses the financial liabilities of the Group by grouping the terms. The contractual cash flow is not discounted:

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31 December 2014:

Contractual maturities	Carrying amount	Contractual cash flows (I)+[II]+[III]+[IV]	3 months or less (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Non-derivative financial liabilities						
Financial liabilities	517,848,953	620,337,541	68,487,507	71,007,251	338,310,172	142,532,611
Trade payables	4,136,311	4,136,311	4,136,311	-	-	-
Other payables (other liabilities included)	5,801,885	5,801,885	2,570,162	-	3,231,723	-

31 December 2013:

Contractual maturities	Carrying amount	Contractual cash flows	3 months or less	3-12 months	1-5 years	More than 5 years
Non-derivative financial liabilities						
Financial liabilities	500,798,611	608,769,206	48,557,706	62,928,330	336,620,565	160,662,605
Trade payables	11,236,283	11,236,283	11,236,283	-	-	-
Other payables (other liabilities included)	4,816,128	4,816,128	1,316,569	-	3,499,559	-

The Group does not have any derivative financial liabilities as at 31 December 2014 and 31 December 2013. Since taxes and funds payable and social security premiums payable are non-financial liabilities, they are not included in other payables.

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26.3. Market risk

a) Foreign currency position table and sensitivity analysis

31 December 2014	TRY Equivalent (Functional currency)	USD	EURO	RUB	Other
Foreign currency position					
1 Trade receivables	7,106,963	-	-	172,502,348	-
Monetary financial assets (cash and bank accounts included)	8,136,114	2,525	2,750,945	8,996,954	-
2a Non-monetary financial assets	-	-	-	-	-
3 Other	229,819	14	17,410	4,385,486	-
4 Current assets [1+2+3]	15,472,896	2,539	2,768,355	185,884,789	-
5 Trade receivables	-	-	-	-	-
6a Monetary financial assets	-	-	-	-	-
6b Non-monetary financial assets	-	-	-	-	-
7 Other	8,239,298	-	2,783,182	9,436,525	-
8 Non-current assets [5+6+7]	8,239,298	-	2,783,182	9,436,525	-
9 Total assets [4+8]	23,712,194	2,539	5,551,537	195,321,314	-
10 Trade payables	1,991,556	-	25,592	46,587,480	-
11 Financial liabilities	85,805,896	-	30,420,072	-	-
12a Other monetary financial liabilities	-	-	-	-	-
12b Other non-monetary financial liabilities	1,198,552	-	94,677	22,609,528	-
13 Short-term liabilities [10+11+12]	88,996,004	-	30,540,341	69,197,008	-
14 Trade payables	-	-	-	-	-
15 Financial liabilities	400,234,298	-	141,891,835	-	-
16a Other monetary financial liabilities	-	-	-	-	-
16b Other non-monetary financial liabilities	3,152,044	1,359,284	-	-	-
17 Long-term liabilities [14+15+16]	403,386,342	1,359,284	141,891,835	-	-
18 Total liabilities [13+17]	492,382,346	1,359,284	172,432,176	69,197,008	-
Net asset/(liability) position of off-balance sheet items [19a-19b]	-	-	-	-	-
Amount of derivative off-balance sheet items in foreign currency in asset characteristics	-	-	-	-	-
Amount of off derivative-balance sheet items in foreign currency in liability characteristics	-	-	-	-	-
20 Net foreign currency position [9-18+19]	(468,670,152)	(1,356,745)	(166,880,639)	126,124,306	-
Net foreign currency position of monetary assets/(liabilities) [1+2a+5+6a-10-11-12a- 14-15-16a]	(472,788,673)	2,525	(169,586,553)	134,911,823	-
Fair value of the financial instruments used in foreign currency hedging	-	-	-	-	-
Amount of foreign currency assets hedged	-	-	-	-	-
Amount of foreign currency liabilities hedged	-	-	-	-	-

CONVENIENCE TRANSLATION TO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

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(Amounts are expressed in Turkish Lira ["TRY"] unless otherwise stated.)

31 December 2013	TRY Equivalent (Functional currency)	USD	EURO	RUB	Other
Foreign currency position					
1 Trade receivables	2,509,297	-	-	38,398,773	-
2a Monetary financial assets (cash and bank accounts included)	27,016,527	6,031	7,886,475	58,838,862	-
2b Non-monetary financial assets	-	-	-	-	-
3 Other	865,436	-	294,718	-	-
4 Current assets (1+2+3)	30,391,260	6,031	8,181,193	97,237,635	-
5 Trade receivables	-	-	-	-	-
6a Monetary financial assets	-	-	-	-	-
6b Non-monetary financial assets	-	-	-	-	-
7 Other	7,608,565	-	2,588,143	-	2,416
8 Non-current assets (5+6+7)	7,608,565	-	2,588,143	-	2,416
9 Total assets (4+8)	37,999,825	6,031	10,769,336	97,237,635	2,416
10 Trade payables	3,566,550	-	401,480	36,536,548	-
11 Financial liabilities	83,782,797	-	28,531,516	-	-
12a Other monetary financial liabilities	-	-	-	-	-
12b Other non-monetary financial liabilities	767,489	-	42,113	9,852,191	-
13 Short-term liabilities (10+11+12)	88,116,836	-	28,975,109	46,388,740	-
14 Trade payables	-	-	-	-	-
15 Financial liabilities	408,511,424	-	139,115,077	-	-
16a Other monetary financial liabilities	-	-	-	-	-
16b Other non-monetary financial liabilities	2,705,143	1,267,462	-	-	-
17 Long-term liabilities (14+15+16)	411,216,567	1,267,462	139,115,077	-	-
18 Total liabilities (13+17)	499,333,403	1,267,462	168,090,186	46,388,740	-
19 Net asset/(liability) position of off-balance sheet items (19a-19b)	-	-	-	-	-
19a Amount of derivative off-balance sheet items in foreign currency in asset characteristics	-	-	-	-	-
19b Amount of off derivative-balance sheet items in foreign currency in liability characteristics	-	-	-	-	-
20 Net foreign currency position (9-18+19)	(461,333,578)	(1,261,431)	(157,320,850)	50,848,895	2,416
Net foreign currency position of monetary assets/(liabilities) (1+2a+5+6a-10-11-12a- 14-15-16a)	(466,334,947)	6,031	(160,161,598)	60,701,086	-
21 Fair value of the financial instruments used in foreign currency hedging	-	-	-	-	-
22 Amount of foreign currency assets hedged	-	-	-	-	-
23 Amount of foreign currency liabilities hedged	-	-	-	-	-

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ
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Foreign currency sensitivity analysis

31 December 2014:

	Profit or (loss)		Equity	
	Appreciation of foreign currency	Devaluation of foreign currency	Appreciation of foreign currency	Devaluation of foreign currency
10% change of the USD against TRY				
1-Net USD denominated asset/liability	[314,616]	314,616	-	-
2-Hedged portion of TRY against USD risk [-]	-	-	-	-
3-Net effect of USD [1+ 2]	[314,616]	314,616	-	-
4-Net Euro denominated asset/liability	[47,702,021]	47,702,021	-	-
5-Hedged portion of TRY against Euro risk [-]	-	-	-	-
6-Net effect of Euro [4+5]	[47,702,021]	47,702,021	-	-
10% change of other foreign currencies against TRY				
7-Net other foreign currencies denominated asset/liability	-	-	519,622	(519,622)
8-Hedged portion of TRY against other currencies risk [-]	-	-	-	-
9-Net effect of other foreign currencies [7+8]	-	-	519,622	(519,622)
TOTAL(3+6+9)	[47,386,638]	47,386,638	519,622	(519,622)

As at 31 December 2014, the Group has undiscounted non-cancellable lease receivables amounting TRY 370,992,008 in equivalent of Euro 130,117,000 and Ruble 98,682,565 and non-cancellable undiscounted lease liabilities amounting TRY 39,375,907 in equivalent of total of Euro 1,597,189 and USD 15,002,689 which are not included in the table above and to be recognized in the following periods.

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(Amounts are expressed in Turkish Lira ["TRY"] unless otherwise stated.)

31 December 2013:

	Profit or (loss)		Equity	
	Appreciation of foreign currency	Devaluation of foreign currency	Appreciation of foreign currency	Devaluation of foreign currency
10% change of the USD against TRY				
1- Net USD denominated asset/liability	(269,227)	269,227	-	-
2- Hedged portion of TRY against USD risk [-]	-	-	-	-
3- Net effect of USD [1+ 2]	(269,227)	269,227	-	-
4- Net Euro denominated asset/liability	(46,197,268)	46,197,268	-	-
5- Hedged portion of TRY against Euro risk [-]	-	-	-	-
6- Net effect of Euro [4+5]	(46,197,268)	46,197,268	-	-
10% change of other foreign currencies against TRY				
7- Net other foreign currencies denominated asset/liability	848	(848)	332,289	(332,289)
8- Hedged portion of TRY against other currencies risk [-]	-	-	-	-
9- Net effect of other foreign currencies [7+8]	848	(848)	332,289	(332,289)
TOTAL[3+6+9]	(46,465,647)	46,465,647	332,289	(332,289)

As at 31 December 2013, the Group has undiscounted non-cancellable lease receivables amounting TRY 414,542,732 in equivalent of Euro 138,369,000 and Ruble 129,924,412 and non-cancellable undiscounted lease liabilities amounting TRY 35,044,279 in equivalent of total of Euro 1,461,575 and USD 14,408,642 which are not included in the table above and to be recognized in the following periods.

b) Interest rate risk table and sensitivity analysis

The interest rate profile of the Group's interest-bearing financial instruments is as follows:

	31 December 2014	31 December 2013
Fixed rate instruments		
Financial assets	23,454,962	25,393,467
Financial liabilities	52,148,592	51,555,302
Variable rate instruments		
Financial assets	-	-
Financial liabilities	465,700,361	449,243,309

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore; a change in interest rates at the reporting date would not affect profit or loss.

Additionally, the Group does not account for any fixed rate financial assets and liabilities as available-for-sale. Therefore; a change in interest rates at the reporting date would not directly affect equity.

Cash flow sensitivity analysis for variable rate instruments

As at 31 December 2014, a change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss before tax by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 31 December 2013.

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AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

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[Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.]

	Profit or (loss)		Equity (*)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31 December 2014				
Variable rate instruments	[4,657,004]	4,657,004	[4,657,004]	4,657,004
31 December 2013				
Variable rate instruments	[4,492,433]	4,492,433	[4,492,433]	4,492,433

(*) Profit/loss effect is included.

27. INANCIAL INSTRUMENTS**27.1. Fair value risk**

The fair value of an asset is the amount at which that asset could be bought or sold in a current transaction between willing parties.

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities.

Following assumptions and methods are used to estimate fair value of financial instruments, if fair values are applicable. The assumptions used in determining the fair value of the related assets and liabilities are disclosed in the related notes.

Financial assets

The Group assumes that the carrying value of cash equivalents are close to their fair value because of their short-term nature and insignificant amount of impairment risk. Trade receivables after netting the allowance for doubtful receivables are close to their fair value due to short-term nature.

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Financial liabilities

The Group assumes that the carrying value of the trade payables and other liabilities are close to their fair value because of their short-term nature. Bank borrowings are measured with their amortized cost value and transaction costs are added to their acquisition costs. It is assumed that the borrowings' fair values are equal to their carrying values since interest rates of variable rate instruments are updated with changing market conditions and the maturities of fixed rate instruments are short term.

28. DISCLOSURES RELATED TO THE SHARES IN OTHER ENTITIES

Informations for the Group's subsidiaries having non-controlling interests in significant level as below.

31 December 2014	Non-controlling interests %	Profit/(loss) for non-controlling interests	Non-controlling interests
Subsidiary			
Akfen Karaköy	30%	498,010	27,841,616
<hr/>			
31 December 2013	Non-controlling interests %	Profit/(loss) for non-controlling interests	Non-controlling interests
Subsidiary			
Akfen Karaköy	30%	[3,748,578]	28,339,625

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AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

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Summarized financial figures before elimination for related subsidiaries are shown as below:

Balance sheet summary:

Akfen Karaköy	31 December 2014	31 December 2013
Cash and cash equivalents	27,797	7,881,320
Other current assets	445,286	1,736,852
Investment property	146,366,000	132,000,000
Other non-current assets	18,432,390	13,761,490
TOTAL ASSETS	165,271,473	155,379,662
Short term financial liabilities	641,908	495,498
Other current liabilities	2,778,800	1,653,792
Long term financial liabilities	47,246,725	37,440,375
Other non-current liabilities	21,801,748	21,327,728
TOTAL LIABILITIES	72,469,181	60,917,393
TOTAL EQUITY	92,802,292	94,462,269

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ
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Income table summary:

Akfen Karaköy	31 December 2014	31 December 2013
PROFIT OR LOSS		
Cost of sales	[1,863,449]	[1,636,629]
GROSS PROFIT	[1,863,449]	[1,636,629]
General administrative expenses	[317,301]	[615,372]
Other operating [loss]/income	[369,251]	22,847,659
OPERATING [LOSS]/PROFIT	[2,550,001]	20,595,658
Financial income/[loss], net	1,364,044	[6,064,368]
LOSS/(PROFIT) BEFORE TAX	[1,185,957]	14,531,290
Current tax expense	[474,020]	[3,286,155]
-Deferred tax expense	[474,020]	[3,286,155]
NET LOSS/(PROFIT) FOR THE YEAR	[1,659,977]	11,245,135

29. SUBSEQUENT EVENTS

On February 19, 2015 between Akfen GYO and Credit Europe Bank N.V. ["Bank"], the loan agreement in amount of Euro 116.000.000 with 10 year maturity having 2 year grace period has been signed for refinancing of our Company's current loans and financing the investments of ongoing projects. The loan will be used as the loan usage conditions are performed. Discussions with the bank for providing loans with the same conditions to refinance of Akfen GYO's subsidiaries' current loans and finance the investments of ongoing projects are still continuing.

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

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

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APPENDIX: COMPLIANCE CONTROL ON PORTFOLIO LIMITATIONS

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

Unconsolidated (separate) financial statement main account items		Related Regulation	31 December 2014	31 December 2013
A	Cash and capital market instruments	III-48.1. S/N 24/[b]	232,262	409,421
B	Investment properties, investment property-based projects, investment property-based rights	III-48.1. S/N 24/[a]	716,292,000	737,445,000
C	Participations	III-48.1. S/N 24/[b]	466,823,220	511,336,899
	Due from related parties (non-trade)	III-48.1. S/N 23/[f]	-	-
	Other assets		26,218,968	28,922,193
D	Total assets	III-48.1. S/N 3/[p]	1,209,566,450	1,278,113,513
E	Financial liabilities	III-48.1. S/N 31	283,631,976	281,647,741
F	Other financial liabilities	III-48.1. S/N 31	5,777,063	8,296,370
G	Finance lease liabilities	III-48.1. S/N 31	-	-
H	Due to related parties (non-trade)	III-48.1. S/N 23/[f]	-	-
I	Shareholders' equity (net asset value)	III-48.1. S/N 31	920,157,411	988,169,402
	Other liabilities		-	-
D	Total liabilities and equity	III-48.1. S/N 3/[p]	1,209,566,450	1,278,113,513
Unconsolidated (separate) other financial information		Related Regulation	31 December 2014	31 December 2013
A1	Cash and capital market instruments held for payments of investment properties for 3 years	III-48.1. S/N 24/[b]	-	-
A2	Time/demand TRY/foreign currency	III-48.1. S/N 24/[b]	225,929	398,565
A3	Foreign capital market instruments	III-48.1. S/N 24/[d]	-	-
B1	Foreign investment property, investment property-based projects, investment property-based rights	III-48.1. S/N 24/[d]	-	-
B2	Idle lands	III-48.1. S/N 24/[c]	-	-
C1	Foreign subsidiaries	III-48.1. S/N 24/[d]	92,581,292	95,736,087
C2	Participation to the operator company	III-48.1. S/N 28/1[a]	-	-
J	Non-cash loans	III-48.1. S/N 31	871,662,526	763,683,318
K	Pledges on land not owned by the Investment Trust which will be used for project developments	III-48.1. S/N 22/[e]	-	-
L	Cash and capital market instrument Investments held on One Unique Company	III-48.1. S/N 22/[l]	-	-

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

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	Portfolio Constraints Related Regulation	Portfolio Constraints Related Regulation	Current Year	Previous Year	Minimum/Maximum Ratio
1	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)	0.00%	0.00%	<10%
2	Projects, Investment Property Based Rights	III-48.1. S/N 24/(a). (b)	59.22%	57.70%	>51%
3	Cash and Capital Market Instruments and Participations	III-48.1. S/N 24/(b)	38.61%	40.04%	<50%
4	Foreign Investment Property, Investment Property based Projects, Investment Property Based Rights, Participations, Capital Market Instruments	III-48.1. S/N 24/(d)	38.59%	40.01%	<50%
5	Idle Lands	III-48.1. S/N 24/(c)	0.00%	0.00%	<20%
6	Participation to the Operator Company	III-48.1. S/N 28	0.00%	0.00%	<10%
7	Borrowing Limit	III-48.1. S/N 31	126.18%	106.62%	<500%
8	Time/Demand TRY/Foreign Currency	III-48.1. S/N 22/(e)	0.02%	0.03%	<10%
9	Cash and capital market instrument Investments held on One Unique Company	III-48.1. S/N 22/(f)	0.00%	0.00%	<10%

Presented information, in accordance with Capital Markets Board's Communiqué Serial: II, No: 14.1 "Financial Reporting in Capital Markets" Amendment No: 16 comprised condensed information and prepared in accordance with Capital Markets Board's Communiqué Serial: III, No: 48.1 "Real Estate Investment Company" published in the Official Gazette dated 28 May 2013 numbered 28660.

In addition since the information given "Restrictions on the Investment Portfolio of Real Estate Investment" comprise unconsolidated data; such information may not match with the information disclosed in the consolidated financial statements.

CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ON THE BOARD OF DIRECTORS' ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH

To the Board of Directors of Akfen Gayrimenkul Yatırım Ortaklığı A.Ş.

Auditor's Report on the Board of Directors' Annual Report

1. We have audited the annual report of Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. [the "Company"] [and its Subsidiaries [collectively referred to as the "Group"]]] for the period ended 31 December 2014.

Board of Directors' responsibility for the Annual Report

2. The Group's management is responsible for the fair preparation of the annual report and its consistency with the consolidated financial statements in accordance with Article 514 of Turkish Commercial Code ["TCC"] No. 6102 and Capital Markets Board's ["CMB"] Communiqué Serial II, No: 14.1, "Principles of Financial Reporting in Capital Markets" [the "Communiqué"] and for such internal control as management determines is necessary to enable the preparation of the annual report.

Independent Auditor's Responsibility

3. Our responsibility is to express an opinion on the Group's annual report based on the independent audit conducted pursuant to Article 397 of TCC [and the Communiqué], whether or not the financial information included in this annual report is consistent with the Group's consolidated financial statements that are subject to independent auditor's report dated 02.03.2015 and presented fairly.

Our independent audit was conducted in accordance with Independent Auditing Standards that are part of the Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority. Those standards require that ethical requirements are complied with and that the independent audit is planned and performed to obtain reasonable assurance whether the financial information in the annual report is fairly presented and consistent with the consolidated financial statements.

An independent audit requires applying audit procedures to obtain audit evidence on the historical financial information. The procedures selected depend on the professional judgement of the independent auditor.

We believe that the independent audit evidences we have obtained during our independent audit, are sufficient and appropriate to provide a basis for our opinion.

Opinion

4. Based on our opinion, the financial information in the annual report of Board of Directors of Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. A.Ş. is consistent with the audited consolidated financial statements and presented fairly, in all material respects.

Other Responsibilities Arising From Regulatory Requirements

5. Pursuant to subparagraph 3 of Article 402 of the TCC No. 6102, within the context of ISA 570 "Going Concern", we have not encountered any significant issue which we are required to be reported with regard to the inability of Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. Group to continue its operations for the foreseeable future.

**Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.**
a member of
PricewaterhouseCoopers



**Engin Çubukçu, SMMM
Sorumlu Denetçi**

İstanbul, 11 Mart 2015

BÜYÜKDERE STREET NO: 201
LEVENT LOFT C BLOK FLOOR: 8
34390 LEVENT/İSTANBUL-TURKEY
TEL: 0090 212 371 87 00
FAX: 0090 212 279 62 62
WWW.AKFENGYO.COM.TR



/Akfengyo



/Akfengyo



/Company/akfen-gyo