

# Corporate Governance

## Human Resources

Adopting contemporary methods in its human resources policy, Akfen REIT complies with the principle of "life long development" in the training opportunities provided for the employees.

Akfen REIT puts the strategies complying with the corporate structure and goals of the Company into practice by reflecting the dynamism in its management mentality onto the practices of human resources. Providing each employee with a workplace environment where he/she may develop his/her personal and professional skills in a position complying with his/her competency is among priority targets of Akfen REIT in its human resources policy.

The human resources policy of Akfen REIT has been established within the framework of the following principles:

- The principle of providing equal opportunity for the persons under equal conditions in the recruitment, training and development, pricing and career planning has been adopted.
- The criteria concerning recruitment are determined in writing and these criteria are observed in the practice.
- Employees are treated equally in the issues of development and promotion; development policies and plans intended to enable the employees to increase their knowledge, skills and experience are established.
- The job descriptions, performance assessment and rewarding criteria of the company employees are determined by managers and shared with the employees.
- The Corporate Communication, Human Resources and Administrative Affairs Department conduct the relationships with the employees and there is no discrimination between and among the employees.

### Distribution of employees by their educational status

Company	No. of Persons	of Graduate Studies	Undergraduate Studies	Associate Degree	High School Graduate
<b>Akfen REIT</b>	10	2	4	1	3
<b>RHI, RPI and HDI</b>	11	1	8	-	2

Akfen REIT aims based on these principles to create a dynamic and transparent work environment supporting development in order to ensure high motivation for the employees. Believing the importance of lifelong learning, the Company provides its employees with the opportunities to maintain their personal and professional training. Thanks to the training programs organized within and outside the Company, the employees may develop themselves while performing their current tasks.

Giving priority to the current human resource in the fulfillment of the requirements of the personnel, Akfen REIT applies such an in-company career planning process where the equal opportunity and impartiality are valid and the performance assessment results are taken as basis. In the in-company

career arrangements, the openness of the employees to the renovations and changes, their motivation intended to develop personal and professional development and their success-oriented targets are effective.

As a result of the successfully applied human resources strategies, Akfen REIT is able to have an employee profile capable to identify the corporate objectives with his/her personal goals, complying with his/her responsibilities with high motivation, having a team spirit and ethical values and believing in the social responsibility. As of the end of 2016, the number of employees in Akfen REIT is 10 and in its subsidiaries is 11.

Age average of the employees is 45 and the female employees constitute 48 of the total.

While supporting the mission and vision of the Company, Akfen REIT will continue to apply its human resource policies complying with the contemporary value in the year 2017 too.

## **Risk Management**

The Early Detection of Risk studies were finalized in the year 2012 with the consultancy support of DRT Bağımsız Denetim ve Serbest Muhasebeci Mali MÜşavirlik A.Ş. [Deloitte] and the Risk Management Manual has been submitted to the Company's Executive Board.

It has been decided to take it as basis in the internal auditing of the Auditing Committee. The relevant Risk Management Manual is included as an annex to the Company's report.

Based on the Board Resolution no. 2013/9 dated 25<sup>th</sup> April 2013, the Company has decided that the duties of the Early Detection of Risk Committee previously conducted by the Corporate Governance Committee will be conducted by establishing a separate committee pursuant to the Communiqué Serial IV, No: 56 of the Capital Market Board as amended by the Communiqué Serial IV, No: 63. The Committee submits the reports prepared concerning the potential risks intended for early detection of the reasons endangering the existence and development of the Group, the measures required to be taken therefor and the application of the remedies related thereto and the risk management to the Executive Board every two months during the period between the establishment date of the Committee and the date of the report and the financial structure, financial position and performance of the Company as of 31<sup>st</sup> December 2016 have been evaluated and nothing which may raise doubt to the extent that there isn't any provision for the capital or the Company is debt-choked has been determined.

### **Audit Committee**

The Company's consolidated and individual financial statement, comprehensive income statement, cash flow statement and changes in equity statement prepared:

- by the Audit Committee and the Executive Board on 04.05.2016 for the accounting period between 01.01.2016 - 31.03.2016, but not subject to limited audit;
- by the Audit Committee and the Executive Board on 03.08.2016 for the accounting period between 01.01.2016 - 30.06.2016 and which were subject to limited audit;
- by the Audit Committee and the Executive Board on 26.10.2016 for the accounting period between 01.01.2016 - 30.09.2016, but no subject to limited audit;
- by the Audit Committee and the Executive Board on 28.02.2017 for the accounting period between 01.01.2016 - 31.12.2016, but subject to limited audit;

and the Annual Report of the Executive Board for the relevant accounting period have been approved together with the footnotes thereof prepared in accordance with the Communiqué of the Capital Market Board.

## Auditor's Report Concerning Early Detection of Risk System and Committee

To the Executive Board of Akfen Gayrimenkul Yatırım Ortaklığı A.Ş.:

1. We have audited the early detection of risk system and committee established by Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. ("Group").

### Responsibility of the Executive Board

2. Pursuant to the first paragraph of article 378 of the Turkish Commercial Code no. 6102 ("TCC"), the Executive Board:

Is obliged to establish, a specialized committee, to operate and develop the system for the early detection of the reasons endangering the existence, development and continuity of the Company, application of the necessary measures and remedies required therefor and for the risk management.

### Responsibility of the Auditor

3. Our responsibility is to come to a conclusion regarding the early detection of risk system and committee based on the audit we have made. The audit so made has been conducted in accordance with the Turkish Commercial Code, the "Principles Concerning the Auditor's Report on the Early Detection of Risk System and Committee" published by the Public Oversight, Accounting and Auditing Standards Authority and the codes of conduct. These Principles require the determination and evaluation by us of whether the company's early detection of risk system and committee are established or not and if established, whether the system and the committee are operated and manager within the framework of article 378 of the Turkish Commercial Code. The appropriateness of the remedies indicated against the risks by the early detection of risk committee and the applications realized by the management regarding the risks are not included within the scope of our auditing.

### Information Concerning Early Detection of Risk System and Committee

4. The Group has established the early detection of risk system and committee and the said committee consists of 3 members. The Committee has submitted the reports prepared regarding the early detection of the reasons endangering the existence and development of the Company, the measures taken and the remedies applied therefor and the risk management for the accounting period between 1<sup>st</sup> January 2016 and 31<sup>st</sup> December 2016 to the Executive Board.

### Conclusion

5. As a result of the audit so realized, we have come to the conclusion that the early detection of risk system and committee of Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. are sufficient with regard to all of the important aspects within the framework of article 378 of the Turkish Commercial Code.

## **Profit Distribution Policy**

Our Company determines the decisions concerning profit distribution taking into consideration the Turkish Commercial Code, Capital Market Legislation, Capital Market Board's Regulations and Decisions, Tax Laws and the regulatory provisions of the other relevant legal legislation and our Company's Articles of Association.

Based on its Board Resolution passed on 25.02.2011, Akfen Gayrimenkul Yatırım Ortaklığı has adopted a profit distribution policy based on the principle of "offering the distribution of at least 30% of the distributable profit as of the accounting period of 2012 taking into consideration the general profitability position of our Company to the General Assembly".

The Profit Distribution Policy is submitted for information of the shareholders in the General Assembly. Since there was no distributable profit for the year 2015, it has been unanimously resolved in the General Assembly that the profit distribution was not possible.

The Profit Distribution Policy of our Company is disclosed to the public in the Internet site of the Company.

## **State Incentives and Aids**

Pursuant to the Investment Incentive Law no. 47/2000, the Group has an investment incentive at a rate of 100% based on the investments made in the Turkish Republic of Northern Cyprus until 31<sup>st</sup> December 2008.

## **Loyalty Report**

### **Conclusion**

Our Company is a member of the Group of Companies of Akfen Holding A.Ş., and we maintain commercial relations with the companies that are affiliated with said Group of Companies.

However, there have been no losses suffered in the year 2016, considering the deals performed with the holding company or affiliates of the holding company, or the deals performed under the direction of the holding company, or for the benefit of the holding company or affiliates of the holding company, and it has not been a case to offset the benefits or losses enjoyed or suffered by the holding company.

In accordance with Article 199 of the Turkish Commercial Code No. 6102, our Company's Executive Board has delivered the following statement in its loyalty report covering its relations with the holding company as well as its affiliates.

For all the deals having been performed by our Company with the holding company as well as its affiliates during the fiscal year of 01.01.2016 to 31.12.2016, for all the legal deals having been performed under the direction of the holding company or for the benefit of the holding company or its affiliates, a due consideration has been given to all such measures that had been taken or refrained to be taken for the benefit of the holding company or its affiliates in the fiscal year of 2016. We hereby declare that the Company has not suffered such a losses or derived any benefits in connection with any deals performed in accordance with the conditions known to be present during the year 2016, and it has not been a case that any profits or losses of the holding company has been offset

# Report on Compliance to Corporate Governance Principles

## Section I - Statement of Compliance with Corporate Governance Principles

In 2016, Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. ( “Company” or “Akfen REIT” ) ensured the compliance to all compulsory principles out of such Corporate Governance Principles that are laid down in the Annex to the Communiqué on Corporate Governance No. II-17.1.

The Company has been continuing to carry out necessary activities in order to ensure the compliance also to the remaining non-compulsory principles. Our Company's approach and the latest status regarding the principles, to which the compliance has not yet been achieved, are detailed below.

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

With the amendments to the Articles of Association of Akfen REIT, we have caused our Articles of Association to comply with such arrangements 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 Executive Board with respect to its activities and operations. The Investor Relations Manager was appointed as a Member of the Corporate Governance Committee. Moreover, one staff member was appointed to assume tasks in the Investor Relations Unit, and all these issues were publicly disclosed via the Public Disclosure Platform.

In compliance with the Corporate Governance Principles, the Audit Committee and the Corporate Governance Committee were established pursuant to a decision adopted by the Executive Board on February 16, 2011,

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

On 13.06.2016, the Executive Board resolved to appoint the following individuals pursuant to the Communiqué on Corporate Governance No. II-17.1:

1. To appoint Mr. Halil Eroğlu, an Independent Member of the Executive Board, Mr. Adnan Aydoğan, an Independent Member of the Executive Board, and Mr. Ahmet Ertürk, an Independent Member of the Executive Board, and Mr. Servet Didem Çolakoğlu, the (Financing and) Investor Relations Manager, to the positions to be held as the Members of the Corporate Governance Committee for a period of one (1) year in office; and Mr. Halil Eroğlu to the position of the Chairman of the Corporate Governance Committee;
2. Cause the Corporate Governance Committee also to act as the Nomination Committee and the Remuneration Committee;
3. To appoint Mr. Halil Eroğlu, an Independent Member of the Executive Board, Mr. Adnan Aydoğan, an Independent Member of the Executive Board, and Mr. Ahmet Ertürk, an Independent Member of the Executive Board, to be held as the Members of the Audits Committee; and Mr. Halil Eroğlu to the position of the Chairman of the Audits Committee;

4. To appoint Mr. Halil Erođlu, an Independent Member of the Executive Board, Mr. Selim Akin, a Member of the Executive Board, and Ms. Pelin Akin, a Member of the Executive Board, to be held as the Members of the Committee for Early Detection of Risks for a period of one year in office; and Mr. Halil Erođlu to the position of the Chairman of the Committee for Early Detection of Risks.

The Executive Board of Akfen REIT supports the senior management and all staff members in the course of implementation of the Corporate Governance Principles across the Company. In the recently published Report on Compliance to Corporate Governance Principles, 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.

## SECTION II - SHAREHOLDERS

### 2.1. Investor Relations Department

Regarding the exercise of shareholding rights, the Company complies with applicable legislations, the Articles of Association, and other corporate bylaws, and takes all necessary measures to ensure the due exercise of these rights.

- The Investor Relations Unit reports to Mr. Fuad Sertac Karađaođlu, the General Manager of Akfen REIT.
- The Investor Relations Unit prepared a report on its activities carried out in the year 2016, and presented this report to the Executive Board and the Company's top management on December 31, 2016.
- The Investor Relations Unit is managed by Mr. Servet Didem Koç, the Finance and Investor Relations Manager of Akfen REIT who has a CMB Advanced Level License and a License as a Specialist of Corporate Governance Rating.

The Investor Relations Unit is committed to provide accurate, timely and consistent information to the existing and potential shareholders of Akfen REIT; increase the public awareness and credibility of the Company; lower the cost of capital through the application of the Corporate Governance Principles; and ensure efficient communications between the Executive Board and capital markets players. In accordance with these objectives, the Company places the utmost importance on communications with shareholders and investors, and maintains an active investor relations program.

The Investor Relations Unit reports to the General Manager, and submits its activity reports to the Executive Board according to the organizational chart.

The Investor Relations Unit, which serves as a bridge connecting the Executive Board to the shareholders and finance community, has the following main duties:

- safely keeping records of correspondences exchanged between the Investors and the Company, and other information and documentation in good shape and up-to-date;
- responding to written information requests of the shareholders about the Company;
- Preparing such documentation that must be presented for review of the shareholders in connection with the General Assembly meetings, and taking necessary measures to ensure that the General Assembly meetings are held in conformity with relevant legislations, Articles of Association, and other internal bylaws of the Company;

- Overseeing and monitoring the fulfillment of such obligations that arise from the capital markets legislations, including all Corporate Governance and public disclosure issues

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

Contact details of the Investor Relations Unit are available at [www.akfenREIT.com.tr](http://www.akfenREIT.com.tr) as well as in annual reports. The Investor Relations Unit is accessible at [REITyatirimci@akfenREIT.com.tr](mailto:REITyatirimci@akfenREIT.com.tr) for all inquiries and requests.

In 2016, the Company held discussions with the 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 news. Moreover, our individual investors' questions asked over the phone were answered.

## 2.2. Exercise of Shareholders' Right to Get Information

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

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

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

The Articles of Association of the Company contain no regulations or restrictions imposed on the assignment of special auditors. The Internal Bylaws on the Operation Principles and Procedures of the Company's General Assembly contain an article stating that the shareholder's requests for the performance of a special audit would be resolved by the General Assembly regardless of whether such request is on the agenda or not. The Company avoids making any deals that would complicate the performance of private audits.

In 2016, the Company has not received any request for the appointment of special auditors.

## 2.3. General Assembly Meetings

In 2016, the Ordinary General Assembly Meeting of 2015 was held on May 24, 2016, at 13:30 p.m. at the Meeting Hall seated at the Company's Headquarters.

The call for the meeting, that is required to be made according to the Article 414 of the Turkish Commercial Code, was duly made in accordance with the Turkish Commercial Code and the Articles of Association of the Company, such that it contained the agenda of the meeting, and was duly announced via the Turkish Trade Registry Gazette No. 8780 of March 17, 2015, on the Company's website, and via the Central Registry Agency's Electronic General Assembly System.

Since 2013, all the general assembly meetings have been held in electronic medium.

The Meeting Room of the General Assembly is located at the headquarters of the Company and has the necessary facilities to accommodate all the shareholders. The General Assembly Meetings are open to the public and are held under the supervision of a Ministerial Representative appointed by the City Directorate of Commerce, the Office of Istanbul Governor in the name of the Ministry of Customs and Commerce. A review of the list of attendants indicated that, out of the Company's total capital of TL 184,000,000, 1000 Shares of Group A equivalent to a capital share of TL 1,000, 1000 Shares of Group C equivalent to a capital share of TL 1,000, 1000 Shares of Group D equivalent to a capital share of TL 1,000, and 142,941,083 Shares of Group B equivalent to TL 144,886,612 with 4.926.536 Shares thereof being represented in the electronic medium, and 139.957.076 Shares thereof being represented physically, 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 have been specified in an impartial, thorough, clear, and comprehensible manner, and the expressions used therein have not contained any style that might lead to different interpretations. The shareholders were given the opportunity to ask questions and express their opinions under equal conditions in order to establish a healthy discussion environment.

Two of the shareholders presented their opinions, however, none of the shareholders asked any questions or made any suggestions with respect to the agenda. The minutes of the General Assembly Meeting are available at our website ([www.akfenREIT.com.tr](http://www.akfenREIT.com.tr)), at the Public Disclosure Platform, and in the Turkish Trade Registry Gazette.

Pursuant to a separate agenda item, the shareholders were informed about the Company's donation of TL 120 to the Turkish Education Foundation affected during the period. The upper limit of donations that would be made in 2016 was fixed as TL 500,000.

#### 2.4. Voting Rights and Minority Rights

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

According to the Company's Articles of Association, each share is entitled to one vote. Group A, C, and D shares are registered shares and are not traded at BİAŞ.

There are no provisions imposing time restriction for the exercise of voting rights after the acquisition of shares.

Our articles of association do not contain any provisions preventing non-shareholders from casting votes as a proxy in the name of a shareholder.

At our Company, the minority rights are exercised in compliance with the Turkish Commercial Code, the Capital Market Law, relevant regulations, and respective communiqués and resolutions of the Capital Markets Board. The Articles of Association does not contain any arrangements in addition to such provisions. At our Company, minority rights are intended to be exercised in compliance with said regulatory requirements. The three independent members of the Executive Board ensure the representation of minority shareholders in the management.



## 2.5. Dividend Rights

The Company makes its decisions on distribution of dividends in accordance with the Turkish Commercial Code, the Capital Market Law, Relevant Regulations and Decisions of the Capital Markets Board, Tax Laws, other relevant legislations, and the Company's Articles of Association.

There are no privileges among the share groups with respect to the distribution of dividends.

Decisions on distribution of dividends are adopted in due consideration of our Company's strategies, capital requirements of our affiliates and subsidiaries, investment and financing policies, profitability, and cash status.

The method and time of any profit distribution is resolved by the General Assembly pursuant to a respective proposal of the Executive Board.

Based on respective decision of the General Assembly, any dividend may be distributed fully in cash or fully as "bonus shares", or partially in cash and partially as "bonus shares".

Pursuant to a decision made by the Executive Board on February 25, 2011, a profit distribution policy was adopted based on the principle of "making a proposal to the General Assembly for distribution of at least 30% of distributable profits in due consideration of the overall profitability of our Company starting from the fiscal year of 2011," and said Profit Distribution Policy was approved at the "Ordinary General Assembly Meeting of 2013", that was held on May 6, 2014.

The aim is to make any profit distribution within no later than six months of respective decision of the General Assembly. The date of profit distribution is fixed by the General Assembly. The General Assembly, or the Executive Board if authorized by the General Assembly, may resolve to distribute dividends in installments in compliance with applicable Capital Market Regulations.

The Executive Board may distribute any advance dividends provided that it is authorized to do so by the General Assembly and that it complies with applicable Capital Market Regulations.

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

As there was no distributable profit for the year of 2015, it was unanimously decided at the General Assembly Meeting that the distribution of any profit is not possible.

## 2.6. Transfer of Shares

The transfer and conveyance of any bearer shares issued by the Company is subject to applicable provisions of the Turkish Commercial Code, the Capital Market Law, and pertinent regulations. According to the Company's Articles of Association, any transfer of bearer shares may not be restricted.

According to the Company's Articles of Association, any transfer of shares to be effected prior to a public offering is subject to the consent of the Board regardless of the percentage of shares to be transferred. As for any transfer of shares falling into the scope of this Article, the requirements required to be met by the founding shareholders shall be sought for the new shareholders who are to acquire shares of the Company.

## Section III – Disclosure and Transparency

### 3.1. Corporate Website and Contents

Corporate website is actively used in performance of disclosure obligations, as per CMB's Principles.

All topics on "Investor Relations Section" are located in [www.akfenREIT.com.tr](http://www.akfenREIT.com.tr).

All information provided on the website is also prepared in English for foreign investors' benefit.

Information disclosed by our company can be accessed via our website. The following information is provided on the website [www.akfenREIT.com.tr](http://www.akfenREIT.com.tr):

- History of the company,
- Current Administrative and Partnership Structure
- Executive Board and Executive Board Committees,
- Latest version of the Articles of Association,
- General Assembly meeting agenda, information document, by proxy voting form, meeting minutes,
- Prospectus and public offering circulars,
- Continuous information form,
- Real estate valuation reports,
- Monthly investor reports,
- Dividend distribution policy,
- Commercial registry information,
- Activity reports,
- Corporate Governance Principles Compliance Report,
- Information Policy,
- Dividend distribution policy,
- Ethical Conduct,
- Periodic financial statements and reports,
- Special occasion statements,
- Information and graphics on share prices and performance,
- Contact information for investor relations,
- Company contact information.

The entirety of the applicable CMB Corporate Governance Principles are published and updated on our website.

### 3.2. Activity Report

Akfen REIT activity report is prepared in detail for the public to access complete and accurate information about the Company, and in compliance with legislation provisions.

Activity reports are prepared by considering all issues provided under Corporate Governance Principles, and in addition, information is included as required to be provided as per TCC provisions, CMB legislations and Regulation on Defining the Minimum Contents of Companies' Annual Activity Reports, published in the Official Gazette dated 28.08.2012 by the Ministry of Customs and Trade

## Section IV - Stakeholders

### 4.1. Informing the Stakeholders

Company's corporate governance applications and ethical conduct secures stakeholders' rights regulated by legislation and mutual agreements. Stakeholders are continuously informed within scope of the information policy formed in line with the current legislation.

Furthermore, all stakeholders are aimed to be informed with the applications within scope of our information policy based on bulletins, activity report, website and transparency.

Our company employees are expected to perform their business obligations by keeping company interests above themselves, their family and close circles. Employees refrain from all kinds of undertakings that may point to gaining advantages in favor of them or their close circles.

Foreseeable potential conflict of interest incidents and other incidents defined by the company administration are shared with the employees, and company administration takes necessary measures.

Stakeholders are enabled to convey company transactions that are unethical or in violation of relative legislation to Corporate Governance Committee and Auditing Committee, as well as via independent members, who are committee directors.

### 4.2. Codetermination of Stakeholders

No model or mechanism was implemented for stakeholders' codetermination. However some independent members in the Executive Board makes it possible for representation of all stakeholders in governance, along with the company and shareholders.

For matters that create important results for stakeholders, stakeholder opinions are collected.

### 4.3. Human Resources Policy

Human resources policy of our company is outlined below:

- Our fundamental Human Resources policy is to combine business realities with employees' skills and competencies, by retaining, developing, evaluating and managing human resources according to modern criteria and according to equal opportunity principle.
- Human resources management is obliged with increasing the performance of its employees by creating a dynamic, open to development and innovative environment, reducing corporate goals to individual goals, thus supporting the achievement of company goals in the most efficient and effective way.
- Our employee profile is comprised of human resources that are open to change and improvement, highly motivated for success, believes in teamwork and spirit, accurately using resources and time, and who has high sense of social responsibility.
- Relations with the employees are led by Director of Finance (Human Resources and Administrative Affairs) Mr. Yusuf Anil by proxy.
- Our ethical approach forms the basis of our work environment. A work environment is created that is far from discrimination, mobbing and favoring, which have an honest, transparent and fair approach. No complaints have been received from our employees with respect to this matter.

As of December 31, 2016, total number of employees under Akfen REIT, its affiliates and enterprises subject to joint administration is 21.

#### 4.4. Ethical Conduct and Social Responsibility

Akfen REIT explained the “Ethical Conducts”, defined with the purpose to add financial value to its shareholders and increase its corporate value, as mandatory principles and rules for all executives and employees and published it on its website.

The aim of these rules is to ensure Akfen REIT executives and employees act in high standards, be aware of the corporate effect of their conducts and behaviors, to make sure the most accurate methods are used with respect to company operations and shareholders, and act in the most quality manner possible.

#### Social Responsibility

Our company shows the utmost effort to be sensible towards its social responsibilities during its operations, and supports organizations relevant to its industry.

There are no investigations, lawsuits or similar legal conflict or sanctions rendered against our company or its affiliates.

### Section V – Executive Board

#### 5.1. Executive Board Structure and Formation

Formation and election of the Executive Board is realized in compliance with the Corporate Governance Principles, where the relevant principles are regulated under the Articles of Association of our company.

Accordingly:

Administration, representation and binding of the company against third parties rests with the Executive Board comprising of 9 (nine) members, which the majority does not have executive duties, and which the qualities are defined by the Turkish Commercial Code and Capital Markets Legislation, elected by the General Assembly within scope of Turkish Commercial Code provisions.

On the first meeting of the Executive Board, one Chairman and one Deputy Chairman is elected among the members. Sufficient number of independent Executive Board members is elected by the General Assembly, where this number cannot be less than 2 (two), within scope of the principles under the CMB’s Corporate Governance Principles pertaining to the impartiality of the Executive Board members. Explanations regarding the impartiality of the Executive Board Members are included in the annual activity report of the Executive Board.

Names, last names and CVs of the Executive Board Members active in 2016, as identified in compliance with the Articles of Association are listed below:

- Ibrahim Sha Gçsav, Chairman/Executive Director – Managing Executive Board Member
- Mustafa Ketn, Deputy Chairman – Executive Board Member (Not Managing)
- Pelin Akın zalp, Executive Board Member – Managing Executive Board Member
- Selim Akın, Executive Board Member – Managing Executive Board Member
- Sıla Clz Inan, Executive Board Member – Executive Board Member (Not Managing)
- Irfan Erciyas, Executive Board Member – Executive Board Member (Not Managing)
- Adnan Aydogan – Independent Executive Board Member (Not Managing)
- Halil Eroglu - Independent Executive Board Member (Not Managing)
- Ahmet Ertrk - Independent Executive Board Member (Not Managing)

The Company does not have a Managing Board. Chairman and General Manager are not the same persons. No Executive Board Member has the authority to solely represent and bind the Company.

As per the legislation, in the event an Independent Executive Board Member submits an impartiality statement to the Executive Board or if their impartiality is compromised, they are required to immediately inform the Executive Board. An Executive Board Member who has conducted his/her duty for a total of six year within the last ten years as an Executive Board Member cannot be appointed to the Executive Board as an independent member.

Executive Board Members' taking on other duties outside of the Company are not bound and/or restricted by any specific rule. Executive Board Members' duties outside the company are explained under their CVs.

## **İbrahim Süha Güçsav**

### **Chairman**

İbrahim Süha Güçsav graduated from Istanbul University, Faculty of Economics in 1992 and later received his MBA 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 the Financing Department at Akfen Holding and then as Chief Executive Officer. During his tenure, he assumed important roles in the privatizations of Vehicle Inspection Stations, Mersin International Port and İDO; the founding 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 2010. He was a member of the Board of Directors at Akfen Holding from March 2010 until May 2012. Having served as CEO of Akfen Holding since March 2010, Mr. Güçsav has also been Chairman of the Board of Directors at Akfen REIT and Akfen Water and is a member of the Board at Mersin International Port, AkfenHEPP Investments and Energy Production A.Ş. Mr. Güçsav is the Chairman of Turkey-Singapore Business Council, and in October 2014 he became Turkey Honorary Business Representative 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 Istanbul Academy of Economics and Commercial Sciences, Department of Economic Administration in 1968. He 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. Mr. Keten joined

Akfen Holding in 1999 as Vice Chairman of the Board of Directors. Currently, he also serves as a faculty member at a number of educational institutions. In addition, he has sat on the boards of the Eurasian Business Council, Turkish-Russian Business Council and Turkish-Georgian Business Council; he also served 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 Özalp**

### **Board Member**

Pelin Akin Özalp graduated from Surrey University (UK), Department of Business Administration in Spanish in 2010. She started her professional career in the Strategy Division of the Finance Department at Deutsche Bank Madrid. After returning to Turkey, she worked at TAV Airports and joined the Management Trainee (MT) program there. Ms. Akin currently serves 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 IBS Insurance and Reinsurance Brokerage and a member of the Board of Directors at Akfen REIT. Ms. Akin has various responsibilities in different working groups within DEİK's Spanish Business Council and British Business Council. She is an active 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, Ms. Akin is the Vice President of the Duke of Edinburgh International Awards – Turkey Program. Since 2010, she has served as the President of the Advisory Committee for the Chair for Research in Turkish Studies at the London School of Economics. Ms. Akin is also responsible for organizing the Tatlı Dil Forum which was established in 2011 to improve Turkish-British relations in the fields of politics, economics and culture. She is a member of TÜSİAD, TİKAD, TÜRKONFED, Young Presidents Organization (YPO), B-20 Executive Board's Infrastructure and Investments Committee, TOBB Young Entrepreneurs Advisory Board and World Economic Forum Global Shapers. Ms. Akin was elected as a Substitute Member of TÜSİAD's Board of Directors, and board member at TÜRKONFED, PODEM and TAİDER at in January 2015.

## **Selim Akin**

### **Board Member**

Selim Akin graduated from Surrey University, Department of Business Administration in the United Kingdom in 2006. He was the president of the Surrey University Turkish Association during his years at the university. After his return to Turkey, he became a member of the Young Businessmen Association of Turkey (TUGİAD), where he currently serves as the Chairman of the Trade Committee. He is also a member of TÜSİAD and the Early Risk Detection Committee at TAV Airports. 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 is currently the Chairman of Akfen İnşaat ve Turizm A.Ş., Vice Chairman of Akfen Holding, and Board Member at various Akfen Holding 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 areas of public-private partnerships, mergers and acquisitions, construction, energy and competition law, company and holding formations in Turkey. 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. Ms. İnanç currently serves as the Vice President of Akfen Holding A.Ş. and as a member of the Board of Directors at various Akfen Holding subsidiaries.

## **İrfan Erciyas**

### **Board Member**

İrfan Erciyas graduated from Gazi University, Department of Economics and Finance in 1977 and commenced his professional career at Türkiye Vakıflar Bankası. After working as Inspector and Branch Manager at Türkiye Vakıflar Bankası, he served as Executive Vice President from 1996 to 2002 and as CEO between 2002 and 2003. In 2003, he joined Akfen Holding as Vice Chairman. Since that time, he has played a key role in Vehicle Inspection Stations; privatization of Mersin International Port and İDO; the founding and investment processes of Akfen REIT and Akfen Energy; the IPO of Akfen Holding and Akfen REIT; sales of subsidiaries' shares and long-term financing. 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 Ertürk**

### **Independent Board Member**

Ahmet Ertürk was born in 1953 in Malatya and graduated from Ankara University, Faculty of Political Science in 1975. After working as Finance Auditor from 1976 until 1985, Mr. Ertürk conducted a study in London from 1984 until 1985 on the "British Privatization Experience" on behalf of the Ministry of Finance. Between 1986 and 1988, he was TÜSİAD's Deputy Secretary General. He took office as Assistant General Manager and Advisor to the General Manager at Turkish Maritime Lines from 1989 to 1991. From 1992 until 2002, he worked in the finance sector, joining Albaraka Türk as Assistant General Manager, before transitioning to the Capital Markets Board as Board Member in 2003. He was Chairman of the Savings Deposit Insurance Fund (TMSF) from 2004 until 2009, and Chief Advisor to the President of State from 2010 to 2014. Mr. Ertürk is married, has two children and is fluent in English. He currently serves as Independent Board Member at Akfen REIT.

## **Halil Erođlu**

### **Independent Board Member**

Halil Erođlu was born in 1952 in Karşıyaka and studied at seven different primary schools because his father was a public officer. He was a boarding student for seven years at Izmir Maarif High School (Bornova Anatolian High School – BAL). Mr. Erođlu graduated from Ankara University, Faculty of Political Sciences in 1974. He started his professional career in banking at İşbank as an Auditor for 10 years; subsequently, he assumed various duties at the General Directorate and the branches. He served as General Manager at Dışbank for three years and was later General Manager at İş Leasing for three years. 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 10 years and retired in 2011. During his professional career and after his retirement, he has assumed duties as the Chairman and Member of the Board of Directors at various corporations. He currently serves as Independent Board Member at Akfen REIT.

## **Adnan Aydođan**

### **Independent Board Member**

Adnan Aydođan 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 assumed duties as Social Facilities Manager at Iron and Steel Establishments of Turkey; Research Assistant at Sakarya University; first Specialist (Project Coordinator) and then Project Monitoring and Financing Division Director and Head of Fund Management at the Undersecretariat for Defense Industries. Most recently, he worked as Head of Financial Affairs and Subsidiaries within TAİ before leaving in 2013. He currently serves as Independent Board Member at Akfen REIT.

## **Sertac Karaađaođlu**

### **General Manager**

Mr. Sertac F. Karaađaođlu, who started his professional carrier as assistant portfolio manager at Toprakbank in 1996, and worked at Kentbank between the years of 2000-2001, then continued his carrier in Fortis Bank (Dışbank) in March 2001. He served duties at various managerial positions as Portfolio Manager, Branch Manager, SME Banking Director of Anatolian Region, Regional Director for East Mediterranean Region and Director Responsible for Credits up to the year of 2011 in their respective orders. Mr. Karaađaođlu, who continued his professional career as the Credits Director at TEB BNP Paribas between 2011-2012, worked as the Listing and Private Market Group Director at Borsa Istanbul in the fields of Corporate Finance (public offerings, bond issuances and m&a businesses) between 2012-2016. Mr. Sertac Karaađaođlu, who graduated from the Political Sciences and Public Management of the Faculty of Economics and Administrative Sciences of the Middle-East Technical University (ODTÜ), completed his master degree course in 2015 on Business Management in Maltepe University.

## **Quality of Executive Board**

The entirety of the Executive Board Members conforms to the qualities regulated under the CMB's Corporate Governance Principles.



Executive Board is formed in manner to provide the highest level of effectiveness and efficiency. Article 14 of the Articles of Association regulates the principles with respect to this matter. It is by principle that the Executive Board Members are elected among those who possess the fundamental knowledge of the legal principles regulating the operation and dispositions of the Company's operational field, which are trained and experienced about business management, competent to elaborate on financial statements and reports, and preferably completed graduate studies.

## 5.2. Operating Principles of the Executive Board

Executive Board members' timely access to any and all information is facilitated to ensure complete performance of their duties.

An Executive Board Secretariat, connected to the Chairman, is formed with the purpose to keep Executive Board meeting documents in an orderly fashion, which renders services for all Executive Board members.

Executive Board meetings are planned and held in an effective and efficient manner. Executive Board convenes when deemed necessary for company operations, as regulated under the Articles of Association.

- Executive Board may convene upon the call of the Chairman or the Deputy Chairman, or with each Executive Board Member's written request for a meeting before the Chairman or the Deputy Chairman.
- The Chairman sets agendas of the Executive Board meetings; changes on the agenda can be realized with an Executive Board decision.
- Independent Executive Board Members are paid monthly per diem as set by the General Assembly. No payments are made to Executive Board Members, who do not possess the independent status.
- Executive Board meeting quorum is met with the participation of at least five members.
- Executive Board decisions are rendered with the majority of votes of the participating members.
- Each member has one vote, which the votes are cast in person. Unless a member files a request for a meeting, decisions on a suggestion put forward by a member can be rendered by means of obtaining other members written approval.
- If the Executive Board is notified about a representative member's severance from a legal person shareholder by such shareholder, aforementioned member shall be deemed to have resigned, and the Executive Board shall appoint the person selected by the relevant legal person in place of the former member.
- Members who did not participate the meeting cannot cast votes in writing or otherwise, unless their absence is not based on a legitimate excuse.

Executive Board has convened 19 times in 2016. Complete participation was maintained in the majority of the meetings, where the decisions were rendered unanimously.

"Administrative Liability Insurance" with a total of EUR 4,000,000 limit was issued for the Executive Board Members for the term of 2016-2017.

## Transactions with the Company and Noncompetition

Request on granting authority to the Chairman and Executive Board Members about the performance of the transactions provided under article 1.3.7 of the Communiqué on Identification and Application of Corporate Governance Principles issued by the CMB, and articles 395 and 396

of the Turkish Commercial Code was approved by the shareholders in the General Assembly meeting dated 24.05.2016.

### **Authority and Responsibilities of Executive Board Members and Administrators**

As per Articles of Association, the Executive Board, comprising of 9 (nine) members meeting the conditions provided under the TCC and CMB legislation, is elected by the General Assembly for 3 (three) years at the most, and the Executive Board comprises of a majority of non-managing members. Furthermore, at least 2 (two) independent members, meeting the impartiality criteria as defined by the Corporate Governance Principles issued by the CMB are appointed to the Executive Board. Members with expiring duties can be re-elected.

Currently, a total of 9 (nine) members, nominated by the Nominating Committee, 3 (three) of which are independent board members, were elected in the Ordinary General Assembly Meeting dated 24.05.2016 for 1 (one) year. Executive Board's term shall expire on 24.05.2017.

Executive Board performs duties regulated by the Turkish Commercial Code, Capital Markets Law, and articles of association, general assembly decisions and relevant legislation provisions. Executive Board is authorized to render decisions on all matters outside the ones that fall in the scope of General Assembly.

The Company is managed by the Executive Board, and represented and bound against third parties. Executive Board is authorized to delegate the management, partially or in full, to one or more executive board members or a third person, as per an issued internal directive. This internal directive regulates the management of the Company, defines the necessary duties, points to their location, and especially identifies who is connected to whom and obligations on submitting information. Executive Board can delegate the representation authority to one or more executive directors or third parties acting as managers. It is mandatory for at least one executive board member to be granted the representation authority.

Aforementioned Management Internal Directive ("Internal Directive") was approved during the Executive Board Meeting dated 30.04.2015 as per articles 367 and 371 of the TCC numbered 6102 and dated 13.01.2011, registered on 28.05.2015, and entered into force with its publication in the Turkish Commercial Registry Gazette dated 03.06.2015 and numbered 8833.

Internal Directive clearly regulates the duties, authorities and responsibilities of Group A Executive Board Members, General Manager, Deputy General Managers and Project Managers.

The following were appointed within scope of the Internal Directive;

- Fuad Sertac Karaagaoglu as General Manger until 10.10.2017
- Memduh Okyay Turan, Deputy General Manager Responsible for Hotel Operations until 30.04.2018
- Yusuf Anil, as General Manager Responsible for Financial Affairs until 04.11.2017

### **5.3. Number, Structure and Independence of Committees Under the Executive Board**

As per CMB's regulations and the relevant legislation, Executive Board forms necessary committees for the board to perform its duties and responsibilities in a healthy manner. Fields of duty, working principles and the members of the committees are identified by the Executive Board and announced to the public.

Executive Board can form the necessary number of committees or commissions by appointing members to follow the progress of operations, prepare matters submitted before it, decide on the preparation of the balance sheet with all important matters, and monitor the execution of rendered decisions.

Committees convene on a frequency necessary for the efficiency of the operations.

### Corporate Governance Committee

Corporate Governance Committee, working directly under the Executive Board, supports the Board for establishing and developing the required structure and applications for the management of the Company in compliance with internationally accepted Corporate Governance Principles, setting wages for top level executives, and coordinating their improvement and career planning.

Corporate Governance Committee aids the Executive Board with respect to Akfen REIT's compliance with corporate governance principles; by means of identifying Executive Board Members and top level executives, wages, bonus and performance appraisals, career planning, investor relations and disclosure operations. Corporate Governance Committee comprises of three members appointed among Executive Board Members and the Director of Investor Relations Department. The Executive Board appoints the Director of the Corporate Governance Committee.

Corporate Governance Committee is responsible for monitoring the Company's compliance with corporate governance principles, and has the duty to realize the following matters especially:

- Researching the level of corporate governance principles' application, in the event such measures are not applied, identifying the reasons and the negative effect of such non-application, and suggesting improvement measures.
- Defining transparency methods for identifying nominees for Executive Board,
- Developing suggestions on the number of Executive Board Members and executives,
- Developing suggestions for principles and applications for the evaluation of the performance and bonuses of Executive Board Members and executives, and monitoring their application
- Monitoring the operations of Investor Relations Department.

Corporate Governance Committee Members are as follows:

- Director of Corporate Governance Committee
  - Halil Eroglu – Independent Executive Board Member
- Corporate Governance Committee Members:
  - Ahmet Ertürk, Independent Executive Board Member
  - Adnan Eydogan, Independent Executive Board Member
  - Servet Didem Çolakoglu, (Finance and) Investor Relations Manager

Corporate Governance Committee also carries out the duties of Nominating Committee and Wage Committee in scope of principles and articles of association.

### Auditing Committee

Auditing Committee support the Executive Board for the monitoring of Akfen REIT's accounting system, financial information, and disclosure thereof, and scrutinizing the functioning and effectiveness of the internal control systems. Auditing Committee comprises of three members appointed among Executive Board Members.

The Executive Board, in line with the principles defined under Akfen REIT Articles of Association, appoints the Executive Board defines members of Auditing Committee and Corporate Governance Committee and their duties and authorities.

Auditing Committee is responsible for taking all kinds of measures for all internal and independent audits to be performed on a sufficient and transparent manner, and performing duties assigned by the Capital Markets Legislation and Corporate Governance Communiqué.

Auditing Committee convenes at least four times a year, at least per three months.

Auditing Committee Members:

- Auditing Committee Director
  - Ahmet Ertürk, Independent Executive Board Member
- Auditing Committee Members
  - Adnan Aydoğan, Independent Executive Board Member
  - Halil Eroglu, Independent Executive Board Member

Three Independent Board Members are both in Corporate Governance Committee and the Auditing Committee to ensure codetermination of minorities and stakeholders.

### Early Detection of Risk Committee

Our Company has decided to form a separate committee from the Corporate Governance Committee that carried out the duties of Early Detection of Risk Committee, with the Executive Board decision dated March 14, 2013, as per Communiqué Serial IV, No: 63 amending the CMB Communiqué Serial IV, No: 56.

Early Detection of Risk Committee is responsible for the early detection of risks that might endanger the Company's assets, growth and continuity, taking necessary measures against detected risks, and managing such risks. Committee revises risk management systems at least once a year. Furthermore, it provides information on detected risks and action plans by submitting a report to the Executive Board every two months.

- Early Detection of Risk Committee Director
  - Halil Eroglu, Independent Executive Board Member
- Early Detection of Risk Committee Members
  - Selim Akın, Executive Board Member
  - Pelin Akın Özalp, Executive Board Member

### 5.4. Risk Management and Internal Control Mechanisms

It was decided to hold trainings, one-on-one meetings and workshops on Early Detection of Risk, with the support of DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Deloitte), to activate the Risk Management operations of our Company. Activities pursued in line with the aforementioned were finalized in 2012, and Risk Management Handbook was submitted to our Executive Board. Principles under the Risk Management Handbook were decided to form the basis of future internal audits for the Auditing Committee.

Internal Control Mechanism performs its duties appointed by the Executive Board in an efficient manner within the organization of the Auditing Committee, with the creation of Committee.

Independent Executive Board Member Ahmet Ertürk is the current Director of the Auditing Committee.

### 5.5. Strategic Goals of the Company

#### Mission

To become the leader Hotel investor developing Hotel projects in Turkey and surrounding areas, managed by international Hotel operators on highest standards.

## Vision

To realize consistent balance sheet growth by developing high profit projects in the real estate industry, and provide high capital and dividends to its shareholders.

## Strategic Perspective

Akfen REIT is located in the best position for consistent growth in city Hotel management, and specialized in city Hotel investments on international standards.

- Exclusive partnership with Accor, the Hotel group that is the largest in Europe and one of the prominent players worldwide
- Increasing commercial activity in Turkey's largest cities
- Turkey's increasing domestic and foreign tourism volume
- High level of Hotel investment know-how as result of specializing on a single subject
- Know-how export to neighboring countries
- Long term rental agreements with low risk, which do not include operational liability, and consistent rental revenues increasing with Hotels' performance.

## Corporate Policy

To use its experience, organizational capacity and technological opportunities with the driving power of quality human resources and expert team work.

## Principles

Prioritizing quality in production, manufacturing and business management by working with well-trained and experienced human resources; completing its undertakings on a timely and quality manner.

Executive Board defines the strategic goals for the relevant terms by discussing them with the Executive Director and top-level executives. Executive Board reviews the Company's rate of achievement of its goals, activities and previous performance within scope of the end-of-the-year evaluation process.

## 5.6. Financial Rights

A specified amount is paid to the Independent Executive Board Members carrying out duties as independent members in scope of the CMB's Corporate Governance Principles, in order for them to invest their time and perform their duties. In the Ordinary General Assembly Meeting dated 24.05.2016 for the operations of 2015, it was decided for a net TRL 3,500.00 per month payment to be made to each Independent Executive Board Member, where other Executive Board Members are not paid any wages or per diem.

Shareholders were informed about the payments made to Executive Board Members and Top Level Executives within scope of the "Wage Policy" during the Ordinary General Assembly Meeting of 2015 held on May 24, 2016, as per Corporate Governance Principles.

Transactions such as lending monies, using credits, issuing warranties in favor of Executive Board Members or executives are not applicable.