

21.3.2017

Material Disclosure

In the meeting of Board of Directors convened on 21st of March 2017, it has been unanimously decided to transfer all shares of Hotel Development and Investment (HDI) B.V., that our Company owns 100% of the shares, to one of our subsidiaries Akfen Gayrimenkul Ticareti ve İnşaat A.Ş., in order to simplify the organization and management structure of our company and of our subsidiaries, besides decreasing the related costs. With this transaction, our Company's all Russia operations will be under the roof of the same company.

The transfer will be made in-group between the two subsidiaries that whole shares of each belong to the Company, and as a result:

- Our company (indirectly through Akfen Gayrimenkul Ticareti ve İnşaat A.Ş.) will continue to own HDI's full capital; and
- Except for consultancy and valuation costs, notary, registry and similar usual expenses related to the transaction, there will be no outflow of assets out of the group and there will be no change in the Company's consolidated assets.

Türkiye Sınai ve Kalkınma Bankası (TKSB; Turkish Industrial and Development Bank) has valued HDI stocks and the relevant valuation report has been presented to investors' information as attached to this disclosure, and the transfer transaction will be carried out in accordance with Article 9 of the Capital Markets Board's Communique on Corporate Governance No. II-17.1 entitled "Transactions to be fulfilled with related parties".

As a result of evaluation within the scope of the paragraph (1) of Article 6 titled "Significance Criterion" and subparagraph b) of paragraph (1) of Article 5 titled "Significant Transactions" of the Capital Markets Board's Communique on Common Principles Regarding Significant Transactions and Retirement Right No. II-23.1, it is determined that the amount of transaction does not fulfill the significance criterion and does not fall within the scope of the Communique.

According to the valuation report, the value of HDI Company is determined as 16,036,630 Euros and the transfer will be realized from this value. The transfer amount will be paid in 10 years and an arm's length interest rate will be applied to the remaining balance.

The transfer transaction is planned to be completed in the shortest time after getting necessary permissions from the creditor banks of the Company and its subsidiaries.