

AKFEN REAL ESTATE INVESTMENT TRUST
2011 CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

1. Corporate Governance Principles Compliance Statement

Akfen Real Estate Investment Trust (“Company”) expends maximum effort to comply with the Capital Markets Board Corporate Governance Compliance Report, issued by Capital Markets Board on July 2003 and reissued in revised and expanded form in February 2005. The Company persistently takes the necessary steps to reach the high standards in corporate governance and to implement a number of recommendatory provisions included in the Principles.

Akfen Real Estate Investment Trust views the principles of transparency, justice, accountability and code of ethics as an integral part of its corporate culture.

As per the Communiqué on the Determination and Application of Corporate Governance Principles, which came into effect on December 30, 2011, the amendments to the Articles of Incorporation will be approved during the General Assembly in 2012.

In line with the importance that the Company attaches to the Capital Markets Board Corporate Governance Principles (“Principles”), the Company has revised its Articles of Incorporation to bring it in harmony with the Principles.

In summary, the amendments to the Articles of Incorporation include the following topics:

- The presence of three independent members on the Board of Directors, as recommended by the Capital Markets Board in its Corporate Governance Principles;
- The statement of independence of the Board Members will be published in the annual report;
- The notification of authorized agencies 15 days prior to the General Assembly meeting and the presence of a commissioner from the Ministry of Industry and Commerce;
- The publication of the Company's announcements in newspapers and on the corporate website 15 days prior to the General Assembly;
- Principles governing the formation of Board of Directors committees, the determination of their duties and responsibilities, and the election of their members and their operation;
- Principles governing the Audit Committee;
- Principles governing the Corporate Governance Committee.

The Information Policy of the Company prepared along the Capital Markets Board Corporate Governance Principles was discussed and approved at the Board of Directors meeting dated March 28, 2011. The Information Policy was also published on the website www.akfengyo.com.tr.

Upon a resolution of the Board of Directors in its meeting dated February 16, 2011, Audit Committee and Corporate Governance Committee were formed and their members were elected. The committees started their operations in line with the Corporate Governance Principles.

The management of the Investor Relations Unit, created as required by the said communiqué, was assumed by Akfen REIT Finance Manager Servet Didem Koç upon the Board of Directors resolution no. 2010/35 dated 31.12.2010. At Akfen REIT, the Investor Relations Unit reports directly to the General Manager.

In the activity period ending on December 31, 2011, the Company complied with and implemented the Principles, with the exception of Articles 18.3.4 (“Accumulated voting system in the election of the Board Members”) and 26.5.2 (“The number, structure and independence of the Board of Directors committees” - “presidents of the committee are elected from among independent Board Members”). The Company's Audit Committee is chaired by an independent Board Member. The Corporate Governance Committee is the only exception to the provision in Article 26.5.2, and its president was chosen among non-independent members of the Board of Directors. It is deemed that these issues will not lead to any significant conflict of interest for the present. Although the exercise of minority shareholder rights is possible via the three independent members on the Board, the Company has yet to evaluate the advantages and disadvantages of the accumulated voting system in the election of Board Members. The independent Board Member Mustafa Dursun Akın is also the president of the Audit Committee, whereas Ahmet Seyfi Usluoğlu serves a member of the Corporate Governance 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 publicized Corporate Governance Principles Compliance Statement, 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.

PART I - SHAREHOLDERS

2. Investor Relations Unit

In the exercise of shareholding rights, the Company complies with the Articles of Incorporation and other in-house regulations, and takes all the necessary measures to ensure the exercise of these rights.

The management of the Investor Relations Unit, which is required to be created according to the said communiqué, was assumed by Akfen REIT Finance Manager Servet Didem Koç upon the Board of Directors decision no. 2010/35 dated 31.12.2010. At Akfen REIT, the Investor Relations Unit reports directly to the General Manager. Servet Didem Koç has certificates such as CMB Advanced Level and Corporate Governance Rating Expertise.

The Investor Relations Unit is committed to providing accurate, timely and consistent information to present and potential shareholders as regards Akfen REIT; to enhance the public recognition and credibility of the Company; to lower the cost of capital through the application of Corporate Governance Principles; and to ensure communication between the Board of Directors and capital markets actors. In line with these objectives, the Company attaches utmost importance to communication with shareholders and investors, and runs an active investor relations program. In the organizational chart, Investor Relations Unit reports directly to the General Manager.

The Investor Relations Unit, which serves as a bridge connecting the Board of Directors with the shareholders and the world of finance, has the following main duties:

- Ensuring that records concerning shareholders are kept in a sound, safe and up-to-date fashion,
- Responding to written or oral inquiries by shareholders, potential investors, stock analysts, legal bodies (CMB, ISE, CRA etc.) and financial news outfits, except in those topics concerning confidential data or commercial secrets of the Company, undisclosed to the public; ensuring their consistent and simultaneous access to accurate data; updating the current information,
- Preparing material disclosures to the Istanbul Stock Exchange, translating them into English and sharing both versions with shareholders via the Company's official website,
- Revising all Company announcements, and releasing financial statements in Turkish and English simultaneously,
- Keeping the website's Investor Relations section up-to-date so as to provide information to shareholder and potential investors, and employing other means of electronic communication,
- Maintaining a database about domestic and overseas corporate investors, as well as stock and sector analysts,
- Participating on behalf of the Company in domestic and overseas investor relations meetings attended by current and potential investors,
- Analyzing and monitoring reports by analysts, monitoring important statistics and developments concerning the sector,
- Taking the necessary precautions to ensure that the General Assembly Meeting is held in accordance with laws, Articles of Incorporation and in-house regulations,
- Preparing the documents shareholders will need during the General Assembly meeting,
- Ensuring the delivery of meeting minutes to shareholders,
- Monitoring and supervising the implementation of public disclosure activities in compliance with the relevant legislation.

The Investor Relations Unit spares no effort to utilize electronic means of communication and the Company website in its activities.

The contact details of the Investor Relations Unit are accessible via www.akfengyo.com.tr and in activity reports.

The Investor Relations Unit is accessible at gyoyatirimci@akfengyo.com.tr for all inquiries and demands. The Investor Relations Unit is managed by Servet Didem Koç. In this regard, the contact details of the unit are as follows:

Servet Didem KOÇ, Finance Manager, Investor Relations

Levent Loft – Büyükdere Cad. No: 201 C blokK.8 34394 Levent, İstanbul - TÜRKİYE

Tel : +90 212 371 8700

Fax: +90 212 279 6262

dcolakoglu@akfengyo.com.tr

gyoyatirimci@akfengyo.com.tr

As of May 11, 2011 29.41% of the Company's capital is publicly traded and around 50% of these public shares are held by foreign investors. During 2011, the Company participated in a number of domestic and overseas conferences organized to provide information to shareholders and investors. Upon request face-to-face meetings were held with investors, shareholders and analysts as regards the Company's activity results, performance and other developments.

Besides, as per capital markets legislation, sixteen material disclosures were publicized and also published on the corporate website in 2011. Numerous inquiries by investors and analysts were answered via phone or e-mail, and monthly investor reports featuring the Company's performance, investments and progress were made public and delivered to investors.

3. 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 delivered to everyone simultaneously, with the same content. In the framework of information disclosure, all information that might concern shareholders and market players is announced via material disclosures; the English version of disclosures in these materials is delivered via e-mail to all individuals/corporations who communicate their e-mail addresses; and past material disclosures are posted on the web site in Turkish and English.

Numerous written and oral demands for information from shareholders are answered without delay, under the supervision of Investor Relations Unit and in accordance with capital markets law. In order to enhance shareholders' right to information, all information that might influence the exercise of their rights is immediately submitted to their attention via our website. The information on the website is published simultaneously in Turkish and English so as to assure the equal exercise of rights by domestic and foreign investors.

The Articles of Incorporation does not provide for the appointment of special auditors as an individual right. The Company has not received any demand for the appointment of special auditors.

4. General Assembly Meeting

The Company went public in May 2011 and will hold its 2012 General Assembly Meeting, in accordance with the Turkish Commercial Code and capital markets law. Accordingly, no General Assembly meeting was held following the initial public offering.

5. Voting Rights and Minority Rights

Voting Rights

The Company avoids any practice that might jeopardize the exercise of voting rights and grants every shareholder the chance to cast her/his vote in the most convenient and hassle-free manner.

According to the Articles of Incorporation, all shares have a single vote. Class A, C and D shares are registered shares and are not traded in the ISE.

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

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

Minority Rights

At the Company, the exercise of shareholders' rights is in compliance with Turkish Commercial Code, Capital Markets Law, relevant legislation, and communiqués and resolutions of the Capital Markets Board. The Articles of Incorporation do not provide for any additional provisions. At the Company, minority rights are exercised as per the relevant legislation, via the three independent members of the Board.

The Articles of Incorporation do not provide for the accumulated voting right (as of yet); however, the advantages and disadvantages of this method will be evaluated by the Company according to changes in legislation.

Equal treatment of shareholders

All shareholders are treated equally, including minority or foreign shareholders.

6. Dividend Distribution Policy and Calendar

The Company makes dividend distribution decisions in accordance with Turkish Commercial Code, capital markets legislation, regulations and resolutions of the Capital Markets Board, tax laws, other relevant legislation and the Articles of Incorporation.

According to the Articles of Incorporation, overall expenses, miscellaneous depreciation costs, other obligatory outlays or reserves of the Company, as well as reserves for taxes and other fiscal liabilities are subtracted from the overall year-end revenues of the Company and the remaining net profit on the balance sheet is distributed according to the following order and principles, after the subtraction of any losses from prior years.

First Legal Reserves:

1. 5% is set aside as first legal reserve.

First Dividend:

2. Of the remainder, the first dividend is calculated at the rate and amount determined by the Capital Markets Board.

Second Dividend:

3. After the subtraction of the amounts indicated in the previous paragraphs from the net profit, the General Assembly is authorized to distribute the whole or a portion of the remainder as second dividend, to leave it in the balance sheet as profit for the period, to add it to legal or discretionary reserves or to set it aside as extraordinary reserves.

Second Legal Reserve:

4. According to Turkish Commercial Code, Article 466, clause 2, paragraph 3, after the subtraction of 5% of paid-in capital as profit share from the amount to be distributed to shareholders and others with right to dividend, the 10% of the remainder is set aside as second legal reserve.

5. Out of the remaining distributable profit, 0.6% is transferred to foundations indicated in Article 6, paragraph (u) of the Articles of Incorporation.

6. Until the reserves required by law are set aside and the first dividend for shareholders is distributed in cash and/or stocks/shares; the Company cannot designate other legal reserves, transfer profit to the next year, or pay dividends to privileged shareholders or holders of founding, participatory or regular shares, Board Members, clerks, workers and janitors, foundations with miscellaneous purposes or other individuals/bodies.

7. Advance dividends may be paid to shareholders in accordance with Capital Markets Law Article 15.

As per the Board of Directors resolution dated February 25, 2011, Akfen REIT's Dividend Distribution Policy is based on "proposing to the General Assembly the distribution of 30% of distributable profit in dividends, from the 2011 accounting period onwards and after due consideration of the Company's general profitability performance".

7. Transfer of Shares

The transfer and reassignment of bearer shares of the Company is subject to the provisions of Turkish Commercial Code, Capital Markets Law and relevant legislation. As per the Articles of Incorporation, the transfer of bearer shares is not subject to limitation.

According to the Company's Articles of Incorporation, the transfer of shares prior to a public offering is subject to the approval of the General Assembly. According to the said provision, in such share transfers, the new shareholders must meet the requirements demanded from founders.

PART II – PUBLIC DISCLOSURE AND TRANSPARENCY

8. The Company's Information Policy

Prepared according to Corporate Governance Principles of CMB, the Company's Information Policy was discussed and approved at the Board of Directors meeting dated March 28, 2011.

The Information Policy was also published at the website www.akfengyo.com.tr.

The monitoring and revision of the Information Policy is under the responsibility of the Board of Directors. Corporate Governance Committee provides information and makes suggestions to the Board of Directors and Investor Relations Unit as regards issues relating to the Information Policy. Investor Relations Unit is in charge of supervising and monitoring all issues concerning public disclosures.

The public disclosure policy is designed to ensure active and transparent communication at all times of the Company's past performance and future forecasts to shareholders, investors and capital markets experts (capital markets participants), in accordance with widely accepted accounting principles and capital markets legislation and in complete, fair, accurate, timely and comprehensible fashion.

Principles and Means of Public Disclosure

Information to be disclosed to the public, are publicized in a timely, complete, comprehensible, interpretable, cost efficient, easily accessible and equal manner to all individuals and agencies who might utilize it. In all of its public disclosure practices, Akfen REIT abides by all capital markets legislation and ISE regulations. The Company's public disclosure principles and means are as follows:

- Investor Relations Unit is in charge of supervising and monitoring all issues related to public disclosure. Inquiries coming from outside the Company are answered by the Corporate Governance Committee, General Manager, or in their absence, by Investor Relations Unit. All communication and discussions with capital markets participants are undertaken by Investor Relations Unit.
- In such public disclosures, aside from those indicated by law, the Company makes efficient use of other public disclosure means and methods such as press releases, electronic data dissemination channels, electronic mail, meetings with shareholders and potential investors, and announcements via the website.
- The Code of Ethics of Akfen REIT outlines principles and rules that all managers and employees must abide by. The Code of Ethics is accessible via the corporate website.
- In case of a significant change in the Company's financial situation and/or operations or at the prospect of such a change in the near future, the public is provided with information, in accordance with the provisions of relevant regulations.
- Any subsequent changes or developments concerning the Company's public disclosures are constantly made public.

The Use of Periodical Financial Statements, Reports and Independent Audit for Public Disclosure

The Company's consolidated financial statements and footnotes are prepared in accordance with CMB's Communiqué Serial:XI, No:29 and International Financial Reporting Standards, independently audited according to International Audit Standards, and subsequently publicized.

9. Material Disclosures

Developments that might have an effect on the value of the Company's capital markets instruments are made public without delay, within the deadline stipulated by legislation. In 2011, 16 such material disclosures were released.

The CMB has not imposed any sanctions on the Company due to any failure in the timely release of material disclosures; nor has the Company received any warning as regards its material disclosures.

Since the Company does not have any capital markets instrument traded in foreign stock exchanges, there are no further obligations of material disclosure.

10. The Company's Website and its Contents

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

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

Data featured in the website is also published in English, so as to ensure the provision of information to foreign investors as well.

The information made public by the Company is also available online. The corporate website address is clearly indicated in the Company's letterhead. The following information is available at www.akfengyo.com.tr:

- History of the Company
- Up-to-date management and shareholding structure
- Board of Directors and its committees
- Latest version of the Articles of Incorporation
- Prospectus and circulars
- Trade registry data
- Annual reports
- Financial statements and reports
- Material disclosures
- Share price and performance data and charts
- News as updated by the data provider firm
- Contact details of the Investor Relations Unit
- Contact details of the Company

Of the information items listed in the CMB's Corporate Governance Principles Section II, Article 1.11.5, all those applicable by the Company is published and updated on the website.

11. Ultimate Controlling Shareholder(s)

At the Company, Hamdi Akın is the ultimate controlling real person shareholder, with a share of 16.41%. Besides, he holds a further 35.26% of Company shares indirectly, via his stake at Akfen Holding. This information has been made public.

12. Public Disclosure of Individuals with Insider Information

The following individuals have key positions at the Company, due to legal regulations and their job contracts, and have access to insider information:

- Hamdi Akın, Akfen Holding Chairman
- İbrahim SühaGüçsav, Chairman
- İrfanErciyas, Vice Chairman
- Mustafa Keten, Board Member

- Selim Akın, Board Member
- Sıla Cılız İnanç, Board Member
- Mustafa Dursun Akın, Independent Board Member
- Mehmet Semih Çiçek, Independent Board Member
- Ahmet Seyfi Usluoğlu, Independent Board Member
- OrhanGündüz, General Manager

Senior executives with a say in management: General Manager Orhan Gündüz; Deputy Managers Vedat Tural (Technical), Hülya Deniz Bilecik (Corporate Communications, Human Resources and Administrative Affairs), Memduh Okyay Turan (Operations). Other senior executives are Servet Didem Koç (Finance Manager-Investor Relations), Yusuf Anıl (Accounting Manager). Akfen Holding IT Department – Sabahattin İlhan and Seçkin Yetkin.

KPMG experts also have access to insider information during periods of audit.

As per Corporate Governance Principles, the list of people with access to insider information is published in the annual report. Besides, whenever the list is revised, the updated version is posted on the website.

PART III - STAKEHOLDERS

13. Provision of Information to Stakeholders

The Company's corporate governance practices and code of ethics guarantee stakeholders' rights regulated by legislation and mutual agreements. Stakeholders are continuously provided with information in the framework of the information policy that the Company has formulated in line with the legislation in force.

Besides, stakeholders are provided with information via press releases, annual reports, website and other means in the framework of the Company's information policy centered on transparency.

While carrying out their duties, employees are expected to put Company's interests above their own interests or the interest of their families and relatives, and fulfill their obligations accordingly. The employees abstain from any action which might be interpreted as creating private gain for themselves or their relatives.

Predictable cases of conflict of interest and situations predefined by the management are shared with employees, and the management takes the necessary precautions.

14. Participation of Stakeholders to Management

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

15. Human Resources Policy

The Company's Human Resources Policy is outlined below:

- The principle of equal opportunity to individuals under equal conditions provides the basis of recruitment, education and development, remuneration and career planning activities.
- Recruitment criteria are outlined in written form and are followed in practice.
- Employees receive equal treatment in terms of promotion and development; development policies and plans are prepared to help employees enhance their knowledge, skills and know-how.
- The job definitions, as well as performance evaluation 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 there is no discrimination among employees. The Company has not received any complaints of discrimination from employees.

16. Relations with Customers and Suppliers

Since the Company is a real estate investment trust, it does not participate in the operation side directly. As such, it does not have direct relations with individual customers or suppliers.

Akfen REIT's customers consist of the companies operating the hotels it has built in the framework of lease contracts, and its suppliers of companies undertaking the construction and projects.

17. Corporate Social Responsibility

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

In this regard, there is no inspection, lawsuit or other legal action or sanction brought against the Company or its subsidiaries related to these issues.

PART IV – BOARD OF DIRECTORS

18. Structure, Formation and Independent Members of Board of Directors

The formation and election of the Board of Directors is done in accordance with the Corporate Governance Principles. The principles of the process are outlined in the Articles of Incorporation:

The operations and management of the Company are run by the nine-member Board of Directors designated by the General Assembly. The Board of Directors elects among its members a Chairman to preside over its meetings, as well as a Vice Chairman to replace him in his absence. In line with the recommendatory provisions of the Corporate Governance Principles, the Board has three independent members. The statements of independence of these three Board Members are available in the annual report.

The full names of Board Members designated according to the Articles of Incorporation, are as follows:

- İbrahim Süha Güçsav, Chairman
- İrfan Erciyas, Vice Chairman

- Mustafa Keten, Board Member
- Selim Akın, Board Member
- Sıla Cılız İnanç, Board Member
- Hüseyin Kadri Samsunlu, Board Member
- Mustafa Dursun Akın, Independent Board Member
- Mehmet Semih Çiçek, Independent Board Member
- Ahmet Seyfi Usluoğlu, Independent Board Member
- OrhanGündüz, General Manager

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 Messrs. Mustafa Dursun Akın, Mehmet Semih Çiçek and Ahmet Seyfi Usluoğlu are independent members as per CMB's Corporate Governance Principles. During the accounting period, there was no development which 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 member to the Board.

There are no rules and/or limits on Board Members' assuming positions outside of the Company.

19. Qualifications of Board Members

All candidates who participated in the Company's Board of Directors election process meet the qualifications outlined in CMB's Corporate Governance Principles Section IV, Articles 3.1.1, 3.1.2 and 3.1.5.

Board of Directors has been structured with a view to delivering the highest effect and efficiency. The relevant principles are outlined in the Articles of Incorporation, Article 14. Accordingly Board Members are elected from among individuals, who are knowledgeable on the legal principles governing the procedures and operations in the Company's field of activity, trained and experienced in business management, capable of analyzing financial statements and preferably university graduates.

20. The Mission, Vision and Strategic Objectives of the Company

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.

Strategic Perspective

Akfen REIT is positioned in the best manner for consistent growth in city hotels and is specialized in city hotel investments in international standards.

Benefiting from the exclusivity agreement with Accor hotel group, which is the largest in Europe, and one of the leading hotel operators in the world.

Capitalizing on increasing commercial activity in the major cities of Turkey.

Profiting from Turkey's booming business travel and tourism industry.

Using strong hotel development know-how resulting from strategic focus on a single area of activity.

Exporting know-how to the countries in the region.

Sustainable rental income increasing in parallel with hotel performance in accordance with low-risk, long term lease contracts not including operational responsibility.

Corporate Policy

To capitalize on the driving force of its skilled human resources and expertise in teamwork in order to further its in-depth know-how, organizational capabilities and technological means.

Principles

To mobilize its well-educated and well-experienced human resources in order to prioritize quality in production, construction and business management and to complete its business commitments in a high quality and timely fashion.

21. Risk Management and Internal Control Mechanism

The Company's Board of Directors has initiated work on the formation of a Risk Management Department, planned to start operations in 2012. The Risk Management Department will develop and implement processes for the efficient handling of risk.

With the formation of the Audit Committee, the members of the Internal Control Mechanism fulfill the duties assigned to them by Board of Directors in the framework of the Audit Committee. The independent Board Member Mustafa Dursun Akın presides over the current Audit Committee.

22. Authorities and Responsibilities of Board Members and Executives

The authorities and responsibilities of the Board of Directors are outlined in an indubitable fashion, in line with its functions; clearly distinguishable from the authorities and responsibilities of the General Assembly. Board Members exercise their authority via the signature circular.

Each partner is obliged to keep secret all confidential information concerning the Company, acquired in any manner, even after the cessation of shareholding rights. A partner who fails to meet this obligation is directly accountable to the Company of any damage that might be incurred. However, this provision is not applicable for information disclosed according to the capital markets legislation.

23. Operating Principles of the Board of Directors

It is ensured that Board Members have timely access to all the information they require to fulfill their duties in a complete manner.

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

Board of Directors meetings are planned and held in an efficient and effective manner. As indicated also in the Articles of Incorporation, the Board of Directors convenes whenever deemed necessary for Company affairs.

- 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.
- Independent Board Members receive an attendance fee determined by the General Assembly. The other Board Members are not paid any fee.
- The meeting quorum of the Board of Directors is at least five members.
- Board of Directors resolutions must be approved by the majority of meeting participants.

24. Ban on Doing Business with the Company and the Non-Compete Clause

The General Assembly dated March 28, 2011 has approved the authorization of Chairman and Board Members as regards the exercise of their rights mentioned in Turkish Commercial Code Articles 334 and 335 concerning ban on doing business with the Company and the non-competite clause.

25. Code of Ethics

Akfen REIT has released its Code of Ethics, designed to deliver financial value to shareholders and to increase the Company's corporate value. All managers and employees are obliged to abide by the principles and rules outlined in the Code of Ethics.

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

26. Number, Structure and Independence of Boards of Directors Committees

As per CMB's Corporate Governance Principles, Corporate Governance Committee and Audit Committee were formed under the umbrella of the Board of Directors. The principles governing the operation of the Corporate Governance Committee and Audit Committee are outlined in the Articles of Incorporation Article 24. The committees convene whenever required by their activities and upon the invitation of their presidents.

Corporate Governance Committee

Corporate Governance Committee reports directly to the Board of Directors. It supports the Board of Directors in ensuring that the Company possesses and develops the structures and practices required by internationally accepted Corporate Governance Principles, and that development and career plans are efficiently coordinated.

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. Corporate Governance Committee consists of three Board Members. President of the Corporate Governance Committee is appointed by the Board of Directors.

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

- Analyzing the Company's degree of compliance with Corporate Governance Principles, determining the reasons for any non-compliance, identifying any adversities due to such non-compliance and proposing reformative measures,
- Determining methods of transparency in the designation of candidates for Board membership,
- Making studies and putting forth proposals concerning 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; and monitoring the application of these principles.

Corporate Governance Committee is presided by İbrahim Süha Güçsav and composed of the following members:

President of the Corporate Governance Committee

İbrahim Süha Güçsav, Chairman

Members of the Corporate Governance Committee

Mustafa Keten, Board Member

Ahmet Seyfi Usluoğlu, Independent Board Member

Audit Committee

The Audit Committee supports Board of Directors in the supervision of Akfen REIT'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. The Audit Committee includes one independent Board Member, who also serves as the president of the committee.

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

The Audit Committee is responsible of taking all the necessary measures to ensure the efficient and transparent performance of all kinds of internal or independent audit and of fulfilling its duties defined by the capital markets legislation.

The Audit Committee is composed of the following members:

President of the Audit Committee

Mustafa Dursun Akın, Independent Board Member

Members of the Audit Committee

İrfanErciyas, Board Member

Selim Akın, Board Member

27. Remuneration of Board Members

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. However, at the Ordinary General Assembly for 2010 dated March 28, 2011, it was decided that other Board Members will not be paid any salary or attendance fee.