

# Akfen Real Estate Investment Trust

January 1 – September 30, 2019

## Activity Report



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## About Us

### Akfen REIT - Overview

Akfen Real Estate Investment Trust (Akfen REIT) was established in 2006 through a restructuring of Aksel Tourism Investments and Operations (Aksel Turizm Yatırımları ve İşletmecilik A.Ş.), which was founded on June 25, 1997, into a real estate investment trust. Akfen REIT is playing a pioneering role in the sector by reflecting the experience gained in development and construction of middle market hotel projects into elite projects in the field of economy city hotels. The company's business activities are mainly focused onto the investments in real estate-based capital markets instruments, and to create and develop a real estate portfolio.

Continuing a strategic partnership with Accor, Europe's leader organization in the field of international hotel operator chain, Akfen REIT undersigns city hotel projects in Turkey and Russia under Ibis Hotel and Novotel brands through this cooperation. Leasing the hotels constructed completely to the strategic partner, Accor, through long-term contracts, the Company obtains sustainable and predictable rental income thanks to this business model.

Aiming to comply with world class standards in city hotels management, Akfen REIT has reached a portfolio of 20 hotels in total consisted of three, four and five star hotels for a period of 10 years since its establishment. The portfolio of the Company includes Ibis and Novotel in Zeytinburnu, Novotel in Karaköy, Ibis in Esenyurt; Ibis in Ankara; Ibis in Eskişehir; Ibis in Tuzla, Novotel in Trabzon; Ibis and Novotel in Kayseri; Ibis and Novotel in Gaziantep; Ibis in Bursa; Ibis in Adana; Ibis in İzmir; Ibis in Yaroslavl, Russia; Ibis in Samara, Russia; Ibis in Kaliningrad, Russia, Ibis in Moscow, Russia, the five-star Merit Park Hotel in TRNC.

Akfen REIT and Akfen İnşaat Turizm ve Ticaret A.Ş. (Akfen Construction) established a joint venture (Akfen REIT 99% - Akfen Const. 1%) on November 9, 2017 to undertake the Bulvar Loft Project owned by İller Bankası A.Ş. (İller Bankası). The Project was completed in December 2018, consists of 822 residences and app 7.000m<sup>2</sup> commercial zone.

Bringing authentic examples of modern city hotel concept, Akfen REIT also takes into consideration domestic tourism demands in its investment decisions, besides dynamics of the Turkish business community. Akfen REIT has been listed on BIST since May 11, 2011.

## Vision and Mission

### Mission

To become the leading hotel investor in Turkey and in the region having the hotel projects that are built and managed according to world-class standards

### Vision

To achieve steady balance sheet growth through the development of projects that yield high profitability in the real estate sector and to reward shareholders with an uninterrupted stream of increased dividends and capital gains.

### Strategy

Akfen REIT has the best position for a sustainable growth in the city hotel management field, and has specialized in city hotel investments meeting the world-class standards.

- Strategic partnership with «Accor», Europe's largest and among the world's leading hotel groups
- Investments in economical city hotels,
- Predictable and sustainable cash flow via long-term lease agreements,
- Increasing rental income based on the performance of the hotels,
- Know-how acquired through specialization in a single concept,
- Ability to work with minimal staff since Accor employs the hotel personnel

## Board of Directors Biography

### Hamdi Akın - Chairman of the Board of Directors



Hamdi Akın graduated from Gazi University, Department of Mechanical Engineering. He founded Akfen Holding, active in construction, tourism, trade and service sectors in 1976. In addition to serving as the Chairman of the Board of Directors at Akfen Holding, in 2005, he also became Chairman of TAV Airports Holding of which he is a founder and a shareholder. Mr. Akın also carried his dynamism and hard work in business to volunteer efforts and non-governmental organizations as a manager and founder of many societies, foundations, chambers of commerce. He has served as Vice President of Fenerbahçe Sports Club (2000-2002), MESS-Metal Industrialists' Union President of Ankara Regional Representatives Council (1992-2004), President of TÜGİAD-Turkish Young Businessmen's Association(1998-2000), on the Board of Directors of TİSK-Turkish Confederation of Employers' Associations (1995-2001), the Board of Directors of TÜSİAD-Turkish Industrialists' and Businessmen's Association and has also served as the President of Information Society and New Technologies Commission (2008-2009). Mr. Akın has been serving as a Board Member of Clean Seas Association/TURMEPA since 2011.

Hamdi Akın, together with Akfen Holding, is a founder of the Contemporary Turkey Studies Chair at the London School of Economics. He is also the Founding Member and Honorary President of the Turkey Human Resources Foundation (TİKAV), founded in 1999 to provide Turkey with well-trained human resources. He is also the Vice Chairman of the Board of Trustees at Abdullah Gül University Support Foundation.

### İ. Süha Güçsav - Vice Chairman



He has graduated from Economics department of Istanbul University in 1992 and had his master degree in Business Administration department of Social Sciences Institute of Gazi University. Mr. Güçsav who started his career in 1992 in Alexander & Alexander Sigorta Brokerliği A.Ş. (Alexander & Alexander Insurance Brokering), worked as Financing group President and Chief executive Officer in Akfen where he started to work in 1994. Mr. Güçsav had worked especially on privatization of Vehicle Inspection Stations, Mersin International Port and IDO and also during the foundation and

investment processes of Akfen REIT and Akfen Enerji, for the public offering of Akfen Holding and Akfen REIT and on the subjects of the share sales of the shareholdings and long term financing. Mr. Güçsav who is Chairman of the Singapore Business Council of DEIK and Deputy Coordinating Chairman of Asia Pacific Business Councils, worked as Vice Chairman of Akfen Holding Board of Directors from 2003 till 2010. Mr. Güçsav who was member of the Board of Administrators both in Akfen Holding between the years of 2010 – 2012 and TAV Havalimanları Holding A.Ş. between

the years of 2000 – 2012, is the CEO of Akfen Holding since March, 2010. Additionally to this position, he is also the Chairman of Akfen REIT and Akfen Water, and member of Board of Administrators in Akfen Renewable Energy.

Since October 2014, Mr. Güçsav has been appointed as the Honorary Business Representative of the International Commerce and Investment Agency (IE Singapore) that operates under the Ministry of Industry and Trade of Singapore.

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### **Pelin Akın Özalp – Board Member**



Mrs. Pelin Akın, who graduated from the Department of Management in Spanish, started her career before all else at the Strategy department in the Finance Department of the Deutsche Bank in Madrid, and then, participated in the MT program in order to be trained as a manager for future time within the structure of the company, TAV Airports Holding, following her return in Turkey. At current period, she serves duties as the Member of the Corporate Board of Committee of TAV Airports Holding, Member of the Corporate Board of Committee of Akfen

Holding, IBS Sigorta ve Reasürans (Insurance and Reassurance) Brokering and Akfen REIT. For the time being, Mrs, Akın taking part in different work groups at the Foreign Economic Relations Board Spanish Business Council and Foreign Economic Relations Board British Business Council, also keeps on conducting active works as a Member of the Board of Directors and also Member of the Board of Trustees at TİKAV (Human Resources Education and Health Foundation of Turkey), established by Akfen Holding in 1999. Mrs. Akın, who is as the Vice-President Duke of Edinburgh International Award Turkey Program, conducts her duty as the Head of Advisory Council at the Department of Contemporary Researches on Turkey, established in the London School of Economics (LSE). Mrs. Pelin Akın, who has taken up the duty as an organizer of the Sweet-Talk Forum, established in 2011 in order to develop the relationships between the United Kingdom and Turkey at political, economic and cultural fields, has the memberships of TÜSİAD (Turkish Industrialists' and Businessmen's Association), TİKAD (Turkish Businesswomen Association), TÜRKONFED (Turkish Enterprise and Business Confederation), Young Presidents' Organization (YPO), Substructure and Investments Committee at the B-20 Steering Committee, TOOB Young Entrepreneurs' Advisory Council and World Economic Forum Global Shapers. Mrs, Akın was elected to the Substitute Membership of the Board of Directors of the TÜSİAD (Turkish Industrialists' and Business-men's Association) in 2015 as well as the Memberships of the Board of Directors of TÜRKONFED, PODEM and TAİDER.



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### Selim Akın – Board Member



Mr. Selim AKIN, who graduated from the Department of Management of the University of Surrey in 2006 in the United Kingdom, served the duty as the Chairman of the Turkish Association during her university years and became a member of the Young Businessmen Association of Turkey upon his return to Turkey, and currently, conducts the duty as the Head of the Trade Commission. At the same time, he is also a member the Committee for Early Determination of Risks of the TÜSİAD and TAW Airports Holding. The main projects where he took part in, are the privatization and finance of the Vehicle

Inspection Stations, privatization and finance of the Port of Mersin, public offering of Akfen Holding and issuance of bonds in this respect. Mr. Selim Akın currently serves duty as a member of the Board of Directors at the subsidiaries of Akfen Holding and Vice-Chairman of the Board of Directors of Akfen Holding in addition to his duty as Chairmanship of the Board of Directors Akfen İnşaat ve Turizm A.Ş.

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### Sıla Cılız İnanc – Board Member



Sıla Sıla Cılız İnanc graduated from the Faculty of Law of the Marmara University in 1995 and upon completion of her law internship in 1996, she joined in Akfen Holding in 1997. She carried out the works such as merges and takeovers of companies, Private Sector-Public Sector Partnerships (PPP) in Turkey, and furthermore, company and holding restructuring along with the fields of construction, energy and competition and took up active duty at the secondary legislation works of the Public Tender Law. She has involved in all processes

including tenders and assignments of privatization applications and right/privilege assignments, build-operate-transfer where Akfen and its partnerships are a party thereof, and took part in the loan contracts and establishment of finance structures of the projects, and public offering of Akfen Holding A.Ş. ve Akfen GYO A.Ş. and conformance processes of the same to the SPK (Capital Market Committee Regulation). Mrs Sıla Cılız İnanc, who is the Deputy General Director of Akfen Holding A.Ş., keeps continuing her duties as a member of the board of directors in various partnership of the Holding.

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### **İrfan Erciyas – Board Member**



Mr. İrfan Erciyas graduated from the Department of Finance and Economics of the Gazi University in 1977. He started his career as an bank examiner (inspector) and Branch Manager at the bank, titled as Türkiye Vakıflar Bankası, and served her duty there as the Deputy General Director between 1996-2002 and kept on working at the same place as the General director between 2002-2003, and joined in Akfen Holding with the duty as the Vice-Chairman of the Board of Directors in 2003. He served important duties at the Holding, mainly the

privatization of of Mersin International Port and IDO and the matters such as establishment and investment processes of Akfen GYO and Akfen Enerji, public offerings of Akfen Holding and Akfen GYO, share sales from subsidiaries and long-term finance matters. Mr. İrfan Erciyas, who continues to maintain his duty as a Managing Director at Akfen Holding since March 2010, serves his duties as the Chairman, Vice-Chairman and Membership of the Boards of Directors at various affiliates and subsidiaries of the Holding.

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### **Ahmet Ertürk – – Independent Board Member**



Mr. Ahmet Ertürk, who was born in Malatya in 1953, graduated from the Faculty of Political Sciences of Ankara in 1975. Mr Ertürk, who served duty as a Finance Inspector between the years of 1976- 1985, made a study for and on behalf of the Ministry of Finance between 1984-1985 in London on “British Experience on Privatization” After his service of duty as the Assistant Secretary General of TÜSİAD (Turkish Industrialists' and Businessmen's Association) between the years of 1986-1988, he took up the

duties as the Deputy General Director and Consultant of General Director at the Turkish Marine Enterprises between the years of 1988-1991. Mr. Ahmet Ertürk, who worked as the Deputy General Director at Albaraka Türk between 1992-2002, took up the duty as the President of the Saving Deposit Insurance Fund (TMSF) between 2004-2009 following his duty as the Member of the Capital market Committee (SPK) in 2003. Mr. Ertürk, who served duty as the Senior Advisor of the (Turkish) President on economical matters between 2010-2014, is married with two kids and in good command of English language. Currently, he serves duty as an Independent Member of the Board of Directors of Akfen REIT.

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**Halil Eroğlu - - Independent Board Member**

Eroğlu, who was born in Karşıyaka in 1952, studied the primary school in seven different schools as a result of his father's profession as a civil servant. After having studied at the Boarding School of İzmir Education College (BAL-Bornova Anatolian High School), he has graduated from the Ankara University Faculty of Political Sciences in 1974. After a service period of ten years as an inspector at the bank, Türkiye İş Bankası, where he started his banking work, he served

various duties at the General Directorate and branches, and worked as a General Director at Dışbank, which has been closed down for the current period and also at İş Leasing for a period of three years. Mr. Eroğlu became the General Director of the Industrial Investment Bank in 2001. After the merger of the bank in 2002 with the Industrial Development Bank of Turkey (TSKB), he served duty as the general director of the Bank for a period of ten years and retired in 2011. He served duty as the chairman or member of the board of directors at various companies either before or after his retirement. Currently, he serves duty as an Independent Member of the Board of Directors of Akfen REIT.

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**Adnan Aydoğan - - Independent Board Member**

Mr. Adnan Aydoğan has graduated from the College of Education of Diyarbakır in 1980, and from the High School of Elazığ in 1983, and from the Public Management Department of the Faculty of Economics and Administrative Sciences of the Gazi University in 1987. He completed his master degree course at the Management Sciences of the Social Sciences Institute of the Gazi University. He served duty at the Turkish Iron-Steel Plants as the Plants Manager, and Researcher at the Sakarya University, and specialist (Project Coordinator) at the

Undersecretariat of State at the Defence Industry, and subsequently, as the Project monitoring and Finance Branch and Head of Fund Management Division. Finally, Mr. Aydoğan, who was working as the Head of Financial Affairs and Subsidiaries within the structure of TAİ, quitted his duty in 2013, and currently serves duty as an Independent Member of the Board of Directors at Akfen REIT.

## Top Management

### F. Sertac Karaağaoğlu – General Manager



Mr. Sertac F. Karaağaoğlu, has bachelor's degree from METU Political Science and Public Administration, and MBA from Maltepe University. During his banking career in 1996-2012 he worked in Corporate and SME banking divisions of commercial banks (Toprakbank, Kentbank, Dışbank, Fortis) as branch and region manager and as director of commercial and SME credits in Fortis and TEB BNP Paribas. He continued his Corporate Finance career in Borsa Istanbul (stock exchange) as Group Director of Listing and Private Market between 2012 and 2016. Karaağaoğlu is General Manager of Akfen REIT since 2016, giving lectures on Corporate Governance and Finance in Maltepe University and member of Board in GYODER.

### Cüneyt Baltaoğlu – Russia Coordinator



Cüneyt Baltaoğlu, who graduated from the German High School of Istanbul and subsequently, Faculty of Architecture of the Istanbul Technical University, stepped in his working life (career) by taking up a duty at the hotel project of Gama İnşaat Russia-Tyumen in 1994. Then, Mr. Baltaoğlu, who took up the duty at the Koray-Enka Partnership Moscow and Koray Construction Istanbul real estate development/investment projects between the years of 1995 and 1998, completed his MBA degree at the Rotterdam School of Management – Erasmus University of Holland between 1999 and 2001, and subsequently, undertook the Lycos-Europe's founding general directorate duty within the structure of Bertelsmann AG in Moscow. Mr. Baltaoğlu conducts the duty of Coordinator of Russia Investment Projects of Akfen Gayrimenkul Yatırım Ortaklığı (Akfen Real Estate Investment partnership) since 2007.

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### **Memduh Okyay Turan – Deputy General Manager - Operation**



Mr. Memduh Okyay Turan graduated from the Department of Tourism and Hotel Management of Bilkent University in 1993. Mr. Turan started his professional career at Antalya Club Hotel Sera City & Resort and Antalya Dedeman Convention. Mr. Turan, who holds a Travel Agencies Information Certificate of the Ministry of Tourism, subsequently, has served duties as manager at the Mega Residence Hotel Front Office Management, Mega Residence Sales & Marketing departments. Mr. Turan, who served duties as the General Director and General Coordinator at St. Paul Tourism & Travel Agency and Mersin Hotel Chain Group, conducted the General Coordinator duty in the following years at the City Residence, affiliated to the same group, and Kuşadası Mersin Beach Resort. Mr Turan, who joined the Akfen Family in 2005, serves duty as the Deputy General Director for Operations at Akfen REIT since 2008.

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### **Yusuf Anıl – Deputy General Manager Financial and Administrative Affairs**



1994 was graduated from the School of Economics of Anadolu University in 1994 and began his professional career in 1988. After completing his military duty in 1995, he worked as the Accounting and Financial Affairs Manager at Tam Group from 1996 until 2000. Between 2000 and 2004, he opened his own Independent Accounting and Financial Advising office. He worked as the Accounting Manager Borusan Telekom and other technology companies of Borusan Holding from 2004 until 2007. He had worked as the Accounting Manager of Akfen Real Estate Investment Trust since February 2008 and Anıl has been working as Deputy General Manager since 2018. He received his independent accountant and financial advisor certificate in 2001 and Independent Auditor certificate of Public Oversight Authority.



Board of Directors	Role
Hamdi Akın	Chairman of the Board/Executive Director
İbrahim Süha Güçsav	Vice Chairman of the Board
Pelin Akın	Board Member
Sıla Cılız İnanc	Board Member
Selim Akın	Board Member
İrfan Erciyas	Board Member
Adnan Aydoğan	Independent Board Member
Halil Eroğlu	Independent Board Member
Ahmet Ertürk	Independent Board Member

Top Management	Role
Sertac F. Karaağaoğlu	General Manager
Memduh Okyay Turan	Deputy General Manager – Operations
Yusuf Anıl	Deputy General Manager – Financial and Administrative Affairs

Audit Committee	Role
Ahmet Ertürk	Chairman of the Committee/ Independent Member
Adnan Aydoğan	Member / Independent Member
Halil Eroğlu	Member / Independent Member
	Chairman of the Committee/ Independent Member

Corporate Governance Committee	Role
Halil Eroğlu	Chairman of the Committee/ Independent Member
Ahmet Ertürk	Member / Independent Member
Adnan Aydoğan	Member / Independent Member
Ayşegül Yılmaz	Member

Early Detection of Risk Committee	Role
Halil Eroğlu	Chairman of the Committee/ Independent Member
Pelin Akın	Member / Independent Member
Selim Akın	Member / Independent Member

*The total amount of financial benefits such as honorarium, fees, premium, bonuses, dividends and so on, provided to the managers of the Company are presented herein.*

**Benefits, for Top Level Executives (TRY)**

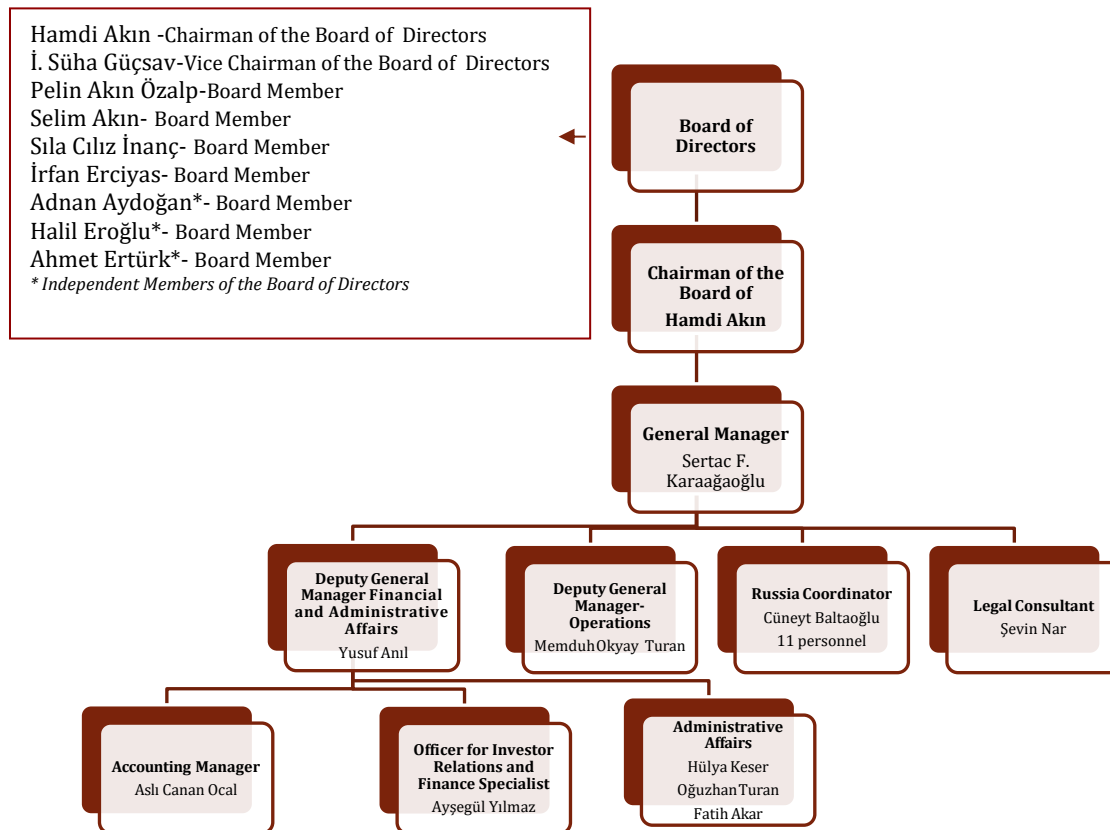
**30 September  
2018**

**30  
September  
2019**

Short-Term Benefits	1.981.842	2.693.920
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Apart from this, no other material right, allowance, representation expense, material right in kind, insurance and similar indemnity has been given. The total amount of short-term benefits, provided to the executive managers for Akfen REIT and its affiliates belonging to the year ending on September 30, 2019 refers to an amount of TRY 2.693.920 (September 30, 2018: 1.981.842) and all explanations, made pursuant to the legislation are conformed thereto and necessary process is conducted within the direction of the fee policy of the Company.

## Organizational Chart



As at September 30, 2019, the number of employees of the group is 21.

## Akfen REIT Affiliates

<b>Trade Name</b>	<b>Akfen Gayrimenkul Ticaret ve İnşaat A.Ş. (Akfen GT)</b>
<b>Activity</b>	Creating real-estate portfolios
<b>Issued Capital (*)</b>	161.000.000,00
<b>Company's Share in Capital</b>	161.000.000,00
<b>Currency</b>	TRY
<b>Company's Share in Capital (%)</b>	100
<b>Company's Relationship</b>	Subsidiary

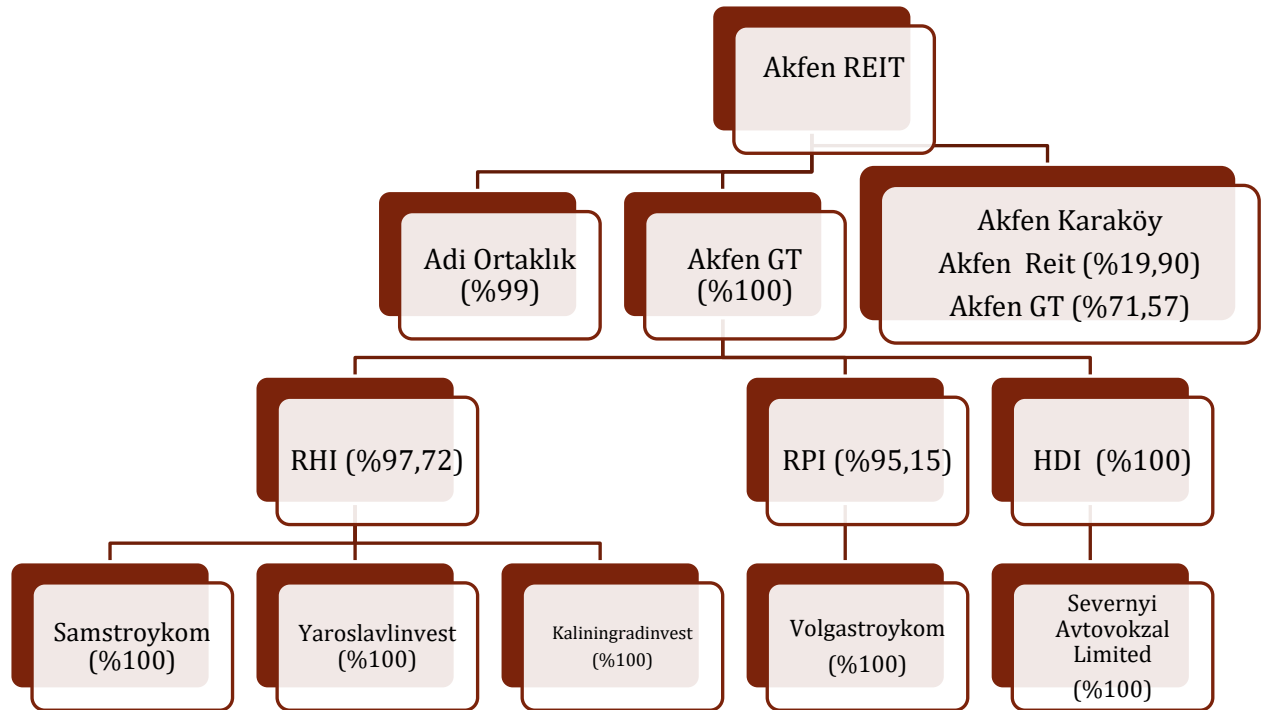
<b>Trade Name</b>	<b>Russian Hotel Investment B.V. (RHI)</b>
<b>Activity</b>	Developing hotel projects in Russia
<b>Issued Capital (*)</b>	33.455.050,00
<b>Company's Share in Capital</b>	32.690.666,00
<b>Currency</b>	Euro
<b>Company's Share in Capital (%)</b>	97,72
<b>Company's Relationship</b>	Subsidiary

<b>Trade Name</b>	<b>Russian Property Investment B.V. (RPI)</b>
<b>Activity</b>	Developing office and residence projects in Russia
<b>Issued Capital (*)</b>	7.258.867,00
<b>Company's Share in Capital</b>	6.906.859,00
<b>Currency</b>	Euro
<b>Company's Share in Capital (%)</b>	95,15
<b>Company's Relationship</b>	Subsidiary

<b>Trade Name</b>	<b>Hotel Development Investment B.V. (HDI)</b>
<b>Activity</b>	Developing hotel projects in Russia
<b>Issued Capital (*)</b>	8.510.640,00
<b>Company's Share in Capital</b>	8.510.640,00
<b>Currency</b>	Euro
<b>Company's Share in Capital (%)</b>	100
<b>Company's Relationship</b>	Subsidiary

<b>Trade Name</b>	<b>Akfen Karaköy Gayrimenkul Yatırımları ve İnşaat A.Ş.* (Akfen Karaköy)</b>
<b>Activity</b>	Creating real-estate investments
<b>Issued Capital (*)</b>	121.000.000,00
<b>Company's Share in Capital</b>	110.678.700,00
<b>Currency</b>	TRY
<b>Company's Share in Capital (%)</b>	91,47
<b>Company's Relationship</b>	Subsidiary

(\*) Akfen Karaköy Yatırımları ve İnşaat A.Ş.'s 19.90% capital belongs to Akfen REIT and 71.57% belongs to Akfen GT A.Ş.



<b>Trade Name</b>	<b>Akfen İnşaat Turizm ve Ticaret A.Ş. ve Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. Adi Ortaklığı (Joint Venture)</b>
<b>Activity</b>	Land Sales Proportion Revenue Share Housing Construction Work
<b>Issued Capital (*)</b>	10.000,00
<b>Company's Share in Capital</b>	9.900,00
<b>Currency</b>	TRY
<b>Company's Share in Capital (%)</b>	99
<b>Company's Relationship</b>	Subsidiary

### **Akfen Gayrimenkul Ticareti ve İnşaat A.Ş. (Akfen GT)**

Main activity fields of Akfen Gayrimenkul Ticareti ve İnşaat A.Ş., 100% subsidiary of Akfen REIT, is developing, managing and have manage real estate investments. Akfen GT has fixed rental income from 5 stars Merit Park, located in TRNC since 2007.

Akfen GT owns 97.72% of the shares of Russian Hotel Investments B.V. (RHI) and Russian Property Investment, and 95.15% of the shares of Russian Property Investment B.V. (RPI) established in the Netherlands who launched Ibis Hotel Yaroslavl, Ibis Hotel Samara, Ibis Hotel Kaliningrad and Samara Office among Akfen REIT's investments in Russia.

All of the HDI shares, held by Akfen REIT, were sold to Akfen GT, one of the subsidiaries of the Company, on March 27, 2017.

Akfen Karaköy, has increased its capital to TRY 121.000.000 on 18 May 2018 and Akfen REIT has increased its direct and indirect ownership ratio by 91,47% in Akfen Karaköy.

### **RHI**

RHI, consolidates firms established in Russia to realize hotel projects in this country. Active firms under The company are presented in the table.

### **RPI**

RPI consolidates project-based firms realizing projects in Russia excluding hotel management projects.



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## HDI

HDI, of which 100 % participation is held by Akfen GT, is established in order to develop hotel project(s) in Russia. The Company having its centre of activity located in Netherlands has realized a hotel project, put into operation in Moscow.

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## Akfen Karaköy Gayrimenkul Yatırımları ve İnşaat A.Ş. (Akfen Karaköy)

Karaköy Gayrimenkul Yatırımları ve İnşaat A.Ş., established by a shareholding of 69.99% with the purpose to develop projects in Karaköy, is a special purpose subsidiary. Planning, constructing and subcontracting, renting, managing and outsourcing management of tourism facilities, hotels and real estate investments are among the operations of the Company. Akfen Karaköy, has increased its capital to TRY 121.000.000 on 18 May 2018 and Akfen REIT has increased its direct and indirect ownership ratio by 91,47% in Akfen Karaköy. The Company currently owns a hotel in Istanbul, Karaköy, operated by Tamaris Turizm (Accor).

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## Akfen İnşaat Turizm ve Ticaret A.Ş. ve Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. Adi Ortaklığı\_Joint Venture (Joint Venture)

Akfen REIT and Akfen İnşaat Turizm ve Ticaret A.Ş. (Akfen Construction) established a joint venture (Akfen REIT 99% - Akfen Const. 1%) on November 9, 2017 to undertake the Bulvar Loft Project owned by İller Bankası A.Ş. (İller Bankası). The Project was been completed in December 2018, consists of 822 residences and app 7.000m<sup>2</sup> commercial zone.

## Shareholders

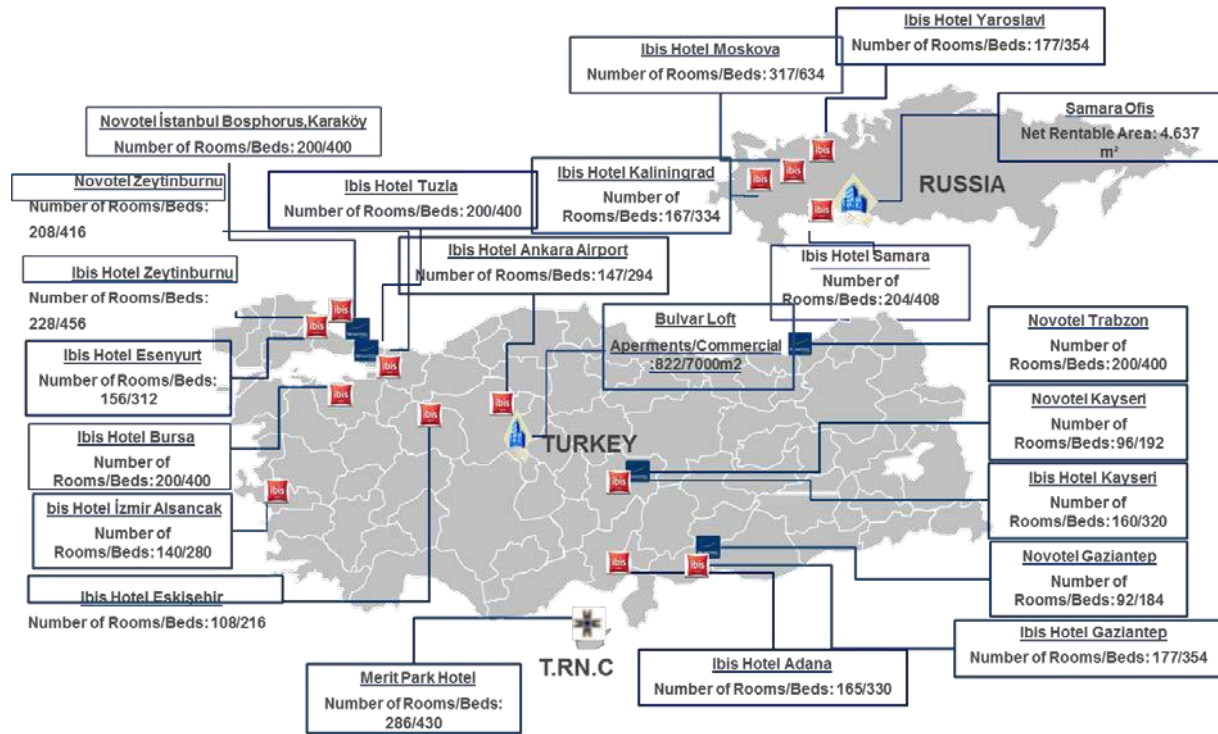
### September 30, 2019 Shareholders

Shareholders	Group	Shares (TRY)	Number of Shares	Capital Ratio (%)
Akfen Holding A.Ş.	B	104.654.831	104.654.831	56,88
Hamdi Akın	A	1000	1000	16,50
	B	30.349.089	30.349.089	
	C	999	999	
	D	1000	1000	
Other	B	48.993.080	48.993.080	26.63
	C	1	1	
<b>Total</b>		184.000.000	184.000.000	100,00

The share group of A, C, D has the privilege to select nominees for the board of directors member selection. Members of the Board are elected by the General Assembly among the nominees, where 2 of them selected by Group A, 2 of them by Group C, and 2 of them by Group D shareholders. Regarding the company's own shares, there is no acquired share.

Group	Registered / Bearer	Each Share's Nominal Value (TRY)	Total Nominal Value (TRY)	Capital Rate (%)	Type of Privilege	Whether Traded or not
<b>A</b>	Registered	1	1,000	<0.001	Privilege to elect two members of the board of directors at the General Assembly	Not listed at BIST.
<b>B</b>	Bearer	1	183,997,000	99.99	No privilege is available	Listed in the main Market at BIST.
<b>C</b>	Registered	1	1,000	<0.001	Privilege to elect two members of the board of directors at the General Assembly.	Not listed
<b>D</b>	Registered	1	1,000	<0.001	Privilege to elect two members of the board of directors at the General Assembly.	Not listed
<b>Total</b>			184.000.000	100		

## Portfolio Location Map



## Portfolio

		Hotels	Number of Rooms	State of Owned	Land Lease Expiry Date	Investment Starting Date	Hotel Opening Date
TURKEY and TRNC	1	Ibis Hotel Zeytinburnu	228	49 years	2067	2005	March 2007
	2	Novotel Zeytinburnu	208	49 years	2067	2005	March 2007
	3	Ibis Hotel Eskişehir	108	22 years	2029	2005	April 2007
	4	Novotel Trabzon	200	49 years	2058	2006	September 2008
	5	Ibis Hotel Gaziantep	177	30 years	2038	2008	January 2010
	6	Novotel Gaziantep	92	30 years	2038	2008	January 2010
	7	Ibis Hotel Kayseri	160	49 years	2058	2008	March 2010
	8	Novotel Kayseri	96	49 years	2058	2008	March 2010
	9	Ibis Hotel Bursa	200	30 years	2040	2009	November 2010
	10	Ibis Hotel Adana	165	Owned	Owned	2011	September 2012
	11	Ibis Hotel Esenyurt	156	Owned	Owned	2011	January 2013
	12	Ibis Hotel İzmir Alsancak	140	49 years	2059	2011	September 2013
	13	Ibis Hotel Ankara Airport	147	Owned	Owned	2013	September 2014
	14	Novotel İstanbul Bosphorus	200	49 years	2058	2012	February 2016
	15	Ibis Hotel Tuzla	200	Owned	Owned	2013	April 2017
	16	Merit Park Otel	286	49 years	2052	2004	April 2007
	17	Bulvar Loft					
		<b>Turkey &amp; Cyprus Total</b>	<b>2.763</b>				
RUSSIA		Hotels	Number of Rooms	State of Owned	Land Lease Expiry Date	Investment Starting Date	Hotel Opening Date
	1	Ibis Hotel Yaroslavl	177	Owned	Owned	April 2010	September 2011
	2	Ibis Hotel + Office Samara (**)	204	Owned	Owned	July 2009	March 2012
	3	Ibis Hotel Kaliningrad	167	Owned	Owned	August 2011	August 2013
	4	Ibis Hotel Moscow	317	49 years	2059	September 2013	July 2015
		<b>Russia Total</b>	<b>865</b>				
		<b>TOTAL</b>	<b>3.628</b>				

\*The properties in Bulvar Loft Project, consisting of 822 residences and commercial area of the 11.637 m2, has been sold in 2018 and 2019 except for residences. By 30.09.2019, there were 14 residences left ; 10 residences' prices were taken but bills of sales weren't regulated and the rest 4 residences are in stock.

\*\* The Group has a Samara Office Project having a leasable area of 4.637 square meters in Russia in addition to its. Hotel portfolio. The office as a whole has been leased.

**30.09.2019**

Operational Hotels	Operational Hotel Number of Rooms	Residence
20	3.628	14

## Hotels

### Novotel ve Ibis Hotel İstanbul

The Istanbul lands of Novotel Istanbul and Hotel Ibis was allocated by the State Treasury bearing a construction right contract, dated as December 04, 2003, for a period of 49 years. The term of the allocation is extended to 2067 in 22.12.2018.

It is an accommodation point convenient for commercial and touristic-purpose trips with its close proximity to the historical regions and business centres of İstanbul. It's distance to various locations such as 0,5 kms to Veliefendi Hippodrome and Abdi İpekçi Sports Hall, 6 kms to the Olimpiyat Stadium, and 10 kms to the Sultanahmet and Beyazıt Districts give opportunity for hotel visitors to reach the activities easily, desired by them.

<b>Surface of the Land</b>	11.720 m <sup>2</sup>
<b>Surface of Construction Area</b>	26.372 m <sup>2</sup>
<b>Number of Novotel Rooms</b>	208
<b>Number of Hotel Ibis Rooms</b>	228
<b>Date of Opening</b>	March 2007
<b>Operator</b>	Tamaris Turizm (Accor)

### Ibis Hotel İstanbul Esenyurt

The Hotel Ibis Istanbul Esenyurt taking place at the District Esenyurt, which is one of the most rapidly developing regions of İstanbul through suburb projects and land of which is owned by Akfen REIT, was opened and put into operation on January 25, 2013. The Hotel is the E-5 Motorway-fronted and takes place within a close range of TÜYAP Exhibition and Congress Centre.

<b>Surface of the Land</b>	1.755,37 m <sup>2</sup>
<b>Surface of Construction Area</b>	7.331 m <sup>2</sup>
<b>Number of Rooms</b>	156
<b>Date of Opening</b>	January 2013
<b>Operator</b>	Tamaris Turizm (Accor)



## Novotel İstanbul Bosphorus (Karaköy)

The land of Novotel Karaköy was obtained from the General Directorate of Foundations through an allocation for 49 years. It is constructed on the land of old Kozluca Han (Inn), located on the Rıhtım Caddesi (Avenue) and faces the Galataport. Bearing the characteristic of the first 5-star hotel was launched in February 2016.

<b>Surface of the Land</b>	3.074,58 m <sup>2</sup>
<b>Surface of Construction Area</b>	21.440 m <sup>2</sup>
<b>Number of Rooms</b>	200
<b>Date of Opening</b>	February 2016
<b>Operator</b>	Tamaris Turizm (Accor)

## Ibis Hotel Tuzla

The land of the Hotel Ibis Tuzla was purchased by Akfen REIT. It is located in the Anatolian Part of Istanbul and situated over the E-5 Motorway and close vicinity of Shipyard, Metro (Underground), Organized Industrial zones and Sabiha Gökçen Airport and launch of the hotel was made in April 2017.

<b>Surface of the Land</b>	4.688 m <sup>2</sup>
<b>Surface of Construction Area</b>	9.480 m <sup>2</sup>
<b>Number of Rooms</b>	200
<b>Date of Opening</b>	April 2017
<b>Operator</b>	Tamaris Turizm (Accor)

## Ibis Hotel Bursa

The land of the Hotel Ibis Bursa was leased from the Bursa Uluslararası Tekstil Ticaret Merkezi İşletme Kooperatifi (Bursa International Textile Trade Centre Enterprise Cooperative) on May 09, 2008 providing advantage with its close location to the commercial centres in Bursa being one of the most important industrial and commercial regions of Turkey.

<b>Surface of the Land</b>	7.961,79 m <sup>2</sup>
<b>Surface of Construction Area</b>	7.523 m <sup>2</sup>
<b>Number of Rooms</b>	200
<b>Date of Opening</b>	November 2010
<b>Operator</b>	Tamaris Turizm (Accor)

## Ibis Hotel Alsancak

The land was leased on August 25, 2010 from the General Directorate of Foundations of the Prime Ministry of the Republic of Turkey for a period of 49 years. The Hotel Ibis İzmir Alsancak provides a comfortable and modern accommodation opportunity with its central location in İzmir that is one of the major cities making substantial contribution with its location and workforce to the Turkish economy. The hotel taking place at the Alsancak District of the town Konak is located within the close vicinity of Alsancak Railway Station and Alsancak Port.

<b>Surface of the Land</b>	629 m <sup>2</sup>
<b>Surface of Construction Area</b>	5.555 m <sup>2</sup>
<b>Number of Rooms</b>	140
<b>Date of Opening</b>	June 2013
<b>Operator</b>	Tamaris Turizm (Accor)

## Ibis Hotel Eskişehir

The building of the Hotel Ibis Eskişehir was leased from the Metropolitan Municipality of Eskişehir and the grain elevator building was converted into the Hotel Ibis. The hotel being located at a walking distance to all important shopping, business and entertainment centres of Eskişehir is also situated at a location considerably close to the campus of the Anatolian University that is one of the most important focal points of the city. Furthermore, the proximity of the hotel to the railway station increases the number of transportation alternatives to the hotel.

<b>Surface of the Land</b>	6.806 m <sup>2</sup>
<b>Surface of Construction Area</b>	5.868 m <sup>2</sup>
<b>Number of Rooms</b>	108
<b>Date of Opening</b>	April 2007
<b>Operator</b>	Tamaris Turizm (Accor)

## Ibis Hotel Ankara Airport

The land of the Hotel Ibis Ankara Airport was purchased by Akfen REIT on July 21, 2011. The Hotel Ibis Ankara Airport taking place at a distance of only 1 km to the Esenboğa Airport is 28 kms away from the city centre of Ankara province.

<b>Surface of the Land</b>	7.134 m <sup>2</sup>
<b>Surface of Construction Area</b>	9.506 m <sup>2</sup>
<b>Number of Rooms</b>	147
<b>Date of Opening</b>	September 2014
<b>Operator</b>	Tamaris Turizm (Accor)

## Ibis Hotel Adana

The land of the Hotel Ibis Adana was purchased by Akfen REIT on August 03, 2010. The Hotel Ibis Adana is located at the city centre of Adana taking place among the important industrial, commercial and agricultural centres of Anatolia.

<b>Surface of the Land</b>	2.213 m <sup>2</sup>
<b>Surface of Construction Area</b>	9.047 m <sup>2</sup>
<b>Number of Rooms</b>	165
<b>Date of Opening</b>	September 2014
<b>Operator</b>	Tamaris Turizm (Accor)

## Novotel Trabzon

The land of the Novotel Trabzon that is located on the Black Sea shore was leased from the World Trade Centre of Trabzon for a period of 49 years. A permanent and independent construction right of it covering a period of 49 years was registered February 27, 2008 at the deed office in favour of Akfen REIT.

The Novotel Trabzon that offers a transportation advantage to its guests through its close proximity to the airport and city centre has an additional advantage since the fact that it is the first international hotel chain of the city and region. The hotel taking place just besides the World Trade Centre is one of the favourite hotels of Trabzon through its central location and design.

<b>Surface of the Land</b>	13.450 m <sup>2</sup>
<b>Surface of Construction Area</b>	15.232 m <sup>2</sup>
<b>Number of Rooms</b>	200
<b>Date of Opening</b>	October 2008
<b>Operator</b>	Tamaris Turizm (Accor)

## Novotel ve Ibis Hotel Gaziantep

A permanent and independent construction right was registered at the deed office (deed of the real estate) on July 17, 2007 in favour of Akfen REIT covering a period of 30 years over the land of Novotel and Hotel Ibis Gaziantep, leased from the Metropolitan Municipality of Gaziantep on May 31, 2007. The area where the Hotel is located is at a walking distance to the city centre where public institutions such as City's Governor's Office, Metropolitan Municipality, Revenue Administration and so on and historical places are located in.

<b>Surface of the Land</b>	6.750 m <sup>2</sup>
<b>Surface of Construction Area</b>	18.825 m <sup>2</sup>
<b>Number of Novotel Rooms</b>	92
<b>Number of Ibis Hotel Rooms</b>	177
<b>Date of Opening</b>	January 2010
<b>Operator</b>	Tamaris Turizm (Accor)

## Novotel ve Ibis Hotel Kayseri

The land of Novotel and Hotel Ibis Kayseri was leased from the Chamber of Commerce and Industry of Kayseri on November 04, 2006 for a term of 49 years. A permanent and independent construction right covering a period of 49 years was registered August 17, 2007 at the deed office with relation to this land in favour of Akfen REIT. The hotels being located at the city centre are at a distance of 10 minutes to the airport.

<b>Surface of the Land</b>	11.035,4 m <sup>2</sup>
<b>Surface of Construction Area</b>	11.064 m <sup>2</sup>
<b>Number of Novotel Rooms</b>	96
<b>Number of Ibis Hotel Rooms</b>	160
<b>Date of Opening</b>	March 2010
<b>Operator</b>	Tamaris Turizm (Accor)

## Merit Park Hotel Girne (TRNC)

The land where the Hotel Merit Park Kyrenia was allocated by the Ministry of Finance of the TRNC covering a term of 49 years. The hotel taking place at the portfolio of the company, Akfen Gayrimenkul Ticareti ve İnşaat A.Ş., which is an affiliate of Akfen REIT, was leased to the company, Voyager Cyprus Limited Company (Voyager Kıbrıs Limited Şirketi) together with its casino for a period of 20 years through the Lease Contract, executed on May 15, 2012.

<b>Surface of the Land</b>	37.000 m <sup>2</sup>
<b>Surface of Construction Area</b>	33.387 m <sup>2</sup>
<b>Number of Rooms</b>	286
<b>Date of Opening</b>	April 2007
<b>Operator</b>	Voyager Kıbrıs Ltd. Şti. (Net Holding)

## Ibis Hotel Samara ve Samara Office

Akfen REIT carried out two important projects in one of the major cities in Russia, Samara. The Hotel Ibis Samara and Samara Office are located on the main arterial road where the airport road is intersected, being situated 2 km away from the city centre of Samara having a population of 1.2 millions. Samara also has one of the most important petrol refineries of Russia within its boundaries.

<b>Surface of the Land</b>	4.804 m <sup>2</sup>
<b>Surface of Construction Area</b>	11.749 m <sup>2</sup>
<b>Leasable Office</b>	4.637 m <sup>2</sup>
<b>Number of Rooms</b>	204
<b>Date of Opening</b>	March 2012
<b>Operator (Hotel)</b>	Russian Management Hotel Company (Accor)

## Ibis Hotel Kaliningrad

The Hotel is located on the riverbank of Progolya River at a distance of 1.2 kms from the centre of the city, Kaliningrad that is an important transfer and tourism destination on the Baltic Sea shore. Its distance to the airport, however, is 20 kms.

<b>Surface of the Land</b>	5.099 m <sup>2</sup>
<b>Surface of Construction Area</b>	6.322 m <sup>2</sup>
<b>Number of Rooms</b>	167
<b>Date of Opening</b>	Agustos 2013
<b>Operator</b>	Russian Management Hotel Company (Accor)

## Ibis Hotel Yaroslavl

The 3-star hotel Ibis Yaroslavl draws attention with its quality service, offered by it in the city of Yaroslavl, visited very often by domestic and foreign tourists. Yaroslavl taking place within the periphery of 250 kms to Moscow is a very active region both in terms of cruise tourism in the River Volga and cultural and business tourism, brought forth by international conferences.

<b>Surface of the Land</b>	4.432 m <sup>2</sup>
<b>Surface of Construction Area</b>	7.916 m <sup>2</sup>
<b>Number of Rooms</b>	177
<b>Date of Opening</b>	September 2011
<b>Operator</b>	Russian Management Hotel Company (Accor)

## Ibis Hotel Moscow

The Hotel, located at the centre of Moscow, takes place just beside the sporting facilities in the region Dynamo and at a walking distance of 15 minutes to the world-renowned Tretyakov Galery, and 10 minutes to the Paveletsky Railway Station. The Hotel Ibis Moscow offers a comfortable alternative to the business and tourism-focused trips through its modern architectural design and well-illuminated rooms, equipped with a warm decoration.

<b>Surface of the Land</b>	2.010 m <sup>2</sup>
<b>Surface of Construction Area</b>	13.250 m <sup>2</sup>
<b>Number of Rooms</b>	317
<b>Date of Opening</b>	July 2015
<b>Operator</b>	Russian Management Hotel Company (Accor)



## Projects

### Bulvar Loft

The project, started within the structure of Akfen İnşaat, consists of 6 buildings, 822 residences and a commercial facility of 11 thousands of square meters. While the project was at a level of 35,20 of the total foreseen cost, it was assigned to the company, Akfen İnş. Tur. Tic. A.Ş.-Akfen REIT A.Ş. Joint Venture, of which 99 % share proportion is held by Akfen REIT: The residence sales made through the Income Share Model on the land, owned by İller Bankası. All of the properties in the Project has been sold in 2018 and 2019, except 4 residences. (By 30.09.2019, there were 14 residences left; 10 residences' bills of sales weren't issued and the rest 4 residences are in stock)

<b>Surface of Construction Area</b>	169.703 m <sup>2</sup>
<b>Net Sellable Area</b>	94.453 m <sup>2</sup>
<b>Number of Residence</b>	822
<b>Commercial Area</b>	11.637 m <sup>2</sup>

## Overview of Akfen REIT

### Financial Structure (Consolidated)

TRY	31 December 2018	30 September 2019
Total Assets	2.436.937.014	2.449.519.236
Equities	743.995.844	828.524.200
Paid-up Capital	184.000.000	184.000.000

TRY	31 December 2018	30 September 2019
Turnover	40.609.606	450.783.802
Cost of Sales	(6.310.205)	(315.728.338)
Real Operating (Loss)/Profit*	27.196.457	127.296.896
Period (Loss)/Profit*	(137.278.805)	51.416.791
Investments	91.243.818	171.031.925

Akfen REIT 30 September 2019  
**Total Portfolio Value\***
**1.509** (in million TRY)

Akfen REIT 30 September 2019  
**Net Assets Value\***
**794** (in million TRY)

\* Based on the fair value of Akfen GYO's subsidiaries as of the Company assessments dated 31.12. 2018.

**Turnover** (in million TRY)

	30 September 2018	30 September 2019	Change (%)
	74,07	450,78	509
(*)	74,07	84,18	14

(\*)Excluding Bulvar Loft Project

**EBITDA** (in million TRY)

	30 September 2018	30 September 2019	Change (%)
	54,30	126,80	133
(*)	58,33	72,46	24

(\*)Excluding Bulvar Loft Project

**2019 3. Quarter Regional Turnover Distribution (%)**

Turkey	TRNC	Russia
411,09	23,12	16,58

**2019 3. Quarter Regional EBITDA Distribution (%)**

Turkey	TRNC	Russia
93,62	22,43	10,74

**2019 3. Quarter Regional Real Estate Distribution (%)**

Turkey	TRNC	Russia
54	19	27

## Subsequent Events as of September 30, 2019

### January 17, 2019 - Sale of Bulvar Loft Project

Regarding the Contract for Revenue Sharing in Return for Sale of the 36.947 m2 Land in Block 120573 Plot 1, Ankara Province, Gölbaşı District, Kızılcaşar Neighborhood ("Bulvar Loft Contract") belonging to Ilbank, which shall be carried out by the Ordinary Partnership between Akfen Construction and Akfen REIT (Akfen REIT 99% – Akfen Construction 1%),

- An application was filed with Ilbank for the Provisional Approval of the Project on 07.12.2018,

- Owing to the problems associated with the recession in the real estate sector, the bulk sale of the independent sections that belong to Ilbank within the Bulvar Loft project managed by the Ordinary Partnership was approved on January 10, 2019.

As a result of the sale transaction approved by Ilbank, the Ordinary Partnership, where Akfen REIT holds a 99% share;

-was relieved of its obligation to make a payment to Ilbank from Minimum Bank Share Total Revenue in Return for Land Sale under the scope of Bulvar Loft Contract.

### January 30, 2019 - Ratification of Bulvar Loft Project Provisional Approval

The provisional approval application mentioned in our disclosure dated 17.01.2019 regarding the Bulvar Loft Project was ratified by Ilbank on 29.01.2019 (as of 07.12.2018).

### 30 January 2019 - About Valuation Company Selection

According to Article 35 of the Communiqué on Principles Regarding Real Estate Investment Trusts Series III-48.1 of the Capital Market Board dated 30.01.2019, the Board of Directors of Adım Gayrimenkul ve Değerleme A.Ş. and also the portfolio will be taken in 2019 and the valuation service will be provided for the assets that will require valuation. Adım Gayrimenkul ve Değerleme A.Ş. and TSKB Gayrimenkul Değerleme A.Ş. as unanimous decision.

### 26 March 2019 - About 2018 Annual Ordinary General Assembly Meeting Call.

Shareholders' Ordinary General Meeting of Shareholders The meeting was held on Thursday, 16.04.2019 at 14:00 at Levent Loft Building, Büyükdere Street, No: 201 C Block Floor: 8 Levent İstanbul.

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**March 29, 2019 - 2018 Ordinary General Assembly Meeting Dividend Distribution**

In accordance with the Board of Directors resolution dated 13.03.2019 and numbered 2019/4 and in line with our Public Disclosure Platform announcement dated 26.03.2019, there was no distributable profit for the year 2018, and the right exercise procedures were regulated accordingly.

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**April 16, 2019 - Disclosure on General Assembly Procedures**

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ's (Akfen REIT) Ordinary General Assembly Meeting for the year 2018 was held on 16.04.2019 at 14:00 in the Headquarters at the address Levent Loft Binası, Büyükdere Caddesi, No: 201 C Blok Kat: 8 Levent İstanbul, under the supervision of Hatun Kostak, the Ministry Representative appointed by the official letter numbered 43545342 and dated 15.04.2019 from Istanbul Governor's Office Provincial Directorate of Commerce.

As per Turkish Commercial Code Article 414, the call for the said meeting, required to be organized in accordance with Turkish Commercial Code and the Company's Articles of Association, was published on Turkish Trade Registry Gazette dated March 21, 2019 and numbered 9792, the website of the Company, on the Public Disclosure Platform, as well as Central Registry Agency's Electronic General Assembly System, within the required deadline.

The analysis of the List of Attendants showed that, of the Company's total capital of TL 184.000.000.-, 1000 Class A shares corresponding to TL 1.000.- shares, 1000 Class C shares corresponding to TL 1.000.- shares and 1000 Class D shares corresponding to TL 1.000.- shares were represented at the meeting; while, of the 139.452.823 Class B shares corresponding to TL 139.452.823.-, 230.011 were represented in person and 139.222.812 were represented in proxy, and that the minimum meeting quora as required by the legislation and Articles of Association was thus met.

Sıla Cılız İnanc, Board Member of the Company, and Seda Akkuş Tecer representing Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Ernst and Young) were present at the meeting. The Ordinary General Assembly Meeting was inaugurated by Sıla Cılız İnanc, as Board Member authorized by the Chairman, simultaneously in the physical and electronic environments, and the agenda items were duly discussed.

The agenda items were read out loud by Board Member Sıla Cılız İnanc and since there was no suggestion for revising the order of the agenda items, the discussion of these items continued in the order announced.

The resolutions of the Ordinary General Assembly Agenda were adopted unanimously, as stated in the attached meeting minutes.

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**April 16, 2019 – Disclosure on Dividend Distribution Procedures**

Since the Dividend Distribution Statement presented to our Distinguished Shareholders at the Company Headquarters, Company web site, Turkish Trade Registry Gazette, and CRA's Electronic General Assembly portal within the statutory period, and the financial statements for the accounting period 01.01.2018 - 31.12.2018 drafted as per Capital Markets Board's ("CMB") Communiqué II-14.1 in accordance with Turkish Accounting and Financial Reporting Standards issued by the Public Oversight, Accounting and Auditing Standards Agency, and audited by Güney Bağımsız Denetim ve SMMM A.Ş. show no distributable profit according to the legislation, it was proposed that no profit distribution be carried out, the matter was discussed, and the participants agreed unanimously that no dividend be distributed.

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**April 17, 2019 – Authority to Represent and Bind**

It has been decided that the Company's Chairman and Executive Director Hamdi AKIN and Vice Chairman İbrahim Süha GÜÇSAV will be appointed for a one (1) year term regardless of their previous periods in office,

that the Company's Class A authorized signatories will be designated as Chairman / Executive Director Hamdi Akın, Board Members Pelin Akın Özalp and Selim Akın, and that any two of them jointly will have the authority to represent and bind the Company on any issue and without any limitation.

**May 29<sup>th</sup>, 2019 Zeytinburnu, Plot Allocation**

The deed about the extension of allocation period for the public land which was allocated to our Company on which rises our Zeytinburnu Novotel and Ibis Hotels for 49 years has come into force.

**August 6, 2019 Buyback Announcement**

It is announced that, as approved in the General Assembly dated 16 April 2019, from 9<sup>th</sup> August 2019 until 31<sup>st</sup> December 2019 our Company is planning to implement the Buyback Program, according to the related CMB regulations, in which 14.182.000 shares will not be exceeded. By 30 September 2019, 2.015.384 number of shares were bought back.

## Evaluation of Activities in 2019 3 Quarter

### Financial Assessment of Management

Akfen REIT that is managed by a professional and expert staff both in financial and operational field continued to protect its financial performance in 2019 3Q as well, and grow or expand successful projects, realized by it. Completion of the Bulvar Loft project also contributed to the profitability of the Company.

- The consolidated rental income has risen by a proportion of 509 % comparing to prior year and realized in amount of TRY 450,78 millions. (Except the Bulvar Loft Projects, it has been 84,18 million with 14% increase)
- The consolidated EBITDA has risen by a proportion of 133% comparing to prior year and realized in amount of TRY 126,8 millions. (Except the Bulvar Loft Projects, it has been 72,46 million with 24% increase)
- The consolidated debt was realized as TRY 1.247 millions.
- As of September 30, 2019, the net asset value was realized TRY 793,7 millions.
- Consolidated general and administrative expenses are realized as TRY 6,55 millions. Net interest payments are realized as TRY 83,31 millions.

### Operational Performance

- As of September 30, 2019, the average occupancy rate of the hotels operating in Turkey is 69,6%, the average occupancy rate of the hotels operating in Russia is 60,1%, and the average occupancy rate of all the hotels is 67,2%.
- As of September 30, 2019, the average price of the hotel rooms in Turkey is 36 euros, the average price of hotel rooms in Russia is 41 euros and the average price of all the hotel rooms is 37 euros.

### Key Financial Indicators as of 30 September 2019

(million TRY)	Rental Revenue	EBITDA	Net Debt
Turkey	411,1	93,6	839,2
TRNC	23,1	22,4	80,8
Russia	16,6	10,7	327,2
<b>Consolidated</b>	<b>450,8</b>	<b>126,8</b>	<b>1.247</b>

Number of Employees	30 September 2018	30 September 2019	Change (%)
Turkey	10	10	-
Russia	11	11	-
<b>Consolidated</b>	<b>21</b>	<b>21</b>	<b>-</b>



Rental Revenue (million TRY)	30 September 2018	30 September 2019	Change (%)
Turkey	34,8	411,1	1081
TRNC	18,3	23,1	26
Russia	21,0	16,6	-21
<b>Consolidated</b>	<b>74,1</b>	<b>450,8</b>	<b>509</b>

Total Revenue Per Room (TRY)	30 Sept. 18	30 Sept. 19	Change (%)
Turkey - Total Ibis	114	141	23
Turkey - Total Novotel	277	348	26
Turkey - Total Ibis&Novotel	167	207	24
Russia - Total Ibis	221	218	-1
<b>Turkey &amp;Russia - Total Ibis&amp;Novotel</b>	<b>180</b>	<b>210</b>	<b>17</b>

Average Room Rate (Excluding VAT) (TRY)	30 Sept. 18	30 Sept. 19	Change (%)
Turkey - Total Ibis	141	167	18
Turkey - Total Novotel	292	350	20
Turkey - Total Ibis&Novotel	192	231	20
Russia - Total Ibis	252	259	2
<b>Turkey &amp;Russia - Total Ibis&amp;Novotel</b>	<b>206</b>	<b>237</b>	<b>15</b>

Occupancy Rate (%)	30 Sept. 18	30 Sept. 19	Change (%)
Turkey - Total Ibis	65,9	67,1	1,2
Turkey - Total Novotel	71,1	74,9	3,8
Turkey - Total Ibis&Novotel	67,6	69,6	2,1
Russia - Total Ibis	64,8	60,1	-4,7
<b>Turkey &amp;Russia - Total Ibis&amp;Novotel</b>	<b>66,9</b>	<b>67,2</b>	<b>0,3</b>

Rental Revenue (in million TRY)	30 Sept. 18	30 Sept. 19	Change (%)
Turkey - Total Ibis	14,17	17,50	23
Turkey - Total Novotel	20,61	26,97	31
Turkey - Total Ibis&Novotel	34,79	44,48	28
Russia - Total Ibis	18,80	13,95	-26
<b>Turkey &amp;Russia - Total Ibis&amp;Novotel</b>	<b>53,59</b>	<b>58,43</b>	<b>9</b>
<b>Grand Total*</b>	<b>74,06</b>	<b>84,18</b>	<b>14</b>

\* Rental incomes of TRNC Merit Park Hotel and Samara Office are included.

## Investment Property

The total value of the investment properties taking place in our portfolio was realized as TRY 2.1 billions in 2019 3Q.

Investment Properties (in million TRY)		31 Dec. 18	30 Sept. 19	Change (%)
Operational investment real estates		2.046	2.128	4
<b>Total</b>		<b>2.046</b>	<b>2.128</b>	<b>4</b>

On-going and operational investment real estates (in million TRY)	31 Dec. 18	30 Sept. 19	Change (%)
Turkey	1.139	1.140	0
TRNC	404	404	0
Russia	503	584	16
<b>Consolidated</b>	<b>2.046</b>	<b>2.128</b>	<b>4</b>

## Receivables and Debts from/to the Related Parties

Commercial receivables from related parties	31 December 18	30 September 19
Akfen Holding A.Ş.	-	9.900

Commercial Debts to the Related Parties	31 December 18	30 September 19
Akfen İnşaat	45.031.689	19.239.095

Other Debts to the Related Parties	31 December 18	30 September 19
Akfen Holding A.Ş.	7.438.777	-
Akfen İnşaat Turizm ve Ticaret A.Ş.	490.683	346.570

## Transaction with related parties

Sales and Marketing Expenses	30 September 18	30 September 19
Akfen İnşaat Turizm ve Ticaret A.Ş.	3.589.286	-

Incomplete housing payments (Bulvar Loft)	30 September 18	30 September 19
Akfen İnşaat Turizm ve Ticaret A.Ş.	71.883.504	-

Rental expense	30 September 18	30 September 19
Hamdi Akın	151.539	197.584

## Net Assets Value

As of the date of September 30, 2019, The net assets value of the Company was realized as around TRY 794 millions

Portfolio Table (in million TRY)	31 December 18	30 September 19
<b>Operational Hotels</b>		
Novotel and Ibis Hotel Zeytinburnu	221	221
Novotel Trabzon	149	149
Novotel and Ibis Hotel Gaziantep	58	58
Ibis Hotel Esenyurt	60	60
Novotel and Ibis Hotel Kayseri	51	51
Ibis Hotel Bursa	45	45
Ibis Hotel İzmir	52	52
Ibis Hotel Adana	56	56
Ibis Hotel Ankara Airport	61	61
Ibis Hotel Eskişehir	13	13
Ibis Hotel Tuzla	88	88
<b>Project with ongoing investments</b>		
Bulvar Loft	147	6
<b>Subsidiaries</b>	<b>607</b>	<b>607</b>
Money & Capital Market Instruments	1	42
<b>Total Portfolio Value</b>	<b>1.608</b>	<b>1.509</b>
Other Assets & Receivables	137	152
Debts	929	868
<b>Net Asset Value</b>	<b>817</b>	<b>794</b>

## Compliance Control On Portfolio Limitations

The Company's control of compliance of the portfolio limits according to the CMB Communiqué Serial: III, No. 48.1 "Communiqué on Principles Regarding Real Estate Investment Trusts" is as follows::

	<b>Unconsolidated (separate) financial statement main account items</b>	<b>Related Regulation</b>	<b>31 December 18</b>	<b>30 September 19</b>
<b>A</b>	Cash and capital market instruments	III-48.1. S/N 24 / (b)	678.494	41.774.316
<b>B</b>	Investment properties, investment property-based projects, investment property-based rights	III-48.1. S/N 24 / (a)	1.029.638.355	896.014.677
<b>C</b>	Participations	III-48.1. S/N 24 / (b)	145.079.312	185.079.312
	Due from related parties (non-trade)	III-48.1. S/N 23 / (f)	-	-
	<b>Other assets</b>		<b>107.873.943</b>	<b>116.649.313</b>
<b>D</b>	<b>Total assets</b>	<b>III-48.1. S/N 3 / (p)</b>	<b>1.283.270.104</b>	<b>1.239.517.618</b>
<b>E</b>	Financial liabilities	III-48.1. S/N 31	799.673.599	802.458.376
<b>F</b>	Other financial liabilities	III-48.1. S/N 31	127.303.421	36.161.935
<b>G</b>	Finance lease liabilities	III-48.1. S/N 31	-	-
<b>H</b>	Due to related parties (non-trade)	III-48.1. S/N 23 / (f)	1.759.204	346.750
<b>I</b>	Shareholders' equity (net asset value)	III-48.1. S/N 31	354.533.880	371.714.882
	<b>Other liabilities</b>		98.024.983	28.835.855
<b>D</b>	<b>Total liabilities and equity</b>	<b>III-48.1. Md. 3 / (p)</b>	<b>1.283.270.104</b>	<b>1.239.517.618</b>

	Unconsolidated (separate) other financial information	Related Regulation	31 December 18	30 Sept. 19
A1	Cash and capital market instruments held for payments of investment properties for 3 years	III-48.1. S/N 24 / (b)	-	-
A2	Time / demand TRY / foreign currency	III-48.1. S/N 24 / (b)	647.630	41.745.683
A3	Foreign capital market instruments	III-48.1. S/N 24 / (d)	-	-
B1	Foreign investment property, investment property-based projects, investment property-based rights	III-48.1. S/N 24 / (d)	-	-
B2	Idle lands	III-48.1. S/N 24 / (c)	-	-
C1	Foreign subsidiaries	III-48.1. S/N 24 / (d)	-	-
C2	Participation to the operator company	III-48.1. S/N 28/1(a)	-	-
J	Non-cash loans	III-48.1. S/N 31	292.529.041	317.906.219
K	Pledges on land not owned by the Investment Trust which will be used for project developments	III-48.1. S/N 22 / (e)	-	-
L	Cash and capital market instrument Investments held on One Unique Company	III-48.1. S/N 22 / (I)	-	-

	Portfolio Constraints Related Regulation	Portfolio Constraints Related Regulation	Current Period	Previous Year	Minimum/Maximum Ratio
1	Pledges on Land not Owned by the Investment Trust which will be Used for Project Developments	III-48.1. Md. 22/(e)	%0,00	%0,00	<%10
2	Investment Property, Investment Property Based Projects, Investment Property Based Rights	III-48.1. Md. 24/(a).(b)	%80,24	%74,91	>%51
3	Cash and Capital Market Instruments and Participations	III-48.1. Md. 24/(b)	%11,36	%16,11	<%50
4	Foreign Investment Property, Investment Property based Projects, Investment Property Based Rights, Participations, Capital Market Instruments	III-48.1. Md. 24/(d)	%11,31	%10,17	<%50
5	Idle Lands	III-48.1. Md. 24/(c)	%0,00	%0,00	<%20
6	Participation to the Operator Company	III-48.1. Md. 28/1(a)	%0,00	%0,00	<%10
7	Borrowing Limit	III-48.1. Md. 31	%344,47	%489,29	<%500
8	Time / Demand TRY / Foreign Currency	III-48.1. Md. 24 / (b)	%0,05	%5,93	<%10
9	Cash and capital market instrument Investments held on One Unique Company	III-48.1. Md. 22 / (l)	%0,00	%0,00	<%10

Presented information in the footnote of “Compliance Control on Portfolio Limitations” as at September 30, 2019 and December 31, 2018, in accordance with Capital Markets Board’s Communiqué Serial: II, No: 14.1 “Financial Reporting in Capital Markets” Amendment No: 16 comprised condensed information and prepared in accordance with Capital Markets Board’s Communiqué Serial: III, No: 48.1 “Real Estate Investment Company” published in the Official Gazette dated May 28, 2013 numbered 28660. In addition since the information given “Restrictions on the Investment Portfolio of Real Estate Investment” comprise standalone data; such information may not match with the information disclosed in the consolidated financial statements.



## Corporate Governance

### Human Resources

Akfen REIT reflects the dynamism at the management understanding into the human resources applications and put relevant strategies conforming to the corporate structure and targets of the Company into practise. It is among preliminary targets in the human resources policy of Akfen REIT to offer every employee an employment environment to enable him/her to develop his/her personal/professional skills at a position suitable to the qualifications, owned by the same.

Akfen REIT has formed up its human resources policy within the framework of following principles:

- The principle to provide the persons at equal qualifications at recruitment, training and progress, pricing (fee Payment) and career planning with equal opportunities is adopted.
- The criteria for recruitment are determined in writing and these criteria in applications are conformed thereto.
- The employees are treated equally on progress and promotion matters, and various progress policies and plans are created towards the increase/rise of knowledge, skills and experiences of the employees.
- The job definitions, performance assessment and award criteria of the employees of the Company are determined by the managers and shared with the employees.
- The relationships with the employees are conducted by the Corporate Communication, Human Resources and Administrative Affairs Department, and no discrimination is made among the employees.

Akfen REIT aims to create a work environment that is dynamic, transparent and supports development for the high motivation of the employees through these principles. The company that believes in the importance lifelong learning offers opportunities to the employees in order to allow them to maintain their personal and professional trainings. The employees carry out their current duties successfully on the one hand through the training programs, organized within or out of the establishment, and can also develop them on the other.

Akfen REIT attributing priority to the satisfaction of personnel requirements to the human resources conducts an intra-company career planning process where an equal opportunity and impartiality is valid and applicable and assessment results are taken as basis. The openness of the employees to innovations and transformations in intra-company career arrangements, motivations on their development from personal and professional point of view and their success-orientation become effective.

Akfen REIT reaches an employee profile that may identify the corporate targets with individual targets, fulfils their responsibilities with high motivation, has team spirit and believes in ethical values and social responsibility at the end of human resources strategies, applied by it successfully. As of the end of September 2019, the number of employees at Akfen REIT is 10, at affiliates, however, 11 and all in all a total number of 21.

While Akfen REIT supports the mission and vision of the Company, it will maintain its human resources policies that conform to modern values in 2019 as well.

## Risk Management

The works for Early Determination of Risk was finalized within 2012 through the support of the Company, DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Deloitte) and the Risk Management Handbook was submitted to the attention of the Board of Directors of the Company. It has been resolved upon the fact that the principles taking place at the Risk Management Handbook would be taken as basis in the internal audits of the Audit Committee. The related risk management handbook takes place in the attachment of the annual operation report and internet site of the Company

It has been decided by the unanimous votes of attendants in the meeting through the resolution no. 2013/9 of the Board of Directors of the Company, dated as April 25, 2013 to set up a separate committee pursuant to the Communiqué no. 63 and Series IV making amendment in the Communiqué no. 56 and Series IV of the Capital Market Committee to conduct the duties of the Committee for Early Determination of Risk that are currently conducted by the Corporate Management Committee.

Committee, from the date of its founding until the report date, presents a report with once in two months period to Board of Directors regarding early detection of risks that endanger the Group's existence, development and continuity, implementation of necessary measures to prevent these risks and management. As of September 30, 2019, the financial structure, financial position and performance of the Company were evaluated; no sign was detected related to loss of capital or the insolvency of the Company.

### Audit Committee;

## Dividend Distribution Policy

The Company, in its dividend distribution decisions, takes into consideration Articles of Association of the Company and provisions of the Turkish Commercial Code, Capital Markets Legislation, Capital Markets Board's Regulations and Resolutions, Tax Laws, and other relevant legislation.

By decision of the Board of Directors dated 25.02.2011, Akfen Real Estate Investment Trust has adopted a dividend distribution policy based on the principle of "proposing to the General

Assembly minimum 30% of the distributable profit, by taking into account overall profitability of the Company, starting from accounting period of 2012.”

Dividend Distribution Policy is presented to the shareholders at the General Assembly. Since there was no distributable profit for the year 2018, it was unanimously decided that dividend distribution was not possible at the General Assembly held in 2019.

The Company's Dividend Policy is disclosed to the public on the Company's website.

## Government Grants and Incentives

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

## Appendices

Ap 1: Responsibility Disclosures of Akfen REIT September 30 2019, for Audit Reports and Annual Reports.