



**AKMERKEZ GAYRİMENKUL
YATIRIM ORTAKLIĞI
ANONİM ŞİRKETİ**

**ANNUAL REPORT
COVERING THE PERIOD OF
01.01.2014 - 31.12.2014**

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AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ
REPORT OF THE BOARD OF DIRECTORS ON THE ACTIVITIES IN THE PERIOD OF
01.01.2014 - 31.12.2014

This Annual Report (the 'Report') is issued pursuant to the provision of article 516 of the Turkish Commercial Code, the provisions of the 'Regulation on the Establishment of Minimum Content of Annual Reports of Companies' of the Ministry of Customs and Commerce, which was published in the Official Gazette no. 28395 of 28.08.2012, and the provision of article 8 of the 'Communiqué on the Principles Applicable to Financial Reporting in Capital Market' (II-14.1), provisions of relevant articles of the 'Corporate Governance Communiqué' (II-17.1) and provisions of article 39 of the 'Communiqué on the Principles Applicable to Real Estate Investment Partnerships' (III-48.1), of the Capital Markets Board. The Report intends to evaluate, and provide information to our investors about, the business activities of the Company during the period of 01.01.2014-31.12.2014.

COMPANY DATA:

Trade Name	AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ
Trade Registry Office	İstanbul
Trade Registration Number	260139
Stock Exchange where stocks of the Company are traded	Borsa İstanbul A.Ş.
Market where the Capital Market Instrument is Traded, and Indexes where the Company Takes Place:	Corporate Products Market BIST REAL ESTATE INVESTMENT PARTNERSHIPS / BIST FINANCIAL/BIST ALL-100 / BIST DIVIDEND-25
Trading Symbol:	AKMGY
Portfolio Details:	Date of Establishment: 08.12.1989 Date of Public Offering: 15.04.2005
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Akmerkez in Brief

The best shopping mall of the world ...

Consisting of four floors, Akmerkez Shopping Center presents a safe, pleasant, and spotless environment complemented with a continuous music broadcast. It is air conditioned all year round. Furthermore, the building is armed with a fire warning siren as well as fire extinguishing systems, state-of-the-art security systems and these as well as impeccable building automation provides comfort and safety to its guests.

Its new decor allows Akmerkez to combine performance with aesthetics. Since the day it has opened its doors, Akmerkez has been more vibrant compared to ordinary shopping centers.

The “Akmerkez” concept originated with the collaboration of Akkök, Tekfen, and Istikbal groups, all of which are pioneers of their own industries, yet focuses on the same goal. The goal is both to revolutionize the “shopping center” concept of Istanbulites in order to provide them with many opportunities in one place; as well as to provide high-quality living spaces to elite members of the business world. As a result of the joint forces of the Groups, Akmerkez was inaugurated on December 18, 1993 in Etiler, one of the busiest districts in Istanbul.

Even in its early years, the prudent strategies set forth by the establishers of Akmerkez Shopping Center were recognized by prestigious institutions. In 1995, only one year after its inauguration, Akmerkez was named the “Best Shopping Center in Europe” by the International Council of Shopping Centers (ICSC). In 1996, Akmerkez received the “ICSC International Design and Development” award, which is the biggest award issued in this field. The fact that Akmerkez is the first shopping center to receive both awards simultaneously as well as its structural and design quality along with the appeal of elite stores has rendered Akmerkez an exemplary shopping center.

Outstanding service quality in a shopping center with an award-winning design...

Akmerkez has received many other awards in the international arena during its twenty-one-year history. The latest award Akmerkez received was the “Interior Design 5-Star” award granted at the Europe & Africa Property Awards 2010, organized by the International Property Awards for the successful interior restorations. The concept of the project was created by the world-famous and award-winning “Concept-i Corporate” design company.

Akmerkez provides its visitors with a wide range of services by combining residency and office opportunities with a shopping center. With its central location, structural and design quality, 14-story and 17-story office towers, 23-story Akmerkez Residence – Apartment Hotel building covering a 180,000 m² triangular area, Akmerkez has been enriching our urban lives since day one. Through its automated building services, air-conditioning equipment, music broadcast, state-of-the-art security systems, and its housekeeping, security, maintenance and management workforce of 345 employees Akmerkez Shopping Center provides its guests with a modern, peaceful, comfortable, and clean environment. The Shopping Center has a total of eight stories, of which four make up the 1,500-car capacity underground parking lots and the other four consist of the shopping floors. The

shopping floors have 3 atriums linked to each other via main passages. There are a total of 41 escalators and 32 lifts, of which two are panoramic and the rest are passenger and service elevators, throughout the shopping center to ensure guests can browse around without wasting time or energy.

While being a pioneer in its industry by receiving both Europe's Best Shopping Center and The World's Best Shopping Center titles, Akmerkez sets out as an example to other shopping centers through its modern design and outstanding service quality.

Akmerkez regularly conducts customer research in order to continuously update its store diversity; and hence has attained a 100 percent rate of store rental for many years. Moreover, the Shopping Center provides visitors with elite brands, both local and international, between the hours of 10:00 am – 10:00 pm seven days a week. The fact that the cultural and arts events held make Akmerkez more than just a shopping center also helps continually increase the number of patrons visiting the center. The success of the cozy and fun atmosphere is reflected in both the number of visitors, which is calculated to be 1.2 million per month. Moreover, the social responsibility events organized in light of its principle to invest in the future has made Akmerkez a significant brand that invests in society.

Akmerkez has reached its goal to “become the best shopping center of the world” through its innovative approach and continues to lead by monitoring industrial needs and international developments very closely. Akmerkez has adopted the principle to extend its outstanding performance and success story in the industry well into the future.

Milestones of Akmerkez

Every step we take is a success story...

1990

Our journey starts

The laying of the foundation for the Akmerkez project, which would embellish the social life of the city, was started in Etiler, a popular district in Istanbul. Istanbulians watched the structural development with curiosity.

1993

Istanbulians meet their new vibrant center

Akmerkez Shopping Center opened its doors to guests showing of a giant facility with never-before-seen modern architecture built over a total of 180,000 m² area. Akmerkez joins elite brands under one roof and has since that day created a regular visitor base.

1995

Second anniversary gift: “Europe’s Best Shopping Center” Award

Thanks to its guest satisfaction priority approach, state-of-the-art design, and meticulous service quality, Akmerkez reached its goal to be “the world’s best shopping center” in only its second year. Akmerkez was named “The Best Suburban Shopping Center in Europe” by the International Council of Shopping Centers (ICSC). This award has a special place in the award-rich history of Akmerkez as it was the first in a series of acknowledgements.

1996

The pride of being the World’s best shopping center

The high quality of standards at Akmerkez was recognized by the International Council of Shopping Centers (ICSC) and it was named “The World’s Best Shopping Center”. The same year, ICSC awarded Akmerkez with the “ICSC International Design and Development” award, the largest award of the industry. Akmerkez is the first shopping center to have received both awards within the same year. Although Akmerkez was only in its third year, it indeed proved its leadership in the industry.

1998

Our brand leadership crowned with the TSCSR/AMPD Honorary Award

The Honorary Award Akmerkez received in the TSCSR / AMPD Awards was recognized by the Trade Council of Shopping Centers & Retailers (AMPD).

1999

Increasing its success every year

The Jean Louis Solal Marketing Award is among the most significant European awards and is presented to world-prominent retail institutions evaluated by the ICSC. Professionalism and successful marketing projects in the advertisement of Akmerkez won the centre the Jean Louis Solal Marketing Award and showed that it had created an exemplary profile worldwide.

2001

Two awards from ICSC in one year

Only two years later, Akmerkez won the Jean Louis Solal Marketing Award for its exterior window displays. As a result, Akmerkez proved that creativity does not only present itself in service diversity but also in meticulous design. In 2001, Akmerkez also received the Maxi Award from the ICSC.

2003

Celebrated our tenth anniversary

Akmerkez Shopping Center announced its leadership in the industry worldwide through the awards it has gathered, each more prominent than the other, and shared this success with Istanbulites on its tenth anniversary with luminary celebrations on its exterior facade.

2004

Awarded for outstanding quality by the Consumers Magazine

Akmerkez was presented with the Consumers Quality Award by the Consumers Magazine at the Consumers Summit on March 15, 2004, which also happened to be the World Consumer Rights Day. This award was presented by the Consumers magazine, stating that competition and high-quality service can only increase via conscious consuming, and this award is a symbol of the high-quality service it offers and meticulous approach Akmerkez has towards to its guests.

2005

We are publicly enlisted

Akmerkez was publicly enlisted and started trading on the Istanbul Stock Exchange (ISE) on April 15, 2005.

2006

Our folding success is once again awarded by ICSC

By winning the Jean Louis Solal Marketing Award and the Maxi Award once more after receiving it in 2001, Akmerkez showed that it could continue to achieve in a sustainable way.

2008

Celebrated our fifteenth anniversary with steps towards renovation

On its fifteenth anniversary, Akmerkez decided to invest USD 25 million in a complete make-over. The project, in which all the necessities of the modern age were combined with a creative design, was designed with a focus on technology and aesthetics.

2010

Awarded the Academy Awards of Property for our renovation project

With the restoration project initiated in 2008, Akmerkez aimed to provide its guests with a completely renewed vibrant space. Interior refurbishment within the scope of this project was deemed worthy of the "Interior Design 5 Star" award, accepted as the "Academy Awards of Property" at the Europe & Africa Property Awards which was organized as part of the International Property Awards.

2011

Our “FashionOnAir” Project brought another award to our shopping center

After opening its doors to the young designers who will give direction to the future of fashion in 2010, Akmerkez was awarded in 2011 with “Silver Awards” in the Public Relations Category of the “ICSC Solal Marketing Awards 2011” which is the most prestigious marketing awards program of the world which received applications from 177 projects in 22 countries.

2012

11 awards in just one year ...

In 2012, Akmerkez was awarded with IPRA Golden Awards, one of the most established and prestigious marketing and communication awards of the world, Hermes Awards, ICSC Solal Marketing Awards, Stevie International Business Awards and MarCom Awards, totaling 11 awards, for four distinct projects developed by it.

2013

15 prestigious awards

Akmerkez was awarded with 15 prizes from Hermes Creative Awards, AVA Digital Awards, Platinum PR Awards, Stevie Awards and Marcom Awards for 6 different projects in 2013.

2014

City’s Dynamism is reborn with Akmerkez in Etiler

Akmerkez continues to be a focus point of the city’s dynamism, a part of the social life in İstanbul with its brand new spaces which evoke a distinct atmosphere on the Nispetiye Street, with the movie theatres renewed with touch of the world’s famed designer, Aziz Saryer, and his team, with the world brands joined its body, and with its events which add value to the city.

Stores opened at Akmerkez in 2014

With its location at the center of the city, with ease of access and with care given to the layout of stores, Akmerkez added important local and international brands, such as Oysho, Serafina, Brasserie Cognac, Etobur, Armani Jeans, to its body in 2014.

Sectoral Activities in 2014

Results of the Shopping Mall Index 2014 of the Association of Shopping Centers and Investors show that the Shopping Mall index increased by 8.1 per cent in 2014 over 2013, reaching 160 points.

Turnovers per leasable space (m²) in shopping malls increased by 19 points in December 2014 over the same month of the previous year, with productivity per m² measured at TL 738. Productivity was TL 871 in İstanbul and TL 649 in Anatolia.

The productivity of leasable space (m²) at shopping malls was TL 616 in 2014. This value shows that the productivity per m² grew by 8.07 percent in 2014 over 2013.

That the index data increased in terms of turnovers, number of visitors and productivity per m² in 2014 shows that the sector enjoyed a very successful year in 2014. However, as 2015 is a general elections year, political and economic developments must be closely monitored by the shopping mall sector as by all sectors.

According to the data released by JLL Turkey, as of the first half of 2014, total leasable space (TLS) at shopping centers in Turkey grew by 223,000 m² since the end of 2013, reaching 9.7 million m² at 336 centers. As of May 2014, due to the adjustment made by removing such units which have lost their character as shopping center from the shopping centers database, the total number of shopping centers in Turkey decreased from 353 to 336. The regional centers have the greatest share in the shopping center market with 38.6% of the existing TLS inventory, followed by the neighborhood centers with 22.2%, the upper regional centers with 20.9% and the outlet centers with 16.4%.

Despite the project inventory under construction which was completed during the first half of 2014, a strong retailer demand for the primary shopping centers ever increases the primary rent rates. The primary rent level, which was measured at EUR 80 m²/month at the end of 2012, rose to EUR 85 m²/month at the end of 2013 and EUR 90 m²/month in Q1 2014. The TLS in the shopping centers which are under construction as of Q1 2014 and expected to be completed by the end of 2017 is calculated to 2.7 million m² in 82 shopping centers. With the completion of the projects under construction, it is predicted that the total shopping center supply would reach 12.4 million m² in 418 shopping centers. During the first half of 2014, the retail leasable space across Turkey increased slightly from 126 m² per 1,000 persons as of the end of 2013 to 127 m². As of Q1 2014, İstanbul once again ranks the first place in terms of the retail density with a TLS of 261 m² per 1,000 persons in Turkey. Upon completion of the projects under construction, the position of İstanbul in the ranking of density will be reinforced.

Message from the Board of Directors

Dear Stakeholders,

As the global economy left behind another challenging year, geopolitical conflicts and the Federal Reserve Bank (Fed) of the USA determined the direction of the markets in 2014. The tension between Ukraine and Russia, followed by the sanctions imposed by the USA and the EU on Russia, coupled with the slow-down signals coming from China as the consumption engine of the world, caused unrest. US dollar and gold experienced a fast transaction trafficking, and the oil, which lost value close to 50 dollars during the second half of the year, occupied an important place in the agenda of the investor and the business world.

According to the forecast of various specialists, the global economy is predicted to grow by 3.8 per cent in the next year. Turkish economy, on the other hand, is anticipated to grow limited in 2015 as compared with the growth rate of around 3 per cent in 2014.

It is predicted that the year-end inflation would go slack from the level of 9 per cent this year to the level of 7 per cent with the support of decreasing oil prices. The ratio of current deficit to GDP is expected to decrease from the level of around 5.5 percent at the end of 2014 to below 5 per cent with the effect of decreasing oil prices.

Amidst all this outlook and agenda, Akmerkez GYO A.Ş., which closely monitors the conditions in Turkey and the world and keeps pace with changes with its dynamic structure, maintained its leadership in the industry in 2014 as well. Set out with the goal of becoming the “World’s best shopping center” and achieved this goal just in its second year, Akmerkez Shopping Center, with its renovated façade and new open area concept, will continue to be a comfortable living center, catching up with the times, in the next years as well. The awards it received from respectable organizations both in Turkey and in international platforms so far are an indication of the sustainability of the success of the Company.

Contributions of our valuable employees by their sacrificing work, our respectful guests by their trust and interest, and our shareholders and management to this success of Akmerkez GYO A.Ş. in 2014 are great. We thank you all from the heart.

BOARD OF DIRECTORS

Message from the General Manager

Dear Stakeholders,

The concept of real estate development is the most efficient method of obtaining quality, productive and sustainable structures today. Importance of this method, which handles the real estate projects with a holistic approach, has begun to be understood in Turkey just recently, though it is in the agenda in the world for many years.

2015 is expected to be a year during which the inventories existing in 2014 are rapidly consumed and new markets are created in Turkey. Despite the global and regional adverse conditions, it is known that the industry makes great contributions to the growing trend caught by Turkey, and especially the increase in the public infrastructure investments, the urban transformation projects, and private sector's housing investments continue to be the basic element which grows Turkey. Meanwhile, increase in the projects realized through partnership between public and private sectors has assured completion of the investments in a rational way. As the real estate industry grows, Turkey will continue to grow.

After abolishment of the reciprocity, purchases of real estates by foreigners stirred in 2014, and foreign real estate investments amounting to around 3.5 billion US dollars came. It is predicted that it would rise up to 5 billion US dollars in 2015. The communique on the real estate investment fund issued by the Capital Markets Board will come into effect in 2015. This will lead to introduction of a new capital market instrument which will support and give impetus to the real estate industry.

With the positive effect of the elections in 2014 on the markets and with the rapid elimination of uncertainties in exchange rates experienced toward the end of the year, it is expected that the positive effect on the industry will continue in 2015 as well. According to the views of the experts in the industry, the growth enjoyed in the shopping center sector will continue in the next years as well.

Akmerkez GYO A.Ş. showed a successful performance in 2014 with renovated façade of the Akmerkez shopping center, with its efficient works toward the customer, with creation of a living center beyond a shopping mall through cultural and artistic events organized by it, with its adaptation to competition process, with its dynamic structure.

Great are the contributions of our employees who create value by contributing with their decisive and sacrificing works, of our guests with their trust and interest in us, of our stakeholders and management to this success of Akmerkez GYO A.Ş. in 2014. I thank you all from the hearth.

Murat KAYMAN
General Manager
Akmerkez GYO A.Ş.

Management of the Shopping Center

Meeting Point of Innovation and Dynamism: Akmerkez

Having begun to serve as a great achievement for İstanbul 21 years ago through partnership of Akkök, Tekfen and İstikbal Groups, Akmerkez has become one of the most indispensable living centers of the city life.

Bringing the residence, office and shopping mall functions together under the same roof in the most central location of İstanbul, Akmerkez continues to be the address of free, joyful and valuable breaks by creating special moments such as fashion, entertainment, dining, resting, etc. Being a key building block of the real estate industry at the same time, Akmerkez is one of the leading players of the investment sector with the world-class brands within its body.

Investing in the future and pioneering in the creation of new values, Akmerkez is going to meet with its guests with its new face in 2015 for the sake of carrying the innovations of the modern city life under its architectural roof without stepping out of its familiar line which has become the landmark of İstanbul.

Touch of Aziz Saryer to Akmerkez Residence

With its choices offering high functionality and modern technology together, Akmerkez Residence has been meeting quality and esthetic needs of select guests since 1994. At the center of life, Akmerkez has been redesigned under creative consultancy of Aziz Saryer, the designer who is recognized as one of the most important 100 designers of the century, and his strong designer staff.

Akmerkez Residence, where every corner has been specially designed, offers modern technology and maximum functionality together with its new face which carries the charm of simplicity in the perfection of a minimalist work of art. Within the scope of the renovated design, smart homes have been created by using systems which enable control of the entire electricity system of a flat from one point and contributions have been made to the works for sustainable future through reminders on the use of power, water, etc.

Akmerkez was awarded 6 awards outright within the first month of 2014

Loaded with numerous awards when leaving behind 20 years in the market, Akmerkez received the first award of 2014 from AVA Digital Awards, one of the prestigious international award programs. With its 'Fly Your Wishes' project, Akmerkez was considered worthy for 6 awards consisting of the Gold Awards in the areas of Competition Promotion, Twitter General and Twitter Related in the Social Media category and the Platinum Awards in the areas of Digital Marketing Campaign, Social Campaign and Others in the Digital Marketing category of AVA Digital Awards.

First prize in the category of e-mail works 2014 by the Association of Direct Marketing Communicators

In the DP Awards organized by the Association of Direct Marketing Communicators traditionally for 7 years, the 'best' of the industry were selected among hundreds of

applicant agencies and projects in December. The 1st prize in the “E-Mail Works” category was awarded to Uyan Genç Aslan for the special viral project developed by him for McCann Istanbul and Akmerkez’s Cannes Young Lions Turkey Eliminations.

Uyan Genç Aslan will represent Turkey with his creative projects at Cannes Young Lions within the scope of the project. Direct e-mails in the nature of a call were sent to Marketing and Advertisement professionals. While curiosity was aroused by the mysterious masked character in the video transmitted in the e-mail as message, young professionals were given motivation and courage for participation, so they could make themselves heard by their bosses. And unanimous messages were sent to the bosses, which would raise their awareness about the value of the young talents in their teams. With the project implemented, Young Lions Turkey eliminations reached the highest participation applications ever received so far.

Akmerkez made more active communication in Social Medium and thus achieved more interaction

In 2014, the social media communication strategy and tone was changed, and Akmerkez social media channels were transformed into a more up-to-date and active platform giving particular importance to brand communication. Followers of Akmerkez and Akmerkez and its stores were enabled to meet at major social platforms such as Facebook, Twitter, Instagram, Google Plus, etc. Through campaign and advertisement works, number of followers was increased.

Social media campaigns which rewarded the brand loyalty and increased the follower interaction were carried out throughout the year.

The video of the video mapping work which took place at the towers of Akmerkez within the scope of the New Year Events of Beşiktaş Municipality, which was broadcast in the social media, became the most viewed content of us, and the weekly number of accesses exceeded the threshold of 150,000 and made us the Second Page on Facebook which drew the most interaction.

Akmerkez Continues to be Supporter of Creative Projects

Designs of Young Fashion Designers Invigorate at Akmerkez

Akmerkez continued to support the young by taking part in sponsorship project in various fields in 2014 as well. With this approach, Akmerkez has been contributing to the development of creativity in Turkey through the FashionOnAir project which has been realized during the last four years. With this project, Akmerkez has been opening the designs of young designers who will set the fashion of the future to wider public.

Young Lions Competed at Akmerkez!

Undertaking the main sponsorship and hosting of the Cannes Young Lions Turkey eliminations, Akmerkez supported the young communicators in 2014 as in previous years.

Turkey Eliminations of the Cannes Lions Young Lions Competition conducted by Doğan Burda Magazine and Reklamcılık Vakfı, the Turkey representatives of Cannes Lions,

under the sponsorship and hosting of Akmerkez took place with record high participation this year. Total 330 young professionals in 165 teams in 5 categories consisting of 33 teams in motion picture category, 21 teams in cyber category, 50 teams in press category, 34 teams in media category and 27 teams in young marketers category competed. The Young Lions, each of whom is successful in their own category, attended the Cannes Young Lions International Creativity Festival together with the teams from Doğan Burda Magazine and Akmerkez and represented our country successfully with their creative works.

Women of Turkey who created a difference came together at Women to Watch under the main sponsorship of Akmerkez

The second of the Women to Watch: Women Making a Difference ceremony, which has been organized by Advertising Age, the largest marketing communication publication of the world, in order to honor the most successful women in the business world, mainly in the marketing, advertisement and media world and which began to be organized by MediaCat in Turkey in 2013, was held in Swissotel the Bosphorus in May under the main sponsorship of Akmerkez.

15 successful women were rewarded in the night which took place under the main sponsorship of Akmerkez. This year awards in Global, Communication, Brand Creation, Creativity, Crisis Management, Marketing, and Culture-Art categories found their owners. Apart from all these, Social Responsibility Leader and Honor Awards were conferred in the night as well. The start of the night was Ajda Pekkan who was awarded the Lifetime Achievement Award.

GQ Men of the Year 2014, one of the most prestigious award ceremonies of the world, was held under the main sponsorship of Akmerkez in Turkey

The “GQ Men of the Year” award ceremony, which has been held by GQ for 19 years across the world and which was held third time this year in Turkey under the main sponsorship of Akmerkez, was held at Four Seasons Hotel İstanbul at the Bosphorous in November.

In the night of GQ Turkey when 10 men and one woman who drew attention with their success and style and each of whom was successful in their own field in 2014 were rewarded, the Man of the Year Award and the Special Award of Akmerkez went to Halit Ergenç. The special award of Akmerkez was presented by Meryem Uzerli, the actress, who took to the stage at the last moment as a surprise. This special night, which was attended by prominent figures of the business and art worlds, had tremendous reverberations in the press.

Total circulation of the newspapers where the news stories of the GQ Men of the Year appeared is 21,012,422. The news stories were read by 70,838,190 people. Press and TV advertisement-equivalent value of the news is USD 16,195,437.

Turkey leg of the 9th National Geographic International Photography competition was held under the main sponsorship of Akmerkez

Winners from Turkey of the International Photography Competition, the ninth of which was held by the National Geographic Society, were chosen. In the Turkey leg of the competition, which was held under the sponsorship of Akmerkez this year as in the previous year, around 11,000 photographs in four categories as Human Being, Nature, Space, and Difference as a special category of Akmerkez competed this year.

Ara Güler the photojournalist, one of the prominent figures of Turkey, Darren Smith, the photography and design editor of National Geographic International Editions, and Monico Corcoran, the photography editor of Sizin Kareniz, attended. Akmerkez, the main sponsor of the competition, took Mehmet Kıratlı, the first winner of the special category, to Holi Festival in India, and the second winner Cem Demir and the third winner Can Emre were rewarded with two-year free subscription to National Geographich Turkey and a set of books from NTV Publications.

The events that hosted the “firsts” took place at Akmerkez in 2014 again

Bee Goddess & Akmerkez 2014 Launching: Talismans of the Holy Geometry sparkled at Akmerkez

Akmerkez, which has been supporting creativity and designing since the very first day of opening its doors, realized another very special event in conjunction with Ece Şirin within the scope of ‘Bee Goddess by Akmerkez’ project. Bee Goddess, the jewelry brand created by Ece Şirin, presented the new collection, called “Heaven’s Light”, to the lovers of it. The party which brought a number of figures from the arts and the society life under the main sponsorship of Akmerkez was held at S Café Brasserie, which has recently opened its doors at Akmerkez.

A Prestigious Signature: Metropolitan Operas at Movie Theatres of Akmerkez

Renovated under creative consultancy of Aziz Sarıyer, CinemaPink movie theatres at Akmerkez, which have been equipped with Sony Digital Cinema 4K visual system and Dolby Atmos sound system consisting of 36 surround speakers + 2 surround subwoofers delivering 3D sound experience, which are used first time ever in Turkey, hosted very important productions.

Akmerkez has been presenting select works of Metropolitan Opera, which has been bringing the world’s most famous and talented artistes for 130 years, to opera lovers on the silver screens of CinemaPink from October 2014 on. Mozart’s Le Nozze di Figaro, or Figaro’s Wedding, Bizet’s Carmen, Rossini’s Barber of Seville, Wagner’s Nürnberg Meistersinger, played by Metropolitan Opera, the greatest classical music company of the North America, on its splendid stage, were watched live at CinemaPink of Akmerkez simultaneously with New York. 5 shows during October to January were watched by 729 persons, including special invitees, in 14 theatres and had broad coverage in the press.

Events for Kids at Akmerkez Force the Limits of Art, Entertainment and Creativity

Akmerkez continued its entertaining workshops, which introduce unlimited world of arts to children at a young age and are followed with great interest, in 2014. The events held regularly in the recently launched Kids Event area on the food court floor between 13:00 and 17:00 hours on Saturdays create awareness in children about issues such as protection of environment, consciousness of nature, animal love, research, learning of professions, learning of countries, recycling, etc. Besides such educational activities, children improve their creativity while they are having fun on the one hand and discovering distinct branches of the art on the other.

Little ones lived the excitement of Going Back to School with Funky Frogs band at Akmerkez

For the sake of sharing the kids' excitement of starting the school during the Going Back to School period, puppets of Funky Frogs band gave moments of pleasure to little guests in their special uniforms on the special stages put up in the event space in accompany of school songs in September 11-16. Attending guests also received as gift their pictures they shared via Instagram with #okulzamani hashtag from Instaprinter installed in the area.

Special days

Always making the guests feel themselves special, Akmerkez has been giving a privileged day to its guests on special days such as Saint Valentine's Day, April 23rd, October 29th, Women's Day, etc. with treats and surprises containing messages fitting to the concept of the day.

February 14th Je t'M / I Love You Party from ELLE Turkey and French Consulate

French Consulate and ELLE Turkey made a magnificent night with the Saint Valentine's Day party at the Palace of France under the sponsorship of Akmerkez to celebrate the France-Turkey relationships.

Hosted by Muriel Domenach, the consulate-general of France in İstanbul, and Işın Görmüş, publishing director of ELLE Turkey, and sponsored by Akmerkez, the event was attended by select 350 French and Turkish guests including figures from the world of society, fashion, medial and business.

With Looney Tunes, excitement of the World Cup was at Akmerkez before Brasil

Akmerkez gave the excitement of the World Cup, which was waited for impatiently by the whole world, to children with the characters of Looney Tunes months ago. During the mini world cup held during April 23-27, children had fun by doing sports with Bugs Bunny, Tweety and Tasmanian Devil and lived the enthusiasm of the April 23rd Day and the World Cup together by receiving their gifts and rewards at the end of the event.

Santa Claus and Surprise Gifts at Akmerkez on the New Year's Day

An event area was set up with special decors around the new-year tree which is embellished traditional every year at Akmerkez. The guests attending the event area were

asked their wishes about 'travel, love, health, chance', etc. during December 27-31. Welcomed by the guests of Akmerkez with great interest, the attendants were given in accompany of Santa Claus surprise gifts from the stores in Akmerkez according to their wishes.

The guests attended activities such as games on interactive digital screens, designing and sending of new-year greeting cards, having their photos taken with the Snow Globe and Santa Claus, etc. Willing guests shared their photos taken in the area on Instagram with #akmerkezlemutlubiryil hashtag and received their printed photos from Instaprinter as gift.

Turkey's Eye was on Akmerkez in the Last Night of 2014

Akmerkez hosted a grand new-year party held by the Municipality of Beşiktaş on the Nispetiye Street. The towers of Akmerkez were converted to a giant screen by "Video Mapping" system to give a magnificent visual fete to the attendants throughout the day. So, the towers of Akmerkez hosted the largest video mapping show ever performed in Turkey.

The new-year event was realized with broad participation of the people of İstanbul despite it was rainy and cold. People of İstanbul entered 2015 with concerts of Ozan Doğulu and Kenan Doğulu in accompany of light and laser shows, confetti fall, artificial snow fall and fireworks show. A congratulatory address from Zeki Müren, which once became a classic of the new-year celebrations, was delivered from the towers. Kenan Doğulu performed a duet with Zeki Müren with hologram technology. The mapping show was also broadcast by TV channels Kanal D, CNN Turk, NTV and Show TV which connected to the night live.

Special lighted boards of Akmerkez were posted on the new-year tags placed along the Beşiktaş-Ortaköy and Nispetiye line. The event of Akmerkez had efficient reverberations in the press both before and after the new-year day. Cengiz Semercioğlu, Onur Baştürk, Ali Eyüboğlu and Ayşe Özyılmazel addressed the issue in their columns.

As a result of the reverberations from the event, advertisement equivalence amounting to USD 593,710.89 in the press and to USD 59,518,085.45 in the visual media was achieved. Reverberations from the social media were similarly effective. With tweets of the new-year event regularly sent by Murat Hazinedar, the mayor, and the Municipality of Beşiktaş, total 90 thousand people were reached. In addition, the celebrities who used the social media actively shared the pictures from the night in their accounts with their followers.

ORGANIZATION, CAPITAL AND SHAREHOLDING STRUCTURES OF THE COMPANY AND CHANGES TO THEM DURING THE ACCOUNT PERIOD:

The rate of publicly held shares of stock of Akmerkez GYO A.Ş. is 50.82% as of 31.12.2014.

All shares representing the capital are listed in Borsa İstanbul (BIST).

The registered capital ceiling of Akmerkez GYO A.Ş. is TL 75,000,000.00 and the paid-up capital TL 37,264,000.00. The paid-up capital of the company is divided into 3,726,400,000 shares at par value of 1 kurush each.

During the period, no change to the capital structure and the organization chart of the company occurred.

List of the shareholders who own 5% and more of the capital of the Company as of 31.12.2014 is as follows:

Trade Name / Name and Family Name of the Shareholder	Par Value (TL)	Share in the Capital (%)	Rate of Voting Right (%)
AKKÖK HOLDİNG A.Ş.	4.890.900,00	13,13	13,13
TEKFEN HOLDİNG A Ş	4.019.839,04	10,79	10,79
CORIO N.V	3.168.800,00	8,5	8,5
VIB NORTH AMERICA B.V	2.981.120,00	8	8
CORIO NEDERLAND KANTOREN B.V.	2.932.840,00	7,87	7,87
BOCAN B.V.	2.866.200,00	7,69	7,69
HOOG CATHARIJNE B.V.	2.794.800,00	7,5	7,5
PATIO ONROEREND GOEDB.V	2.713.009,60	7,28	7,28
DAVİT BRAUNŞTAYN	2.601.380,82	6,98	6,98
Other	8.295.110,54	22,26	22,26
TOTAL	37.264.000,00	100	100

Information about the Shares Representing the Capital:

Group	Registered/ Bearer	Total Par Value (TL)	Rate of Capital (%)
A	Registered	4.075.750,00	10,93
B	Registered	2.841.380,00	7,63
C	Registered	2.398.870,00	6,44
D	Bearer	27.948.000,00	75,00

REMARKS ON THE PRIVILEGED SHARES AND THE VOTING RIGHTS OF THE SHARES

The Group (A), (B), (C) and (D) shares of the Company have privilege to nominate candidates to the board of directors. 4 members of the board of directors of the Company are elected by the general meeting among the candidates nominated by majority of the owners of the Group (A) registered shares, 3 members among the candidates nominated by majority of the owners of the Group (B) registered shares, 2 members among the candidates nominated by majority of the owners of the Group (C) registered shares and 1 member among the candidates nominated by majority of the owners of the Group (D) bearer shares offered to public, who attended the general meeting.

If, however, the owners of the Group (D) bearer shares offered to public, who attended the general meeting cannot nominate a candidate and/or agree on a candidate by majority during the general meeting, the Board of Directors of the Company is formed by 9 (nine) members elected by the General Meeting among the candidates 4 of whom were nominated by the majority of the owners of the Group (A) registered shares, 3 by the majority of the owners of the Group (B) registered shares, and 2 by the majority of the Group (C) registered shares.

Apart from the privilege of nominating candidates to the board of directors as described above, there isn't any other privilege.

Each shareholder has one voting right.

INFORMATION ABOUT ADMINISTRATIVE BODY, TOP LEVEL MANAGERS AND NUMBER OF EMPLOYEES:

Board of Directors:

Chairman	:	RAİF ALİ DİNÇKÖK
Vice Chairman	:	FEYYAZ BERKER
Member	:	DAVİT BRAUNŞTAYN
Member	:	ERHAN ÖNER*
Member	:	MURAT GİGİN*
Member	:	ALİZE DİNÇKÖK EYÜBOĞLU
Member	:	MEHMET ALİ BERKMAN
Member	:	FREDERIC YVES FONTAINE
Member	:	LÜTFÜ ÜNVER
Member	:	SELÇUK YENER
Member	:	ROBER FİLİBA

The Members of the Board of Directors were elected at the annual general meeting held on 28.05.2012 for an office term of 3 years.

* ERHAN ÖNER, a member of the Board of Directors, resigned on 30.11.2014, and MURAT GİGİN was elected in his place on 01.12.2014.

Members of the Board of Directors are RAİF ALİ DİNÇKÖK, MEHMET ALİ BERKMAN and ALİZE DİNÇKÖK EYÜBOĞLU, who were nominated by AKKÖK HOLDİNG ANONİM ŞİRKETİ, which owns majority of the Group (A) registered shares; FEYYAZ BERKER and MURAT GİGİN, who were nominated by TEKFEN HOLDİNG ANONİM ŞİRKETİ, which owns majority of the Group (B) registered shares; DAVİT BRAUNŞTAYN, who owns majority of the Group (C) registered shares, and FREDERIC YVES FONTAINE, who was nominated by the majority of the Group (D) bearer shares.

Of the Members of the Board of Directors, LÜTFÜ ÜNVER, SELÇUK YENER and ROBER FİLİBA are independent members of the board of directors, who have been elected pursuant to the provisions of the ‘Corporate Governance Communiqué’ (II-7.1) of the Capital Market Board.

All members of the board of directors fulfill the qualifications required pursuant to the Communiqué on the Real Estate Investment Partnerships (III-48.1) of the Capital Market Board. Apart of FREDERIC YVES FONTAINE, a national of France, all members of the board of directors are citizens of Turkey.

General Manager of the Company is MURAT KAYMAN.

Number of employees of the Company, including the general manager, is five persons.

INDEPENDENT AUDITOR:

Pursuant to the ‘Communiqué on the Independent Audit Standards in the Capital Market’ of the Capital Market Board and the Turkish Commercial Code, and as per the resolution of the board of directors on the subject matter, it was resolved by majority of votes at the annual general meeting held on 31.03.2014 that Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., which was recommended by the Audit Committee, be elected as the independent audit firm for audit of the Capital pursuant to the “Communiqué on the Independent Audit Standards in the Capital Market” of the Capital Market Board and the Turkish Commercial Code during the account period of the activity year 2014.

INFORMATION ABOUT TRANSACTIONS, IF ANY, EXECUTED BY ANY MEMBERS OF THE ADMINISTRATIVE BODY WITH THE COMPANY ON BEHALF OF THEMSELVES OR OTHER IN ACCORDANCE WITH THE PERMISSION GIVEN TO THEM BY THE GENERAL MEETING OF THE COMPANY AND ABOUT ANY ACTIVITIES OF THEM WHICH FALL INTO THE SCOPE OF COMPETITION BAN:

The members of the administrative body didn't execute any transaction of the type of commercial business falling within the business field of the Company on the account of themselves or others, nor did they become partner with unlimited liability of a company engaged in the same commercial businesses of the Company.

FINANCIAL BENEFITS PROVIDED TO THE MEMBERS OF THE ADMINISTRATIVE BODY AND THE TOP LEVEL EXECUTIVES:

a) Total amount of the financial benefits such as remuneration, salary, premium, bonus, profit share, etc. provided:

Benefits provided to the Members of the Board of Directors amounted to TL 637,311.40 and benefits provided to the top level executives amounted to TL 339,088.00. Remunerations and salaries paid and all other benefits provided to the members of the board of directors and the top level executives are disclosed collectively to the public through the footnotes to the financial statements in the annual activity report.

b) Information about total amount of given allowances, travel, accommodation and representation expenses and cash and non-cash facilities, insurances and similar securities:

As top level executive of the Company, there is only the general manager. The General Manager is paid salary, health insurance and bonus on condition that he achieves the performance target.

RESEARCH AND DEVELOPMENT WORKS OF THE COMPANY:

The Company does not carry out any research and development work.

ACTIVITIES OF THE COMPANY AND IMPORTANT DEVELOPMENTS INVOLVING THE ACTIVITIES:

- a)** Information about the investments made by the company during the respective account period:

Entry in total amount of TL 36,599,465 was made to investment-purposed real estates, tangible and intangible fixed assets of the Company during the respective account period. The said entries are related with the renovations of the Shopping Mall, the Apart Hotel and the Cinema.

- b)** Information about the internal control system and internal audit activities of the Company and the opinion of the administrative body on this issue:

The Board of Directors reviews the efficiency of the risk management and internal control systems at least once a year.

The corporate risk inventory is one of the most important monitoring tools used by Akmerkez GYO in its risk management works. The risk inventory covers operational, financial, reputational and strategic risks of the Company, and the risks with high and very high risk score are monitored at the Board of Directors level, and detailed action plans are drawn up and a risk owner is appointed to each risk. The risk owner is responsible for management of the respective risk in accordance with the established action plan. Hence, the risk management philosophy has become a constant issue in the routine business agendas of the executives of Akmerkez GYO. Updated in line with the sectorial and corporate developments, this philosophy has become an integral part of the practices of the Company.

Although the increase in the exchange rates positively affects the rent incomes, it poses a financial risk for the Company as it may adversely affect the payment power of the tenants. Furthermore, new shopping mall investments which have become and/or will become operational in the vicinity of the Shopping Mall cause facing with market share risk.

- c)** Information about direct or indirect participations of the Company and about rates of shares:

The Company doesn't have any subsidiary and affiliate.

- ç)** Information about the own shares acquired by the Company:

There isn't any own share acquired by the Company.

- d)** Remarks about the private audit and public audit conducted during the account period:

There isn't any private audit and public audit conducted during the account period 2014.

The investigation process of the lawsuit filed by Ömer Dinçök, one of the shareholders, during the period with the request for appointment of him as a special auditor to the

company as per the provision of article 439/1 of the Turkish Commercial Code is in progress; the next hearing was scheduled to 15:40 hours on 04.03.2015.

- e) Information about any lawsuits filed against the Company, which may affect the financial standing and activities of the company, and about their likely results:

The table showing the lawsuits filed by and against the Company is given in the appendix of this Annual Report.

- f) Remarks about any administrative or judicial sanctions imposed on the company and any members of the administrative body due to their practices in violation of the laws and regulations:

There isn't any administrative or judicial sanction imposed on the Company and any members of the board of directors due to their practices in violation of the laws and regulations.

- g) Information and evaluations about whether the targets established in the previous periods have been achieved or not, whether resolutions of the general meeting have been fulfilled or not, and if the targets have not been achieved or the resolutions have not been fulfilled, reasons thereof:

The Company has achieved the financial targets established in the previous period.

- h) If an extraordinary general meeting was held during the year, information about the extraordinary general meeting, including the date of the meeting, the resolution taken in the meeting, and transactions executed in this regard:

No extraordinary general meeting was held during 2014.

- i) Information about any donations and aids made and expenses incurred in relation with social responsibility projects carried out by the Company during the year:

Donations made by the Company during 2014 amounted to TL 20,756.36.

FINANCIAL STANDING:

- a) Analysis and evaluation of the administrative body regarding the financial standing and the results of the activities; degree of realization of the planned activities; and position of the company against the established strategic goals:

The Company realized the planned activities and achieved the established strategic goals in 2014.

- b) Information about sales, productivity, income generating capacity, profitability, and liability/shareholders' equity ratio of the Company in comparison with previous years, and about other matters which may give an idea about the results of the activities of the company, and prospects for the future:

Net sales of the Company increased by 8.52%, and net profits increased by 9.77%, over the previous year. The net margin of the Company is 74.35%.

- c) Determination, and evaluations of the administrative body, concerning whether the company has lost its capital or has gone into debt, and actions considered to be taken to improve the financial construction of the company:

The company has not lost its capital.

- d) Information about the profit distribution policy, and if profit will not be distributed, its reason and proposal as to how the retained profit will be used:

Profit distribution policy of the company is as follows:

The Profit Distribution Policy of AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ seeks that the shareholders earn regular income from the shares. For the purpose to attain the goals set out in the mission and vision of the Company, our PROFIT DISTRIBUTION POLICY has been established within the framework of article 30, titled 'DISTRIBUTION OF THE PROFIT', of the Articles of Association of the Company, whose text is written below.

Article 30, titled 'DISTRIBUTION OF THE PROFIT', of the Articles of Association of the Company is as follows:

"Regarding the distribution of the profit, the Company complies with the regulations set out in the Turkish Commercial Code and the capital market legislation.

- Such amounts as overheads and miscellaneous depreciation costs which the Company is obliged to pay and set aside pursuant to the general accounting principles and such reserves which the Company is obliged to set aside for payment of taxes and other fiscal obligations payable by the Company as a legal entity are deducted from the incomes ascertained at the end of the account year. From the remaining amount, which is stated in the annual balance sheet as the net profit, any losses in previous years are deducted. From the remaining net profit,

General Statutory Reserve

- a) 5% is set aside as general statutory reserve until it reaches 20% of the paid-up capital pursuant to the article 519 of the Turkish Commercial Code.

First Dividend

b) From the amount found by adding the amount of any donations made during the respective account year to the remaining amount, the first dividend in the amount determined by the General Meeting in accordance with the profit distribution policy of the Company, providing that it is not less than the rate and amount as determined by the Capital Markets Board, is set aside.

c) From the remaining amount, an amount up to 5% of it can be set aside for distribution to the members of the board of directors.

Second Dividend

- d) Minimum 80% of the amount remaining after deduction of the amounts set forth in the paragraphs (a), (b) and (c) above from the net profit is distributed as the 2nd dividend.
- e) If any amount remains after deduction of the amounts set forth in the paragraphs (a), (b), (c) and (d) from the net profit, the General Meeting is authorized to distribute that amount in part or whole as 2nd dividend or to leave it in the balance sheet as the end-of-period profit, to add it to the statutory or the facultative reserve or to set aside it as the extraordinary reserve.
- f) Any amounts occurred pursuant to the second paragraph of the article 519 of the Turkish Commercial Code are added to the general statutory reserve.
- g) Unless the reserves which must be set aside pursuant to the law have been set aside and the dividend specified in the articles of association for payment to the shareholders has been set aside, no profit may be carried forward to the next year and no profit share may be paid to members of the board of directors and the employees of the Company and no profit share may be paid to these persons unless the determined dividend has been paid to the shareholders.

Advance dividend can be paid to the shareholders in accordance with the regulations of the Capital Markets Board.

RISKS AND EVALUATION OF THE ADMINISTRATIVE BODY:

- a)** Information about the works and reports of the committee for early detection and management of risks, if it has been formed:

Regarding early detection of risk, the relevant committee met once two months and issued six reports.

- b)** Prospective risks involving sales, productivity, income generating capacity, profitability, liability/shareholders' equity ratio, and similar issues:

Increasing exchange rates positively affect the rent revenues, but since it may negatively affect the payment power of the tenants, it entails a financial risk for the Company. In addition, new shopping mall investments in the vicinity, which have started and/or will start operation, may lead to facing with market share risk.

SUMMARY OF THE VALUATION REPORT ISSUED ON THE ASSETS IN THE PORTFOLIO:

Summary section of the real estate valuation work done by Vektör Gayrimenkul Değerleme A.Ş. is as follows:

Estimated market value as of 31.12.2014
(Excluding 18% VAT): TL 1,236,260,978

FINANCE SOURCES OF THE COMPANY, AND NATURE AND AMOUNT OF ANY CAPITAL MARKET INSTRUMENTS ISSUED BY THE COMPANY, IF ANY;

No security issue has been done by the Company.

Finance sources of the Company consist of rent revenues.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION MADE DURING THE PERIOD AND REASONS THEREOF:

There isn't any amendment made to the Articles of Association of the Company in 2014.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT OF AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

PART I - STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

Objective target of Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş. (“Akmerkez” or the “Company”) in this age of global competition and change we are passing through is to attain the fair company level by keeping pace with the change through the corporate governance practices besides its financial successes. With this awareness, the Company has included the goal of creation of sustainable value for its stakeholders among its primary goals. The characteristic of Akmerkez as a respectable, innovative, hardworking, creative and sharing enterprise is maintained by means of its institutionalized and reliable stance toward its clients, employees and the society as well as the Corporate Governance Principles which have been adopted by it for many years.

The purpose behind the establishment and implementation of these principles is to strengthen the trust of all beneficiaries in the Company. In line with this goal, Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş. has declared that it will observe the Corporate Governance Principles and introduce the regulations required by these principles in accordance with the current practices.

All corporate governance principles provided in the Corporate Governance Communiqué (II-17.1) of the Capital Market Board, implementation of which is compulsory, are complied by the Company.

Reasons for non-implementation of the principles provided in the Corporate Governance Communiqué (II-17.1) of the Capital Market Board, whose implementation is not compulsory, are presented below on the basis of principle:

About the Principle No. 1.3.11 of the Corporate Governance Communiqué: Although there isn't a provision in the Articles of Association, the General Meetings are held publicly in the manner as specified in the Internal Guidelines on General Meeting.

About the Principle No. 1.5.2 of the Corporate Governance Communiqué: Maximum care is given to letting use of the minority rights. The minority rights have not been granted by the articles of association to those who own less than one twentieth of the capital.

About the Principle No. 3.1.2 of the Corporate Governance Communiqué: An indemnity policy has not been established for the employees of the Company. The number of employees of the Company is five, and the Company acts in accordance with the provisions of the Labor Law in effect.

About the Principle No. 3.2.1 of the Corporate Governance Communiqué: A model or mechanism has not been established for participation of the stakeholders in the management. However, the independent members in the Board of Directors make representation of all stakeholders as well as the Company and the shareholders in the management possible. The Company takes into account the views and recommendations of the employees, suppliers, various non-governmental organizations and all other stakeholders, and the customer satisfaction surveys.

About the Principle 4.2.5 of the Corporate Governance Communiqué: Although it is not so stated in the Articles of Association, the Chairman of the Board of Directors and the general manager of the Company are not the same person and their duties have been segregated. Nobody in the Company has unlimited authority to make decision.

About the Principle No. 4.2.8 of the Corporate Governance Communiqué: Potential losses that faults of the members of the board of directors in the performance of their duties may cause to the company have not been directly insured by the Company. However, liability insurance for any potential losses that faults of the members of the board of directors in the performance of their duties may cause to the company has been taken out by Akkök Holding A.Ş., one of the shareholders, to cover also the concerned managers of the Company.

About the Principle No. 4.3.9 of the Corporate Governance Communiqué: In respect of the rate of female members in the board of directors, a target rate, with the requirement that it may not be less than 25%, and timing have not been established, and the issue of increasing the number of female members will be reviewed again in the periods to come.

About the Principle No. 4.4.5 of the Corporate Governance Communiqué: Since how the meetings of the board of directors are to be made has been stipulated in Article 13 of the Articles of Association of the Company, how the meetings of the board of directors are to be made has not been put into writing with any internal regulation.

About the Principle No. 4.4.7 of the Corporate Governance Communiqué: Member of the Board of Directors spares adequate time for the business of the Company. If Member of the Board of Directors is a manager or member of board of directors in any other company, this does not lead to a conflict of interest and interfere with the duty of the member in the company. For this reason, undertaking of other duty or duties by the Members of the Board of Directors outside the Company has not been bound with certain rules or has not been limited. Any duties undertaken by the Members of the Board of Directors outside the company are stated in the "General Information Form of the Company" which is disclosed to the public through the KAP [*Public Disclosure Platform*]. Duties undertaken by the members of the board of directors outside the Company, and the reasons thereof, are informed to the shareholders during the general meeting where their elections are discussed under the item of the agenda concerning the election by making segregation between the duties within and outside of the group. In addition, if election of members of the board of directors is in the agenda of the general meeting, in respect of the persons whose candidacy to a seat in the board of directors, information about their curriculum vitae, duties carried out by them during the last ten years and reasons for resignation, nature and degree of importance of their relations with the company and the parties related with the company, whether they have the qualification for independency or not, and similar matters which may affect the activities of the company if they are elected as members of the board of directors is provided in the KAP and the "General Meeting Information Document" published on the Internet site of the company, pursuant the corporate governance principle no. 1.3.1 of the Corporate Governance Communiqué.

About the Principle No. 4.6.5 of the Corporate Governance Communiqué: Remunerations paid and all other benefits provided to the Members of the Board and the managers who have administrative responsibility are disclosed to the public as items of expenditure through the annual activity reports. However, the disclosure is not made on the basis of

person, but is made by making segregation between the Board of Directors and the top executives. This matter will be reviewed again in the periods to come.

There isn't any conflict of interest arising from the above stated principles set out in the Corporate Governance Communiqué (II-17.1) of the Capital Market Board, whose implementation is not compulsory. Necessary works for compliance with the Corporate Governance Principles will be continued in the periods to come by taking into account the developments and implementations in the legislation.

PART II - SHAREHOLDERS

2.1 Investor Relations Department

Investor Relations Department:

Murat Kayman
General Manager

+90 (212) 282 01 70 / 235
murat@akmerkez.com.tr

Zeynep Yıldırım Gündoğdu
Financial Affairs Manager (Head of Investors
Relations Department)

+90 (212) 282 01 70 / 288
zeynepg@akmerkez.com.tr

Fax: +90 (212) 282 01 65
Email: gyo@akmerkez.com.tr

Zeynep Yıldırım Gündoğdu, head of the department, has Capital Market Operations Advanced Level License (License No: 204295) and Corporate Governance Rating Specialty License (License No: 700432)

2.1.1 INVESTOR RELATIONS ACTIVITY REPORT

05.01.2015

To the Board of Directors of Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş.:

Our activity report, which has been prepared pursuant to Article 11 of the Corporate Governance Communiqué (II-17.1) promulgated by the Capital Market Board, is submitted to your information and will be contained in the annual activity report 2014 of the Board of Directors.

Yours sincerely,

Zeynep YILDIRIM GÜNDOĞDU
Financial Affairs Manager
Member of Corporate Governance Committee

Hilal KAYALAR
Budget and Finance Specialist

The basic function of the Akmerkez Investor Relations is compliance with statutory regulations and transparent, accountable, fair and responsible management approach model toward shareholders. In order to attain this goal, it uses and manages the investor relations tool for the purpose of providing comprehensive, complete and accurate information about the progress of the shares of Akmerkez to the stakeholders.

The basic working principles adopted by the Investor Relations unit include accessibility, quick response to shareholders, transparent, consistent and timely informing, and owning an updated web site. Care is given to making sure that the staff of the department is formed by competent persons who know the legislation well, have the licenses required by the Capital Market Board, know the Company and the sector dynamics well and is able to communicate this. In this context, the Investor Relations Department targets to create a difference by knowing the company correctly and analyzing it well, knowing the strategies of the company well and communicating these strategies with efficient methods.

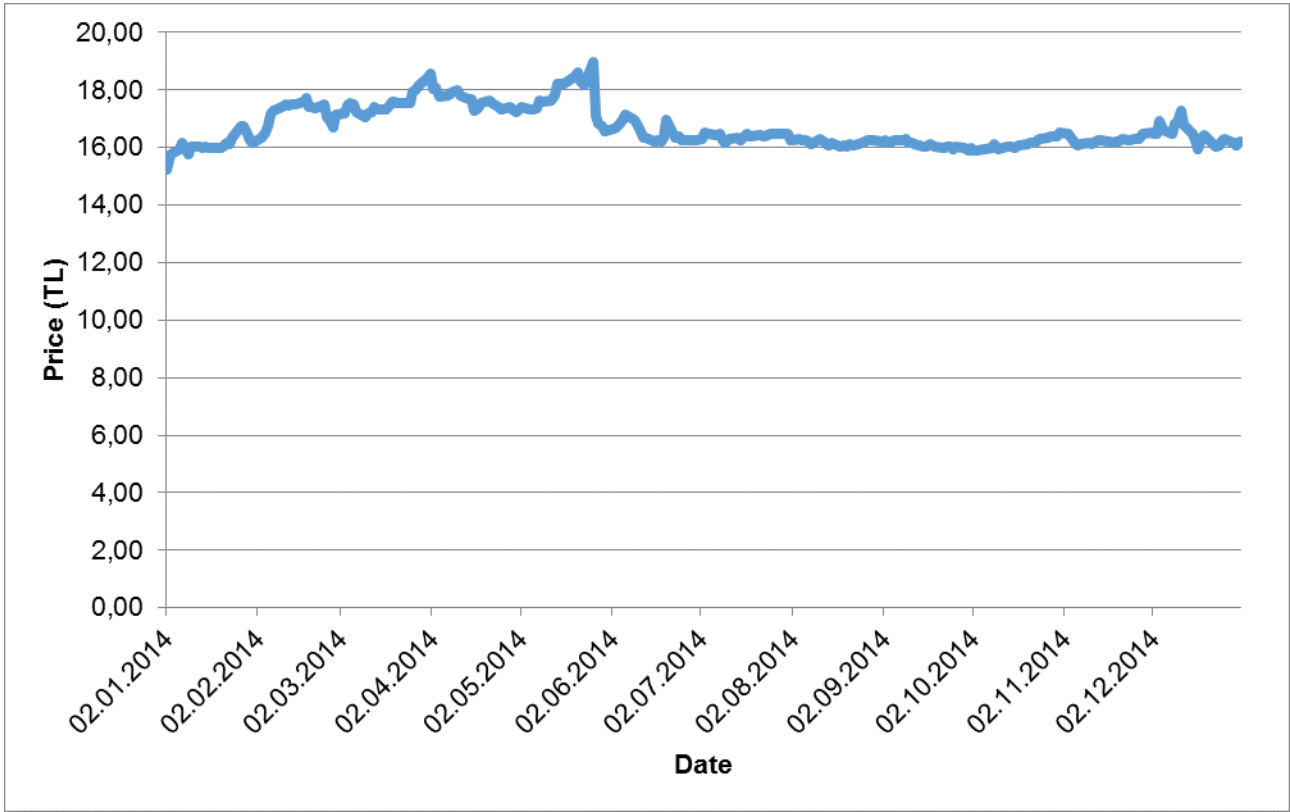
Important Developments in 2014

1) Share Performance

Shares of the Company are included in the following indexes of the stock market of Borsa İstanbul (BİST), and the share performance is shown in the following graph.

- National Market
- BIST 100
- Corporate Products Market
- BIST Real Estate Investment Partnerships
- BIST Financial
- BIST All

Price Graphic of the Stock AKMGY during 01.01.2014 - 31.12.2014



Shares of the Company have been traded in the Istanbul Stock Exchange and Borsa İstanbul since 2005. Performance of the shares of the Company in the exchange during the last five (5) years is summarized in the following table.

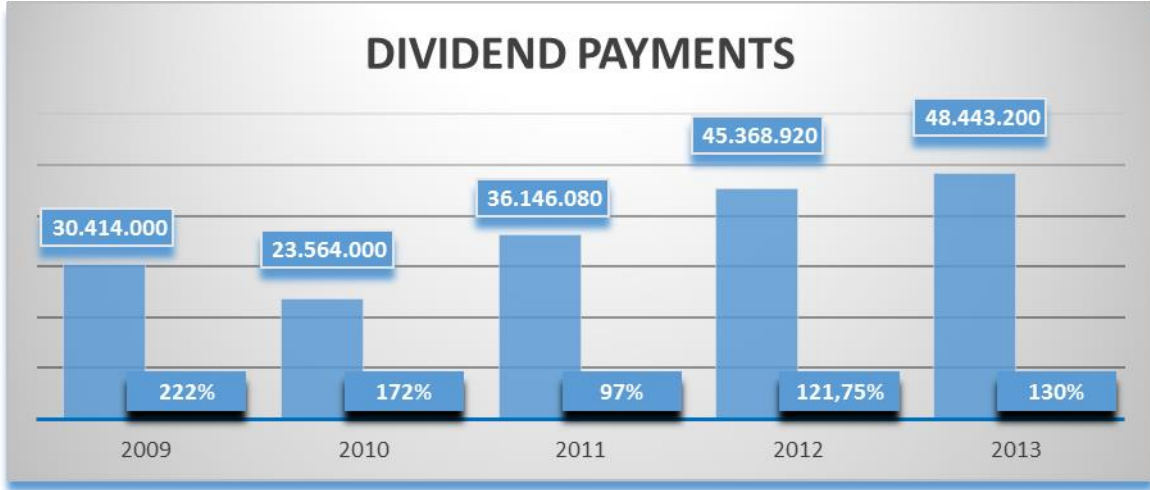
Share Info	2010	2011*	2012	2013	2014
Lowest Price (TL)	33.75	14.35	16.10	14.00	15.45
Highest Price (TL)	93.00	90.00	27.90	24.70	19.00
Year-End Closure Price (TL)	82.50	16.90	22.30	15.10	16.25
Issued Capital (TL 1,000)	13,700	37,264	37,264	37,264	37,264
Market Value (TL 1,000)	1,130,250	629,762	830,987	562,686	605,540

* Grates shares were given and capital was increased in 2011. Because of this, the margin between the highest and lowest prices of the shares appears very high. While the lowest price was TL 64.50 and highest price TL 90.00 before the capital rise, these prices occurred at TL 14.35 and TL 26.40, respectively, after the capital rise.

2) Dividend

Distribution of the profit share pertaining to the activity period of 2013 was approved by the annual general meeting held on March 31, 2014, and the amounts of the profit shares decided to be distributed were paid in cash to the shareholders of the Company on May 27, 2014.

Gross amounts of the dividends distributed during the last five (5) years and their ratios to paid-up capital are as follows:



3) Other activities in the year

Other activities carried out by the Investor Relations unit during the year are summarized as follows:

- Eighteen (18) special situation disclosures through the public disclosure platform,
- Gave answers by email to questions of four (4) local investors,
- Answered questions of investors who requested information by phone,
- Face to face meeting with one (1) foreign investor.

Communication Info of the Investor Relations Unit

Tel : +90 212 282 01 70

Fax : +90 212 282 01 15

Email address of the Investor Relations: gyo@akmerkez.com.tr

Address: Nispetiye Cad., Akmerkez Ticaret Merkezi, E3 Kat 1, Etiler, Beşiktaş, İstanbul

2.2 Use of Shareholders' Right to Information

In this regard, questions received by the concerned unit, except for information treated as confidential and trade secret, are discussed with the person who is the most competent of the subject-matter in question and answered by both phone and in writing. Right to demand information and to examine has not been abolished or restricted by the articles of association or by a resolution of one of the bodies of the Company.

No information and notice which may affect the use of shareholder rights are given place on the Internet site of the Company.

During 2014, 4 written applications were made to the Investor Relations Department and all applications were answered at latest within 7 days.

Such information and disclosures in nature which may affect the use of shareholder rights are made available up-to-date to the shareholders on the Internet site of the company. In this scope, 18 special situation disclosures were made in 2014.

The Investor Relations Department carries on activity for the purposes of providing accurate, timely and consistent information about the Company to existing and potential investors, analysts and, as per request, third persons, raising the familiarity and credibility of the Company, reducing the capital cost of the Company by implementing the Corporate Governance Principles, and facilitating the communication between the Board of Directors and the participants in the capital markets.

In parallel with this goal, the Company gives great importance to communication with the shareholders and investors and carries on an active investor relations program. The Investor Relations Department submits one (1) written report on the works and activities it carried out to the Board of Directors annually. The report on the investor relations activities was written and submitted to the Board of Directors on 05.01.2015.

In addition, there is the following regulation in article 28, titled 'Informing', of the Articles of Association:

Provided a prior written notice is given to the Board of Directors at latest 30 days before, the shareholders who own at least 20% of the shares, or their representatives, are authorized to conduct, or caused to be conducted by an international audit firm, an audit on the books, records and accounts of the Company at their own cost. In such a case, the Board of Directors is obligated to provide every kind of information in relation with the Company to such shareholder or their representative and to ensure that the staff of the Company cooperates in this regard. However, the shareholders who caused conduct of an audit are obligated to act in compliance with the provision (Right to Demand Information and to Examine) in article 437 of the Turkish Commercial Code and to make sure that confidentiality is secured. Furthermore, except for any confidential information which can be obtained from such books and documents allowed to be examined, no shareholder is authorized to learn any secrets of the company. Each shareholder is obligated to keep any secret which has come to their knowledge howsoever confidential forever, even after they are no longer a shareholder of the company. A shareholder who violates this obligation will become liable against the company for any resulting losses and will also have penal liability upon complaint of the company.

No public or private audit was done during the account period.

Investigation process of the lawsuit filed by Ömer Dinçök, one of the shareholders of the company, during the period with the request for appointment of a special auditor to the company pursuant to the provision of article 439/1 of the Turkish Commercial Code is still continuing, with the next hearing scheduled to 15:40 hours on 04.03.2015.

2.3 General Meetings

2.3.1 Annual General Meeting 2013 of the company was held on 31.03.2014. Notice for the meeting was advertised on the corporate Internet site of the company (www.akmgyo.com), on the Public Disclosure Platform (KAP), and Turkish Trade Registry Gazette at latest three weeks before the date of the meeting, excluding the dates for the notice and the meeting, and the documents specified in article 437 of the Turkish Commercial Code were made available to the inspection of the shareholders and also the matters specified under the corporate governance principle no. 1.3.1 of the Corporate Governance Communiqué were submitted to the information of the shareholders.

Along with the notice for the general meeting and in addition to such notices and disclosures which the company is required to make pursuant to the legislation, the “General Meeting Information Document”, which was prepared to include such issues set out in the corporate governance principle no. 1.3.1 of the Corporate Governance Communiqué, was published on the Internet site. In addition, the Minutes of the General Meeting are made available to the information of investors on the Internet site.

2.3.2 Each proposal was stated in the agenda of the General Meeting under a separate caption and openly. There wasn't any issue included in the agenda of the Annual General Meeting 2013, which any shareholder submitted in writing to the Investor Relations Department for its inclusion in the agenda.

2.3.3 The annual general meeting 2013 was held in İstanbul in accordance with the relevant article of the articles of association with the purpose to increase the attendance of the shareholders and in a manner not to cause any inequality between the shareholders and to facilitate attendance of the shareholders at as much low cost as possible on 31.03.2014, and over 90% attendance was achieved. The minutes of the meeting and the list of present shareholders were disclosed to the public via the KAP and the corporate Internet site of the Company. No member of the media attended the meeting.

2.3.4 Chairperson of the meeting makes preparations about the conduct of the general meeting before the meeting pursuant to the Turkish Commercial Code and the other relevant laws and regulations, and the necessary information is provided by the Investor Relations Department to the chairperson.

2.3.5 During the general meeting held on March 31, 2014, the chairperson of the meeting gave care to the matter of conveyance of the issues in the agenda in an impartial, detailed, clear and understandable manner, and questions posed by the attendants of the general meeting, which didn't come into the scope of trade secret, were answered. For the reason that some of the questions posed were not related with the agenda or that some questions were so comprehensive that they could not be answered immediately, the concerned investors were given written answers by the Investor Relations Department on April 14, 2014. All questions asked during the general meeting and answers given to them were disclosed by the Investor Relations Department to the public on the corporate Internet site of the Company along with the Special Situation disclosure on April 24, 2014.

2.3.6 No privilege has been granted to any person or entity for access to the information of the company.

2.3.7 The members of the Board of Directors, the other concerned persons, the persons who were responsible for preparation of the financial statements, and the auditors were present at the annual general meeting 2013 in order to provide the necessary information and to answer the questions regarding the special issues in the agenda.

2.3.8 General meetings are held open to public as provided in the internal guidelines for General Meeting of the Company, through there isn't any provision in the articles of association.

2.3.9 There wasn't any resolution which was within the authority of the Board of Directors but left to the decision of the General Meeting because it required but didn't receive the affirmative vote of the majority of the independent members of the Board of Directors.

2.3.10 During the Annual General Meeting, amounts and beneficiaries of the donations made by the company during 2013 were informed to the shareholders as a separate issue in the agenda, and the activity report contained detailed information about the donations made during the year. The donations and aids policy of the Company was submitted to the approval of the shareholders in the general meeting 2012 and the upper limit for the donations the Company can make was determined at the annual general meeting 2013 pursuant to the Capital Market Law and the Profit Share Communiqué (II-19.1) of the Capital Market Board.

2.3.11 No significant transaction was executed by any shareholder who had control over the management of the Company, any member of the board of directors, any officer who had administrative responsibility or by spouse and any blood and in-law relative up to second degree of any of them with the Company which might cause conflict of interest with the Company during 2014. In addition, none of these persons engaged in any business transaction which came into the business subject of the Company on account of themselves or another person or became partner with unlimited liability of another company which engaged in the same business transactions. In addition, no person apart from the aforesaid ones, who had access to the information of the company, engaged in any transaction which came into the business subject of the Company on the name of themselves.

2.4 Voting Rights and Minority Rights

2.4.1 The Company refrains from any practice which makes the right to vote difficult. Every shareholder, even the ones beyond the boundaries of the country, is given the opportunity to use the voting right in easiest and most convenient manner.

2.4.2 At the Company, each share has one vote, and there isn't any privilege on the voting right as per the articles of association of the Company.

2.4.3 There isn't any company with which the Company has reciprocal participation relationship.

2.4.4 Maximum care is given to the use of minority rights, but there isn't any representative of the minority rights in the management.

2.4.5 Minority rights are not granted to those who own less than one twentieth of the capital as per the articles of association.

2.4.6 Use of the minority rights at the Company is subject to the Turkish Commercial Code, the Capital Market Law and the relevant regulations, and maximum care is given in this regard.

2.5 Right to Profit Share

2.5.1 There is no privilege as regards to participation in the profit of the Company. The profit share distribution policy of the Company as adopted by the General Meeting has been disclosed to the public and is contained on the corporate Internet site and in the activity report.

2.5.2 The profit distribution policy of the Company contains the minimum information in such clarity that will enable investors to foresee the procedures and principles applicable to distribution of the profit that the Company would earn in future periods.

2.5.3 At the annual general meeting 2013 held in 2014, a resolution was taken for distribution of the profit, and dividend amounting to TL 48,443,200.00 was distributed in cash on May 27, 2014.

2.5.4 Regarding the profit distribution, a balance policy is pursued between the interests of the shareholders and the interests of the Company, the details of which are given in the profit distribution policy.

2.6 Transfer of Shares

2.6.1 All of the shares of the Company in groups (A), (B) and (C) are registered and all of the shares in group (D) are bearer. All shares are listed in BIST, and there is provision of the Articles of Association which restricts transfer of the shares in groups (A), (B) and (C).

Article 7, titled 'Transfer of Shares', of the Articles of Association contains the following provision:

Selling, transfer or pledging of the registered shares of the groups (A), (B) and (C) other than the group (D) shares, or execution of any transaction in favor of any third person, including creation of usufruct, on these shares, is subject to permissions of the Board of Directors and the Capital Market Board. Transfer of any privileged shares is subject to permission of the Capital Market Board.

However, transfer of shares between shareholders in the same group and from real person shareholders to their spouse and descendants, and transfers done in accordance with the provision of paragraph 3 of article 495 of the Turkish Commercial Code are not subject to permission of the Board of Directors.

Each permit is exclusive to the proposed transaction. A disposition executed in accordance with this permit becomes valid if it is registered into the share register.

PART III - PUBLIC DISCLOSURE AND TRANSPARENCY

3.1 Corporate Internet Site and its Content

3.1.1 For disclosures to the public, the corporate Internet site, www.akmgyo.com, is used. The letterhead of the Company contains the address of the corporate Internet site. The corporate Internet site of the Company is made up in accordance with the corporate governance principle no. 2.1.1 of the Corporate Governance Communiqué of the Capital Market Board and the regulations of the Turkish Commercial Code. In addition, local and foreign stakeholders who want to get more information about the Company can reach the concerned representatives of the Company via the electronic mail address gyo@akmerkez.com.tr.

3.1.2 Shareholding structure of the Company, showing the names, and the quantity and rate of the shares owned by, the shareholders, is disclosed on the corporate Internet site of the Company and updated when necessary.

3.1.3 Any special situations and financial statement notices which must be disclosed to the public pursuant to the capital market legislation are made available in English as well as Turkish on the corporate Internet site to investors. Disclosures in English are prepared in summary to be accurate, complete, direct, understandable, adequate and consistent with their Turkish version to the extent that they help the persons who use them make their decision.

3.1.4 Basic information contained on the corporate Internet site of the Company is prepared also in English so that it is used by international investors as well.

3.2 Activity Report

3.2.1 Activity report of the Company is prepared in accordance with the statutory regulations in such quality that it enables the public to get complete and accurate information about the activities of the Company. The activity report contains all the information specified in the Corporate Governance Principles.

PART IV - STAKEHOLDERS

4.1 Informing of the Stakeholders

4.1.1 Ethical rules of the Company guarantee the rights of the stakeholders regulated by the legislation and mutual contracts. The stakeholders are informed in accordance with the policy established by the Company pursuant to the current legislation and ethical rules. In addition, informing of all stakeholders through the press releases, the activity report, the Internet site, and the other practices within the scope of the transparency-based informing policy. When performing their jobs, the employees of the Company are expected to fulfill their obligations by valuing the interests of the Company above the interests of themselves, their family and their relatives. The employees refrain from any venture which may mean gaining advantage for themselves or their relatives. Foreseeable potential situations of conflict of interest and situations defined by the management of the Company are communicated to the employees, and the management of the Company take the necessary measures.

4.1.2 In the event of violation of the rights of the stakeholders which are protected by the legislation and contracts, an efficient and rapid mechanism of remediation is made available. The Company makes things easier as necessary for use of such mechanisms as compensation which are provided by the legislation to the stakeholders. The Company doesn't have a special compensation policy for the employees, and the rights of compensation of the employees are protected under the relevant legislation.

4.1.3 The stakeholders are informed about the policies and procedures of the Company concerning the protection of their rights via the corporate Internet site of the Company.

4.1.4 The stakeholders can report any transaction of the Company which is contrary to the law and which is improper from ethical point of view to the Corporate Governance Committee and the Committee in charge of Audits. There wasn't any application and complaint in this regard in 2014.

4.1.5 When a conflict of interest occurs between the stakeholders or in the case that a stakeholder is a member of more than one interest group, a policy which is as much balanced as possible for the protection of the owned rights is pursued and protection of each right independently of other rights is targeted. In this scope,

- The Company gives importance to customer satisfaction in the sales and marketing of the services and takes the necessary measures for this.
- The Company takes the necessary measures to establish and maintain relations conforming to the laws and the charter of incorporation with customers to whom it provides services and with suppliers and to observe such international and sectorial standards in the supply of goods and services, and reviews and renews the processes.
- The Company treats the information about its customers and supplies as trade secret and gives care to the confidentiality of it.
- Requests of the customers involving the service they purchased are fulfilled rapidly, and we endeavor to inform the customers about delays without waiting for ending of the period.

4.2 Participation of the Stakeholders in the Management

4.2.1 Although such models which support participation of the stakeholders, primarily the employees of the Company, in the management of the Company are not provided in the articles of association, they are tried to be developed in a manner not to interfere with the activities of the Company.

Participation of the employees in the management is achieved through annual performance assessment meetings, recommendation systems and annual meetings held within the Company.

4.2.2 The Company takes into account any comments and recommendations transmitted by other stakeholders, too, where necessary.

4.3 Human Resources Policy of the Company

4.3.1 In the establishment of the recruitment policies and in the drawing up of career plans, the principle of providing equal opportunity to persons under equal conditions has been adopted. In the cases when it is foreseen that change of duty of managers would cause disruption in the management of the Company, a succession plan is drawn up regarding determination of managers to be newly assigned.

The human resources policy of the Company targets earning of candidates who fit to the culture and values of the Company, who have such knowledge, skills, experiences and competencies required by the job/position, and who will carry the Company to the future to the Company at the time of recruitment and placement and thus serving to the strategies and targets of the Company. It acts with the principle of selecting the correct employee for the correct job by using the contemporary assessment systems that will support giving of the most objective decision in the hiring and placement processes.

4.3.2 Standards applicable to recruitment of employees by the Company have not been established in writing.

The Company Management tries to actualize such Human Resources applications where internationally recognized models and systems integrated with each other are used. The Company targets to ensure using of contemporary systems which are integrated with each other and which ensure generation of business results in all human resources processes from hiring to performance management system, to development, to compensation and resignation process.

4.3.3 The employees are treated fairly in respect of all rights provided to them; training programs for raising the knowledge, skills and good manners of the employees are carried out; and training policies are established.

Starting from the continuous learning, development and business results generating approach of the Company, arrangement of development programs for the employees, which involve the targets of the Company and the knowledge, skill and experience areas and competencies, is targeted and at the same time it is tried to set aside fund for such programs which support development in social and cultural areas. In the development planning, needs of the Company and the employee are taken into account, and such training and development solutions fitting to the existing situation are offered.

4.3.4 Information meetings are held with and view are exchanged with the employees on issues such as financial standing of the Company, salaries, career, training, health, etc.

At the Company, a management system which gives value to human beings and encourages creativity, communication and participation of employees is implemented. The Company is conscious that creating an open, close and uninterrupted communication environment between the management and the employees is very important in terms of motivation and productivity of the employees.

4.3.5 Decisions taken in connection with the employees or developments concerning the employees are communicated to the employees.

4.3.6 Job descriptions and distribution of the employees and performance and reward criteria are communicated to the employees. Attention is paid to productivity in the determination of salaries and other benefits provided to the employees.

The Company uses a Job Assessment and Compensation model whose validity and reliability has been proven across the world. This model is a salary and benefits model which is objective and transparent, which reflects the realities of the national and international business world, which is based on the principle of equality and fairness, and which is based on compensation depending on the job done.

The Performance Management System is a structure which seeks that corporate targets are embraced by individuals and which strengthens the common corporate culture. The persons working within the system can transparently see their personal contributions and the effect of this contribution on the corporate scale. Outputs of the Performance Management System are used in the development planning, talent management, career and substitute planning, compensation and rewarding processes of the Human Resources and thus a structure where all these processes are fed with each other and gathered under a system integrated with each other is built up. By applying incentives that will reinforce the high performance culture of the Company, orientation of the employees toward the same goal is supported. Leadership and functional competencies of the Company are measured by means of assessments, and how the employee has achieved the business results is assessed. Hence, reinforcement and application of such competencies that will move the Company further and serve to its corporate reputation and sustainability are supervised with the same system.

4.3.7 Measures are taken to prevent discrimination among the employees on race, religion, language and gender and to protect the employees from physical, emotional and mental abuse within the Company.

The employees are informed on such issues through personal development and communication trainings.

4.3.8 The Company does not pose any obstacle before the freedom of establishing an association and the recognition of the right of collective labor agreement in an efficient manner, and support the same where necessary.

4.3.9 It makes continuous improvement and development to provide safe working environment and conditions for the employees.

4.3.10 No complaint on the issue of discrimination was received from the employees in 2014.

4.3.11 No representative has been appointed due to small number of the employees.

4.4 Ethical Rules and Social Responsibility

4.4.1 Activities of the Company are carried out in accordance with the ethical rules which are disclosed to the public through the corporate Internet site.

4.4.2 Maximum care is given to adoption and application of technologies which are innovative and compatible with the environment in accordance with the environmental policy and the quality policy of the Company.

Information about the activities of the Company toward the environment, the region where it is located and the public in general (supported/leaded social works, social works toward the people in the region, etc.) in 2014 is provided in the Annual Report.

PART V - BOARD OF DIRECTORS

5.1 Structure and Formation of the Board of Directors

The Board of Directors is formed by 10 members, including 3 independent members.

The general manager of the Company is MURAT KAYMAN.

Name and Last Name	Gender	Function	Occupation	Positions Undertaken in the Company over the Last 5 Years	Duties Undertaken Outside of the Company Currently	Rate of Share Held in the Company (%)	Representing Group of Shares	Independent Member or Not	Participated Committees and Duty Undertaken
Raif Ali Dinçök	Male	Chairman of the Board	Business Admin.	Member of the Board	Chairman / Vice Chairman of the Boards of Directors of Akkök and Akkök Group of Companies		Group A	Not Independent Member	
Feyyaz Berker	Male	Vice Chairman of the Board	Engineer	Vice Chairman of the Board	Chairman and Member of the Boards of Directors of other companies he owns	1.36	Group B	Not Independent Member	
Davit Braunştayn	Male	Member of the Board	Industrial Engineer	Member of the Board	Chairman and Member of the Boards of Directors of other companies in which he owns shares	6.98	Group C	Not Independent Member	
Murat Gigin	Male	Member of the Board	Engineer	Member of the Board	Chairman and Member of Boards of Directors of other companies in various companies		Group B	Not Independent Member	
Alize Dinçök Eyüboğlu	Female	Member of the Board	Manager	Member of the Board	Member of the Boards of Directors of Akkök and Akkök Group of Companies		Group A	Not Independent Member	
Mehmet Ali Berkman	Male	Member of the Board	Industrial Manager	Member of the Board	Advisor to Akkök Executive Committee		Group A	Not Independent Member	
Frederic Yves Marcel Marle Fontaine	Male	Member of the Board	Business Admin.	Member of the Board	CEO of Corio N.V. France and Assistant General Manager of Corio Group in Charge of Development		Group D	Not Independent Member	
Rober Filiba	Male	Independent Member of the Board of Directors	Chemical Engineer	Independent Member of the Board of Directors	General Coordinator of the Foundation of Ulus Jewish High School			Independent Member	Chairman of Corporate Governance Committee / Member of Audit Committee
Selçuk Yener	Male	Independent Member of the Board of Directors- Member of the Board of Auditors	Business Engineer	Independent Member of the Board of Directors- Member of the Board of Auditors	-			Independent Member	Chairman of the Audit Committee / Member of the Corporate Governance Committee
Lütfü Ünver	Male	Independent Member of the Board- Member of Board of Auditors	Architect, MsC	Independent Member of the Board- Member of Board of Auditors	Lecturer at Architecture Faculty of Yıldız Technical University and Co-manager of İltay Mimarlık Dek. İnş. ve Tur. Ltd. Şti.			Independent Member	Member of Corporate Governance Committee / Member of Audit Committee

There isn't any member in the board of directors who has managerial duty.

A non-executive director is a person who doesn't have any administrative duty in the Company other than membership in the board of directors or who doesn't have a unit reporting to him/her, which carries out an executive activity, and who doesn't interfere with daily work flow and ordinary operations of the Company.

There isn't any restriction regarding undertaking of duties by the members of the Board of Directors outside the Company. Duties of the members of the board of directors outside the Company are informed to investors in the Company General Information Form, which is published on the KAP, and on the corporate Internet site of the Company.

Among the non-executive members of the Board of Directors are independent members who have the qualification to fulfill their duties without being influenced.

The Members of the Board of Directors were elected at the annual general meeting held on 28.05.2012 for an office term of 3 years.

ERHAN ÖNER, a member of the Board of Directors, resigned on 30.11.2014 and MURAT GİĞİN was elected in his place on 01.12.2014.

Office term of the independent members of the board of directors is maximum three years and they may be nominated and elected again.

Independent members of the Board of Directors have submitted their declaration to the effect that they are independent to the Company in writing. No situation which put an end to independency of the independent members occurred in 2014.

There is one female member in the Board of Directors of the Company. The Company doesn't have a written target or policy to increase the number of female members.

Administration and representation and binding of the Company against third persons rest on the board of directors formed by persons who have the qualifications set out in the Turkish Commercial Code and the capital market legislation, who are elected by the general meeting in accordance with the provisions of the Turkish Commercial Code and the Capital Market legislation for an office term of 3 (three) years at most. The Board of Directors elects one chairman and one vice chairman to replace the chairman in his absence among its members at the first meeting of them.

The Board of Directors of the Company is formed by 10 (ten) members elected by the general meeting among the nominees 4 of whom are nominated by majority of holders of Group (A) registered shares, 3 by majority of holders of Group (B) registered shares, 2 by majority of holders of Group (C) registered shares and 1 by majority of holders of Group (D) bearer shares offered to public, who are present at the general meeting.

In the event that the holders of the group (D) bearer shares offered to public, who are present at the general meeting, do not nominate a nominee and/or cannot nominate a nominee by majority, the Board of Directors is formed by 9 (nine) members elected by the General Meeting among the nominees 4 of whom are nominated by majority of the holders of Group (A) registered shares, 3 by majority of the holders of Group (B) registered shares

and 2 by majority of the holders of Group (C) registered shares, who are present at the general meeting.

Independent members of the board of directors are elected in adequate number, which may not be less than 2, by the general meeting in accordance with the corporate governance principles concerning the independency of members of board of directors as set out in the Corporate Governance Communiqué of the Capital Market Board.

Curriculum Vitae of the Members of the Board of Directors and the General Manager

Raif Ali DİNÇKÖK

Chairman of the Board of Directors

Raif Ali Dinçkök was born in İstanbul in 1971. After he graduated from the Business Administration Department of Boston University in 1993, he started his career at Akkök Group of Companies. He worked at the Purchasing Department of Ak-AI Tekstil San. A.Ş. during 1994-2000 and worked as coordinator at Akenerji during 2000-2003. Being a member of the Board of Directors and the Executive Committee of Akkök Holding A.Ş., Raif Ali Dinçkök is at the same time a member of the boards of directors of the Companies of Akkök Group.

Raif Ali Dinçkök has been acting as Member of the Board of Directors and the Executive Committee of Akkök Holding A.Ş. Offices of Raif Ali Dinçkök at various Akkök Group Companies as Chairman and Member of the Board of Directors are continuing. He took offices at various Akkök Group Companies as member of the Board of Directors in previous periods.

Feyyaz BERKER

Vice Chairman of the Board of Directors

Feyyaz Berker, born on October 7, 1925, Civil Engineer, MSc, studied at Robert College and Michigan University. Currently acting as the Chairman of the Board of Directors of Tekfen Holding A.Ş., Mr. Berker is the founder and Honorary President of the Turkish Industry & Business Association (TÜSİAD). Actively carrying out duties at various foundations such as TAPV, HEV, TEMA, TEGV, TTGV, Mr. Berker has received Honorary Title of Doctor from the Bosphorus University. Mr. Berker is married with two children and two grandchildren.

Davit BRAUNŞTAYN

Member of the Board of Directors

Born in İstanbul in 1964, Davit Braunştayn graduated from the Industrial Engineering Department of the Bosphorus University and received MBA degree in finance from Columbia University. Started his career as analyst at the Investment Banking department of Lazard Frenes&Co. in the United States, Mr. Braunştayn then transferred to Lignadekor Üretim ve Pazarlama A.Ş. where he is currently the general manager. Mr. Braunştayn speaks English, French and German.

Erhan ÖNER
Member of the Board of Directors

Born in İzmir in 1946, Erhan Öner received bachelor's degree from the Middle East Technical University and from the Mechanical Department of Miami University and post-graduation degrees in Pipeline Engineering from Texas University, in business administration from Cornell University and in finance and business administration from Urwick and Ashridge Colleges. He joined Tekfen Group as project engineer in 1969, worked there in various positions and was appointed as the general manager of Toros Gübre ve Kimya Endüstrisi A.Ş. in 1980. Afterward, he acted as the chairman, vice chairman, delegate member and member of the board of directors of Tekfen Group. Appointed as the CEO OF Tekfen Holding A.Ş. Group of Companies in 2000, Mr. Öner is a member of TÜSİAD and married with two children. Mr. Öner speaks English.

Murat GİĞİN
Member of the Board of Directors

Murat Gigin was born in İstanbul in 1952. He completed his undergraduate study in the Construction and Building Engineering Department of University of Bradford in 1974 and post-graduation study in the Department of Mechanical Engineering of University of London in 1975. He was conferred the diploma of Ocean Engineer by University College London in 1976.

Gigin started his career at Tekfen İnşaat as civil engineer at the construction sites in Kuwait in 1977, returned to the headquarters in İstanbul in 1983, and after worked in the Business Development department until 1986 and as coordinator at various international projects, he was appointed as Assistant General Manager of Tekfen İnşaat in 1986. Gigin, who acted as General Manager of Tekfen İnşaat during 1988-1998, took office as member of the Board of Directors at the companies of Tekfen Contracting Group until 2000. Murat Gigin is currently a member of the Boards of Directors of Tekfen Holding A.Ş. and Tekfen-ÖZ Gayrimenkul Geliştirme A.Ş.

Acting as Chairman and Delegate Member of the Boards of Directors of Group Companies at the Group Companies of Viem Ticari ve Sanayi Yatırımları Ltd. Şti. and as Chairman and Delegate Member of the Boards of Directors of Tekzen Ticaret ve Yatırım A.Ş., Agromak Makine İmalat Sanayi ve Ticaret A.Ş., Maxlines Maksimum Lojistik Hizmetleri A.Ş., Viem İletişim Yayıncılık Reklam Turizm Hizmetleri Yatırım Ticaret A.Ş., Ekozey Ekolojik ve Organik Tarım Gıda Hayvancılık ve Turizm Taşımacılık İthalat İhracat İnşaat Sanayi Ticaret A.Ş., İmbroz Tarım Hayvancılık Gıda Sanayi Turizm ve Ticaret Ltd. Şti., Galipoli Gıda Ürünleri Sanayi ve Ticaret Ltd. Şti., ENAT Endüstriyel Ağaç Tarımı Sanayi ve Ticaret A.Ş., Temari Gıda Sanayi ve Ticaret A.Ş.), Gigin is at the same time Vice Chairman of the Board of Directors of ANG Yatırım Holding.

Gigin, who took office at various non-governmental organization in the past, acted as Chairman of the International Pipeline and Offshore Contractors Association (IPLOCA) during 1995-1996, and is currently a member of the Board of Trustees of TEMA Foundation.

Alize DİNÇKÖK EYÜBOĞLU
Member of the Board of Directors

Born 1983, İstanbul, Alize Dinçkök Eyüboğlu graduated from the Business Administration Department of Sawyer School of Management of Suffolk University in 2005. She started her career at Ak-Al Tekstil Sanayi A.Ş. as the Strategic Planning Specialist in 2005. In 2006, she joined the newly established Akiş Gayrimenkul Yatırım A.Ş. and worked there as the Project Coordinator, the Sales and Marketing Manager and the Assistant General Manager in charge of Sales and Marketing, respectively. Alize Dinçkök Eyüboğlu currently has seats at boards of directors of Akkök Group of Companies.

Mehmet Ali BERKMAN
Member of the Board of Directors

Mehmet Ali Berkman was born in Malatya in 1943. After he graduated from the Industrial Management program of the Business Administration department of the Middle East Technical University, he received MBA degree in the Operational Research from Syracuse University in the United States. He retired from Koç Group, where he joined in 1972, in 2004. He undertook membership of the Board of Directors and chairmanship of the Executive Committee at Akkök Holding A.Ş. in September 2005. He also carried out duties of membership and chairmanship in the boards of directors of the Group Companies. Mehmet Ali Berkman, who handed over the Chairmanship of the Executive Committee of Akkök in January 1, 2013, continues his duty as Advisor to the Executive Committee of Akkök. Duties of Berkman as Chairman and Member of the Boards of Directors at the Group Companies are continuing.

Mehmet Ali Berkman is acting as Member of the Board of Directors and Advisor to the Executive Committee of Akkök Holding A.Ş. Duties of Berkman as Chairman and Member of the Board of Directors at various Group Companies are continuing. He acted as member of the Boards of Directors of various Akkök Group Companies in previous periods.

Frederic Yves Marcel Marie FONTAINE
Member of the Board of Directors

Mr. Fontaine was born in Tours, France in 1958. After he graduated from Nantes University of Commerce in 1981, he started his career at France Construction in 1983. Then he worked at Copra, Trema and Hammerson, respectively. He has been continuing his career as general manager in Corio France and member of the board of directors and CDO of Corio N.V. since May 2003. Mr. Fontain is married with two children.

Lütfün ÜNVER
Independent Member of the Board of Directors

Born in Kayseri in 1953, Lütfü Ünver was graduated from the Faculty of Architecture of İstanbul Technical University and then completed his post-graduation study in İstanbul Technical University. Starting his career at Ayyıldız Engineering and Consultancy, Mr. Ünver then worked at Cemtay Construction Co. and İltay Architecture Co., respectively. He is currently working as a lecturer at Yıldız Technical University.

Selçuk YENER
Independent Member of the Board of Directors

Born in Kütahya in 1960, Mr. Yener graduated from the Business Engineering Department of İstanbul Technical University. He gained broad experience at various industries in Turkey and worked as top executive in various companies like Mis Süt, Karaca Giyim and İstanbul Cerrahi Hastanesi.

Rober FILIBA
Independent Member of the Board of Directors

Born in 1951, Rober Filiba completed his high school education at Robert College and university education at the Chemical Engineering Department of Bosphorus University. He achieved Master's degree at Massachusetts Institute of Technology.

In later years he worked as Technical Marketing Engineer at İnterkem Koll. Şti., as Process Engineer at Vaniköy Starch and Glucose Factory and as Vice Chairman of the Board of Directors at Plastikap A.Ş. Mr. Filiba is currently acting as the General Coordination of the Foundation of Ulus Jewish High School.

Married with two children, Mr. Filiba speaks English, French and German.

Murat KAYMAN
General Manager

Born in Germany in 1974, Murat Kayman achieved MBA degree from Zichlin School of Business of New York Baruch College. He worked at STFA, Ekinciler Holding, Federation of International Trade Association, Blade Fencing Inc., ECE Germany, ECE Turkey, AVM MFI Partners and Akbatı Shopping Mall owned by Akiş GYO A.Ş.

Married with two children, Mr. Kayman speaks English and German.

5.2 Working Principles of the Board of Directors

5.2.1 The Board of Directors has been carrying on its duties in a transparent, accountable, fair and responsible manner.

5.2.2 The Board of Directors has segregated the duties by electing one Chairman and one Vice Chairman among its members.

5.2.3 The Board of Directors establishes the internal control systems to include the risk management and information systems and processes which can minimize the impacts of the risks which may affect the stakeholders of the Company, primarily the shareholders, by taking into account the views of the relevant committees of the board of directors.

5.2.4 The Board of Directors reviews the efficiency of the risk management and internal control systems at least once a year.

5.2.5 Although it is not set out in the articles of association, the powers of the chairman of the board of directors and the general manager have been segregated. The General

Manager and the Chairman of the Board of Directors of the Company are different persons, and their duties and powers have been defined with the organization chart.

5.2.6 The board of directors plays a role in the maintenance of efficient communication between the Company and the shareholders and in the solution of any disputes between them. To this end, it is in communication continuously with the Corporate Governance Committee and the Investor Relations Unit.

5.2.7 Any potential losses which the members of the board of directors may cause to the company due to their faults in the course of performance of their duties have not been directly insured by the Company. However, liability insurance for any potential losses which the members of the board of directors due to their faults in the course of performance of their duties to the company has been taken out by Akkök Holding A.Ş. to cover the concerned managers of the Company as well.

5.2.8 The Board of Directors meets at such frequently as it can fulfill its duties efficiently in compliance with the working principles of the Board of Directors. In 2014, total 33 resolutions were taken by the Board of Directors, and 13 of these resolutions were taken by holding meeting and the others in accordance with the provision of paragraph 4 of article 390 of the Turkish Commercial Code. All of the resolutions of the board of directors in 2014 were taken by unanimous votes of the members who attended the meeting.

5.2.9 The chairman of the board of directors determines the agenda of the meetings of the board of directors in consultation with the other members of the board and the general manager and notifies it to the members before the meeting. Pursuant to article 13 of the Articles of Association of the company, notice for the meetings of the board of directors is sent in writing by courier or facsimile at latest two weeks before the date of the meeting. Place of meeting is the head office of the company. However, the board of directors may meet at another place as well on condition that it takes a resolution to this effect and makes notification in writing by courier or facsimile to the members to be received by them at latest one week before. The members give care to attend each meeting after having examined the information and documents relevant with the issues in the agenda and made their preparations and to express an opinion.

5.2.10 Information and documents relevant with the issues in the agenda of the meeting of the board of directors are made available to the examination of the members of the board of directors within an adequate time before the meeting by ensuring equal information flow.

5.2.11 Any member of the board of directors can give a proposal to the chairman for making of a change to the agenda. Views of a member who will not be able to attend the meeting but has notified them in writing to the Board of Directors are informed to the other members.

5.2.12 Each member of the board of directors has one vote.

5.2.13 Issues in the agenda of the meetings of the board of directors are discussed openly and in all aspects. The chairman of the board of directors exerts the best effort to ensure active attendance of all members to the meetings of the board of directors. The members of the board of directors have their reasonable and detailed reasons for their counter vote on the issues they dissented in the meetings recorded in the minutes of the resolution.

None of the members of the board of directors used dissident vote against any resolution taken at the meetings of the board of directors held in 2014. Weighed voting right and/or negative vetoing right has not been granted to any members of the board of directors.

5.2.14 Member of the board of directors spares adequate time for the business of the company. If a member of the board of directors becomes a manager or a member of the board of directors of another company, this does not lead to conflict of interest and does not interfere with the duty of the member at the company. For this reason, undertaking of other duty or duties by members of the board of directors outside the company has not been bound with certain rules or restricted.

5.3. Number, Structure and Independency of the Committees Formed within the Body of the Board of Directors

5.3.1 By reviewing the structure and activities of the existing committees in accordance with the provisions of the Corporate Governance Communiqué of the Capital Market Board, the board of directors has formed the Committee in charge of Audit and the Corporate Governance Committee. The duties and responsibilities of the Nomination Committee, the Early Detection of Risk Committee and the Compensation Committee provided in the Corporate Governance Communiqué are carried out by the Corporate Governance Committee.

Committee in charge of Audit

Name and Last Name	Title
Selçuk YENER	Chairman
Lütfü ÜNVER	Member
Rober FİLİBA	Member

Corporate Governance Committee

Name and Last Name	Title
Rober FİLİBA	Chairman
Selçuk YENER	Member
Lütfü ÜNVER	Member
Zeynep GÜNDOĞDU	Member

5.3.2 Duty areas, working principles and members of the committees have been determined by the board of directors and announced to the public on the Public Disclosure Platform and the corporate Internet site of the Company.

5.3.3 All of the members of the Committee in charge of Audit formed within the body of the Board of Directors consist of the independent members of the board of directors. Chairman and two members of the Corporate Governance Committee are independent members of the board of directors. Other member of the Corporate Governance Committee, Zeynep Yıldırım Gündoğdu, has been included for the reason that she is the manager of the Investor Relations Department, who has the Capital Market Board licenses pursuant to the provision of second paragraph of article 11 of the Corporate Governance Communiqué.

5.3.4 The General Manager does not undertake duty in any committee.

5.3.5 Care is given that a member of the board of directors does not undertake duty in more than one committee. However, taking into account the knowledge and experience of the independent members, the members who carry out duty in a committee undertake duty in other committees.

5.3.6 Every kind of resource and support required for carrying out of duties of the committees is provided by the board of directors. The committees can invite any manager who they deem is necessary to their meetings and receive their opinions.

5.3.7 The committees use opinions of independent specialists in areas they deem necessary regarding their activities. The cost of any consultancy services needed by the committees is paid by the company. In this case, however, the information about the person/firm from whom/which the service is received and the information about whether that person/firm has any relationship with the company is given in the activity report. No such service was purchased in 2014.

5.3.8 The committees document and keep a record of all the works they carried out. The committees meet with the frequency as deemed necessary for efficiency of the works and as set in the working principles. They submit the reports containing the information about their works and the outcomes of their meetings to the board of directors.

5.3.9 The committee in charge of audit supervises the accounting system of the company, the disclosure of the financial data to the public, the independent audit, and the operation and efficiency of the internal control and internal audit systems of the company. Selection of the independent audit firm, preparation of independent audit contracts and commencement of the independent audit process, and works of the independent audit firm at every stage, are carried out under the supervision of the committee in charge of audit.

The independent audit firm from which the company will purchase service and the services to be purchased from it are determined by the committee in charge of audit and submitted to the approval of the board of directors.

Examination and conclusion of complaints received by the Company in connection with the accounting and internal control system and the independent audit of the Company, and the methods and criteria to be applied regarding evaluation of the reports of the Company in connection with accounting and independent audit issues are determined by the committee in charge of audit.

The committee in charge of audit reports in writing its evaluations regarding compliance of the annual and interim financial statements to be disclosed to the public with the accounting principles adopted by the Company and their accuracy by obtaining opinions of the responsible managers of the Company and the independent auditors, along with its own evaluations, to the Board of Directors.

The committee in charge of audit met 5 (five) times in 2014 and wrote the outcomes of the meetings into the minutes and submitted the decisions taken to the general meeting. 5 (five) reports were submitted by the committee in charge of audit to the board of directors during the account period 2014. The committee in charge of audit reports in writing its

findings involving its duty and responsibility area and its evaluations on the subject matter to the board of directors immediately.

5.3.10 The Corporate Governance Committee determines whether the corporate governance principles are complied with by the company or not and, if not complied with, the reasons thereof and any conflict of interest arising from failure to comply with these principles in full and makes recommendations for improvement of the corporate governance practices to the board of directors and supervises the works of the investor relations department.

5.3.11 The corporate governance committee also fulfills the duties and responsibilities of the Nomination Committee, the Early Detection of Risk Committee, and the Compensation Committee, which are provided in the Corporate Governance Communiqué.

5.4 Risk Management and Internal Control Mechanism

5.4.1 The Board of Directors reviews the efficiency of the risk management and internal control systems at least once a year.

The risk inventory of the company is one of the most important tracking tools used by Akmerkez GYO in the risk management works. The risk inventory covers operational, financial, reputational and strategic risks of the Company, and the risks whose risk score is at high and very high level are monitored at the level of the Board of Directors, and detailed action plans are developed and a risk owner is assigned for each risk. The risk owner is responsible for management of the respective risk in accordance with the agreed action plan. Hence, the risk management philosophy has become a constant item of the routine business agenda of the executives of Akmerkez GYO. This philosophy, which is updated in line with the sectorial and corporate developments, has become an integral part of the practices of the Company.

5.5 Strategic Targets of the Company

5.5.1 The Board of Directors administers and represents the Company by keeping the risk, growth and income balance at the optimum level through strategic decisions and by overseeing primarily the long term interests of the Company through rational and cautious risk management understanding.

5.5.2 The Board of Directors defines the strategic targets of the Company, determines the manpower and financial resources needed by the Company, and supervises the performance of the management.

5.5.3 The board of directors reviews the degree of achievement of the targets, the activities and the past performance of the company. In this connection, the Board of Directors has concluded that the Company achieved the operational and financial performance targets in 2014.

5.6 Financial Rights

5.6.1 The board of directors is responsible for achievement of the established targets by the company. Evaluation regarding whether the company has achieved the operational

and financial performance targets, which were disclosed to the public, and, if not achieved, the reasons thereof, are elucidated in the annual report. The board of directors makes self-criticism and performance evaluation on the bases of board and member and managers who have administrative responsibility and rewards or removes the members of the board of directors and the managers who have administrative responsibility in the light of such evaluations.

5.6.2 Principles of compensation of the members of the board of directors and the top level executives have been documented and submitted to the information of the shareholders under a separate item and the shareholders were given the opportunity to express their opinions in this regard in the annual general meeting held in 2012. The wages policy prepared to this end is posted on the corporate Internet site of the Company under the heading of General Meeting Information Document 2011.

5.6.3 Dividend, share options or payment plans based on the performance of the company are not used in the remuneration of the independent members of the board of directors. Care is given that the remunerations to the independent members of the board of directors are determined at such level which would preserve their independency, and the remunerations are determined by the general meeting.

5.6.4 The Company does not lend money or make available loan to or give guarantees, such as surety, in favor of any member of the Board of Directors or any top level executive.

5.6.5 Benefits were provided in the amount of gross TL 637,311.40 to the members of the Board of Directors and in the amount of gross TL 339,088.00 to the top level executives. The remunerations, salaries and all other benefits paid to the members of the Board of Directors and the top level executives are collectively disclosed to the public through the footnotes to the financial statements contained in the annual report. Our disclosures are not on the individual basis, but rather cover the Board of Directors and the top level executives.

INFORMATION REGARDING RELATED PARTY TRANSACTIONS AND THEIR ACCOUNT BALANCES WHICH IS REQUIRED TO BE PROVIDED TO THE SHAREHOLDERS PURSUANT TO THE LEGISLATION

Details of the related party transactions executed by the Company in 2014 are given below.

- a) Receivables from and debts to related parties as of December 31, 2014 are as follows:

Receivables from related parties	December 31, 2014
Üçgen Bakım ve Yönetim Hizmetleri A.Ş.	67,947
Akmerkez Lokantacılık Gıda San. ve Tic A.Ş.	2,557
	<hr/>
	70.504
Debts to related parties	December 31, 2014
Üçgen Bakım ve Yönetim Hizmetleri A.Ş. (*)	1,437,340
Akgirişim Müteahhitlik Müşavirlik ve Çevre Teknolojileri San.ve Tic.A.Ş.	258,666
Akkök Holding A.Ş.	20,472
Dinkal Sigorta Acenteliği A.Ş.	20,757
Debts to shareholders	217
	<hr/>
	1,737,452

- (*) Debts to Üçgen Bakım ve Yönetim Hizmetleri A.Ş. consist of amounts related with the renovation works.

- b) Purchases from and sales to related parties during the year ending on December 31, 2014 are as follows:

Sales to related parties:	December 31, 2014
Akmerkez Lokantacılık Gıda San. Tic. A.Ş.	1,443,543
Tekfen Turizm İşletmeleri A.Ş.	428,890
	<hr/>
	1,872,433
Purchases from related parties:	December 31, 2014
Üçgen Bakım ve Yönetim Hizmetleri A.Ş.	45,389,110
Akgirişim Müteahhitlik Müşavirlik ve Çevre Teknolojileri San.ve Tic.A.Ş.	13,031,582
Akkök Holding A.Ş.	154,768
Aktek Bilgi İşletişim ve Teknoloji Sanayi ve Ticaret A.Ş.	24,088
Ak Havacılık ve Ulaştırma Hizm. A.Ş.	6,290
	<hr/>
	58,605,838

Purchases and sales consist of items such as rent incomes, service purchases and sales, and expenses made in connection with the renovation. TL 45,389,110.00 of the purchases from the group companies consists of the amounts in connection with the renovations supplied from Üçgen Bakım ve Yönetim Hizmetleri A.Ş., the management expenses, and the other expenses. The remaining TL 13,031,582.00 is related with the expenses of façade renovation supplied from Akgirişim Müteahhitlik Müşavirlik ve Çevre Teknolojileri San. ve Tic. A.Ş., and TL 185,146.00 consists of other expenditures. The Company derives the common area services such as car park, valet, etc. and the apart hotel rent incomes from Üçgen, which is a related party. In addition to these, office floor and cinema rent income is earned from Üçgen. Within this framework, total TL 8,684,245.00 was invoiced to Üçgen in respect of the incomes earned on the name of the Company from third persons throughout 2014.

OTHER ISSUES:

a) Information about the duties carried out by the members of the board of directors and the executives outside the company and statements about the independency of the members of the board of directors:

This information is provided in the Corporate Governance Principles Compliance Report.

b) Members of the committees formed within the body of the board of directors, frequency of meeting of the committees, working principles of the committees, including the activities carried out by them, and evaluation of the board of directors regarding efficiency of the committees:

This information is provided in the Corporate Governance Principles Compliance Report. Committees within the company fulfill their duties efficiently.

c) Number of meetings of the board of directors during the year and information about the attendance of the members to these meetings:

This information is provided in the Corporate Governance Principles Compliance Report.

ç) Information about any amendments to the legislation which may significantly affect the activities of the company:

No amendment has been made to the legislation which may significantly affect the activities of the company.

d) Information about material lawsuits instituted against the company and expected results of them:

Lawsuits were instituted in 2014 with the request for nullification of some resolutions taken by the general meeting in 2013 and against some members of the Board of Directors, and the proceedings are still in progress.

Some of the lawsuits filed against the company with the courts in İstanbul are still continuing, and the information about these lawsuits is provided in the attached table.

e) Information about any conflict of interest between the company and any firms from which the company has been purchasing services in the areas such as investment consultancy and rating, and about the measures taken by the company to prevent such conflict of interest:

There isn't any conflict of interest between the company and any firm from which the company has been purchasing services in the areas such as investment consultancy and rating.

f) Information about any reciprocal participation where the rate of direct participation in the capital exceeds 5%:

There isn't any company with which the company has reciprocal participation relationship.

g) Information about the social benefits and occupational education of the employees and about any corporate social responsibility activities in connection with the activities of the company which give rise to other social and environmental consequences:

Employees can receive every kind of training they needed when they are performing their profession. The company gives support to corporate social responsibility projects if it deems necessary.

h) If there is segregation of duties among the members of the board of directors, duties and powers of the members of the board of directors:

Segregation of duties has been done by appointing Chairman and Vice Chairman among the members of the board of directors.

i) Information about the activities of the committee in charge of audit, about the outcomes of the meetings, and about how many written reports were submitted to the board of directors during the account period:

The committee in charge of audit carried out its activities in 2014 within the duties and authority set out in the Corporate Governance Communiqué.

The committee in charge of audit met 5 (five) times in 2014 and the results of the meeting were written to the minutes and the decisions taken were submitted to the board of directors. 5 (five) reports were submitted by the committee in charge of audit during the account period 2014 and disclosed to the public.

j) Evaluation regarding whether the company has achieved the operational and financial performance targets announced to the public and if the same have not been achieved, the reasons thereof:

The board of directors has evaluated that the company achieved the operational and financial performance targets in 2014.

k) Information about the remunerations paid to the members of the board of directors and the top level executives:

This information is provided in the Corporate Governance Principles Compliance Report.

l) There isn't any incident occurred after closure of the activity year, which bears a special importance.

m) Information about the control of portfolio limitations which is set out in second paragraph of article 38 of the Communiqué on the Principles Applicable to Real Estate Investment Partnerships is provided in the footnotes to the financial statement.

LAWSUITS FILED AGAINST AKMERKEZ GYO A.Ş.

	Court	Case File No.	Plaintiff	Defendant	Subject Matter	Last Status
1	2 nd CIVIL COURT OF PEACE IN İSTANBUL	2009/742 - Case no. 2011/124 E with the new court having jurisdiction	BERKAY İNCE İNTERVO (1 st Office floor in the Tower B3)	1- AKMERKEZ GYO A.Ş. 2- ÜÇGEN BAKIM ve YÖNETİM HİZMETLERİ	ACTION FOR DAMAGES Claimed Sum: TL 100,000	The court dismissed the action in favor of the Company on procedural grounds.
2	2 nd CONSUMER COURT IN İSTANBUL	2009/295	ALBER RIFAT BAYRAKTAR	AKMERKEZ GYO A.Ş.	ACTION FOR DAMAGES Claimed Sum: TL 10,000 (theft at the garage)	The company lost the action. We paid TL 79,507.40, including the interest, to the plaintiff. The company applied to the Supreme Court of Appeals for correction of the judgment. The judgment was reversed by the Supreme Court of Appeals in favor of the company. This time, the court sustained the action in part and ordered that TL 1,700 be paid. The defendant appealed the judgment. The decree of the Supreme Court of Appeals is awaited.
3	1 st CONSUMER COURT IN İSTANBUL	2007/753	MEHMET BOZKURT	AKMERKEZ GYO A.Ş.	ACTION FOR DAMAGES Claimed Sum: TL 41,000 (theft at the garage)	The action is still pending.
4	17 th CIVIL COURT OF PEACE IN İSTANBUL	2013/956	SEVİL PARFÜMERİ (STORE NO. 322-323)	AKMERKEZ GYO A.Ş.	ACTION FOR FIXING OF RENT (Request for reduction of monthly rent to TL 55,000)	The action is still pending.
5	17 th CIVIL COURT OF PEACE IN İSTANBUL	2013/956	SEVİL PARFÜMERİ (STORE NO. 221)	AKMERKEZ GYO A.Ş.	ACTION FOR FIXING OF RENT (Request for reduction of monthly rent to TL 25,000)	The action is still pending.
6	12 th COMMERCIAL COURT OF FIRST INSTANCE IN İSTANBUL	2014/54	AVRUPA SANDVIÇ	AKMERKEZ GYO A.Ş.	ACTION FOR DAMAGES (TL 373,036.70)	Settled by compromise.
7	44 th COMMERCIAL COURT OF FIRST INSTANCE IN İSTANBUL	2014/64	AVRUPA SANDVIÇ	AKMERKEZ GYO A.Ş.	ACTION FOR RESTITUTION (TL 32,846.29)	The lawsuit concluded against the company. TL 59,249.03 was paid.
8	4 th COMMERCIAL COURT OF FIRST INSTANCE IN İSTANBUL	2014/128	ÖMER DİNÇKÖK	AKMERKEZ GYO A.Ş.	DECLARATORY LAWSUIT	The lawsuit was filed with the request that authority be granted for obtaining information and making examination on all commercial books and records of the company. The proceedings are in progress. The next hearing has been scheduled to 30.04.2015.
9	3 rd COMMERCIAL COURT OF FIRST INSTANCE	2014/223	ÖMER DİNÇKÖK	AKMERKEZ GYO A.Ş.	SPECIAL AUDITOR APPOINTMENT LAWSUIT	Investigation phase of the lawsuit is in progress. The next hearing has been scheduled to 04.03.2015.
10	6 th COMMERCIAL COURT OF FIRST INSTANCE IN İSTANBUL	2014/1077	ÖMER DİNÇKÖK	AKMERKEZ GYO A.Ş.	ACTION FOR NULLIFICATION OF RESOLUTIONS TAKEN BY THE ANNUAL GENERAL MEETING 2013 UNDER ITEMS NO. 2, 5, 7, 10, 11 OF THE AGENDA	The proceedings are in progress. In the preliminary examination hearing on 10.02.2015, the court decided that an expert witness examination be made.
11	9 th COURT OF PEACE IN İSTANBUL	2014/130	SEVİL PARFÜMERİ	AKMERKEZ GYO A.Ş.	RECORDING OF EVIDENCE	
12	10 th COURT OF PEACE IN İSTANBUL	2014/732	TUFAN SAAT	AKMERKEZ GYO. A.Ş.	ACTION FOR DAMAGES (TL 400,000)	The action is in progress.

LAWSUITS FILED BY AKMERKEZ GYO A.Ş.

	Court	Case File No.	Plaintiff	Defendant	Subject Matter	Last Status
1	12 th COURT OF PEACE IN ISTANBUL	2013/196	AKMERKEZ GYO A.Ş.	HOME STORE (STORE NO. 178)	EVACUATION LAWSUIT	The action is still continuing.

LAWSUITS RELATED WITH THE MEMBERS OF THE BOARD OF DIRECTORS OF AKMERKEZ GYO A.Ş.

	Court	Case File No.	Plaintiff	Defendant	Subject Matter	Last Status
1	18 th COMMERCIAL COURT OF FIRST INSTANCE IN ISTANBUL	2014/1080	ÖMER DİNÇKÖK	RAİF ALİ DİNÇKÖK, ALİZE DİNÇKÖK, EYÜBOĞLU, MEHMET ALİ BERKTAN	ACTION FOR DAMAGES IN THE AMOUNT OF TL 220,000.00 (ARISING FROM LIABILITY OF COMPANY MANAGERS)	Liability action has been filed against some of the members of the board of directors of the company. The session for preliminary examination has been scheduled to 30.04.2015.