



**AKMERKEZ GAYRİMENKUL  
YATIRIM ORTAKLIĞI  
ANONİM ŞİRKETİ**

**ANNUAL REPORT  
FOR THE PERIOD OF  
01.01.2013 – 31.12.2013**

# AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

## REPORT OF THE BOARD OF DIRECTORS

### ON THE ACTIVITIES OVER OF THE PERIOD OF

01.01.2013 - 31.12.2013

This report is issued pursuant to the article 8 of the Communiqué Serial II-14.1 of the Capital Markets Board on the Principles of Financial Report in the Capital Markets concerning the Principles, Procedures and Rules applicable to Preparation and Submission to Concerned Parties of the Financial Reports by Corporations, which was published in the Official Gazette no. 28676 of 13.06.2013, for the purpose of evaluating the business activities of the Company and giving information to our investors.

### Information about the Company

<b>Trade Name</b>	AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ
<b>Listed Exchange</b>	Borsa İstanbul A.Ş.
<b>Trading Symbol</b>	AKMGY
<b>Head Office Address</b>	Akmerkez E Kule Kat 1 / Etiler – İstanbul
<b>Web Site</b>	<a href="http://www.akmgvo.com">www.akmgvo.com</a>
<b>E-mail</b>	<a href="mailto:gyo@akmerkez.com.tr">gyo@akmerkez.com.tr</a>
<b>Trade Registration Number</b>	260139
<b>Tax Office and No</b>	Büyük Mükellefler VD - 837 003 1973
<b>Telephone Number</b>	(212) 282 01 70
<b>Fax Number</b>	(212) 282 01 65

## **AGENDA OF THE ANNUAL GENERAL MEETING OF SHAREHOLDERS 2013 OF AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ**

1. Opening and formation of the chairing board;
2. Reading and discussion of the Annual Report 2013 issued by the Board of Directors;
3. Reading of the Auditors' Report 2013;
4. Reading, discussion and adoption of the Financial Statements 2013;
5. Release of the Members of the Board of Directors from their respective obligations in respect of the operations of the Company in 2013;
6. Determination of the manner of use of the profit and the rates of profit and earning shares to be distributed;
7. Determination of the remunerations to the members and independent members of the Board of Directors;
8. Submission of the Independent Auditor selection made by the Board of Directors pursuant to the "Communiqué on the Independent Audit Standards in the Capital Market" issued by the Capital Markets Board and the Turkish Commercial Code to the approval of the General Meeting;
7. Approval of the appointment made by the Board of Directors to vacant position in the Board occurred over the account year;
8. Submission to the approval of the General Meeting of the Independent Auditor selected by the Board of Directors pursuant to the "Communiqué on the Independent Audit Standards in Capital Market" issued by the Capital Market Board and the provisions of the Turkish Commercial Code applicable to the selection of Independent Auditor;
9. In the event that any shareholder controlling the management of the Company or any member of the Board of Directors or any executive of the Company as well as any of their spouse and blood and in-law relatives up to second kin has executive any transaction of significant nature which may lead to conflict of interest with the Company or any affiliate of the Company and/or executed any transaction in the nature of a commercial business which falls within the business of the Company or any of the affiliates of the Company on his name and behalf or on the name and behalf of any third person or become a member of a commercial enterprise which is engaged in the same sort of business of the Company or any affiliate of the Company as a partner with unlimited liability, giving information to the General Meeting about such transactions pursuant to the Corporate Governance Principles of the Capital Market Board and giving of permission by the General Meeting to the members of the Board of Directors in respect of such transactions pursuant to the articles 395 and 396 of the Turkish Commercial Code;
10. Granting of the consents and powers cited in the articles 395 and 396 of the Turkish Commercial Code to the Members of the Board of Directors;
11. Submission of the upper limit established for donations to be made during 2014 to the general meeting pursuant to the Capital Markets Law;
12. Giving of information about the donations and aids made by the Company in 2013 to the shareholders pursuant to the Capital Markets Law;
13. Giving of information about the transactions of the Company with any related parties to the shareholders pursuant to the Capital Markets Law;
14. Giving of information about the rent discounts made by the Company in 2013 to the shareholders;
15. Wishes and Closing.

### **BOARD OF DIRECTORS**

## **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 ten-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 m<sup>2</sup> 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.

### **A vibrant experience that exceeds the shopping center concept...**

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. Istanbulites watched the structural development with curiosity.

#### **1993**

##### ***Istanbulites 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 m<sup>2</sup> 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.

### ***Stores opened at Akmerkez in 2013***

Owing to its location in the center of the city, ease of access and care given to the arrangement of the stores, Akmerkez attracted important local and international brands such as Liu Jo, Nautica, Masterpiece, Rigatoni, Yves Rocher, Catimini, Madame Coco, Wolford and Sephora in 2013.

## **PROFIT DISTRIBUTION PROPOSAL**

Members of the board of directors of AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKET met and took the following resolutions:

The amount of the net profit in 2013 as stated in the financial statements issued in accordance with the Communiqué no. II-14.1 of the Capital Markets Board on the Principles of Financial Reporting in Capital Markets is TL 59,841,965.00 and the amount of the net profit in the period as stated in the financial statements issued in accordance with the Tax Procedure Code is TL 60,120,782.11.

It is resolved by unanimous votes of the present members

1. That since the statutory reserve has reached 20% of the paid-up capital as required by the article 519 of the Turkish Commercial Code, the statutory reserve of 5% be not set aside;
2. That TL 1,863,200.00 of TL 60,858,965.00 as calculated by adding TL 1,017,000.00, which is the amount of the donations made during the year, to TL 59841,965.00, which is the net distributable profit in the period, be set aside for distribution to the shareholders in cash as the 1<sup>st</sup> Dividend;
3. That a share be set aside from the remaining profit for the Members of the Board of Directors pursuant to the article 30/c of the articles of association of the Company;
4. That a portion of the remaining profit amounting to TL 46,580,000.00 be set aside for distribution to the shareholders in cash as 2<sup>nd</sup> Dividend;
5. TL 4,658,000.00, which is one tenth of the amount of the dividends payable to the shareholders as remaining after deduction of the amount being equal to 5% of the paid-up capital, be set aside as the general statutory reserve pursuant to the second paragraph of the article 519 of the Turkish Commercial Code;
6. That the remaining profit be not distributed but set aside as extraordinary reserve;
7. That the total amount of the 1<sup>st</sup> and 2<sup>nd</sup> Dividends payable to the shareholders be established at TL 48,443,200.00 (amount of the dividend corresponding to one share at par value of TL 1.00 gross=net TL 1.30, and the ratio of the dividend gross=net 130%) and that the dividends be paid in cash on 27.05.2014, and that this profit distribution proposal of the Board of Directors be submitted to the approval of the General Meeting;
8. That this resolution about the profit distribution proposal and the Profit Distribution statement 2013 prepared in accordance with the decrees of the Capital Markets Board be disclosed to public and one copy of the profit distribution statement submitted to the Capital Markets Board.

## **MEMBERS OF THE BOARD OF DIRECTORS**



**AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**  
**PROFIT DISTRIBUTION PROPOSAL 2013**

1. Paid-up/Issued Capital		37,264,000.00	
2. Total Statutory Reserves (According to Statutory Records)		48,113,673.92	
Information regarding preference in profit distribution as per articles of association			
		<b>According to the Capital Market Board</b>	<b>According to Statutory Records</b>
3.	Profit in the Period	59,841,965.00	60,120,782.11
4.	Taxes Payable (-)	-	-
5.	Net Profit in the Period (=)	59,841,965.00	60,120,782.11
6.	Losses in Previous Years (-)	-	-
7.	General Statutory Reserve (-)	-	-
8.	NET DISTRIBUTABLE PROFIT IN THE PERIOD	59,841,965.00	60,120,782.11
9.	Donations made during the year (+)	1,017,000.00	
10.	Net distributable profit in the period with donations added	60,858,965.00	
11.	First dividend to shareholders	1,863,200.00	
	- Cash	1,863,200.00	
	- Gratis Shares	-	
	- Total	1,863,200.00	
12.	Dividend to holders of preferential shares		
13.	Other Profit Share Distributed to - Members of the Board of Directors - Employees - Other non-shareholder persons	-	
14.	Profit share distributed to holders of dividend certificates	-	
15.	Second Dividend to Shareholders	46,580,000.00	
16.	General Statutory Reserve	4,658,000.00	
17.	Statutory Reserves	-	
18.	Special Reserves	-	
19.	EXTRAORDINARY RESERVE	6,740,765.00	7,019,582.11
20.	Other Resources Proposed to be Distributed	-	

**STATEMENT OF PROFIT SHARE RATES**

	GROUP	TOTAL AMOUNT OF DISTRIBUTED PROFIT SHARE		TOTAL AMOUNT OF DISTRIBUTED PROFIT SHARE / NET DISTRIBUTABLE PROFIT IN THE PERIOD	PROFIT SHARE CORRESPONDING TO ONE SHARE AT PAR VALUE OF TL 1.00	
		CASH (TL)	GRATIS (TL)	RATE (%)	AMOUNT (TL)	RATE (%)
NET	A					
	B					
	C					
	D					
	<b>TOTAL</b>	<b>48,443,200.00</b>		<b>80.9519</b>	<b>1.30</b>	<b>130.00</b>

### **Shareholding Structure and Shareholder Value**

Akmerkez GYO A.Ş., a company registered with the İstanbul Trade Register Office (Trade Registration No. 260139) with offices at the address of Akmerkez Ticaret Merkezi E Kule Kat 1 Etiler, İstanbul, is a company whose 50.82% of its stocks are publicly held as of 31.12.2013.

One General Meeting of Shareholders was held as the Annual General Meeting held on 27.03.2013 in 2013. Rate of attendance at that meeting was over 90%.

All stocks representing the capital are listed in the İstanbul Stock Exchange (İSE).

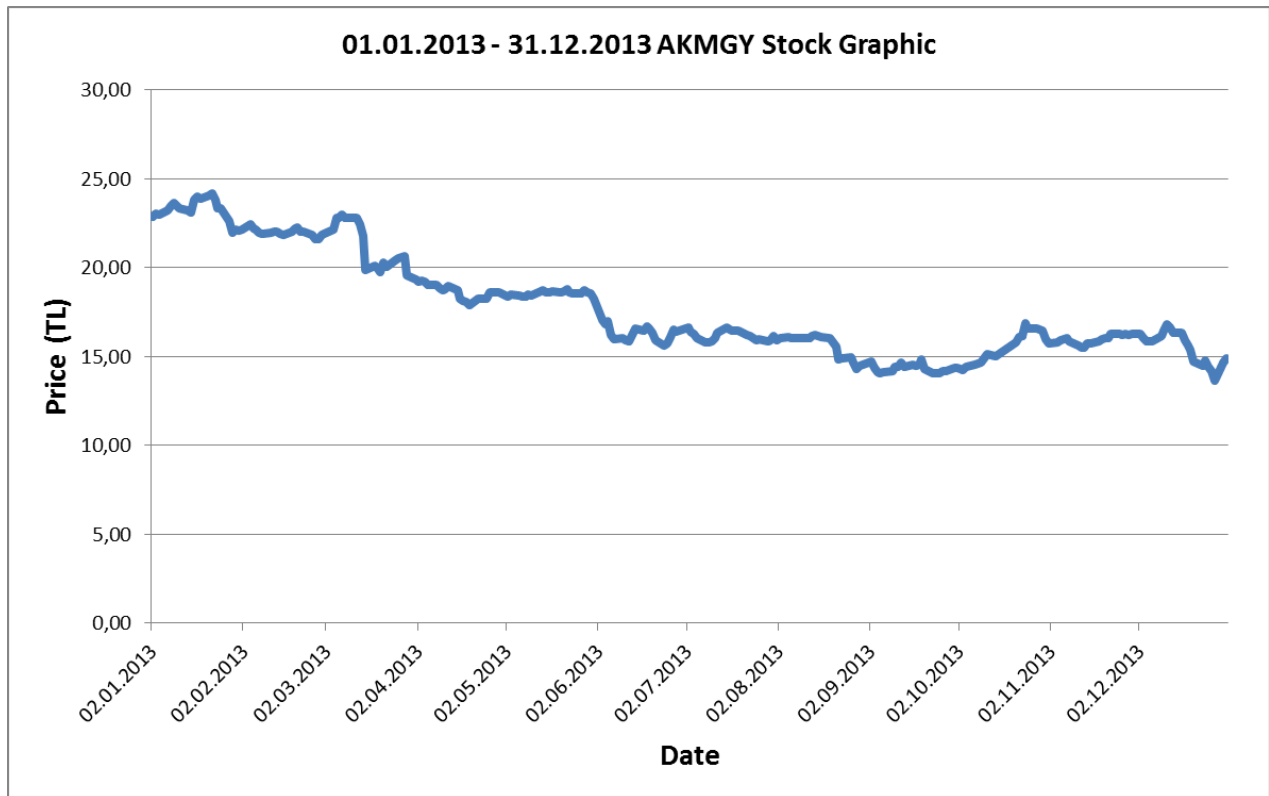
### **Capital and Shareholding Structure of Akmerkez GYO**

The registered capital ceiling of Akmerkez GYO A.Ş. is TL 75,000,000 and the paid-up capital TL 37,264,000.

List of the shareholders who own 5% and more of the capital of the Company as of 31.12.2013 is as follows:

<b>Trade Name/Name&amp;Last Name of the Shareholder</b>	<b>Share in the Capital (TL)</b>	<b>Share in the Capital (%)</b>
AKKÖK SANAYİ VE YATIRIM GELİŞTİRME A.Ş.	4,890,900	13.12
TEKFEN HOLDİNG A.Ş.	4,019,839	10.79
DAVİT BRAUNŞTAYN	2,354,609	6.32
PUBLICLY HELD STOCKS	18,938,898	50.82
OTHER	7,059,754	18.95
<b>TOTAL</b>	<b>37,264,000.00</b>	<b>100.00</b>

### **Stock Graphic**



## **BOARD OF DIRECTORS:**

Board of Directors :

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

Members of the Board of Directors were elected by the annual general meeting held on 28.05.2012 for an office period of 3 years.

The members are RAİF ALİ DİNÇKÖK, MEHMET ALİ BERKMAN and ALİZE DİNÇKÖK EYÜBOĞLU who were nominated by AKKÖK SANAYİ YATIRIM VE GELİŞTİRME ANONİM ŞİRKETİ, a company which holds majority of the Group (A) nominative shares; FEYYAZ BERKER and ERHAN ÖNER who were nominated by TEKFEN HOLDİNG ANONİM ŞİRKETİ, a company which holds majority of the Group (B) nominative shares; DAVİT BRAUNŞTAYN who holds majority of the Group (C) nominative shares and FREDERIC YVES FONTAIN who holds majority of the Group (D) nominative shares.

Of the members of the present board of directors, LÜTFÜ ÜNVER, SELÇUK YENER and ROBER FİLİBA are independent members of the board pursuant to the Communiqué on the Principles Applicable to Real Estate Investment Companies.

All members of the board of directors meet the qualifications required from them by the Communiqué on the Principles Applicable to Real Estate Investment Companies and, except for FREDERIC YVES FONTAINE, who is a national of France, are citizens of the Republic of Turkey.

## **DEVELOPMENTS REGARDING THE BOARD OF DIRECTORS AND THE POLICIES OF THE COMPANY**

### **PROFIT DISTRIBUTION POLICY**

The Profit Distribution Policy of AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ aims that the shareholders earn a regular income. The profit distribution policy of the Company is clearly specified in the article 30 of the articles of association, titled PROFIT DISTRIBUTION, as follows:

“The Company complies with the regulations in the Turkish Commercial Code and the capital markets legislation regarding the profit distribution.

- 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 2<sup>nd</sup> 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 2<sup>nd</sup> 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.

## **DIVIDEND PAYMENT**

The resolution of the Board of Directors regarding the profit of the Company in 2012 is as follows:

“The Company’s net profit for the year 2012 shown on the financial statements issued as per the provisions of the Communiqué Serial XI, No. 29 of the Capital Market Board is TL 54,321,987.00 and net profit for the year 2012 shown on the financial statements issued as per the provisions of the Code of Tax Procedure TL 52,347,919.50.

Present members of the Board resolved unanimously

1. That from the net profit in the period in the amount of TL 54,321,987.00 as shown on the financial statements issued as per the provisions of the Communiqué Serial XI, No. 29 of the Capital Market Board, the primary statutory reserve in the amount of TL 2,612,699.32 be set aside pursuant to the article 519 of the Turkish Commercial Code;
2. That the portion of TL1,863,200.00 out of TL 51,759,337.68 which was calculated by adding the donations amounting to TL 50,050.00 made over the year to the net distributable profit in the period of TL 51,709,287.68 be set aside for distribution to the shareholders in cash as the First Dividend;
3. That a share be set aside from the remaining profit to the Members of the Board of Directors as per the article 30(c) of the articles of association of the Company;
4. That the portion of TL 43,505,720.00 of the remaining profit be set aside for distribution to the shareholders in cash as the Second Dividend;
5. That TL 4,350,572.00, which is one tenth of the amount remaining after deduction of 5% of the paid-up capital from the dividends to be paid to the shareholders, be set aside as the secondary statutory reserve pursuant to the paragraph 2 of the article 519 of the Turkish Commercial Code;
6. That the remaining profit be not distributed but set aside as the extraordinary reserve;
7. That the distribution of the profit share in the amount of TL 45,368,920.00 as total sum of the First Dividend and the Second Dividend set aside from the net profit in the period for distribution to the shareholders to the shareholders at the rate of 121.75% of the paid-up capital of the Company in cash in the amount of TL 1.2175 gross (=Net) (TL 100 = TL 121.75) against the profit share coupons for the year 2012 held by the shareholders and that the making of the distribution of the profit share on 29.03.2013 be proposed to the General Meeting;
8. That this resolution of the Board regarding the profit distribution proposal and the Profit Distribution Statement 2012 issued as per the decrees of the Capital Market Board be disclosed to the public and one copy of the profit distribution statement be submitted to the Capital Market Board.

The above resolution was approved by unanimous votes of the shareholders present at the General Meeting held on 27.03.2013 and the dividends were paid on 29 March 2013.

## **AMENDMENTS TO THE ARTICLES OF ASSOCIATION MADE DURING THE PERIOD**

The following amendments to the articles of association were approved by the Capital Markets Board and the Ministry of Customs and Commerce and adopted by unanimous votes of the shareholders present at the annual general meeting 2012 held on 27.03.2013:

The Article 4 of the Articles of Association of the Company, titled ‘Head Office and Branch Offices of the Company’, the Article 6, titled ‘Capital and Shares of Stock’, the Article 7, titled ‘Transfer of Shares of Stock’, the article 9, titled ‘Borrowing Limit and Issue of Securities’, the article 11, titled ‘Board of Directors and Office Term’, the Article 13, titled ‘Meetings of the Board of Directors’, the Article 14, titled ‘Special Resolutions and Compliance with Corporate Governance Principles’, the Article 15, titled ‘Remunerations to the Members of the Board of Directors’, the Article 16, titled ‘Management and Binding of the Company’, the Article 18, titled ‘Bans on Executives’, the Article 21, titled ‘Independent Audit’, the Article 22, titled ‘General Meetings of Shareholders and Quorum’, the Article 23, titled ‘Place of Meeting’, the Article 24, titled ‘Presence of a Representative of the Ministry in the General Meetings’, the Article 25, titled ‘Appointment of Proxy’, the Article 26, titled ‘Voting Method’, the Article 27, titled ‘Announcements of the Company’, the Article 28, titled ‘Obligation to Give Information’, the Article 30, titled ‘Distribution of the Profit’, the Article 31, titled ‘Timing of Profit Distribution’, and the Article 32, titled ‘Dissolution and Liquidation’ of the proposal for deletion of the Article 19 of the Articles of Association, titled ‘Auditors and Their Office Term’, and the Article 20, titled ‘Remunerations to the Auditors’.

These amendments to the articles of association were registered on 05.04.2013 and published in the Turkish Trade Registry Gazette on 11.04.2013.

## **SELECTION OF THE INDEPENDENT AUDIT FIRM**

The following resolution was adopted by unanimous votes of the shareholders present at the General Meeting held on 27.03.2013:

“The Board of Directors of AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ met and took the following resolutions on 07.03.2013:

It is resolved unanimously by the present members

1. That BAŞARAN NAS BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK ANONİM ŞİRKETİ be selected as the independent audit firm for independent audit of the Company in 2013 pursuant to the “Communiqué on the Independent Audit Standards in Capital Markets” issued by the Capital Markets Law and the Turkish Commercial Code and that the selection of the Auditor by the Board of Directors be submitted to the approval of the General Meeting.



## **SUMMARY OF REAL ESTATE VALUATION REPORT**

A summary of the real estate valuation study conducted by Eva Gayrimenkul Değerleme Danışmanlık A.Ş. is as follows:

The market value as of 31.12.2013 based on the rent incomes capitalization: TL 984,257,000.00 (Turkish lira, nine hundred eighty four million two hundred fifty seven thousand, exclusive of VAT of 18%)

The market value as of 31.12.2013 based on the rent incomes capitalization: TL 1,161,423,000.00, (Turkish lira, one billion one hundred sixty one million four hundred twenty three thousand, inclusive of VAT of 18%)

## **Message from the Board of Directors**

### **Dear Shareholders,**

After 2013, a period during which the world economy passed through a tough course, it is expected that the world economy would grow by 3 percent in 2014. According to this expectation, the growth in 2014 would be higher than in 2012 and 2013. The basic prop behind the expectation that the growth would be higher is the improvement in the growth indicator and the growth performance in all of the developed countries in 2014. Indeed, it is expected that after a recession during the last one and a half year, the Euro Zone would grow by 1 percent and the European Union by 1.3 percent in 2014. It predicted that the growth would accelerate and rise as much as 2.6 percent in the United States as well in 2014.

It is thought that expectations regarding inflation, current deficit, growth and interest rate corridor in the domestic financial sector would be close to one another in 2014. The common view in this regard is that the domestic market will seek to come to a balance. The business world expects that the inflation rate would be 6.50 to 7.00 percent and the growth rate 3.50 to 4.00 percent and the current deficit would be 7.50 to 7.60 percent of the gross domestic production. At this juncture, that the economy management continues to stand firm in the Medium Term Program targets and that the Central Bank follows the monetary program for 2014 as announced on 24 December 2013 will be important in terms of maintenance of the stability in the monetary markets.

Having been adapting itself to changes rapidly amidst all this outlook and agenda owing to its dynamic structure closely monitoring the conditions in Turkey and the world, Akmerkez GYO continued its leadership in the industry in 2013 as well. Having started off with the target to become “the world’s best shopping mall” and reached this target in the second year alone, Akmerkez Shopping Mall will continue to be a comfortable living center that has caught up with the times for its guests with a façade to be renewed and a new open-air concept over the next years. The awards received from respectful organizations both in Turkey and international platforms so far are an indication of the sustainability of the success of the Company.

Contributions of our valuable employees who have been contributing with their self-sacrificing works, our respectful guests with their trust and interest in us, our shareholders and management to the success achieved by Akmerkez GYO in 2013 is great. We thank all of them from our hearts.

### **BOARD OF DIRECTORS**

## **Message from the General Manager**

**Dear Stakeholders,**

Turkey has continued to grow positively in many industries together with its young dynamic population and growing economy. Real Estate Investment Companies are a driving force of the economy of the country for the reason that they are an element of balance in the economic development thanks to their accountable and auditable corporate structures, for their role in the extending of the capital all the way down to the bottom in a transparent manner, and for the reason that they are attractive investment instruments for foreign investors.

In the real estate industry in general, significant increases have occurred in the investments in shopping malls and in the business volumes of the existing shopping malls for the reason that the demands are at the upper levels on the sides of both the retainers and the customers. Especially the desire of many international brands to take benefit from the dynamic structure in Turkey has significantly encouraged them to come to the Turkish market and positively affected the growth of the organized retail industry. For the reason that the demand of tenants and consumers for shopping malls has been continuing intensively, the rising trend in rents continued.

It is expected that the positive market conditions experienced in 2013 would continue over 2014, too, as the uncertainties experienced during the last period of the year are quickly eliminated and especially owing to the investors who have experiences about the market and who have full confidence in the future of Turkey. Specialists of the industry drew the attention in recent years to the risk that the turnover per square meter would decrease as the number of shopping malls increased. However, in the current state, we observe that there isn't such risk and on the contrary there is an increase in the turnovers.

Akmerkez GYO A.Ş. showed a successful performance in 2013 owing to the façade of Akmerkez Shopping Mall that would be renewed, active works toward customers, creation of a living area beyond a shopping mall through cultural and arts events, coping with the competition and a dynamic structure.

Akmerkez has shown once again that it is one of the pioneers of the industry by having been awarded with a number of awards this year as in every year and by attracting new important brands under its roof. The awards received from respectful organizations both in Turkey and international platforms so far as well as its strong, profitable financial structure and institutionalism are an indication of the sustainability of the Company. Besides all these, the social responsibility activities carried out by the Company with the principle of investing in the future have strengthened the identity of Akmerkez as an important brand which adds a value to the society. Akmerkez will earn new regular customers by giving priority to the satisfaction of the visitors in all activities to be carried out during 2014 entered as renewed and add new brands to the family of Akmerkez.

Contributions of our valuable employees who have been contributing with their self-sacrificing works, our respectful guests with their trust and interest in us, our shareholders and management to the success achieved by Akmerkez GYO in 2013 is great. I thank all of them from my heart.

**Murat KAYMAN**  
**General Manager of Akmerkez GYO A.Ş.**

## **Activities in 2013**

### **Sectoral Developments**

According to the data released by Jones Lang LaSalle Turkey, the total leasable area in Turkey increased by 581,000 m<sup>2</sup> in 22 shopping malls during the first half of 2013 as compared with the end of 2012 and reached 8.9 million m<sup>2</sup> in 336 shopping malls. 6 of these shopping malls are located in İstanbul which accounts for 38% of the total stock. It is expected that total 88 shopping malls of which construction is expected to be completed by the end of 2016 would provide a total leasable area of around 3.1 million m<sup>2</sup>. It is estimated that with the completion of the project under construction the total leasable area would reach 12 million m<sup>2</sup> in 424 shopping malls.

According to the data released by AYD, the leasable area across Turkey has reached 106 m<sup>2</sup> per 1,000 persons. There are shopping malls in only 54 provinces out of 81 provinces of Turkey yet. It is envisaged that with 25 new shopping malls opened in 2013, 1.1 million m<sup>2</sup> more leasable area would be added to the total leasable area which would reach 9.4 million m<sup>2</sup>.

The turnovers per leasable square meter of shopping malls were TL 827 in İstanbul and TL 624 in Anatolia, reaching TL 705 across Turkey, in December 2013.

Entering 2013 with new laws such as urban transformation, Reciprocity and 2B, the construction industry passed a year full of action. The industry that grew by 7.6 percent in the last year targets to grow more rapidly than Turkey in 2014.

### **Real Estate Industry**

Having achieved in 2013 the urban transformation, the Reciprocity Law and the 2B law that governs the sale of lands which have lost their forest characteristics, the real estate industry passed a year full of action. Having gained power with the legal regulations, the industry entered the new year with hope. During the first nine months of the year, the Turkish economy grew by 4.4%, while the construction industry closed the year with a record performance as 7.5%. It is expected that the home industry which showed a better performance in 2013 as compared with the previous year would offer attractive opportunities for consumers owing to the new regulations.

## **Management of the Shopping Mall**

### **Distinguished awards to projects which realized the firsts**

Having become an example to other shopping malls with the innovations it has brought to the industry, Akmerkez was awarded with 15 awards by the most distinguished award organizations of the world for its projects, many of which are firsts in Turkey, in 2013. These awards which reflect the success of 20 years of Akmerkez have shown once again the accuracy of the way on which it has been progressing since the very day of its establishment.

Adding a multi-dimensional value to the concept of shopping mall in Turkey with its dynamic view point which is open to changes, Akmerkez was awarded with total 15 awards from Hermes Creative Awards, AVA Digital Awards, Platinum PR Awards, Stevie Awards and Marcom Awards for 6 projects out of a number of projects realized in 2013.

The activity titled “Fly Your Wishes” as developed by Akmerkez specially for the new year’s day of 2012-2013 was awarded with two major awards by Hermes Creative Awards, which select the world’s most creative projects in the marketing communication area, in the categories of Social Media / Twitter Page and Social Media / Consumer Engagement. The “Fly Your Wishes” activity also won an award from Platinum PR Awards which has been awarding public relations agents and non-governmental organizations.

The project “7 Elephants Wanted”, in which guests of Akmerkez download an application into their iPhone, iPad and iPod Touch devices and catch the elephants within Akmerkez by cameras of their device to win surprise gifts was awarded with five awards in various categories from AVA Digital Awards which award distinguished and creative projects in the digital communication industry. With the project “7 Elephant Wanted” which was awarded with five awards from four respectful international organizations in the last year, Akmerkez has shown that it hosts amusing experiences which are rarely encountered, besides the comfort and the diversity offered to the visitors. The project features a first in Turkey in that it uses a real space and a virtual space together, besides featuring a digital application designed as a shopping mall activity.

In 2003, Akmerkez was awarded with two awards from Hermes Creative Awards, the leading awards of the marketing communication, for the “Universal Turkish Tastes” project and the special event, “Snow Fall”. Besides these, Akmerkez was awarded with 15 prestigious awards in 2013, including silver and bronze prizes from Stevie International Business Awards, one of the world’s most prestigious award organizations of the business world, for the “Creative Director’s Mind” and “Boyamiko” projects and one prize from Marom Awards for “Boyamiko” project.

### **A concept placing the art on the center of life**

Bringing the shopping mall concept together with the arts events, Akmerkez continued to host the select figures of the arts world at the Gallery section of the mall. The arts events which make Akmerkez more than a shopping mall continued with new projects in 2013.

The “Arts at Akmerkez - 9” events organized jointly with Tunca Arts Gallery hosted exhibitions from various art branches with intensive visits of art lovers under the roof of Akmerkez in 2013 as well. Besides these exhibitions, Akmerkez began to meet the guests with historical and intellectual aspects of arts through seminars on arts in various branches such as “History of Art”, “Modern

Arts”, “Photography”, “Visual Perception” and “Building up Collections” which began to be delivered within the scope of “Arts at Akmerkez” from 2013 on.

In the first major “Arts at Akmerkez” exhibition of the year, Akmerkez hosted works of Bedri Rahmi Eyübođlu, one of the most important representatives of the Turkish arts of painting, consisting of his self-portraits and abstract works which are distinguished works of the Turkish arts of painting. The exhibition consisting of the paintings done by Bedri Rahmi Eyübođlu during the period he lived in the United States was extensively mentioned in the press also for their bringing the principles of painting developed by him in the United States and used after his return to the light.

In April, Akmerkez opened its doors to a group exhibition, titled “Different Worlds”, which brought four young artists from different branches of arts together. The works of Nevres Akın, Raşit Altun, Hülya Bakkal and Ferit Yazıcı, the artists who came together on the occasion of this exhibition first time ever, drew great interest from art lovers for their aspects which underlined the contradictions in the production richness of the contemporary arts and put forward new suggestions.

Akmerkez met the people who stayed in the city during the summer with “Contemporary Group Exhibition” where important specimens of the works of artists from different eras with different styles were exhibited. In the exhibition, works of many important figures of the contemporary Turkish arts, such as Burhan Dođançay, Erol Akyavaş, Kemal Önsoy, Mustafa Ata, Devrim Erbil, Şevket Dađ, Bedri Baykam, Neşe Erdok, Sabri Berkel, Abdurrahman Öztoprak, Komet, Alaattin Aksoy, Devrim Erbil, Ömer Uluç, Özdemir Altan, Adnan Çoker, Ergin İnan, Turan Erol, Haluk Akakçe, Ahmet Güneştekin, Ahmet Oran, Nuri İyem, Abidin Dino, Nuri Abaç, Necdet Kalay, Leyla Geriz, Asım İşler, Zekai Ormancı, Ebru Uygun, Balkan Naci İslimyeli and Kezban Arcak Batıbeki, were exhibited.

The last exhibition of the year was group exhibition of sculptures, titled “Form-Space-Time, A Section of 100 Years of Turkish Sculpture Arts”, which opened its doors to art lovers in December. Having hosted since 2003 many artists who have been carrying the Turkish arts to the future, Akmerkez exhibited at the “Arts at Akmerkez” gallery the works of valuable artists who gave direction to the sculpture arts on a spectrum from naturalistic expressions to abstract works to art lovers. In the exhibition, where the works of 54 valuable artists, including the works of master sculptors who made the Turkish sculpture arts known, such as Kuzgun Acar and Ali Hadi Bara, the works of Nermin Faruki, the first Turkish woman artist who went for the arts of sculpture, and the works of new generation sculptors, like Güncel Öztürk and Kazım Karakaya, drew great interest from art lovers.

### **Uninterruptible support to arts and young artists**

Akmerkez continued to support young artists by taking part in various sponsorship projects in 2013. From this perspective, Akmerkez has been contributing to the development of the creativity and the arts in Turkey through the FashionOnAir project which has been carried out for the last four years.

Within the scope of this project, Akmerkez brings the works of young designers establishing the fashion of the future together with broad masses. By undertaking the main sponsorship for and hosting the Cannes Young Lions Turkey eliminations in 2013, as in the previous year, Akmerkez supported the events which created great opportunities for young artists. Thanks to this support of Akmerkez, successful youngsters who passed the Turkey eliminations in the competition of Young

Lions from communication, marketing and advertisement sectors have seized the chance to compete in an international platform at Cannes Young Lions.

In 2013, Akmerkez, by adding a new one to its sponsorship projects, undertook the main sponsorship of GQ Men of the Year, one of the most prestigious events which has been rewarding the style in Turkey and the world.

### **The Talismans of the Holy Geometry glowed at Akmerkez**

Having been supporting the creativity and the designing since the very day of opening of its doors, Akmerkez conducted another very special event under the ‘Bee Goddess by Akmerkez’ project in conjunction with Ece Şirin.

The ‘Holy Geometry’ collection of Bee Goddess, the talisman and jewelry brand of the 21<sup>st</sup> century created by Ece Şirin, each piece of which is a key to the path of healing, transformation and finding the power of our self, was introduced at a party held in Akmerkez in December 4<sup>th</sup>.

As in the case of the ‘Secret Garden’ collection, the ‘Holy Geometry’ collection were introduced at a very special party conducted under the sponsorship of Akmerkez. Interest in the event where Leyla Alaton delivered a speech on the ‘Realization of Our Creativity’ and Esra Üstar Oğuz on ‘Writing Our Own Life Myth’ was very high this year as well. At the party, where attendance of figures from the spheres of business, arts and society was high, the new collection of ‘Bee Goddess’ drew great interest.

### **Center for freedom and creativity for children**

Akmerkez continued the amusing workshops where it introduces the boundless world of creativity to children at small ages in 2013. The events held between 14.00 and 16.00 hours on Saturdays raise awareness of children on various issues such as protection of environment, awareness of nature, love for animals, researching, knowledge about professions, knowledge about countries and recycling. Besides these educational events, children have fun on the one hand and develop their creativity by discovering different branches of arts on the other.

### **Details adding joy to special days**

Giving great importance to make its guests pass quality and enjoyable time, Akmerkez reflected this approach to the events organized on special days throughout the year. The events diligently organized at Akmerkez on special days were met with intensive interest and appreciation of the guests in 2013, too, as in every year.

### **The first 3D shop window of Turkey at Akmerkez**

Akmerkez continued the Fashion Side Out application, which realized the first “three dimensional shop window” of Turkey in 2012, with new designs and collections in 2013 as well. The application which continued as a different leg of the Fashion Air Project by which Akmerkez extended support to young fashion designers introduced different designs to the guests of Akmerkez throughout the year. Within the framework of the application by which the shop design was highlighted, the Pop Up store was designed in three different concepts and presented to the like of the guests in 2013.

### **Doors of a fantastic world were opened to children: “Magnet City by Akmerkez”**

Giving care to enrichment of imagination of children through events, Akmerkez realized another creative project in September 2013. Under this project, titled “Magnet City”, a colorful and fantastic world where children could touch objects, walk around and use their creativity was created in an area of 45 m2. The children visiting the Magnet City created such forms and characters in their imagination by using 20,000 magnets of many colors on eight magnet towers. Visited by around 3,000 people within a short time, the Magnet City drew great interest from children as well as adults.

### **Excitement of the new-year was experienced at Akmerkez**

The new-year events organized by Akmerkez this year as in the previous years were met with intensive interest and appreciation of the guests. Akmerkez made a difference with 3 concerts organized during the last days of the year.

On Friday, December 27<sup>th</sup>, 2013, first the İstanbul Gelişim Band, a band of Turkish pop music with a history of 44 years, took stage and charmed the audience with their unforgettable performance. Then, Işın Karaca, one of the strongest woman vocals of Turkey, took stage and sang her most favorite songs. On Saturday, December 28<sup>th</sup>, 2013, Sertab Erener, the famous star of the music world, took stage. Guests showed great interest in these enthusiastic new-year concerts.



## Corporate Governance Principles Compliance Report

Pursuant to the article 39 of the Communiqué Serial III, No. 48.1 of the Capital Market Board Concerning the Principles Applicable to Real Estate Investment Companies, the information policy of Akmerkez Gayrimenkul Yatırım Ortaklığı Anonim Şirketi has been established as follows:

Information other than the information specified in the Communiqué on the Principles Applicable to Real Property Investment Companies, the Communiqué on the Principles Applicable to Disclosure of Special Situations to Public and the other relevant regulations is disclosed to the public in accordance with this information policy:

a. As subject to the rules and limitations set out in the aforesaid regulations, Akmerkez may take out ads and notices, hold press conferences, conduct public meetings, participate in fairs and similar events regarding its existing portfolio or new projects at hand and sales, leases and similar marketing activities related thereto.

b. Up-to-datedness of the technological infrastructure built in order to communicate the information of Akmerkez to the public and to inform the shareholders and the investors on every subject about the Company is ensured and the information is communicated through the following distribution channels:

Annual report: Annual report of Akmerkez is issued in Turkish and English and submitted to the investors fifteen days before the General Meeting and transmitted via electronic medium upon request.

Corporate web site: The portfolio value statement, the financial statements by periods, the stock performance, the annual report, the articles of association, the special situation disclosures and the documents related with the General Meeting of the Company are published in the web site of the Company.

Relations with the press: In order to inform the media about the current and future investment projects of the Company, the Company will hold press conferences. Dates of the press conferences will be notified to the concerned persons ten days before the conference. Press releases related with the conferences held will be distributed and interview requests will be evaluated.

Informing of the investors and specialists: How to respond to the questions and comment requests of shareholders, stakeholders, investors and financial analysts about Akmerkez is described in the third item below.

c. Questions asked and/or information and comments requested by the press, shareholders, stakeholders, investors, financial analysts and specialists about Akmerkez will be transmitted to the Company via the corporate web site, telephone and fax and the questions will be answered by the advisors of the board of directors, the General Manager, the finance manager, the company lawyers and the shareholder relations unit depending on the subject of such questions, within seven business days.

# AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

## 1. 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.

## SECTION I - SHAREHOLDERS

### 2. Shareholder Relations Unit

All shareholders, including the minority and foreign shareholders, are treated equally.

Alongside the organs of the Company, the “Shareholder Relations Unit” which has been established as a requirement of the law reports directly to the General Manager. The Unit plays an active role in facilitating of the protection and use of the shareholding rights, mainly the right to be informed and the right to inspect.

Within this scope, questions forwarded to the unit are answered both by phone and in writing after they were discussed with the person having the highest authority on the respective subject matter, except for the information considered as confidential and trade secret.

4 written applications were made to and all applications were replied by the Shareholder Relations Unit within 7 days during 2013.

Employees of the Company who are in charge of the Shareholder Relations are:

Murat Kayman  
General Manager  
0 212 282 01 70 / 235  
[murat@akmerkez.com.tr](mailto:murat@akmerkez.com.tr)

Zeynep Yıldırım Gündoğdu  
Finance Manager  
0 212 282 01 70 / 228  
[zeynep@akmerkez.com.tr](mailto:zeynep@akmerkez.com.tr)

Unit:

Fax: 0 212 282 01 65

e-mail: [gyo@akmerkez.com.tr](mailto:gyo@akmerkez.com.tr)

Latest information and remarks which may affect the use of shareholding rights are published on the web site for use by the shareholders. In this context, 28 public disclosures were made in 2013.

### **3. Use of the Right to be Informed by the Shareholders**

Each shareholder has the right to have access to and examine any information, except for trade secrets, in accordance with the regulations in effect. The right to be informed and the right to inspect have not been revoked or limited by the articles of association or a resolution of one of the organs of the Company.

Although there isn't a provision in the articles of association to the effect that each shareholder is entitled to personally demand from the general meeting to make a special audit for investigation of particular incidents even if it is not included in the agenda, no application was made to the general meeting in this regard.

No application was made for appointment of a special auditor over the period.

The management of the Company refrains from taking any action which makes it difficult to make a special audit.

### **4. General Meetings of Shareholders**

One annual general meeting was held in 2013 and no media member attended the general meeting. The shareholders didn't use their right to ask question and didn't propose any issue to be discussed at the general meeting. Attendance at the general meeting was over 90%.

Besides the methods provided in the legislation, notice for the general meeting is made via the web site [www.akmgvyo.com](http://www.akmgvyo.com) and "KAP", the Platform for Public Disclosure, so as to ensure notification of the meeting to as many shareholders as possible, at latest three weeks before the meeting and is published in the Turkish Trade Register Gazette and two daily newspapers circulating across Turkey.

On the Internet site of the Company, besides the notice for the general meeting and other notices and disclosures of the Company which must be made pursuant to the law, the general meeting information section, which is prepared so as to include the matters specified in the article 1.3.2 of the Communiqué of the Capital Market Board Concerning the Establishment and Application of Corporate Governance Principles, was published.

On the agenda of the general meeting, each proposal is stated under a separate heading and clearly.

If there is an issue on the agenda of the general meeting which has been forwarded by the shareholders to the Shareholder Relations Unit of the Company in writing for inclusion on the agenda, it is evaluated by the Board of Directors. If the Board of Directors does not accept the agenda recommendations of the shareholders, unaccepted recommendations and reasons for rejection are announced at the general meeting.

Annual general meetings of shareholders are held in İstanbul with the aim of increasing the attendance of the shareholders in a manner that will not lead to inequality between the shareholders and that will ensure attendance of the shareholders at the meeting with minimum cost, in accordance with the relevant article contained in the articles of association.

Questions asked by the attendants at the general meeting, which are not considered as trade secret, are answered by the Board of Directors and top executives.

At the annual general meeting 2013, necessary permissions were granted to the shareholders who held majority in the management, the members of the board of directors, the top executives and their blood and in-law relatives up to second kind to execute any transaction which may lead to conflict of interest with the Company or its affiliates, to compete with the Company or its affiliates, to engage in any business which is included in the subject of the Company personally or through others and to become partners of any companies which are engaged in such business and to carry out other transactions pursuant to the Corporate Governance Principles of the Capital Market Board and also necessary permissions were given to the members of the Board of Directors as per the articles 395 and 396 of the Turkish Commercial Code, and no problem was experienced in respect of the approval given over that period.

No privilege was granted to any person or entity regarding access to the proprietary information of the Company.

The members of the board of directors who are concerned with any special issues on the agenda, any other related persons, the executives and auditors who were in charge of preparation of the financial statements attend the annual general meeting to provide the required information and to answer the questions.

Donations made by the Company during the year are informed to the shareholders as a separate issue on the agenda at the annual general meetings and in the annual report.

General meetings are held open to public, including the beneficiaries and media members, without right of speech, though it has not been provided in the articles of association.

In 2013, no transaction was executed in relation with any matter regarding any transactions of important nature in terms of application of the Corporate Governance Principles.

## **5. Voting Rights and Minority Rights**

The Company refrains from any action which may make it difficult to use the voting right. Including the cross-border, each shareholder is given the opportunity to use the voting right in an easiest and appropriate manner.

There isn't any privilege for the voting right.

There isn't a company with which the Company has a mutual subsidiary relationship.

Maximum care is given to using of minority rights.

Regarding the minority rights, compliance with the relevant legislation is assured.

## **6. Right to Profit Share**

Profit share distribution policy of the Company is available on the Internet site of the Company.

Profit distribution policy of the Company contains the minimum information with such clarity that will enable investors to foresee the procedures and principles to be applied to the distribution of the profits earned by the Company in the future periods.

The resolution taken by the Board of Directors regarding distribution of the profits in 2013 in accordance with the articles of association of the Company will be submitted to the approval of the general meeting.

In the distribution of the profits, a balanced policy is pursued between the interests of the shareholders and the interests of the Company. There isn't any privilege for distribution of the profit share.

## **7. Transfer of Shares**

All groups A, B and C shares in the stock of the Company are nominative shares and all group D shares bearer shares. All shares are listed in the İstanbul Stock Exchange. There is a restrictive provision in the Articles of Association regarding the transfer of the groups A, B and C shares.

## **SECTION II - PUBLIC DISCLOSURE AND TRANSPARENCY**

### **8. Information Policy**

Information policy of the Company addresses such issues, apart from the ones specified in the legislation, as which information will be disclosed to public, in what manner, in which frequency and by which ways such information will be disclosed to public, in which frequency the board of directors or executives will make interviews with the press, in which frequency meetings will be held to inform the public, and which method will be used for answering of the questions asked to the Company, and similar issues.

Information of the Company required to be disclosed to public is made available to the public accurately and in complete in a manner that can be understood, interpreted and easily accessible with low cost and on a timely manner, in a manner that will assist those individuals and entities who and which will make use of such disclosures to take a decision, via the "Public Disclosure Platform" ( [www.kap.gov.tr](http://www.kap.gov.tr) ) and on the Internet site of the Company. In addition, the "e-YÖNET: Corporate Governance and Investor Relations Portal" of the Central Registry Agency will be used for keeping of the shareholders of the Company informed directly and efficiently.

Information about the future, assumptions and data on which such assumptions are based are disclosed as well and care is given to ensure that they do not contain any baseless, exaggerated forecast and are not misleading. Furthermore, care is given to ensure that assumptions are consistent with the financial standing and operational results of the Company.

If any forecast and basis contained in the information about the future disclosed to the public has not come true or is understood to be wrong, the information is updated.

The Company's information policy is available in the "investor relations" section on the web site at [www.akmgyo.com](http://www.akmgyo.com).

The employee who is in charge of the implementation of the information policy of the Company is:

Zeynep Yıldırım Gündođdu  
Finance Manager  
0 212 282 01 70 / 228

[zeynepg@akmerkez.com.tr](mailto:zeynepg@akmerkez.com.tr)

## **9. Company's Internet Site and Its Content**

For public disclosures, the web site of the Company at [www.akmgyo.com](http://www.akmgyo.com) is used actively. The letterhead of the Company states the address of the Internet site of the Company.

The Internet site of the Company is issued in accordance with the article 2.2.2 of the Communiqué of the Capital Market Board Concerning the Establishment and Application of the Corporate Governance Principles. In addition, those stakeholders who want to get more information about the Company can reach the representatives of the Company via the electronic mail address, [gyo@akmerkez.com.tr](mailto:gyo@akmerkez.com.tr), of the Company.

The shareholding structure of the Company and the names of shareholders and the quantity and rate of shares held by them are disclosed to public on the Internet site of the Company.

International investors wanting to have more information about the Company can reach the representatives of the Company via the electronic mail address, [gyo@akmerkez.com.tr](mailto:gyo@akmerkez.com.tr), of the Company.

The annual reports and the independent audit reports are published in English, too, on the Internet site of the Company, and preparations for publication of other information in English are in progress.

## **10. Annual Report**

The board of directors of the Company has prepared the annual report in such detail that will enable the public to have access to full and accurate information about the activities of the Company, in accordance with the Turkish Commercial Code and the regulations of the Capital Market Board. The annual report contains information in the headings related with the Corporate Governance Principles.

## **SECTION III - STAKEHOLDERS**

### **11. Keeping the Stakeholders Informed**

Stakeholders of the Company are such persons, entities or interest groups as employees, creditors, clients, suppliers, various non-governmental organizations, etc., who and which have an interest in achievement of the targets, or in the operations, of the Company. In cases when the rights of the stakeholders are not protected by the legislation and mutual agreements, interests of the

stakeholders are protected in accordance with the rules of goodwill, to the extent that the capabilities of the Company allow. Within this scope, ethical values of the Company have been established and published on the Internet site.

In the event of breach of the rights of the stakeholders which are protected by laws and agreements, an efficient and fast means of remedy is provided. The Company provides the facility necessary for resorting to mechanisms such as compensation which are made available to stakeholders by laws. There isn't a special compensation policy applicable to the employees of the Company and compensation rights of the employees are observed under the relevant regulations.

The Company policy regarding the protection of the rights of the stakeholders is announced to the public via the Internet site of the Company.

Stakeholders can notify any transaction of the Company which is contrary to the statutory regulations or the ethical rules to the Corporate Governance Committee or the Audit Committee of the Company.

In the event that conflict of interest occurs between stakeholders or that one stakeholder takes part in more than one interest group, a policy as much balanced as possible is pursued in order to protect the rights of the stakeholders and to protect each right independently of other rights.

## **12. Participation of Stakeholders in the Management**

Although the articles of association does not specify any model which supports participation of stakeholders, mainly the employees, in the management of the Company, works on the development of a model of participation which will not impede the operations of the Company are continuing.

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

The Company takes into account the views and recommendations given by other stakeholders as well.

## **13. Human Resources Policy of the Company**

The Company carries on a management system which gives value to human beings and encourages the creativity, the communication and the participation of the employees. The Company knows that creation of an open, intimate and uninterrupted communication line between the management and the employees is very important for the motivation and productivity of the employees.

The management of the Company endeavors to actualize such Human Resources practices in which internationally recognized models and integrated systems are used. The Company targets the use of modern and integrated systems in all human resources processes from recruitment to performance management system, to personal development, to determination of salaries, to termination of employment contracts, etc.

In the recruitment and appointment process, the human resources policy of the Company seeks attraction of candidates who have such knowledge, skills, experience and competencies required by a job/position and who fit to the culture and values of the Company, so that the strategies and targets of the Company can be fulfilled. Modern assessment systems which support taking of the

most objective decisions in the recruitment and appointment processes are used with the principle of selecting the correct employee for the correct job.

In pursuance of its continuous learning, development and business results achievement approach, the Company targets to implement development programs relevant with the targets of the Company and the knowledge, skills, experience and competencies of the employees on the one hand to set aside funds for programs supporting the development of the employees in social and cultural areas. In the development plans, training and development solutions in congruent with the current circumstances are offered by taking into account the needs of the Company and the employees.

The Performance Management System is a structure aiming at owning of the corporate targets by the individuals and strengthening of the common corporate culture. By means of the transparency afforded by the system, the employees can clearly see their individual contributions and the impact of their contributions on the corporate dimension. Outcomes of the Performance Management System are used in the development planning, talent management, career and alternate planning, salary determination and rewarding processes of the Human Resources, so that a structure under which all these processes are supported by and integrated with each other is created. Incentives aiming at strengthening the high performance culture of the Company are established in order to support orientation of the employees to the same purpose. In this way, competencies that will carry the Company forward and serve to the reputation and sustainability of the Company are strengthened and implemented by means of the same system.

The Company uses a Job Assessment and Salary model the validity and reliability of which has been proven across the world. It is an objective, transparent salary and benefits determination model reflecting the realities of the national and international business world, based on the principle of equality and fairness, predicating the salary on the job performed.

Job descriptions of the employees and distribution of the jobs by the employees as well as the performance and rewarding criteria are communicated to the employees.

No complaint was received from the employees on the matter of discrimination in 2013.

The representative employee who is in charge of the relations with the employees is:

Zeynep Yıldırım Gündoğdu  
Finance Manager

0 212 282 01 70 / 228

[zeynepg@akmerkez.com.tr](mailto:zeynepg@akmerkez.com.tr)

#### **14. Ethical Rules and Social Responsibility**

Activities of the Company are carried out in accordance with the ethical rules announced to public on the Internet site of the Company.

Maximum care is given to finding, developing, adapting and applying innovative and environmental friendly technologies in accordance with the environment policy and quality policy of the Company.



## SECTION IV - BOARD OF DIRECTORS

### 15. Structure and Formation of the Board of Directors

The board of directors administers and represents the Company with strategic resolutions taken by it by protecting the long term interests of the Company in the first instance and by maintaining the risk, growth and yield balance of the Company at the optimum level by pursuing a rational and cautious risk management policy.

The board of directors establishes the strategic targets of the Company, identifies the human and finance resources needed by the Company and oversees the performance of the management.

The board of directors oversees the compliance of the activities of the Company with the articles of association, the internal regulations and the established policies.

The board of directors is formed by 10 members in total, 3 of whom are independent members.

Name and Last Name	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	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	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	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	6.32	Group C	Not Independent Member	
Erhan Öner	Member of the Board	Engineer	Member of the Board	Chairman and Member of Bords of Directors of other companies in which he owns shares	0.2	Group B	Not Independent Member	
Alize Dinçök Eyüboğlu	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	Member of the Board	Manager	Member of the Board	Advisor of Akkök Executive Committee		Group A	Not Independent Member	
Frederic Yves Fontaine	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	
Lütfü Ünver	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 YTU and Co-manager of İltay Mimarlık Dekorasyon			Independent Member	Member of Corporate Governance Committee / Member of Audit Committee
Rober Filiba	Independent Member of the Board of Directors-Member of the Board of Auditors	Engineer	Independent Member of the Board of Directors-Member of the Board of Auditors	General Coordinator of the Foundation of Ulus Jewish High School			Independent Member	Chairman of Corporate Governance Committee / Member of Audit Committee
Selçuk Yener	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

There isn't a member of the board of directors who is in an executive position in the Company. A member of the board of directors who is not in an executive position in the Company is a person who does not hold any administrative office and does not interfere with daily work flow and regular activities of the Company, other than membership in the board of directors.

Among the members of the board of directors who do not hold any executive office, there are independent members who are capable of performing their duties without being under any influence.

Office term of the independent members of the board of directors is maximum three years. Independent members can be re-nominated and re-elected at the end of their office term.

No event took place which affected the independency of the independent members in 2013.

There is one woman member in the board of directors of the Company.

The Company is administered and represented before and committed against third persons by the board of directors formed by members elected by the general meeting for maximum 3 (three) years in accordance with the Turkish Commercial Code and the capital market legislation, who meet the qualifications specified in the Turkish Commercial Code and the capital market legislation, majority of whom are members who do not hold any executive office in the Company. The board of directors elects among its members a chairman and a vice chairman who will act as chairman in his/her absence in its first meeting.

The board of directors is formed by 10 (ten) members, 4 of whom are elected among the candidates nominated by majority of the holders of Group (A) nominative shares, 3 by majority of the holders of Group (B) nominative shares, 2 by majority of the holders of Group (C) shares and 1 by majority of Group (D) bearer shares held by public who are present at the general meeting.

In the event that the holders of Group (D) bearer shares held by public who are present at the general meeting do not nominate and/or elect a candidate by majority of votes, the board of directors is formed by 9 (nine) members elected by the General Meeting, 4 of whom among the candidates nominated by majority of the holders of Group (A) nominative shares, 3 by majority of the holders of Group (B) nominative shares and 2 by majority of the holders of Group (C) nominative shares.

Independent members in sufficient number, which may not be less than 2, are elected by the general meeting to the board of directors pursuant to the principles as to the independency of the members of the board of directors as set forth in the Corporate Governance Principles of the Capital Market Board.

Number and qualifications of the independent members of the board of directors are determined as per the regulations of the Capital Market Board concerning the corporate governance.

### **Declarations of Independency of the Independent Members of the Board of Directors**

I hereby declare that I am independent, in the meaning of the word as defined in the paragraph (g) of the article 4 of the Communiqué Concerning Real Estate Investment Companies, of other shareholders who own shares or have voting right at the rate of 10% in the Company, of those

shareholders of the Company who have preferential right to nominate candidates to the Board of Directors of the Company, of any company from which consultancy services are purchased, of any company providing operating services to the Company, of those persons specified in the paragraphs (a) and (b) of the article 18 of the Communiqué Serial IV, No. 11 of the Capital Market Board on the Principles Applicable to Real Estate Investment Companies, who own a share or have a voting right at the rate of 10% or above in the Company, and of any subsidiary of the Company.

Lütfü ÜNVER

Rober FİLİBA

Selçuk YENER

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

### **Raif Ali DİNÇKÖK**

#### **Chairman of the Board of Directors**

After graduating 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-Al Tekstil San. A.Ş. during 1994-2000 and worked as coordinator at Akenerji during 2000-2003. Raif Ali Dinçkök, the Chairman of the Board of Directors of Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş., is also the Chairman of the Boards of Directors of AK-AL Tekstil Sanayii A.Ş., Aktek Bilgi İletişim Teknolojisi Sanayi ve Ticaret A.Ş., AK-PA Tekstil İhracat Pazarlama A.Ş. and Dinkal Sigorta Acenteliği A.Ş. Raif Ali Dinçkök is a member of the Board of Directors and Executive Committee of Akkök Sanayi Yatırım ve Geliştirme A.Ş. and of the Boards of Directors of Akkök Group of Companies.

### **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 was 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.

### **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-AI 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 was graduated from the Industrial Administration 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 with the scholarship awarded by TEV. He joined Koç Group in 1972. He worked as General Manager of Mako, Döktaş, Uniroyal and Arçelik companies of the group. He was appointed as the Head of Strategic Planning of Koç Holding A.Ş. in 2000. Besides this duty, he acted as the Head of Human Resources in 2001. He was retired in early 2004 pursuant to the policy of the group. He has been acting as the member of the Board of Directors and Chairman of the Executive Committee of Akkök Sanayi Yatırım ve Geliştirme A.Ş. since September 2005. Having undertaken the role of Chairman of the Boards of Directors of Aksa Akrilik Kimya Sanayi A.Ş. and Akenerji Elektrik Üretimi A.Ş., Mr. Berkman has been acting as Member and Chairman of the Boards of Directors of the other group companies. Mr. Berkman is currently working as Advisor to the Executive Committee of Akkök Holding.

### **Frederic Yves Fontaine**

#### **Member of the Board of Directors**

Mr. Fontaine was born in Tours, France in 1958. After he was 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 was 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.

**16. Working Principles of the Board of Directors**

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

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

The Board of Directors met 30 times over 2012 and took resolutions in compliance with the requirements for quorums for meeting and resolution as specified in the articles of association of the Company.

Although it is not provided in the articles of association, powers of the Chairman of the Board of Directors and the Chief Executive Officer/General Manager have been defined clearly and 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 established by means of the organization chart.

General Manager of the Company is not a member of the Board of Directors.

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, the Corporate Governance Committee and the Shareholder Relations Unit are working together.

The Board of Directors meets at such frequency as needed to fulfill its duties efficiently.

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 CEO/General Manager. Other members can propose changes to the agenda of the meeting. Each member of the board of directors endeavors to be present at and prepared for the meetings of the board of directors by examining the information and documents about the issues in the agenda of the meeting and to express his/her views on such issues during the meeting.

Each member of the board has one vote. Regarding the quorums for the meetings and resolutions of the board of directors, the provisions of the Turkish Commercial Code apply as provided in the articles of association.

There isn't any internal regulation as to how the meetings of the Board of Directors will be made, but the provisions of the relevant statutory regulations are applied in this regard.

Issues on the agenda are openly discussed from all angles. The Chairman does his best to ensure active attendance of the non-executive members of the Board to the meetings of the Board. No member of the Board cast vote against any resolution at the meetings in 2013.

No guarantee, pledge or mortgage was given in favor of any third person.

Provisions as regards to such issues were set forth in the articles of association in 2013 pursuant to the relevant articles of the Corporate Governance Principles.

Each member of the Board of Directors spares adequate time for the business of the Company. If a member of the Board of Directors is working as an executive at or acting as a member of the board of directors of another company or is providing consultancy services to another company, it is essential that this does not cause a conflict of interest and does not impede the performance by that member of his/her duties at the Company. No specific rules and limitations have been established regarding undertaking by members of the Board of Directors of positions or jobs outside of the Company.

Within the scope of the project of renovation of AKMERKEZ TİCARET MERKEZİ which is being carried out by the resolution no. 13 of 28.12.2007 taken by the Board of Directors and disclosed to the public, the construction license of 06.12.2013 issued by the Municipality of Beşiktaş for renovation of the façade (Façade and Skylight Alteration) of AKMERKEZ TİCARET MERKEZİ was disclosed to the public and it was resolved that AKKON YAPI TAAHHÜT İNŞAAT VE MÜŞAVİRLİK ANONİM ŞİRKETİ, a related party of the Company, be appointed as the contractor for carrying out of the work of renovation of the façade of AKMERKEZ TİCARET MERKEZİ and that a Contracting Agreement be executed with the said company in this regard.

## **17. Number, Structure and Independency of Committees Formed Under the Board of Directors**

The board of directors has been establishing internal control systems comprising of risk management and information systems and processes so as to minimize the risks that may affect the stakeholders, mainly the shareholders, of the Company, by taking into account the views of the concerned committees of the board of directors. To this end, an Early Detection of Risks Committee has been established within the body of the Audit Committee and the Corporate Governance Committee.

The board of directors has formed the Audit Committee and the Corporate Governance Committee. Duties and responsibilities of the Nomination Committee, the Early Detection of Risks Committee and the Salary Determination Committee are fulfilled by the Corporate Governance Committee.

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

All members of the Audit Committee and the Corporate Governance Committee have been elected among the independent members of the board of directors.

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

The Audit Committee is formed by three independent members, one being the chairman and two being the members of the Committee. One member of the Audit Committee is at the same time the chairman of the Corporate Governance Committee.

All resources and support needed by the committees to perform their duties are provided by the board of directors. The committees can invite such executives as they deemed necessary to the committee meetings and obtain their views.

The committees can obtain opinions from independent experts on issues needed by them in connection with their functions. Cost of consultancy services needed by the committees is paid by the Company.

The committees keep a written record of all works carried out by them. The committees meet at such frequency as deemed necessary in order to ensure efficiency of the works and as set forth in the working principles. The committees report the information about their works and the results of their meetings to the board of directors.

The Corporate Governance Committee, which has been established to monitor the compliance of the Company with the corporate governance principles and to carry out improvement works and submit proposals to the board of directors in this regard, has three members, all of who are non-executive members of the board of directors.

Besides the duties specified in the legislation, the Corporate Governance Committee fulfills also the duties and responsibilities of the Nomination Committee, the Early Detection of Risks Committee, and the Compensation Committee.

## **Audit Committee**

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

## **18. Risk Management and Internal Control Mechanism**

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

The current internal control system is audited, with the issues of raising the efficiency and productivity of the activities of the Company, ensuring reliability of the financial reporting and compliance with the laws and regulations on the top, in accordance with the annual internal audit plan and the results of the audit are reported to the Audit Committee. In the annual internal audit plan, priority is given to such risks highlighted in the course of corporate risk management. Efficiency of the internal audit activities is reviewed by the Audit Committee at minimum 6 meetings held during the year. In these meetings, opinions of the internal auditors, external auditors and other managers of the Company are obtained when deemed necessary.

## **19. Strategic Targets of the Company**

Business of Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş. is to create value by means of the real properties it owns.

Akmerkez GYO A.Ş. is the leader of the shopping center industry and has been able to preserve this position for many years and aims at maintaining it. Besides its financial and brand strengths, the Company has targeted and succeeded to be a significant value for its stakeholders.

Akmerkez GYO A.Ş. has adopted the principle of being a powerful, respectful, hardworking and sharing company for the benefit of both its shareholders and investors and clients and employees.

From this standpoint, the Company has been adopting the Corporate Governance Principles established by the Capital Market Board.

The Company has achieved its operational and financial targets as of the end of 2013.

Strategic targets of the Company are established by the Board of Directors by five-year plans. The Board of Directors periodically reviews the degree of achievement of strategic plans, the works carried out in this regard and the past performance in meetings held at least 4 times in a year.



## **20. Financial Benefits Provided to the Members of the Board of Directors and the Top Executives**

The Board of Directors is responsible for achievement of the operational and financial performance targets established by the Company and announced to the public.

Remunerations to the members of the Board of Directors have been written and submitted to the information and view of the shareholders under a separate issue on the agenda at the general meeting. The salary policy issued to this end is available on the Internet site of the Company.

The Company has authorized the Corporate Governance Committee regarding fulfillment of the duties of the salary committee as specified in the legislation.

Remunerations to the independent members of the Board of Directors do not comprise share options or a bonus plan based on the performance of the Company. Remunerations to the independent members are so fixed by the general meeting as to ensure that they remain independent.

The Company does not borrow money, extend loan or give surety to any member of the board of directors or any top executive.

Remunerations, salaries and other benefits paid to the members of the board of directors and top executives are stated collectively in the annual report and announced to the public in the footnotes to the financial statements.

Equal remuneration is paid to the members of the board of directors. In 2013, total TL 608,588 has been paid as remuneration to the members of the board and TL 302,830 as salary to the top executives.

## **SECTION V - OTHER INFORMATION**

The Company has 5 employees.

No conflict of interest has occurred between the Company and the firms from which the Company purchases services in various areas such as investment consultancy and rating.

There isn't any legislation amendment that may affect the operations of the Company significantly.

No significant administrative sanction and penalty has been imposed on the Company and members of the board of directors for any violation of the legislation.

The Company does not have any subsidiary and affiliate.

No security has been issued by the Company, except for the stocks sold to the public.

### **Our Legal Status and Disputes**

The Company does not have any dispute with any public authority regarding tax and similar obligations or with any third person or employee, except for the disputes with such real persons and legal entities as stated in the following table. The Company has not incurred or paid any damages arising from any tort.

The lawsuits filed against the Company with the courts in İstanbul are still pending. Information about these lawsuits is given in the attached table.

## LAWSUITS FILED BY AKMERKEZ GYO A.Ş.

	<b>Court</b>	<b>Case File No.</b>	<b>Plaintiff</b>	<b>Defendant</b>	<b>Subject Matter</b>	<b>Last Status</b>
1	6 <sup>th</sup> LAW COURT OF FIRST INSTANCE IN İSTANBUL	2010/87	AKMERKEZ GYO	AVRUPA SANDVIÇ (STORE NO. 414)	ACTION FOR RESTORATION	We won the case.
2	8 <sup>th</sup> COMMERCIAL COURT OF FIRST INSTANCE IN İSTANBUL	2007/635	AKMERKEZ GYO	ANC GIDA	ACTION OF DEBT	Original action has been sustained in part. Counter action has been in part as well. Serving of the judgment to us is awaited.
3	12 <sup>th</sup> CIVIL COURT OF PEACE IN İSTANBUL	2013/195	AKMERKEZ GYO	HOME STORE (STORE NO. 178)	ACTION FOR EVACUATION	Action is still pending.
4	5 <sup>th</sup> CIVIL COURT OF PEACE IN İSTANBUL	2013/222	AKMERKEZ GYO	HOME STORE (STORAGE)	ACTION FOR EVACUATION	Action is still pending.

## LAWSUITS FILED AGAINST AKMERKEZ GYO A.Ş.

	Court	Case File No.	Plaintiff	Defendant	Subject Matter	Last Status
1	2 <sup>nd</sup> CIVIL COURT OF PEACE IN İSTANBUL	2009/742 - Case no. 2011/124 E with the new court having jurisdiction	BERKAY İNCE İNTERVO (1 <sup>st</sup> Office floor in the Tower B3)	1- AKMERKEZ GYO A.Ş. 2- ÜÇGEN BAKIM	ACTION FOR DAMAGES Claimed Sum: TL 100,000	The court dismissed the action in favor of the Company on procedural grounds.
2	14 <sup>th</sup> COMMERCIAL COURT OF FIRST INSTANCE IN İSTANBUL	2004/355	ERMES İNŞAAT	AKMERKEZ GYO A.Ş.	ACTION OF DEBT Claimed Sum: TL 1,105,234.29	We lost the action. We paid TL 1,968,680.50 to Ermes İnşaat.
3	2 <sup>th</sup> 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)	We lost the action. We paid TL 79,507.40, including the interest, to the plaintiff. We applied to the Court of Appeals for correction of the judgment. The judgment was reversed by the Court of Appeals in favor of us. 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 Court of Appeals is awaited.
4	1 <sup>st</sup> CONSUMER COURT IN İSTANBUL	2007/753	MEHMET BOZKURT	AKMERKEZ GYO A.Ş.	ACTION FOR DAMAGES Claimed Sum: TL 41,000 (theft at the garage)	Action is still pending.
5	44 <sup>th</sup> COMMERCIAL COURT OF FIRST INSTANCE IN İSTANBUL	2010/521 - New Case No. 2011/279	AVRUPA SANDVIÇ (STORE NO. 414)	AKMERKEZ GYO A.Ş.	REPLEVIN Claimed Sum: TL 32,846.29	The Court rendered its judgment against the Company.
6	5 <sup>th</sup> ENFORCEMENT COURT IN İSTANBUL	2013/567	HOME STORE (STORE NO. 178)	AKMERKEZ GYO A.Ş.	COMPLAINT AND ACTION OF OBJECTION AGAINST PAYMENT ORDER	The Court rendered its judgment in favor of the Company.
7	5 <sup>th</sup> ENFORCEMENT COURT IN İSTANBUL	2013/568	HOME STORE (STORE NO. 178)	AKMERKEZ GYO A.Ş.	COMPLAINT AND ACTION OF OBJECTION AGAINST PAYMENT ORDER	The Court rendered its judgment in favor of the Company.
8	43 <sup>th</sup> COMMERCIAL COURT OF FIRST INSTANCE IN İSTANBUL	2013/261	MEETING SPACES (E3 BLOCK, FLOOR 2)	AKMERKEZ GYO A.Ş.	ACTION OF DEBT Claimed Sum: TL 10,000	As a result of preliminary investigation of the case, the Court rendered decision of lack of jurisdiction.
9	17 <sup>th</sup> 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.
10	17 <sup>th</sup> 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.



**AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**

**CONVENIENCE TRANSLATION OF  
THE FINANCIAL STATEMENTS  
FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2013  
TOGETHER WITH AUDITOR'S REPORT**

**(ORIGINALLY ISSUED IN TURKISH)**



**CONVENIENCE TRANSLATION INTO ENGLISH OF  
INDEPENDENT AUDITOR'S REPORT  
ORIGINALLY ISSUED IN TURKISH**

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of Akmerkez GYO A.Ş.;

*Introduction*

1. We have audited the accompanying balance sheet of Akmerkez GYO A.Ş. ("the Company") as at 31 December 2013 and the related statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and explanatory notes.

*Management's responsibility for the financial statements*

2. The Company's management is responsible for the preparation and fair presentation of these financial statements in accordance with the Turkish Accounting Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") and for such internal controls as management determines is necessary to enable the preparation of (consolidated) financial statements that are free from material misstatement, whether due to error and/or fraud.

*Independent auditor's responsibility*

3. Our responsibility is to express an opinion on these financial statements based on our audit. Our audit was conducted in accordance with standards on auditing issued by the Capital Markets Board of Turkey. Those standards require that ethical requirements are complied with and that the audit is planned and performed to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error and/or fraud. In making those risk assessments, the Company's internal control system is taken into consideration. Our purpose, however, is not to express an opinion on the effectiveness of internal control system, but to design procedures that are appropriate for the circumstances in order to identify the relation between the financial statements prepared by the Company and its internal control system. An audit includes also evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Company's management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained during our audit is sufficient and appropriate to provide a basis for our audit opinion.



*Opinion*

4. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Akmerkez GYO A.Ş. as at 31 December 2013 and its financial performance and cash flows for the year then ended in accordance with the Turkish Accounting Standards (Note 2).

*Reports on independent auditor's responsibilities arising from other regulatory requirements*

5. In accordance with Article 402 of the Turkish Commercial Code ("TCC"); the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit, additionally, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January – 31 December 2013 is not in compliance with the code and provisions of the Company's articles of association in relation to financial reporting.
6. Pursuant to Article 378 of Turkish Commercial Code no. 6102, Board of Directors of publicly traded companies are required to form an expert committee, and to run and to develop the necessary system for the purposes of: early identification of causes that jeopardize the existence, development and continuity of the company; applying the necessary measures and remedies in this regard; and, managing the related risks. According to subparagraph 4, Article 398 of the code, the auditor is required to prepare a separate report explaining whether the Board of Directors has established the system and authorized committee stipulated under Article 378 to identify risks that threaten or may threaten the company and to provide risk management, and, if such a system exists, the report, the principles of which shall be announced by the POA, shall describe the structure of the system and the practices of the committee. This report shall be submitted to the Board of Directors along with the auditor's report. Our audit does not include evaluating the operational efficiency and adequacy of the operations carried out by the management of the Company in order to manage these risks. As of the balance sheet date, POA has not announced the principles of this report yet so no separate report has been drawn up relating to it. On the other hand, the Company has been performing its risk identification and management activities through its Corporate Governance Committee which was formed on 15 June 2012 and it is comprised of 3 members.

The committee has met 6 times since its formation to the reporting date for the purposes of early identification of risks that jeopardize the existence of the company and its development, applying the necessary measures and remedies in this regard, and managing the risks, and has submitted the relevant reports to the Board of Directors.

Başaran Nas Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.  
a member of  
PricewaterhouseCoopers

E. Baki Erdal, SMMM  
Partner

İstanbul, 21 February 2014



# AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## FINANCIAL STATEMENTS AT 31 DECEMBER 2013

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**AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**

**CONVENIENCE TRANSLATION OF THE BALANCE SHEETS  
AT 31 DECEMBER 2013 AND 2012**

(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

	Notes	31 December 2013	31 December 2012
<b>ASSETS</b>			
<b>Current assets</b>		<b>51,199,081</b>	<b>44,756,503</b>
Cash and cash equivalents	3	48,904,930	44,185,898
Trade receivables			
Receivables from related parties	4	38,621	-
Receivables from third parties	4	2,227,415	557,985
Prepaid expenses	7	28,115	12,620
<b>Non-current assets</b>		<b>146,325,017</b>	<b>137,985,191</b>
Investment property	5	132,491,102	135,512,851
Property and equipment		-	167,366
Intangible assets		4,645	6,640
Prepaid expenses	7	13,829,068	2,298,132
Other non-current assets	7	202	202
<b>Total assets</b>		<b>197,524,098</b>	<b>182,741,694</b>

The accompanying explanations and notes form an integral part of these financial statements.

**AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.****CONVENIENCE TRANSLATION OF THE BALANCE SHEETS  
AT 31 DECEMBER 2013 AND 2012**

(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

	Notes	31 December 2013	31 December 2012
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>3,570,641</b>	<b>3,255,171</b>
Trade payables			
Due to related parties	4	23,422	8,476
Other trade payables	4	202,453	160,885
Other payables			
Due to Third Parties	4	896,368	917,656
Deferred income	7	1,502,910	1,381,165
Provisions			
Other provisions	6	773,593	646,382
Other current liabilities	7	171,895	140,607
<b>Non-current liabilities</b>		<b>136,134</b>	<b>142,245</b>
Other payables			
Other payables to third parties	4	104,124	116,903
Provision for employment termination benefits	9	32,010	25,342
<b>Equity</b>		<b>193,817,323</b>	<b>179,344,278</b>
Share capital	8	37,264,000	37,264,000
Adjustment to share capital	8	27,745,263	27,745,263
Restricted reserves	8	48,113,674	41,150,403
Retained earnings	8	20,852,421	18,862,625
Net income for the year	8	59,841,965	54,321,987
<b>Total liabilities and equity</b>		<b>197,524,098</b>	<b>182,741,694</b>

These financial statements for the year ended 31 December 2013 have been approved by Board of Directors on 21 February 2014 and signed by Murat Kayman, General Manager and Zeynep Yıldırım Gündoğdu, Director of Finance. These financial statements will be approved by the General Assembly.

**AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.****CONVENIENCE TRANSLATION OF THE STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	2013	2012
<b>CONTINUING OPERATIONS:</b>			
<b>OPERATING INCOME</b>			
Revenue	10	81,415,469	73,558,271
Cost of sales (-)	10	(23,578,431)	(23,907,352)
<b>Gross profit</b>		<b>57,837,038</b>	<b>49,650,919</b>
Marketing, selling and distribution expenses (-)	11	(28,004)	(27,860)
General administrative expenses (-)	11	(5,175,640)	(3,568,424)
Other operating income	13	4,851,942	5,007,579
Other operating expense (-)	13	(710,782)	-
<b>Operating profit</b>		<b>56,774,554</b>	<b>51,062,214</b>
Financial income	14	3,288,342	3,361,440
Financial expenses (-)	14	(220,931)	(101,667)
<b>Profit before tax from continuing operations</b>		<b>59,841,965</b>	<b>54,321,987</b>
Tax expense from continuing operations		-	-
<b>Profit for the year from continuing operations</b>		<b>59,841,965</b>	<b>54,321,987</b>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>59,841,965</b>	<b>54,321,987</b>
<b>Earnings per share</b>	<b>15</b>		
Earning per share from continuing operations		1.61	1.46
Earning per share from discontinuing operations		-	-
<b>Diluted earnings per share</b>	<b>15</b>		
Diluted earnings per share from continuing operations		1.61	1.46
Diluted earnings per share from discontinuing operations			

The accompanying notes form an integral part of these financial statements.

**AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**

**CONVENIENCE TRANSLATION OF THE STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012**

(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

	Notes	Share capital	Adjustment to share capital	Restricted reserves	Retained earnings		Total equity
					Retained earnings	Net income for the year	
<b>1 January 2012</b>		<b>37,264,000</b>	<b>27,745,263</b>	<b>35,622,015</b>	<b>18,523,535</b>	<b>42,013,558</b>	<b>161,168,371</b>
Transfers		-	-	5,528,388	36,485,170	(42,013,558)	-
Dividends paid		-	-	-	(36,146,080)	-	(36,146,080)
Net income for the year		-	-	-	-	54,321,987	54,321,987
<b>31 December 2012</b>	<b>8</b>	<b>37,264,000</b>	<b>27,745,263</b>	<b>41,150,403</b>	<b>18,862,625</b>	<b>54,321,987</b>	<b>179,344,278</b>
<b>1 January 2013</b>		<b>37,264,000</b>	<b>27,745,263</b>	<b>41,150,403</b>	<b>18,862,625</b>	<b>54,321,987</b>	<b>179,344,278</b>
Transfers		-	-	6,963,271	47,358,716	(54,321,987)	-
Dividends paid		-	-	-	(45,368,920)	-	(45,368,920)
Net income for the year		-	-	-	-	59,841,965	59,841,965
<b>31 December 2013</b>	<b>8</b>	<b>37,264,000</b>	<b>27,745,263</b>	<b>48,113,674</b>	<b>20,852,421</b>	<b>59,841,965</b>	<b>193,817,323</b>

The accompanying notes form an integral part of these financial statements.

**AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.****CONVENIENCE TRANSLATION OF THE  
STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED  
31 DECEMBER 2013 AND 2012**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	2013	2012
<b>Cash flows from operating activities:</b>			
Profit before tax		59,841,965	54,321,987
<b>Adjustments to reconcile net cash generated from operating activities to income before tax:</b>			
Depreciation and amortisation	12	3,778,307	3,773,744
Provision for employment termination benefits	9	6,668	18,224
Debt provision	6	10,000	117,902
Provision for doubtful receivables	4,11	14,912	354,598
Reversal of provisions	6	-	(423,225)
Interest income	14	(3,199,389)	(3,263,111)
Accrued expenses	7	171,894	140,607
Interest expenses	14	23,870	45,899
Loss on sales of property and equipments	13	66,698	-
Renovation expenses of work on exterior side	13	644,084	-
<b>Net cash before changes in net working capital:</b>		<b>61,359,009</b>	<b>55,086,625</b>
Increase in accounts receivable		(2,038,940)	(116,323)
Increase receivables from related parties		(38,621)	-
Increase in other assets		(11,546,431)	(1,583,141)
Increase in accounts payable		56,514	22,853
Increase in other payables		18,509	98,040
Doubtful receivables collection	4	354,598	17,383
Litigation provisions paid	6	-	(2,079,638)
Increase in other liabilities		45,773	211,576
Employment termination benefits paid	9	-	(67,506)
<b>Net cash provided by operating activities</b>		<b>48,210,412</b>	<b>51,589,869</b>
Interests received		3,098,750	3,096,876
Purchase of intangible assets		-	(183,300)
Proceeds from the sales of property and equipments		82,735	-
Additions to investment property	5	(1,380,714)	-
<b>Net cash used in investing activities</b>		<b>1,800,771</b>	<b>2,913,576</b>
Interest paid		(23,870)	(26,716)
Dividends paid		(45,368,920)	(36,146,080)
<b>Net cash used in financing activities</b>		<b>(45,392,790)</b>	<b>(36,172,796)</b>
<b>Increase in cash and cash equivalents</b>		<b>4,618,393</b>	<b>18,330,649</b>
Cash and cash equivalents at the beginning of the period		43,944,149	25,613,500
<b>Cash and cash equivalents at the end of the period</b>	<b>3</b>	<b>48,562,542</b>	<b>43,944,149</b>

The accompanying notes form an integral part of these financial statements.

## AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Amounts expressed in Turkish lira (“TL”) unless otherwise indicated.)

#### NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

The principal activity of Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş. (the “Company”) is to create value through the ownership of real estates investment property. The address of the Company is as follows:

Nispetiye Cad. Akmerkez Tic. Merkezi E3 Kule K:1 Etiler / İstanbul-Türkiye

The trade name “Akmerkez Gayrimenkul Yatırımı A.Ş.” has been changed as “Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş.” in the Extraordinary Shareholders Meeting held on 17 February 2005 and this change has been registered on 24 February 2005 by the Ministry of Trade.

With respect to the Board Decision dated 21 June 2005, the trade name of the Company is set as “Akmerkez Alışveriş Merkezi” and this name is certified by the Istanbul Trade Registrar as at 1 July 2005.

The Company’s shares have been quoted on the Istanbul Stock Exchange (“ISE”) since 15 April 2005 and as of 31 December 2013 50.82% of these shares are publicly quoted.

The shareholding structure as of 31 December 2013 and 2012 is as follows:

<b>Shareholders</b>	<b>31 December 2013</b>	<b>31 December 2012</b>
Akkök Sanayi Yatırım ve Geliştirme A.Ş.	13.12%	13.12%
Tekfen Holding A.Ş.	10.79%	10.79%
Public offering	50.82%	50.27%
Other (*)	25.27%	25.82%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

(\*) Other represents shareholders with less than 10% shareholdings.

The average number of personnel during the period by categories is as follows:

	<b>31 December 2013</b>	<b>31 December 2012</b>
Administrative	5	4

**CONVENIENCE TRANSLATION OF THE NOTES TO THE  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013**

(Amounts expressed in Turkish lira (“TL”) unless otherwise indicated.)

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**NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS**

**2.1 Basis of Presentation**

**Preparation of Financial Statements and Accounting Standards**

The accompanying financial statements are prepared in accordance with Communiqué Serial II, No:14.1, “Principles of Financial Reporting in Capital Markets” (“the Communiqué”) published in the Official Gazette numbered 28676 on 13 June 2013. According to Article 5 of the Communiqué, financial statements are prepared in accordance with the Turkish Accounting Standards issued by Public Oversight Accounting and Auditing Standards Authority (“POAASA”). TAS contains Turkish Accounting Standards, Turkish Financial Reporting Standards (“TFRS”) and its addendum and interpretations (“IFRIC”).

The financial statements of the Company are prepared as per the CMB announcement of 7 June 2013 relating to financial statements presentations. Comparative figures are reclassified, where necessary, to conform to changes in the presentation of the current year’s financial statements.

In accordance with the CMB resolution issued on 17 March 2005, listed companies operating in Turkey are not subject to inflation accounting effective from 1 January 2005. Therefore, the financial statements of the Company have been prepared accordingly.

The Company maintain their books of accounts and prepare their statutory financial statements in accordance with the Turkish Commercial Code (“TCC”), tax legislation, the Uniform Chart of Accounts issued by the Ministry of Finance and principles issued by CMB. These financial statements have been prepared under historical cost conventions. The financial statements are based on the statutory records, which are maintained under historical cost conventions, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with TAS.

**Adjustment of financial statements during hyper-inflationary periods:**

With the decision taken on 17 March 2005, the CMB announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their financial statements in accordance with CMB Financial Reporting Standards. Accordingly, IAS 29, “Financial Reporting in Hyperinflationary Economies”, issued by the IASB, has not been applied in the financial statements for the accounting year commencing 1 January 2005.



**CONVENIENCE TRANSLATION OF THE NOTES TO THE  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013**

(Amounts expressed in Turkish lira (“TL”) unless otherwise indicated.)

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**NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

**Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The Company’s functional and presentation currency is TL.

**Offsetting**

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

**Going concern**

The Company has prepared the financial statements for the period 1 January - 31 December 2013 in accordance with the going concern principle.

**Compliance with portfolio restrictions**

The information included in Note 22, “Supplementary Note : Control of Compliance with Portfolio Restrictions” represent a condensed information based on the figures extracted from the financial statements that are prepared in accordance with No. II-14.1 “Principals of Financial Reporting in Capital Markets” of the CMB. This condensed information has been prepared in accordance with the requirements of Communiqué Serial VI, No: 11 “Principals of The Real Estate Investment Trusts” of the CMB particularly relating to the principles regarding the control of compliance to portfolio restrictions.

**2.2. Summary of Significant Accounting Policies**

Significant changes in accounting policies or material errors are corrected, retrospectively; by restating the prior period financial statements.

**Comparative figures and the reclassification to the financial statements of the prior period**

The Company complies with the principles and articles of valid commercial laws and regulations and Communiqués announced by CMB in the accounting records and the preparation of the financial statements.

In order to determine the financial status and performance trends, the financial statements of the Company have been prepared in comparison with the financial statements of previous periods. The Company prepared its balance sheet as of 31 December 2013 in comparison with the balance sheet prepared as of 31 December 2012; prepared the statement of income, statement of changes in shareholders’ equity and cash flow statement between 1 January - 31 December 2013 in comparison with 1 January - 31 December 2012. Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current period.

In accordance with the decision taken in the CMB meeting numbered 20/670 held on 7 June 2013 and in accordance with the announcement related to the format of financial statements and its accompanying notes, comparative figures have been reclassified to conform to the changes in presentation in the current period:

**CONVENIENCE TRANSLATION OF THE NOTES TO THE  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013**

(Amounts expressed in Turkish lira (“TL”) unless otherwise indicated.)

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**NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

- Long-term advance given amounted to TL2,298,132 included in “other non-current assets” in the balance sheet has been reclassified to “prepaid expenses” as of 31 December 2012.
- Deferred income amounted to TL1,111,903 included in “other current liabilities” and advanced received amounted to TL269,262 have been reclassified to “deferred income” as of 31 December 2012.
- Short-term and long-term deposits and guarantees received amounted to TL11,669 and TL116,903 included in “other current liabilities” has been reclassified to “short-term and long-term other payables” as of 31 December 2012.

**2.2.1 Changes in standards and interpretations**

The standards listed below and the changes and comments introduced to the prior standards have been enforced as of 1 January 2013 and mentioned amendments to the standards have no material effect on the financial statements of the Company.:

- Amendment to IAS 1, ‘Financial statement presentation’, regarding other comprehensive income; is effective for annual periods beginning on or after 1 July 2012. The main change resulting from these amendments is a requirement for entities to group items presented in ‘other comprehensive income’ (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.
- Amendment to IAS 19, ‘Employee benefits’; is effective for annual periods beginning on or after 1 January 2013. These amendments eliminate the corridor approach and calculate finance costs on a net funding basis.
- IFRS 10, ‘Consolidated financial statements’; is effective for annual periods beginning on or after 1 January 2013. The objective of IFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entity (an entity that controls one or more other entities) to present consolidated financial statements. It defines the principle of control, and establishes controls as the basis for consolidation. It sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. It also sets out the accounting requirements for the preparation of consolidated financial statements.
- IFRS 11, ‘Joint arrangements’; is effective for annual periods beginning on or after 1 January 2013. IFRS 11 is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and therefore accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and therefore equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.

## **AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**

### **CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013**

(Amounts expressed in Turkish lira (“TL”) unless otherwise indicated.)

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#### **NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

- IFRS 12, ‘Disclosures of interests in other entities’; is effective for annual periods beginning on or after 1 January 2013. IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.
- Amendment to IFRSs 10, 11 and 12 on transition guidance; is effective for annual periods beginning on or after 1 January 2013. These amendments provide additional transition relief to IFRSs 10, 11 and 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. For disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before IFRS 12 is first applied.
- IFRS 13, ‘Fair value measurement’; is effective for annual periods beginning on or after 1 January 2013. IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRS and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP.
- IAS 27 (revised 2011), ‘Separate financial statements’; is effective for annual periods beginning on or after 1 January 2013. IAS 27 (revised 2011) includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.
- IAS 28 (revised 2011), ‘Associates and joint ventures’; is effective for annual periods beginning on or after 1 January 2013. IAS 28 (revised 2011) includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.
- Amendment to IFRS 7, ‘Financial instruments: Disclosures’, on asset and liability offsetting; is effective for annual periods beginning on or after 1 January 2013. This amendment includes new disclosures to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP.
- Amendment to IFRS 1, ‘First time adoption’, on government loans; is effective for annual periods beginning on or after 1 January 2013. This amendment addresses how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to IFRS. It also adds an exception to the retrospective application of IFRS, which provides the same relief to first-time adopters granted to existing preparers of IFRS financial statements when the requirement was incorporated into IAS 20 in 2008.
- Annual Improvements to IFRS/TFRSs 2011 is effective for annual periods beginning on or after 1 January 2013. Amendments affect five standards: IFRS/TFRS 1, IAS/TAS 1, IAS/TAS 16, IAS/TAS 32 and IAS/TAS 34.

**CONVENIENCE TRANSLATION OF THE NOTES TO THE  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013**

(Amounts expressed in Turkish lira (“TL”) unless otherwise indicated.)

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**NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

*New IFRS standards, amendments and IFRICs effective after 1 January 2014 and not early adopted by the Company:*

- Amendment to IAS 32, ‘Financial instruments: Presentation’, on asset and liability offsetting is effective for annual periods beginning on or after 1 January 2014. These amendments are to the application guidance in IAS 32, ‘Financial instruments: Presentation’, and clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet.
- IFRS 9 ‘Financial instruments’ – classification and measurement; is effective for annual periods beginning on or after 1 January 2015. This standard on classification and measurement of financial assets and financial liabilities will replace IAS 39, ‘Financial instruments: Recognition and measurement’. IFRS 9 has two measurement categories: amortised cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. For liabilities, the standard retains most of the IAS 39 requirements. These include amortised-cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity’s own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. This change will mainly affect financial institutions.
- Amendment to IAS 36, ‘Impairment of assets’ on recoverable amount disclosures is effective for annual periods beginning on or after 1 January 2014. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.
- Amendment to IAS 39 ‘Financial Instruments: Recognition and Measurement’ - ‘Novation of derivatives is effective for annual periods beginning on or after 1 January 2014. This amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument to a central counterparty meets specified criteria.
- Amendments to IFRS 10, 12 and IAS 27 on consolidation for investment entities are effective for annual periods beginning on or after 1 January 2014. These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an ‘investment entity’ definition and which display particular characteristics. Changes have also been made IFRS 12 to introduce disclosures that an investment entity needs to make.
- IFRIC 21, ‘Levies’ is effective for annual periods beginning on or after 1 January 2014. This is an interpretation of IAS 37, ‘Provisions, contingent liabilities and contingent assets’. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.
- Amendments to IFRS 9, ‘Financial instruments’, regarding general hedge. These amendments to IFRS 9, ‘Financial instruments’, bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements.

## AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Amounts expressed in Turkish lira (“TL”) unless otherwise indicated.)

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#### NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

- Amendment to IAS 19 regarding defined benefit plans; is effective for annual periods beginning on or after 1 July 2014. These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.
- Annual improvements 2012; is effective for annual periods beginning on or after 1 July 2014. These amendments include changes from the 2010-12 cycle of the annual improvements project, that affect 7 standards:
  - IFRS 2, ‘Share-based payment’
  - IFRS 3, ‘Business Combinations’
  - IFRS 8, ‘Operating segments’
  - IFRS 13, ‘Fair value measurement’
  - IAS 16, ‘Property, plant and equipment’ and IAS 38, ‘Intangible assets’
  - Consequential amendments to IFRS 9, ‘Financial instruments’, IAS 37, ‘Provisions, contingent liabilities and contingent assets’, and
  - IAS 39, Financial instruments – Recognition and measurement’
- Annual improvements 2013; is effective for annual periods beginning on or after 1 July 2014. The amendments include changes from the 2011-2-13 cycle of the annual improvements project that affect 4 standards:
  - IFRS 1, ‘First time adoption’
  - IFRS 3, ‘Business combinations’
  - IFRS 13, ‘Fair value measurement’ and
  - IAS 40, ‘Investment property’

Above mentioned amendments to the standards have no material effect on the financial statements of the Company.

**CONVENIENCE TRANSLATION OF THE NOTES TO THE  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013**

(Amounts expressed in Turkish lira (“TL”) unless otherwise indicated.)

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**NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

**2.3 Restatement and the errors in the accounting estimates**

Material changes in accounting policies or material errors are corrected, retrospectively by restating the prior period financial statements. The effect of changes in accounting estimates affecting the current period is recognised in the current period; the effect of changes in accounting estimates affecting current and future periods is recognised in the current and future periods. For the period 1 January - 31 December 2013 there has been no change in the accounting estimates.

**2.4 Summary of Significant Accounting Policies**

The significant accounting policies followed in the preparation of the financial statements are summarized below:

**Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, bank deposits and highly liquid investments, whose maturity at the time of purchase is less than three months and conversion risk on value at the date of sale is immaterial.

**Related parties**

A party is related to an entity if the party is a legal body or a real person which directly or indirectly controls, is controlled by, or is under common control with the entity, has an interest in the entity that gives it significant influence over the entity, and if the party is a subsidiary, an affiliate or a joint venture in which the entity is a venture. Furthermore, members of the key management personnel of the entity, close members of the family of any individual referred to above, and parties representing post-employment benefit plan for the benefit of employees of the entity are also defined as related parties.

**Trade receivables and payables**

Trade receivables are financial assets created by the Company through selling services directly to the tenants. Trade receivables of the Company are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method. Short term receivables with no stated interest rate are measured at original invoice amount unless the effect of imputing interest is significant.

An impairment provision for trade receivables is established if there is objective evidence that the Company will not be able to collect all amounts due in accordance with the original agreement terms. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is reversed through other operating income.

Trade payables consist of payables to suppliers for purchases of goods and services. Trade payables and other financial liabilities are accounted for at amortized cost. Short term payables with no stated interest rate are measured at original invoice amount unless the effect of imputing interest is significant.

## **AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**

### **CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013**

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

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#### **NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

##### **Financial liabilities and borrowing costs**

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method in financial statements. Starting from 1 January 2009 "Borrowing Costs" IAS 23 (revised) requires an entity to capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset, removing the option of immediately expensing borrowing costs.

##### **Current and deferred income taxes**

The Corporate Tax Law No: 5520 was amended on 21 June 2006 with the Law announced in the Official Journal No 26205. The majority of the clauses of Law No 5520 are effective as of 1 January 2006. The corporation tax rate of the fiscal year 2012 is 20% (2011: 20%). Corporation tax is payable at a rate of 20% on the total income of the Company after adjusting for certain disallowable expenses, corporate income tax exemptions (participation exemption, and investment allowance, etc) and corporate income tax deductions (like research and development expenditures deduction). No further tax is payable unless the profit is distributed.

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, except from these corporations' dividends subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

The Company is exempt from corporate income tax in accordance with paragraph 4-d of Article 8 of the Corporate Income Tax Law and in accordance with paragraph 6-a of Article 94 of the Income Tax Law, the earnings of the real estate investment trusts are subject to withholding taxes, According to the Council of Ministers decision, No: 93/5148, the withholding tax rate is determined as "0". Therefore, the Company has no corporate tax obligation.

Deferred income taxes are provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. Currently enacted tax rates are used to determine deferred income tax at the balance sheet date. As the Company is exempt from corporate income taxes based on the current tax legislation, no deferred income tax asset or liability has been calculated on temporary taxable and deductible differences in these financial statements.

**CONVENIENCE TRANSLATION OF THE NOTES TO THE  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013**

(Amounts expressed in Turkish lira (“TL”) unless otherwise indicated.)

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**NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

**Employment termination benefits**

Under the Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed at least one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). Since the legislation was changed on 23 May 2002, there are certain transitional provisions relating to length of service prior to retirement.

The amount payable consists of one month’s salary limited to a maximum of TL3,254.44 (TL in full) as of 31 December 2013.

Provision which is allocated by using the defined benefit obligation’s current value is calculated by using estimated liability method. All actuarial profits and losses are recognised in the comprehensive statement of income.

The employment termination benefit obligation as explained above is considered as a defined benefit plan under IFRS. IFRS, requires actuarial valuation methods to be developed to estimate the enterprise’s obligation for such benefits. The liability for this unfunded plan recognized in the balance sheet is the full present value of the defined benefit obligation at the end of the reporting period, calculated using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows from the retirement of its employees using the long term TL interest rates.

The principal actuarial assumption is that the maximum liability will increase in line with inflation. Thus the effective discount rate applied represents the expected real interest rate after adjusting for the effects of future inflation. As the maximum liability amount is revised semi-annually by the authorities, the maximum amount of TL 3,438.22 (TL in full) which is effective from 1 January 2014 has been taken into consideration when calculating the liability (1 January 2013: TL3,129.25).

**Provisions, contingent assets and liabilities**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are not recognized for future operating losses.

Contingent assets or contingent obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company are not included in financial statements and are treated as contingent assets or liabilities.



# AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Amounts expressed in Turkish lira (“TL”) unless otherwise indicated.)

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### NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

#### Property and equipment and related depreciation

Property and equipment are carried at cost less accumulated depreciation and provision for impairment, if any. Any directly attributable costs of setting the asset in working order for its intended use are included in the initial measurement.

Depreciation is calculated over of the cost of property and equipment using the straight-line method based on expected useful lives.

The expected useful lives are stated below:

	<b>Years</b>
Machinery, plant and equipment	5
Furniture and fixtures	5

Subsequent costs incurred for tangible assets are included in the asset’s carrying amount or recognized as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statements during the financial period in which they were incurred.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount and the provision for impairment is charged to income statement.

Gains and losses on the disposal of property and equipment are determined by deducting the net book value of the property and equipment from its sales and are included in the related income and expense accounts, as appropriate.

#### Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied or utilised by the Company in the normal course of business, is classified as investment property.

Investment properties are stated at cost less their accumulated depreciation and impairment loss, if any. Investment properties are restated for the effects of inflation using the measuring unit current as at 31 December 2004. Additions made subsequent to 1 January 2005 are stated at their nominal values. The financial expenses related to the loans used for acquisition of investment properties and incurred during the progress of the said investment properties are restated and included in the cost. Investment properties are depreciated over their inflation-adjusted values and the nominal values of additions made subsequent to 1 January 2005. The useful life of investment properties is estimated to be 50 years.

Part of the Company’s investment property is used for administrative purposes; however, as the ratio is considered immaterial (i.e., with a gross value less than 1% of total gross value), they are not classified separately, but rather stated within the investment properties account.

# AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

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### NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

#### Impairment of assets

The Company reviews all assets including tangible assets at each balance sheet date in order to see if there is a sign of impairment on the stated asset. If there is such a sign, carrying amount of the stated asset is projected. Impairment exists if the carrying value of an asset or a cash generating unit including the asset is greater than its net realizable value. Net recoverable value is the higher of the net sales value or value in use. Value in use is the present value of cash flows generated from the use of the asset and the disposal of the asset after its useful life. Impairment losses are recorded in comprehensive income statement. Impairment loss for an asset is reversed, if an increase in recoverable amount is related to a subsequent event following the booking of impairment by not exceeding the amount reserved for impairment.

#### Revenue recognition

Revenue is recognised when the amount of revenue can be measured reliably and when it is probable that the economic benefits associated with the transaction will flow to the Company. Revenue is presented net of value added and sales taxes. The following criteria are necessary for the recognition of revenue:

##### *Rent income from investment properties*

Rent income from investment properties is recognised on an accrual basis. Revenue is realized when economic benefits arising from the transaction have passed, and when the amount of such income can be reliably measured. Rent discounts and similar promotions granted to existing tenants from time to time are netted of from rent revenues as they are not rent incentives for acquisition of new contracts.

The minimum amount of the total rent payments to be received in the future periods based on the existing contracts are summarised below;

	31 December 2013	31 December 2012
Within 1 year	79,862,559	69,973,027
1 to 5 years	278,317,576	198,554,387
Over 5 years	258,038,664	190,353,745
	<b>616,218,799</b>	<b>458,881,159</b>

#### Interest income and expense

Interest income and expense is accounted for using the effective interest rate method. Interest income comprises mostly interest income from time deposits.

Interest expenses incurred from borrowings are calculated using the effective interest rate method.

# AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Amounts expressed in Turkish lira (“TL”) unless otherwise indicated.)

### NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

#### Paid-in capital

Ordinary shares are classified as equity. Proceeds from issuing new equity instruments are recorded net of transaction costs.

#### Earnings per share

Earnings per share are determined by dividing net comprehensive income by the weighted average number of shares that have been outstanding during the period concerned.

In Turkey, companies can increase their share capital by making a pro-rata distribution of their shares (“Bonus Shares”) to existing shareholders funded from retained earnings or other reserves. For the purpose of earnings per share computations, such Bonus Share issuances are regarded as issued shares for all periods presented and accordingly the weighted average number of shares used in earnings per share computations in prior periods is adjusted retroactively for the effects of these shares, issued without receiving cash or another consideration from shareholders.

#### Reporting of cash flows

Cash flows statement includes cash and cash equivalents, cash with original maturity periods of less than three months and bank deposits.

#### Subsequent events

Subsequent events cover any events which arise between the reporting date and the balance sheet date, even if they occurred after any declaration of the net profit for the period or specific financial information publicly disclosed. The Company adjusts or provides disclosure in its financial statements if such subsequent events arise that require an adjustment or disclosure to the financial statements.

### NOTE 3 - CASH AND CASH EQUIVALENTS

The details of cash and cash equivalents as of 31 December 2013 and 2011 are as follows:

	31 December 2013	31 December 2012
Cash	3,405	4,153
Banks		
- TL time deposit	48,795,388	44,074,749
- TL demand deposit	50,336	75,496
- Foreign currency denominated demand deposit	55,801	31,500
	<b>48,904,930</b>	<b>44,185,898</b>

As of 31 December 2013, the interest rate on TL deposit accounts at banks is between %8.80 and %9.26 and the accrued interest is TL342,388 (31 December 2012: the interest rate on TL deposit accounts at banks is 7.6% and 7.9% the accrued interest is TL 241,749). The maturity of time deposits is less than one month (31 December 2012: less than one month).

# AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

### NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)

The cash and cash equivalents disclosed in the statements of cash flows are as follows:

	31 December 2013	31 December 2012
Cash and cash equivalents	48,904,930	44,185,898
Less: accrued interest	(342,388)	(241,749)
	<b>48,562,542</b>	<b>43,944,149</b>

### NOTE 4 - TRADE AND OTHER RECEIVABLES AND PAYABLES

#### Short-term trade receivables

	31 December 2013	31 December 2012
Trade receivables	4,093,136	3,923,561
Notes and post-dated cheques receivable	1,302,150	141,981
Receivables from related parties	38,621	-
	<b>5,433,907</b>	<b>4,065,542</b>
Less: Provision for doubtful receivables	(3,167,871)	(3,507,557)
	<b>2,266,036</b>	<b>557,985</b>

	2013	2012
<b>1 January</b>	<b>3,507,557</b>	<b>3,170,342</b>
Provisions made during the period	14,912	354,598
Doubtful receivables collections	(354,598)	(17,383)
<b>31 December</b>	<b>3,167,871</b>	<b>3,507,557</b>

	31 December 2013	31 December 2012
<b>Short-term trade payables</b>		
Trade payables	202,453	160,885
Due to related parties (Note 17)	23,422	8,476
	<b>225,875</b>	<b>169,361</b>

As of 31 December 2013 and 2012, there are no other receivables.

	31 December 2013	31 December 2012
<b>Short-term other payables</b>		
Taxes payables and other taxes	837,594	901,823
Deposits and guarantees received	49,815	11,669
Other	8,959	4,164
	<b>896,368</b>	<b>917,656</b>

## AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Amounts expressed in Turkish lira (“TL”) unless otherwise indicated.)

#### NOTE 4 - TRADE AND OTHER RECEIVABLES AND PAYABLES (Continued)

Long-term other payables	31 December 2013	31 December 2012
Deposits and guarantees received	104,124	116,903
	<b>104,124</b>	<b>116,903</b>

#### NOTE 5 - INVESTMENT PROPERTIES

Movement schedule of investment properties for the years ending on 31 December 2013 and 2012 are as follows:

	1 January 2013	Additions	Transfers	31 December 2013
<b>Cost</b>				
Buildings	174,404,180	-	-	174,404,180
Construction in progress	9,458,757	1,380,714	(644,084)	10,195,387
	<b>183,862,937</b>	<b>1,380,714</b>	<b>(644,084)</b>	<b>184,599,567</b>
<b>Accumulated depreciation</b>				
Buildings	48,350,086	3,758,379	-	52,108,465
	<b>48,350,086</b>	<b>3,758,379</b>	<b>-</b>	<b>52,108,465</b>
<b>Net Book Value</b>	<b>135,512,851</b>			<b>132,491,102</b>
	1 January 2012	Additions	Transfers	31 December 2012
<b>Cost</b>				
Buildings	174,404,180	-	-	174,404,180
Construction in progress	9,458,757	-	-	9,458,757
	<b>183,862,937</b>	<b>-</b>	<b>-</b>	<b>183,862,937</b>
<b>Accumulated depreciation</b>				
Buildings	44,591,708	3,758,378	-	48,350,086
	<b>44,591,708</b>	<b>3,758,378</b>	<b>-</b>	<b>48,350,086</b>
<b>Net Book Value</b>	<b>139,271,229</b>			<b>135,512,851</b>

The fair value of the Company’s investment property based on the valuation report of EVA Gayrimenkul Değerleme Danışmanlık A.Ş dated 31 December 2013 amount to TL984,257,000 (As of 31 December 2012, the fair value of the Company’s investment property based on the valuation report of EVA Gayrimenkul Değerleme Danışmanlık A.Ş. amount to TL944,653,000).

# AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

### NOTE 6 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

#### Real rights on immovables are as follows:

- a) There is a rental restriction in favour of TEK (Turkish Electricity Institution) with registry dated 31 December 1992 No: 5538.
- b) There is a 5 year rental restriction in favour of Yapı Kredi A.Ş. on Çarşı Block 1 basement coded (4,60) at a land share of 76800/25600000 (independent component, no 89) registered on 17 April 1995, No: 1315.

Type of guarantees received	Currency of denomination	Amount	31 December 2013
Guarantee notes received	USD	3,136,446	6,694,116
Letters of guarantees received	USD	2,116,545	4,517,342
Guarantee cheques received	TL	581,000	581,000
			<b>11,792,458</b>

Type of guarantees received	Currency of denomination	Amount	31 December 2012
Guarantee notes received	USD	2,202,047	3,925,369
Letters of guarantees received	USD	2,228,056	3,971,733
Guarantee cheques received	TL	581,000	581,000
			<b>8,478,102</b>

The commitments received consist of letters of guarantees received from the tenants of the shopping mall.

Below are the amounts of guarantees, pledges and mortgages of Company

	31 December 2013	31 December 2012
<b>CPM's given by the company (Collaterals, Pledges, Mortgages)</b>		
A, CPM's given for companies own legal personality	1,729	11,729
B, CPM's given on behalf of fully consolidated companies	None	None
C, CPM's given for continuation of its economic activities on behalf of third parties	None	None
D, Total amount of other CPM's		
i) Total amount of CPM's given on behalf of the majority shareholder	None	None
ii) Total amount of CPM's given to on behalf of other Group companies which are not companies which are not in scope of B and C	None	None
iii) Total amount of CPM's given on behalf of third parties which are not in scope of C	None	None
	<b>1,729</b>	<b>11,729</b>

The guarantee letters given consist of guarantee given to ongoing cases and public institutions.

## AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

#### NOTE 6 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

##### Provision for lawsuits

The provision for the lawsuits against the Company as of 31 December 2013 is TL773,593 (31 December 2012: TL646,382). The movement of provision for lawsuits is as follows:

	2013	2012
<b>1 January</b>	<b>646,382</b>	<b>3,012,160</b>
Increase during the period	10,000	117,902
Foreign exchange differences and interests	117,211	19,183
Paid charges	-	(2,079,638)
Reversals during the period	-	(423,225)
<b>31 December</b>	<b>773,593</b>	<b>646,382</b>

#### NOTE 7 - OTHER ASSETS AND LIABILITIES

The details of other assets and other liabilities as of 31 December 2013 and 2012 are as follows:

<b>Prepaid expenses - short term</b>	<b>31 December 2013</b>	<b>31 December 2012</b>
Prepaid expenses	28,115	12,620
	<b>28,115</b>	<b>12,620</b>

<b>Prepaid expenses - long term</b>	<b>31 December 2013</b>	<b>31 December 2012</b>
Advances given (*)	13,829,068	2,298,132

(\*) Consists of advances given for the renovation work on exterior side of the shopping mall, apart, cinema and corridor.

<b>Other non-current assets:</b>	<b>31 December 2013</b>	<b>31 December 2012</b>
Other	202	202
	<b>202</b>	<b>202</b>

## AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

#### NOTE 7 - OTHER ASSETS AND LIABILITIES (Continued)

<b>Deferred income</b>	<b>31 December 2013</b>	<b>31 December 2012</b>
Deferred income	864,252	1,111,903
Advances received (*)	638,658	269,262
	<b>1,502,910</b>	<b>1,381,165</b>

<b>Other non- current liabilities</b>	<b>31 December 2013</b>	<b>31 December 2012</b>
Expense accruals	<b>171,895</b>	<b>140,607</b>

#### NOTE 8 - EQUITY

At 31 December 2013 and 2012 the issued and fully paid-in share capital held is as follows:

<b>Shareholders</b>	<b>31 December 2013</b>		<b>31 December 2012</b>	
	<b>Share (%)</b>	<b>Amount</b>	<b>Share (%)</b>	<b>Amount</b>
Akkök Sanayi Yatırım ve Geliştirme A.Ş.	13.12	4,890,900	13.12	4,890,900
Tekfen Holding A.Ş.	10.79	4,019,839	10.79	4,019,839
Quoted to İstanbul Stock Exchange	50.82	18,938,898	50.27	18,734,104
Other (*)	25.27	9,414,363	25.82	9,619,157
<b>Total paid-in capital</b>	<b>100.00</b>	<b>37,264,000</b>	<b>100.00</b>	<b>37,264,000</b>

(\*) Represents individual shareholdings less than 10%.

At the Ordinary General Meeting of the Company dated 3 May 2011, it was decided to allocate bonus shares from the first and second dividend to be distributed to the shareholders from the profit of 2010 in line with the previous allocation of the issued shares and as per CMB Communiqué Serial I, No: 40 on Registration of Shares to Board Records and Disposal of Shares, to apply to the CMB in order to register the new issued bonus shares to the CMB Board records. After the increase in the issued shares, the capital amounted to TL37,264,000.

The Company's issued and fully paid share capital amounting to TL37,264,000 is represented by 3,726,400,000 shares of Krş1 nominal value of which 407,575,000 are Class A shares, 284,138,000 are Class B shares, 239,887,000 are Class C shares and 2,794,800,000 are Class D shares as of 31 December 2013 and 2012.

There are 10 members of the Board of Directors who are assigned by the General Assembly as follows; four members elected with the majority votes of Class A shares; three members elected with the majority votes of Class B shares; two members elected with the majority votes of Class C shares and one member elected with the majority votes of Class D shares which represent the publicly offered shares and subject to participation to the General Assembly.



## AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

#### NOTE 8 - EQUITY (Continued)

According to compability of Articles of Incorporation to Communiqué No: IV-56 Determination and the Enforcement of the Corporate Governance Principles issued by CMB, the appeal of increasing the upper limit of registered capital from TL27,400,000 to TL75,000,000 is approved by CMB. The appeal of increasing the upper limit of registered capital and amendment of Articles of Incorporation are registered on 6 June 2012 and published at the Trade Registry Gazette on 12 June 2012.

Equity statement in accordance with the Communiqué Serial: II-14-1 is as follows:

	31 December 2013	31 December 2012
Share capital	37,264,000	37,264,000
Adjustment to share capital	27,745,263	27,745,263
Restricted reserves		
- Legal reserves	48,113,674	41,150,403
Retained earnings	20,852,421	18,862,625
Net income for the period	59,841,965	54,321,987
	<b>193,817,323</b>	<b>179,344,278</b>

Retained earnings consist of the following:

	31 December 2013	31 December 2012
Prior years' income	3,326,254	1,352,187
Extraordinary reserves	13,542,951	13,527,222
Inflation difference in extraordinary reserves	521,985	521,985
Inflation difference in legal reserves	3,461,231	3,461,231
	<b>20,852,421</b>	<b>18,862,625</b>

#### Profit distribution

"Dividend Guidelines" issued in accordance with Article 13 of the Capital Markets Board's Communiqué on Dividends was promulgated in the Official Gazette on 23 January 2014 and was put into effect as of 01 February 2014. The adjustments and disclosures included in the Communiqué on Dividends and the Dividend Guidelines are summarised below.

Dividends shall be distributed upon decision by the general assembly in line with the Dividend Distribution Policy to be set by the general assembly. Companies shall determine the dividend distribution policy and whether or not to distribute dividends. Accordingly, dividend distribution is voluntary in principle. The Capital Markets Board shall be entitled to define various principles for dividend distribution depending on the qualities of the entities.

Dividend distribution policies of companies regulate the following items:

- whether or not to distribute dividends,
- dividend rates and account items to apply that rate,
- payment methods and dates,
- whether to distribute dividends in cash or in the form of free of charge shares (applicable to companies whose shares are listed in stock markets), and
- whether or not to distribute dividend advances.

## AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

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#### NOTE 8 - EQUITY (Continued)

The upper limit of the dividends to be distributed equals the distributable portion of the relevant profit distribution resources in legal records. As a rule, dividends are equally distributed to all shares available as of the distribution date. Acquisition and issuance dates of shares are not taken into account. Unless the reserves to be allocated in accordance with the Turkish Commercial Code and shareholders' dividends stipulated in the articles of association and dividend distribution policy are allocated, it shall not be possible to decide to set aside other reserves or carry forward the profit to the following year.

Provided that it is set out in the articles of association, dividends can be provided to privileged shareholders or dividend certificate owners, board members, employees and other non-shareholders. However, it is not possible to allocate dividends to dividend certificate owners, board members, employees and others before the dividends determined for shareholders are paid in cash. The communiqué rules that if the amount of dividend to be paid to the dividend certificate owners, board members, employees and others excluding the privileged shares is not specified in the articles of association, the maximum amount to be distributed to the foregoing is one fourth of the amount distributed to shareholders. In the event of distributing dividends to non-shareholders and of paying in instalments, the instalment sums should be paid in proportion to instalment sums of shareholders and the same principles apply.

The New Capital Markets Board Law and thus the new Communiqué allow the shareholders to make donations. However, it is required that the articles of association should contain a related provision: the amount of donations shall be determined by the general assembly, however, CMB is entitled to introduce an upper limit.

Companies listed on the stock markets should disclose the following to the public:

- the board of directors' proposal on dividend distribution;
- the board of directors' decision on dividend distribution; and
- a dividend or dividend advance distribution chart. It is obligatory that a dividend distribution chart should be disclosed to the public on the date when the ordinary general assembly agenda is announced at the latest.

The distributable profit of Company calculated over profit of year 2013 is TL 59.841.965

#### NOTE 9 - EMPLOYEE BENEFITS

Liabilities related to employee benefits consist of provisions for employment termination benefits. The movements of the provision for 2013 and 2012 are as follows:

	2013	2012
<b>1 January</b>	<b>25,342</b>	<b>74,624</b>
Current year charge	6,668	18,224
Current year payment	-	(67,506)
<b>31 December</b>	<b>32,010</b>	<b>25,342</b>

**AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.****CONVENIENCE TRANSLATION OF THE NOTES TO THE  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013**

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

**NOTE 10 - OPERATING INCOME**

	<b>31 December 2013</b>	<b>31 December 2012</b>
<b>Sales</b>		
Shops and warehouse rent income	80,067,818	71,090,791
Apart hotel rent income	1,347,651	2,467,480
	<b>81,415,469</b>	<b>73,558,271</b>
<b>Cost of sales</b>		
Cost of services	(19,802,120)	(20,137,019)
Depreciation expense	(3,776,311)	(3,770,333)
	<b>(23,578,431)</b>	<b>(23,907,352)</b>
<b>Gross Profit</b>	<b>57,837,038</b>	<b>49,650,919</b>

**NOTE 11 - MARKETING, SELLING AND DISTRIBUTION EXPENSES AND GENERAL  
ADMINISTRATIVE EXPENSES**

	<b>31 December 2013</b>	<b>31 December 2012</b>
<b>Marketing, selling and distribution expenses</b>		
Advertisement expenses	28,004	27,860
	<b>28,004</b>	<b>27,860</b>
<b>General administrative expenses</b>		
Personnel expenses	1,328,556	1,359,615
Donation expenses	1,017,073	-
Sponsorship expenses	1,000,000	-
Duties, taxes and levies expenses	653,779	605,041
Legal expenses	613,462	598,180
Consultancy expenses	362,786	246,860
Insurance expenses	23,426	14,190
Provision for doubtful receivables	14,912	354,598
Provision for lawsuits	10,000	117,902
Provision for employment termination benefits	6,668	18,224
Depreciation and amortisation expenses	1,996	3,411
Other	142,982	250,403
	<b>5,175,640</b>	<b>3,568,424</b>

# AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Amounts expressed in Turkish lira (“TL”) unless otherwise indicated.)

### NOTE 12 - EXPENSES BY NATURE

	31 December 2013	31 December 2012
<b>Depreciation and amortisation</b>		
Cost of sales	3,776,311	3,770,333
General and administrative expenses	1,996	3,411
	<b>3,778,307</b>	<b>3,773,744</b>

### Allocation of depreciation and amortisation charges

	31 December 2013	31 December 2012
Investment properties (Note 5)	3,758,379	3,758,378
Tangible assets	17,933	13,406
Intangible assets	1,995	1,960
	<b>3,778,307</b>	<b>3,773,744</b>

### NOTE 13 - OTHER INCOME/EXPENSES

	31 December 2013	31 December 2012
<b>Other operating income</b>		
Shopping Mall - shared area rent income	4,125,695	4,439,041
Reversals from provisions	354,599	440,607
Infrastructure service income	169,492	-
Other	202,156	127,931
	<b>4,851,942</b>	<b>5,007,579</b>

### Other operating expense

Renovation expenses of work on exterior side	(644,084)	-
Loss on sales of property and equipments	(66,698)	-
	<b>(710,782)</b>	<b>-</b>

## AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

#### NOTE 14 - FINANCIAL INCOME /EXPENSES

	31 December 2013	31 December 2012
<b>Financial income</b>		
Interest income	3,199,389	3,263,111
Foreign exchange gains	88,953	98,329
	<b>3,288,342</b>	<b>3,361,440</b>
	31 December 2013	31 December 2012
<b>Financial expenses</b>		
Foreign exchange losses	(197,061)	(55,768)
Interest expense	(23,870)	(45,899)
	<b>(220,931)</b>	<b>(101,667)</b>

#### NOTE 15 - EARNINGS PER SHARE

The earning per share stated in income statement is calculated by dividing net income for the period by the weighted average number of Company's shares for the period.

The companies in Turkey are allowed to increase their paid-in capital by issuing "free shares" which represent the increases from retained earnings and revaluation funds. The issue of such shares is treated as the issuance of ordinary shares in the calculation of earnings per share. The weighted average number of shares includes such shares and their retrospective effects. The share capital amounting to TL13,700,000 within the registered capital limit of TL27,400,000 has been increased to TL37,264,000 from the dividend to be distributed to the shareholders over the profit of 2010 amounting to TL23,564,000. Based on the resolution issued by CMB Decision No. 20/626, dated 30 June 2011, the new issued shares have been registered at 8 July 2011 to İstanbul Commercial Office.

The earnings per share amount is calculated by dividing net income for the period by the weighted average number of Company's shares for the period.

	31 December 2013	31 December 2012
Weighted average number of shares as of the reporting date (per share of TL 1 nominal value)	37,264,000	37,264,000
Net profit	59,841,965	54,321,987
<b>Earnings per share</b>	<b>1.61</b>	<b>1.46</b>

#### NOTE 16 - TAX ASSETS AND LIABILITIES

The Company is exempt from corporate income tax in accordance with paragraph 4-d of Article 5 of the Corporate Income Tax Law and in accordance with paragraph 6-a of Article 94 of the Income Tax Law, the earnings of the real estate investment trusts are subject to withholding taxes, According to the Council of Ministers decision, No: 93/5148, the withholding tax rate is determined as "0". Therefore, the Company has no corporate tax obligation.

## AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

#### NOTE 17 - RELATED PARTY DISCLOSURES

a) As of 31 December 2013 and 2012 receivables from related parties and due to related parties are as follows:

	31 December 2013	31 December 2012
<b>Receivables from related parties</b>		
Üçgen Bakım ve Yönetim Hizmetleri A.Ş.	38,621	-
	<b>38,621</b>	<b>-</b>

	31 December 2013	31 December 2012
<b>Due to related parties</b>		
Akkök Sanayi Yatırım ve Geliştirme A.Ş.	21,219	7,053
Aktek Bilgi İletişim Teknoloji San. ve Tic. A.Ş.	1,813	787
Due to shareholders	390	636
	<b>23,422</b>	<b>8,476</b>

	31 December 2013	31 December 2012
<b>Advances given</b>		
Üçgen Bakım ve Yönetim Hizmetleri A.Ş. (Note 7)	13,829,068	2,298,132

b) As of 31 December 2013 and 2012, sales and purchases from related parties are as follows:

	31 December 2013	31 December 2012
<b>Sales to related parties:</b>		
Akmerkez Lokantacılık Gıda San. Tic. A.Ş.	1,275,018	1,117,166
Tekfen Turizm İşletmeleri A.Ş.	336,040	289,147
Akiş Gayrimenkul Yatırım Ortaklığı A.Ş.	32,840	-
	<b>1,643,898</b>	<b>1,406,313</b>

	31 December 2013	31 December 2012
<b>Purchases from related parties:</b>		
Üçgen Bakım ve Yönetim Hizmetleri A.Ş.	20,354,320	20,622,831
Akkök Sanayi Yatırım ve Geliştirme A.Ş.	113,466	30,033
Saf Gayrimenkul Yatırım Ortaklığı A.Ş.	36,974	-
Aktek Bilgi İşletişim ve Teknoloji Sanayi ve Ticaret A.Ş.	13,399	8,966
Akmerkez Lokantacılık Gıda San. Tic. A.Ş.	3,451	1,082
Akenerji Elektrik Üretim A.Ş.	1,120	-
Akkon Yapı Taahhüt İnşaat A.Ş.	514	-
Ak Depo Lojistik ve Dış Ticaret A.Ş.	-	31,473
Akiş Gayrimenkul Yatırım Ortaklığı A.Ş.	-	409
	<b>20,523,244</b>	<b>20,694,794</b>

# AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

### NOTE 17 - RELATED PARTY DISCLOSURES (Continued)

Purchases and sales consist of rent income, purchase and sales of services and similar items. The Company receives services like security, maintenance, repair, cleaning, and management from the related party Üçgen Bakım ve Yönetim Hizmetleri A.Ş. to whom the Company charged TL 7,682,781 regarding the revenues collected on behalf of the Company (2012: TL8,771,249).

c) Remuneration of key management:

	31 December 2013	31 December 2012
Salaries	911,418	930,885

### NOTE 18 - NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS

The Company's activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

#### *Liquidity Risk*

The ability to fund the Company's financial and trade liabilities are managed by taking into account its expected undiscounted cash flows.

Liquidity risk is the inability of the Company to match the net funding requirements with sufficient liquidity. As of 31 December 2013 the Company's current assets exceeded its current liabilities by TL 47,628,440 (31 December 2012: TL 41,501,332). The management does not anticipate any difficulty on the repayment of the short-term liabilities and continuity of the Company considering the cash that will be generated from rental operations and the ability to reach to the high quality borrowers.

The analysis of the Company's financial liabilities with respect to their maturities as of 31 December 2013 is as follows:

Expected Maturities	Booked value	Cash outflows expected	Shorter than 3 months	3-12 months	1 -5 years	Longer than 5 years
<b>Non-derivate financial liabilities</b>						
Trade payables	225,875	225,875	225,486	389	-	-
Other payables and liabilities	1,000,492	1,000,492	846,554	49,814	23,460	80,664
	<b>1,226,367</b>	<b>1,226,367</b>	<b>1,072,040</b>	<b>50,203</b>	<b>23,460</b>	<b>80,664</b>

The analysis of the Company's financial liabilities with respect to their maturities as of 31 December 2012 is as follows:

Expected Maturities	Booked value	Cash outflows expected	Shorter than 3 months	3-12 months	1 -5 years	Longer than 5 years
<b>Non-derivate financial liabilities</b>						
Trade payables	169,361	169,361	168,725	636	-	-
Other payables and liabilities	1,034,559	1,034,559	905,987	11,669	61,200	55,703
	<b>1,203,920</b>	<b>1,203,920</b>	<b>1,074,712</b>	<b>12,305</b>	<b>61,200</b>	<b>55,703</b>

## AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

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#### NOTE 18 - NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

##### *Interest rate risk*

The Company is exposed to interest rate risk through the impact of rate changes on interest bearing assets and liabilities. These exposures are managed by offsetting interest rate sensitive assets and liabilities and using derivative instruments when considered necessary.

In this context, matching of not only maturities of receivables and payables but also contractual repricing dates are crucial. In order to keep the exposure of financial liabilities to interest rate changes at a minimum, "fixed interest/floating interest", "short-term/long-term", "TL/foreign currency" balance should be structured consistent within and with assets in the balance sheet.

The interest position as of 31 December 2013 and 2012 is set out in the table below :

**31 December 2013    31 December 2012**

##### **Financial instruments with fixed interest**

Time deposits	48,795,388	44,074,749
---------------	------------	------------

As of 31 December 2013 and 2012, there are no financial instruments with variable interest.

##### *Credit risk*

The Company is subject to credit risk arising from trade receivables related to credit sales and deposits at banks.

The Company management evaluates trade receivables taking into consideration the collaterals received, past experiences and current economic outlook and makes provisions for doubtful receivables when deemed necessary. The Company management does not foresee additional risk related to the Company's trade receivables other than the related provisions made.



**AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**

**CONVENIENCE TRANSLATION OF THE NOTES TO THE  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013**

(Amounts expressed in Turkish lira (“TL”) unless otherwise indicated.)

**NOTE 18 - NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)**

**Credit risk disclosures**

Credit and receivable risk of financial instruments as of 31 December 2013 is as follows:

31 December 2013	Receivables		Bank deposits	Other		
	Trade Receivables Related party	Third party			Other Receivables Related party	Third party
<b>Maximum credit risk exposed as of the reporting date (A+B+C+D) (*)</b>	<b>38,621</b>	<b>2,227,415</b>	<b>-</b>	<b>3,607</b>	<b>48,901,525</b>	<b>-</b>
-Secured portion of the maximum credit risk by guarantees	-	157,053	-	-	-	-
A. Net book value of financial assets that are neither overdue nor impaired	38,621	1,827,589	-	3,405	48,901,525	-
B. Book value of financial assets whose conditions are revised and which otherwise would be considered as overdue or impaired	-	-	-	-	-	-
C. Net book value of overdue assets that are not impaired	-	399,826	-	202	-	-
- Secured portion by guarantees, etc. (**)	-	157,053	-	-	-	-
D. Net book values of impaired assets	-	-	-	-	-	-
- Overdue (gross book value)	-	3,167,871	-	-	-	-
- Impairment (-)	-	(3,167,871)	-	-	-	-
- Secured portion by guarantees, etc.	-	-	-	-	-	-

(\*) In determining the amount of credit risk exposed, factors that increase credit reliability, i.e. the guarantees received, are not taken into consideration.

(\*\*) The amounting to TL73.424 are notes and TL 83.629 are bank guarantee letters of overdue assets that are not impaired.

## AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

#### NOTE 18 - NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

##### Credit risk disclosures

Credit and receivable risk of financial instruments as of 31 December 2012 is as follows:

31 December 2012	Receivables				Bank deposits	Other
	Trade Receivables		Other Receivables			
	Related party	Third party	Related party	Third party		
<b>Maximum credit risk exposed as of the reporting date (A+B+C+D) (*)</b>	-	557,985	-	202	44,181,745	-
-Secured portion of the maximum credit risk by guarantees	-	169,708	-	-	-	-
A. Net book value of financial assets that are neither overdue nor impaired	-	280,169	-	-	44,181,745	-
B. Book value of financial assets whose conditions are revised and which otherwise would be considered as overdue or impaired	-	-	-	-	-	-
C. Net book value of overdue assets that are not impaired	-	277,816	-	202	-	-
- Secured portion by guarantees, etc. (**)	-	169,708	-	-	-	-
D. Net book values of impaired assets	-	-	-	-	-	-
- Overdue (gross book value)	-	3,507,557	-	-	-	-
- Impairment (-)	-	(3,507,557)	-	-	-	-
- Secured portion by guarantees, etc.	-	-	-	-	-	-

(\*) In determining the amount of credit risk exposed, factors that increase credit reliability, i.e. the guarantees received, are not taken into consideration.

(\*\*) The amounting to TL141,981 are cheques, TL14,161 are notes and TL13,566 are bank guarantee letters of overdue assets that are not impaired.

## AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

#### NOTE 18 - NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

As of 31 December 2013, aging of financial assets that are past due but not impaired is as follows:

	Trade receivables
0-1 months past due	298,565
1-3 months past due	3,497
3-12 months past due	97,764
1-5 years past due	-
More than 5 years past due	-
	<b>399,826</b>

As of 31 December 2012, aging of financial assets that are past due but not impaired is as follows:

	Trade receivables
0-1 months past due	174,160
1-3 months past due	100,088
3-12 months past due	36
1-5 years past due	3,532
More than 5 years past due	-
	<b>277,816</b>

#### Foreign Currency Risk

The Company's foreign currency balances arising from operating, investment, and financial activities are disclosed below as of the reporting date. The Company may be exposed to foreign currency risk due to foreign exchange differences at the time its foreign currency receivables and payables are converted to Turkish Lira. The foreign currency risk is monitored through continuous analysis of the foreign currency position and measured on the basis of sensitivity analyses.

**AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.****CONVENIENCE TRANSLATION OF THE NOTES TO THE  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013**

(Amounts expressed in Turkish lira (“TL”) unless otherwise indicated.)

**NOTE 18 - NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL  
INSTRUMENTS (Continued)**

As of 31 December 2013 and 2012 the assets and liabilities denominated in foreign currencies which do not bear guaranteed rates of exchange and foreign currency amounts stated in the assets are as follows:

<b>31 December 2013</b>	<b>USD</b>	<b>TL Equivalent</b>
<b>Current assets</b>		
Trade receivables	592,536	1,264,650
Monetary financial assets	26,145	55,801
<b>Total assets</b>	<b>618,681</b>	<b>1,320,451</b>
<b>Current liabilities</b>		
Other monetary financial liabilities	(144,650)	(308,726)
Other non-monetary financial liabilities	(23,340)	(49,815)
<b>Non-current liabilities</b>		
Other non-monetary financial liabilities	(48,786)	(104,124)
<b>Total liabilities</b>	<b>(216,776)</b>	<b>(462,665)</b>
<b>Net Foreign Currency Liability Position</b>	<b>401,905</b>	<b>857,786</b>
<b>Monetary Items Net Foreign Currency Liability Position</b>	<b>474,031</b>	<b>1,011,725</b>
<b>31 December 2012</b>	<b>USD</b>	<b>TL Equivalent</b>
<b>Current assets</b>		
Monetary financial assets	17,671	31,500
<b>Total assets</b>	<b>17,671</b>	<b>31,500</b>
<b>Current liabilities</b>		
Other monetary financial liabilities	(144,650)	(257,853)
Other non-monetary financial liabilities	(6,546)	(11,669)
<b>Non-current liabilities</b>		
Other non-monetary financial liabilities	(65,580)	(116,903)
<b>Total liabilities</b>	<b>(216,776)</b>	<b>(386,425)</b>
<b>Net Foreign Currency Liability Position</b>	<b>(199,105)</b>	<b>(354,925)</b>
<b>Monetary Items Net Foreign Currency Liability Position</b>	<b>(126,979)</b>	<b>(226,353)</b>

The table below shows the Company’s sensitivity for 10% fluctuation of USD. These amounts represent the effect on comprehensive income of 10% fluctuation of USD against TL. During this analysis all other variables especially interest rate are assumed to remain constant.

# AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

### NOTE 18 - NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

Foreign currency sensitivity analysis as of 31 December 2013 and 2012 are as follows:

31 December 2013	Profit/loss		Equity	
	Value increase in foreign currency	Loss in value of foreign currency	Value increase in foreign currency	Loss in value of foreign currency
When USD changes by 10% against TL:				
Net assets/(liabilities) in US	85,779	(85,779)	-	-
Hedged portion	-	-	-	-
<b>USD Net effect</b>	<b>85,779</b>	<b>(85,779)</b>	<b>-</b>	<b>-</b>

31 December 2012	Profit/loss		Equity	
	Value increase in foreign currency	Loss in value of foreign currency	Value increase in foreign currency	Loss in value of foreign currency
When USD changes by 10% against TL:				
Net assets/(liabilities) in US	(35,493)	35,493	-	-
Hedged portion	-	-	-	-
<b>USD Net effect</b>	<b>(35,493)</b>	<b>35,493</b>	<b>-</b>	<b>-</b>

#### *Capital Risk Management*

For proper management of capital risk, the Company aims;

- to maintain continuity of operations so as to provide earnings to partners and benefits to other shareholders, and
- to increase profitability through determining a service pricing policy that is commensurate with the level of risks inherent in the market.

The Company determines the amount of share capital in proportion to the risk level. The equity structure of the Company is arranged in accordance with the economic outlook and the risk attributes of assets.

The Company monitors capital management by using the debt/equity ratio. This ratio is calculated by dividing the debt, net, by the total share capital. The net debt is calculated by deducting the value of cash and cash equivalents from the total debt (the sum of short and long term liabilities stated in the statement of financial position). The total share capital is the sum of all equity items stated in the statement of financial position.

	31 December 2013	31 December 2012
Total debt (*)	3,706,775	3,397,416
Less: cash and cash equivalents (Note 3)	48,904,930	(44,185,898)
Net asset	(45,198,155)	(40,788,482)
Total equity (Note 8)	193,817,323	179,344,278
<b>Net debt (asset) / equity ratio</b>	<b>(23%)</b>	<b>(23%)</b>

(\*) The balance covers the sum of short term and long term liabilities.

**CONVENIENCE TRANSLATION OF THE NOTES TO THE  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013**

(Amounts expressed in Turkish lira (“TL”) unless otherwise indicated.)

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**NOTE 19 - FINANCIAL INSTRUMENTS (DISCLOSURES RELATED TO FAIR VALUE  
AND HEDGE ACCOUNTING)**

*Fair value of financial instruments*

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The fair values of financial instruments that are not traded in an active market have been determined by the Company using available market information and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein may differ from the amounts the Company could realise in a current market exchange.

The following methods and assumptions were used to estimate the fair value of the financial instruments for which it is practicable to estimate fair value:

*Financial assets:*

The fair values of cash and due from banks are considered to approximate their respective carrying values due to their short-term nature.

Values appraised by the independent valuation expert are disclosed within notes to financial statements regarding the fair values of investment properties.

The carrying value of trade receivables, which are measured at amortised cost, along with the related allowances for uncollectability are assumed to approximate their fair values.

The fair values of balances denominated in foreign currencies, which are translated at year-end official exchange rates announced by the Central Bank of Turkey, are considered to approximate their carrying value.

*Financial liabilities:*

The Company has no financial assets held for speculative purposes (including derivative instruments) and has no operations related to the trade of such instruments.

The fair value of the short term bank loans with fixed interest rate is assumed to be equivalent to the recorded values computed by adding the accrued interest liabilities calculated over the effective interest rate as of the reporting dates on the cost of the mentioned financial debts.

Employment termination benefits are accounted for at their discounted amounts.

## AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

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#### NOTE 20 - SUBSEQUENT EVENTS

The ceiling for the employment termination benefit which amounted to TL3,254.44 as of 31 December 2013 has been increased to TL 3,438.22 with effect from 1 January 2014 (31 December 2012: TL3,033.98).

As per the Board resolutions taken on 2 January 2014 and 3 February 2014 decisions are made upon to make a 15% discount over the dollar-denominated rental fees of the tenants of Akmerkez Ticaret Merkezi. This resolution comprises the period January 2014 only for the tenants selected by the Company among those who have been paying their rental fees in accordance with the conditions suggested in their rental contracts on regular basis and provided that (USD1 is not below TL1.90) and February 2014 (USD1 is not below TL1.95) in that the USD rate defined is not to be regarded as a reduction in rental fees and/or amendment of the rental contract.

#### NOTE 21 - OTHER ISSUES MATERIALLY AFFECTING THE FINANCIAL STATEMENTS AND REQUIRING DISCLOSURE FOR UNDERSTANDING OF THE FINANCIAL STATEMENTS

a) Insurance coverage on assets as of 31 December 2013 and 2012 is as follows;

31 December 2013 :	140,100,000	USD
31 December 2012 :	140,100,000	USD

b) As per the Board resolutions taken in the years of 2009 - 2013, decisions were taken with respect to evaluation of the effects on the real estate market of the unfavourable developments encountered in the financial markets, to make a discount over the USD-denominated rental fees of the tenants of Akmerkez Ticaret Merkezi. This resolution comprises the period March 2009 - December 2013 only for the tenants selected by the Company among those who have been paying their rental fees in accordance with the conditions suggested in their rental contracts on regular basis and provided that USD1 is not below TL1.1 for March 2009 to April 2011, USD1 is not below TL1.2 for May to September 2011, USD1 is not below TL1.35 for October 2011 to May 2012, USD1 is not below TL1.4 for June to July 2012, USD1 is not below TL1.45 for August to September 2012, USD1 is not below TL1.50 for October to December 2012, USD1 is not below TL1.55 for January to June 2013, USD1 is not below TL1.65 for July to August 2013, USD1 is not below TL1.75 for September 2013, USD1 is not below TL1.80 for October 2013 to December 2013 that the USD exchange rate defined is not to be regarded as a reduction in rental fees and/or amendment of the rental contract in that context, for the period between March 2009 - April 2011 35% discount, for the period between April - December 2011 25% discount, for the period between January to September 2012 20% discount, for the period between October 2012 to September 2013 15%, for the period between October-December 2013 discount was decided over the USD denominated rental fees of the tenants. For the period January 2014 only for the tenants selected by the Company among those who have been paying their rental fees in accordance with the conditions suggested in their rental contracts on regular basis and provided that (USD1 is not below TL1.90) and February 2014 (USD1 is not below TL1.95) in that the USD rate defined is not to be regarded as a reduction in rental fees and/or amendment of the rental contract.

c) Under Akmerkez Ticaret Merkezi of the renovation of the exterior side regarding the renewal of the Municipality, the construction license was taken on 6 December 2013. The contractor of renovation of the exterior side has been selected as Akkon Yapı Taahhüt İnşaat ve Müşavirlik A.Ş.

## AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

#### NOTE 22 -SUPPLEMENTARY NOTE: CONTROL OF COMPLIANCE WITH PORTFOLIO RESTRICTIONS

Disclosures made within the framework of Communiqué No. III-48.1 on Principles Regarding Real Estate Investment Trusts state that joint ventures are obliged to comply with the provisions of the Board's Communiqué No. II-14.1 on Principles Regarding Financial Reporting in Capital Markets when issuing and making public financial statements. The financial statements should include the information about portfolio limitation controls defined in Communiqué No. III-48.1 on Principles Regarding Real Estate Investment Trusts taken from unconsolidated financial statement account items in the manner defined by the Board.

In this scope, total assets, total portfolio and information relating to portfolio restrictions are as follows as of 31 December 2013 and 2012:

<b>Non-consolidated (stand-alone) financial statement accounts items</b>		<b>31 December 2013</b>	<b>31 December 2012</b>
A	Cash and capital market instruments	48,904,930	44,185,898
B	Real estate, real estate-based project, Real estate-based rights	132,491,102	135,512,851
C	Affiliates	-	-
	Due from related parties (non-trade)	-	-
	Other Assets	16,128,066	3,042,945
<b>D</b>	<b>Total Assets</b>	<b>197,524,098</b>	<b>182,741,694</b>
E	Borrowings	-	-
F	Other financial liabilities	-	-
G	Leasing obligation	-	-
H	Due to related parties (non-trade)	389	636
I	Equity	193,817,323	179,344,278
	Other Liabilities	3,706,386	3,396,780
<b>D</b>	<b>Total Liabilities</b>	<b>197,524,098</b>	<b>182,741,694</b>
		<b>31 December 2013</b>	<b>31 December 2012</b>

#### **Other non-consolidated (stand-alone) financial information**

A1	Portion of cash and capital market instruments reserved for three-year real estate payments	-	-
A2	TL/foreign currency denominated time/demand deposits	48,901,525	44,181,745
A3	Foreign capital market instruments	-	-
B1	Foreign real estates, real estate-based projects, real estate-based rights	-	-
B2	Lands on which no projects developed	-	-
C1	Foreign affiliates	-	-
C2	Participation in administrator companies	-	-
J	Non-cash loans	1,729	11,729
K	Encumbrance amounts of encumbered lands which do not belong to the Group and on which a project will be developed	-	-



# AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

### NOTE 22 -SUPPLEMENTARY NOTE: CONTROL OF COMPLIANCE WITH PORTFOLIO RESTRICTIONS (Continued)

Portfolio Restriction	31 December 2013	31 December 2012	Minimum / Maximum Rate
1 Encumbrance amounts of encumbered lands which do not belong to the Group and on which a project will be developed (K/D)	-	-	≤%10
2 Real estate, real estate-based project, Real estate-based rights (B+A1)/D)	67%	74%	≥%51
3 Cash and capital market instruments and Affiliates (A+C-A1)/D)	25%	24%	≤%49
4 Foreign real estates, real estate-based projects, real estate-based rights, Affiliates, capital market instruments (A3+B1+C1/D)	-	-	≤%49
5 Lands on which no projects developed (B2/D)	-	-	≤%20
6 Participation in administrator companies (C2/D)	-	-	≤%10
7 Borrowing ceiling (E+F+G+H+J)/İ	-	-	≤%500
8 TL/foreign currency denominated time/demand deposits (A2-A1)/D (*)	25%	24%	≤%10

(\*) As of 31 December 2013, the fair value of the investment property amounts to TL984.257.000 (Note 5), however within the table above, the net book value of the investment property on the basis of the historical cost is stated which amounts to TL132,491,102 at the same date. When the fair value of the investment property is taken into consideration, the ratio of TL/foreign currency denominated time/demand deposit to total assets is 4.7% at 31 December 2013 (31 December 2012: 4.5%).

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