



Corporate Governance and Credit Rating Services, Inc.

Corporate Governance Rating Report



6 December 2019

CONTENTS

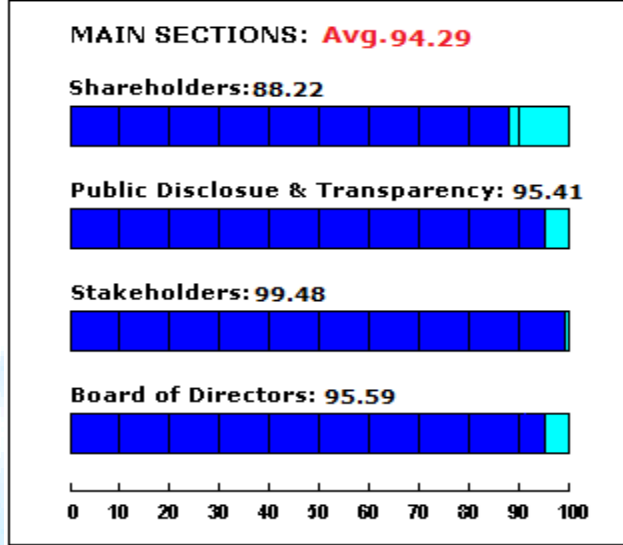
Rating and Executive Summary	3
Rating Methodology	5
Company Overview	7
SECTION 1: SHAREHOLDERS	10
Facilitating the Exercise of Shareholders' Statutory Rights	10
Shareholders' Right to Obtain and Evaluate Information	11
Minority Rights	11
General Shareholders' Meeting	11
Voting Rights	12
Dividend Rights	13
Transfer of Shares	13
SECTION 2: PUBLIC DISCLOSURE AND TRANSPARENCY	14
Corporate Web Site	14
Annual Report.	15
External Audit.	16
SECTION 3: STAKEHOLDERS.	17
Company Policy Regarding Stakeholders	17
Stakeholders' Participation in the Company Management	17
Company Policy on Human Resources	18
Relations with Customers and Suppliers	18
Ethical Rules & Social Responsibility	18
Sustainability	18
SECTION 4: BOARD OF DIRECTORS.	19
Functions of the Board of Directors	19
Principles of Activity of the Board of Directors	19
Structure of the Board of Directors	20
Conduct of the Meetings of the Board of Directors	20
Committees Established Within the Board of Directors	20
Remuneration of the Board of Directors and Managers With Administrative Responsibility	22
Rating Definitions	23
Disclaimer	24

Rating and Executive Summary

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

 SAHA
Corporate Governance Rating:

9.43



EXECUTIVE SUMMARY

This report on rating of Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş.'s (Akmerkez GYO) compliance with Corporate Governance Principles is prepared upon conclusions following detailed analysis of the Company. Our rating methodology (page 5) is based on the Capital Markets Board's (CMB) "Corporate Governance Principles".

Akmerkez GYO is rated with **9.43** as a result of the Corporate Governance study done by SAHA. The Company's corporate governance rating has shaped up as above in consideration with the importance given by Akmerkez GYO to corporate governance principles, its willingness to carry out the compliance process continuously and dynamically and improvements which had been initiated in this direction.

Furthermore, SAHA publishes (annually) the World Corporate Governance Index (WCGI) which ranks countries in terms of their level of compliance with corporate governance principles as well as their germane institutions, rules, codes, and regulations together with international standards and indices which evaluate countries in a vast array of areas such as transparency, corruption, ease of doing business, etc.. Akmerkez GYO is analyzed as a Turkish company and Turkey takes place at the top classification of the WCGI which is Group 1. Details of the World Corporate Governance Index (WCGI) published by SAHA on October 8, 2019 can be accessed at <http://www.saharating.com>.

Akmerkez GYO is rated with **8.82** under the **Shareholders** heading. Exercise of shareholders' rights complies with the legislation, articles of association and other internal rules and regulations. Measures are in place to ensure the exercise of these rights. Company carries out the shareholder relations obligations via the Investor Relations Department. All procedures prior to the general shareholders' meeting and the conduct of the meeting comply with the legislation and regulations. Company has a publicly disclosed dividend distribution policy. On the other hand, there are areas for improvement like adoption as it is, of the rate of minority rights in the Company's articles of association as prescribed for public joint stock companies (%5), certain regulations in the articles of association restricting the transfer of shares and existence of privileges on board of directors nominations.

Akmerkez GYO attained **9.54** under the **Public Disclosure and Transparency** chapter. The Company has a comprehensive web site. Public announcements are made via all communications channels and are in accordance with the CMB and Borsa Istanbul (BIST) regulations. The Corporate Governance Compliance Report (CRF) and the Corporate Governance Information Form (CGIF) have been disclosed to the public through Public Disclosure Platform (PDP) in accordance with the legislation. The annual report is regulatory, comprehensive and informative. Agreements and studies conducted with the external audit firm are in compliance with the legislation. All benefits provided to board members and senior management are disclosed on individual basis. Nevertheless, non-disclosure of the names of ultimate controlling individual shareholders with shares higher than 5% stands out as an area in need of further refinement.

On the topic of **Stakeholders**, Akmerkez GYO scored **9.95**. In case of violation of stakeholders' rights drawn up in line with the legislation and mutual agreements, Akmerkez GYO enables an effective and speedy compensation. The Company has a written human resources policy. Models supporting the participation of stakeholders in the management of the Company are included in the articles of association. The Company has a code of ethics and an employee compensation policy disclosed to the public through the corporate web site. Akmerkez GYO was not held liable by any public authority for any sanctions within the reporting period. The Company complies with environmental laws. Corporate Social Responsibility and Sustainability works are satisfactory.

From the perspective of the principles regarding the **Board of Directors**, Akmerkez GYO's tally is **9.56**. The board fulfills all duties regarding Company needs. The board of directors consists of 10 members, of which 3 are independent. Losses that may be incurred by the Company as a result of not performing the board members' and executives' duties duly are insured for a sum in excess of 25% of the Company capital and disclosed on PDP. The board of directors has decided to adopt the financial statements along with the annual report, and the Corporate Governance Compliance Report (CRF) and the Corporate Governance Information Form (CGIF) are included in the content of this statement. Corporate Governance, Audit, and Early Risk Detection Committees are established from within the board. The working principles of the Committees are disclosed to the public. Principles of remuneration of board members and senior executives are available on the Company's web site. There are 2 female members on the board of directors. Benefits provided to board members and senior executives are disclosed on individual basis.

Rating Methodology

SAHA's methodology for rating the degree of compliance with the Principles of Corporate Governance is based upon the CMB's "Corporate Governance Principles" released on January 2014.

The CMB based these principles on the leading work of The World Bank, The Organization of Economic Cooperation and Development (OECD), and the Global Corporate Governance Forum (GCGF) which has been established in cooperation with the representatives of the preceding two organizations and private sector. Experts and representatives from the CMB, Borsa Istanbul and the Turkish Corporate Governance Forum have participated in the committee that was established by the CMB for this purpose. Additionally; many qualified academicians, private sector representatives as well as various professional organizations and NGOs have stated their views and opinions, which were added to the Principles after taking into account country specific issues. Accordingly, these Principles have been established as a product of contributions from all high-level bodies.

Certain applications of the Principles are based on "comply or explain" approach and others are mandatory. However, the explanation concerning the implementation status of the Principles, if not detailed reasoning thereof, conflicts arising from inadequate implementation of these Principles, and explanation on whether there is a plan for change in the Holding's governance practices in future should be mentioned in the annual report and disclosed to public.

The Principles consist of four main sections: shareholders, public disclosure and transparency, stakeholders, and the board of directors.

Based on these Principles, the SAHA Corporate Governance Rating methodology features around 330 sub-criteria. During the rating process, each criterion is evaluated on the basis of information provided by the company officials and disclosed publicly. Some of these criteria can be evaluated by a simple YES/NO answer; others require more detailed analysis and examination.

SAHA assigns ratings between 1 (weakest) and 10 (strongest). In order to obtain a rating of 10, a company should be in full and perfect compliance with the Principles (see Rating Definitions).

To determine the total rating score for each main section parallel to the CMB's Corporate Governance Principles, SAHA allocates the following weights:

Shareholders: **25%**
Public Disclosure and Transparency: **25%**
Stakeholders: **15%**
Board of Directors: **35%**

To determine the final overall rating, SAHA utilizes its proprietary methodology which consists of sub-section weightings and weightings for the criteria there under. A separate rating is assigned to each one of the main sections as well.

METHODOLOGY AMENDMENT

Just like any other methodology, the Corporate Governance Rating methodology applied by SAHA bears a dynamic feature that is expected to respond to increasing experience and needs over time. With this understanding, we review our methodology in each rating process and highlight the possibilities for improvement.

Regarding the content of the methodology; due to changes in the legislation and changes dictated by our rating experience, and in order to eliminate potential ambiguities, periodic revisions and updates in the rating methodology are necessary. These revisions are made by sortation of existing bundled questions and/or addition of new questions. These fortification, correction and additions do not affect the weightings of our methodology's four main sections and their subsections. Only third and later tier subsections are minimally affected.

Pursuant to the Capital Markets Board's (the "CMB") Decision dated January 10, 2019 and numbered 2/49, publicly traded companies are now required to use the templates of the Corporate Governance Compliance Report (CRF) and Corporate Governance Information Form (CGIF) through the Public Disclosure Platform

(PDP) to inform the public about their corporate governance practices.


However, in 2019, listed companies have been granted a transition period and are free to prepare compliance reports in accordance with the previous and/or the new format. Only the new format will be used as of next

year. This recent application is added to our methodology.

Furthermore, assessment of voting and nomination privileges under the voting rights heading of our methodology without fail and in each case separately as well as the ever-increasing importance of risk management organization and the coordination and supervision of these risks by the early detection of risk committee established within the board of directors have become crucial. In addition, taking into account the principles updated by the OECD in 2015, the issue of 'more clear and functional objectives' adopted by the Board of Directors have been added to our methodology.

Although our methodologies for public and private companies, public and private banks, public and private non-bank financial institutions have changed accordingly, CRF and CGIF forms are not taken into account for the non-public companies.

Company Overview

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.	
	<p>CHAIRMAN OF THE BOARD Raif Ali Dinçök</p> <p>GENERAL MANAGER Murat Kayman</p>
<p>Kültür Mah, Nispetiye Cad. Akmerkez No: 56/1 Beşiktaş/Istanbul www.akmgyo.com</p>	<p>Budget, Reporting and Investor Relations Executive Hilal Kayalar Tel: (0212) 282 01 70 / 222 yatirimciiliskileri@akmerkez.com.tr</p>

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.

Akmerkez was named the "Best Shopping Center in Europe" by the International Council of Shopping Centers (ICSC) in 1995 and received the "ICSC International Design and Development" award a year later, which is the biggest award issued in this field.

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, giant complex covering 180,000 m² triangular area, Akmerkez has been enriching urban lives since its establishment day. 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 about 250 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 1,255-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 45 escalators and 28 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.

The Company's title of Akmerkez Gayrimenkul Yatırımı A.Ş. was changed as Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş. following the Extraordinary General Shareholders' Meeting held on February 17, 2005 and was registered by the Ministry of Industry and Trade on February 24, 2005.

The Company shares are traded under "AKMGY" code at Borsa Istanbul (BIST) since April 15, 2005 and constituent of BIST MAIN / BIST ALL SHARES / BIST FINANCIALS / BIST CORPORATE GOVERNANCE / BIST DIVIDEND / BIST ALL SHARES-100 and BIST REAL ESTATE INVESTMENT TRUSTS indices.

The Company's capital structure is as follows:

Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş. Capital Structure		
Name / Title	Share Value (TL)	Share %
Klepierre S.A	11,747,397.12	31.52
Akkök Holding A.Ş	4,890,900.00	13.12
Tekfen Holding A.Ş	4,019,839.04	10.79
Corio Nederland Kantoren B.V	2,932,840.00	7.87
Hoog Catharijne B.V	2,794,800.00	7.50
Davit Braunştayn	2,601,380.82	6.98
Other	8,276,843.02	22.22
Total	37,264,000.00	100.00

As detailed here below, the Group A, B, C and D shares of the Company have privilege to nominate candidates to the board of directors.

Information on Shares Representing the Company				
Group	Registered/Bearer	Share Amount	%	Privilege Held
A	Registered	4,075,750.00	10.93	Nominates 4
B	Registered	2,841,380.00	7.63	Nominates 3
C	Registered	2,398,870.00	6.44	Nominates 2
D	Bearer	27,948,000.00	75.00	Nominates 1
Total		37,264,000.00	100.00	

A, B and C Group shares are not traded on BIST. As of September 30, 2019, the Company's free float ratio is 50.82%.

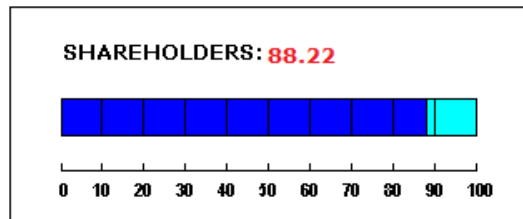
The sale, transfer, pledging or the execution of any transaction in favor of third parties, including the right to usufruct, or transfer of the preemptive rights of Group A, B and C shares, other than Group D shares, is subject to the permission of the board of directors and the Capital Markets Board. In so far; the transfer of shares to be realized by the shareholders of the same group among themselves, the transfers to be made to the spouses and descendent of ultimate controlling individual shareholders and the transfers to be realized pursuant to the provision of paragraph 3 of Article 495 of the Turkish Commercial Code are not subject to the permission of the board of directors.

The composition of the board of directors of the Company is as follows:

Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş. Board of Directors		
Name	Title	Committees
Raif Ali DİNÇKÖK	Chairman	
Murat GİGİN	Vice-chairman	
Ahmet Cemal DÖRDÜNCÜ	Member	
Alize DİNÇKÖK	Member	Early Risk Detection Committee Member
Sinan Kemal UZAN	Member	Early Risk Detection Committee Member
Davit BRAUNŞTAYN	Member	
Benat ORTEGA	Member	
Atilla ALTINORDU	Independent Member	Audit Committee Chairman / Corporate Governance Committee Member
Aycan AVCI	Independent Member	Corporate Governance Committee Chairman / Audit Committee Member / Early Risk Detection Committee Member
Fatma Dilek BİL	Independent Member	Early Risk Detection Committee Chairman / Audit Committee Member / Corporate Governance Committee Member

There are no board members with executive duties. Investor Relations Department manager is a member of the Corporate Governance Committee and holds the required licenses. There are 2 female members on the board of directors

SECTION 1: SHAREHOLDERS



SYNOPSIS

+	The Investor Relations Department plays an active role in protecting and exercising the rights of shareholders.
+	General shareholders' meetings are conducted in compliance with the legislation.
+	Preparation and disclosure prior to general shareholders' meetings are satisfactory.
+	A dividend policy established and disclosed to the public.
+	Company has a donation policy submitted to the attention of general shareholders' meeting.
=	Minority rights are not recognized for shareholders who possess an amount less than one-twentieth of the share capital.
-	Transfer of non-public Group A, B and C shares are subject to the approval of the board of directors.
-	Existence of privileges on board of directors' nominations.

1.1. Facilitating the Exercise of Shareholders' Statutory Rights:

The Company carries out shareholder relations obligations through the Investor Relations Department.

Along with other units of the Company the "Investor Relations Department" plays an active role in protecting and facilitating shareholders' rights and in particular the right to obtain and

review information. The unit fulfills the following duties:

- Ensure that the records relating to the written correspondence with the investors and other information are kept in a healthy, safe and updated manner.
- Respond to the queries of shareholders requesting written information on the Company.
- Ensure that the general shareholders' meeting is held in compliance with the applicable legislation, articles of association and other Company by-laws.
- Prepare the documents that might be used by shareholders in the general shareholders' meeting.
- Supervise the fulfillment of the obligations arising from capital markets legislation including all corporate governance and public disclosure matters.

The Investor Relations Department submits a report to the board of directors at least once a year on its conducted activities.

Information and explanations that may affect use of shareholders' rights is available up to date on the corporate web site.

Manager of the Investor Relations Department of the Company, Ms. Hilal Kayalar holds the licenses specified in the Corporate Governance Principles Communiqué and serves on the Corporate Governance Committee.

1.2. Shareholders' Right to Obtain and Evaluate Information:

There is no evidence of any hindering process or application regarding the appointment of a special auditor at the request of shareholders.

All kinds of information about the Company are provided in a complete, timely, honest, and diligent manner and there is no fine or warning received in this regard.

The Company's revised disclosure policy is submitted to the attention of shareholders at the general shareholders' meeting held on March 30, 2016 and disclosed to public on the corporate web site.

1.3 Minority Rights:

Maximum care is given to the exercise of minority rights. However, minority rights are not recognized for shareholders who hold an amount less than one-twentieth of the share capital and the Company has adopted exactly the rate foreseen in the legislation for listed companies.

1.4. General Shareholders' Meeting:

In addition to the methods of invitation in the legislation and in order to ensure attendance of maximum number of shareholders, the invitation to the general shareholders' meeting held on March 29, 2019 is performed through all means of communication available to the Company on March 4, 2019 in accordance with the Corporate Governance Principles.

All announcements prior to the general shareholders' meeting included information such as the date and time of the meeting; without any ambiguity exact location of the meeting; agenda items of the meeting; the body inviting to the general shareholders' meeting;

and the exact location where annual report, financial statements and other meeting documents can be examined.

In addition, a descriptive disclosure document on agenda items has been prepared.

Commencing from the date of announcement of invitation for the general shareholders' meeting, following documents are made available to all shareholders for examination purposes in convenient locations including the headquarters or branches of the Company, and the electronic media

- the annual report
- financial statements and reports
- dividend distribution proposal
- all other related documents pertaining to the agenda items

Shareholders are informed of the following issues prior to the general shareholders' meeting via the corporate web site:

- a. The total number of shares and voting rights reflecting Akmerkez GYO's shareholding structure as of the date of disclosure, and information on privileged share groups within the Company capital.
- b. Grounds for dismissal and replacement of board members, candidates' backgrounds and tasks carried out in the last decade, the nature and significance level of their relationship with the Company and its related parties, whether they are independent or not, and information on similar issues.

Agenda items were put under a separate heading and expressed clearly in a manner not to result in any misinterpretations. Expressions like

"other" and "various" were not used. Information submitted to the shareholders prior to the conduct of the general shareholders' meeting was related to the agenda items.

The general shareholders' meeting was held at the Company headquarters in Istanbul.

Items on the agenda were conveyed in detail and in a clear and understandable way by the chairman of the meeting and shareholders were given equal opportunity to voice their opinions and ask questions.

Furthermore, all inquiries and answers to these questions during the general shareholders' meeting were disclosed to the public by the Investor Relations Department on the corporate web site.

Agenda of the general shareholders' meeting included the proposal for the permission to be granted to shareholders who have control of the management, members of the board of directors, managers with administrative responsibility, their spouses and up to second degree blood relatives to execute transactions and compete with the Company and/or its affiliates, to make a commercial business transaction for himself or on behalf of others or to join to another company dealing with the same type of commercial business as a partner with unlimited responsibility.

Members of the Board of Directors related with those issues of a special nature on the agenda, other related persons, authorized persons who are responsible for preparing the financial statements and auditors were present to give necessary information and to answer questions at the general shareholders' meeting.

General shareholders' meeting was also attended by the representative of the external auditor.

The Company has established a policy on donations and grants and submitted it to the general shareholders' meeting for approval on March 27, 2013.

Shareholders are informed, with a separate agenda item, that no donations and grants were effectuated during the reporting period.

On the other hand, the articles of association of the Company do not contain a clause on attendance of those including stakeholders and media with no voting rights to the general shareholders' meetings.

In addition, one of the shareholders, Mr. Ömer Dinçök has filed a lawsuit with the request of cancellation of some of the agenda items discussed in the general shareholders' meetings concerning previous years' reporting periods. The Company has made a proper declaration regarding the relevant lawsuits through the Public Disclosure Platform.

1.5. Voting Rights:

At Akmerkez GYO all shareholders, including those who reside abroad, are given the opportunity to exercise their voting rights conveniently and appropriately and the Company avoids applications that make it difficult to exercise voting rights.

There are no voting privileges at Akmerkez GYO. Privilege exists only on board of directors nominations in line with the Communiqué on Principles Regarding Real Estate Investment Trusts, which is one of the founding conditions of Real Estate Investment Trusts, stating that "real estate investment trusts can not issue any privileged securities other than shares that grant privileges to nominate candidates for election of members of the board of directors".

For the ten-member board of directors, holders of the registered Group A shares have the privilege for 4 nominations, while Group B has 3, Group C has 2 and holders of Group D public bearer shares have 1 nomination rights.

1.6. Dividend Rights:

The dividend policy of the Company is clearly defined. It is submitted to the shareholders at the general shareholders' meeting and disclosed to public on the corporate web site. Company's dividend distribution policy contains minimum information clear enough for investors to predict any future dividend distribution procedures and principles.

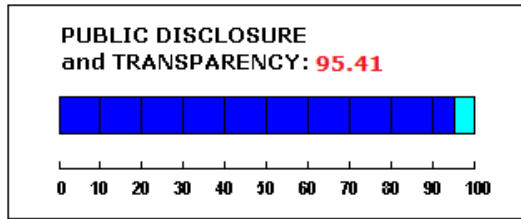
As mentioned on the dividend policy document, a balanced policy is followed between the interests of the shareholders and those of the Company.

Also the articles of association contain a provision on advance dividend payments.

1.7. Transfer of Shares:

There are restrictions on the transfer of shares. In accordance with the articles of association of the Company, selling, transfer or pledging of the registered shares of the Groups (A), (B) and (C) other than the Group (D) shares, or execution of any transaction in favor of any third party, including creation of usufruct, on these shares, is subject to permissions of the board of directors and the Capital Markets Board.

SECTION 2: PUBLIC DISCLOSURE AND TRANSPARENCY



SYNOPSIS

+	Comprehensive web site, actively used for public disclosure, also with English version.
+	The Corporate Governance Compliance Report (CRF) and the Corporate Governance Information Form (PIF) have been prepared and disclosed to the public in accordance with the relevant legislation.
+	Annual report complies with the legislation, comprehensive and informative.
+	Benefits provided to board members and senior executives are mentioned on individual basis in the annual report.
+	Agreement and studies conducted with external auditors comply with the legislation.
-	Shareholder structure is not disclosed to represent ultimate controlling individual shareholders with a share greater than 5%.

2.1. Corporate Web Site:

The Company's web site (www.akmgyo.com) is actively used for disclosure purposes and the information contained therein is timely updated.

Along with the information required to be disclosed pursuant to the legislation, the corporate web site includes; trade register information, information about latest shareholder

structure, information on privileged shares, the date and the number of the trade registry gazette on which the changes are published along with the final version of the Company's articles of association, publicly disclosed material information, periodical financial statements, annual reports, other public disclosure documents, agendas of the general shareholders' meetings and list of participants and minutes of the general shareholders' meeting, form for proxy voting at the general shareholders' meeting, disclosure policy, dividend distribution policy and ethical rules of the Company.

With the exception of material disclosures and footnotes, in accordance with the Capital Markets legislation, the Company also discloses financial statements on PDP and simultaneously in English.

The information contained on the web site exists also in English for the benefit of international investors and is close to the Turkish content.

The Company's web site also includes; investor presentations, working principles of the Committees, the donation policy, important board decisions under the heading of material disclosures, the vision/mission of the Company established by the board of directors, information on dividend payments and capital increases, news, general shareholders' meeting internal guidelines, information on senior management, financial data, main ratio analyses, and the human resources policy.

The Corporate Governance Compliance Report (CRF) and the Corporate

Governance Information Form (CGIF) were prepared and disclosed at least three weeks prior to the date of the general shareholders' meeting via the Public Disclosure Platform.

However, a table showing the names, amount and rate of the shares held by the Company's ultimate controlling individual shareholders over 5% and what kind of privilege they possess has not been prepared.

2.2. Annual Report:

Annual report is prepared in detail by the board of directors to provide public access to complete and accurate information on the Company and it covers information such as;

- a. Period covered by the report, the title of the Company, trade register number, contact information,
- b. The names and surnames of the chairman, members and executive members involved in the management and supervisory boards during the covered period, their limits of authority, tenure of office (with start and end dates),
- c. The sector in which the Company operates and information on its position in the sector,
- d. Progress on investments, the eligibility status on incentives, and to what extent,
- e. Corporate Governance Principles Compliance Report,
- f. Information on related party transactions,
- g. Other issues not included in the financial statements, but are beneficial for users,
- h. Company's organization, capital and ownership structure, and any changes in the related accounting period
- i. Benefits provided to staff and workers, information on number of personnel,
- j. Explanations on privileged shares and their amount,

- k. Information on research and development activities,
- l. The dividend distribution policy,
- m. Basic ratios on the financial position, profitability and solvency,
- n. Company's financing resources and risk management policies,
- o. Information on major events occurred between the closing of the accounting period and the date of the general shareholders' meeting where financial statements are evaluated.

In addition to the content specified in the legislation, the following also took place in the annual report:

- a. Information on external duties of Board members and executives, their declarations of independence,
- b. Committees established within the board, their members and assessment of the board of directors on the efficiency of the Committees,
- c. The number of board meetings held during the year and participation rate of the members,
- d. Major court cases against the Company and possible consequences,
- e. Benefits and vocational training of employees, and other Company activities that give rise to social and environmental results,

All benefits provided to board members and senior executives are included in the annual report on an individual basis.

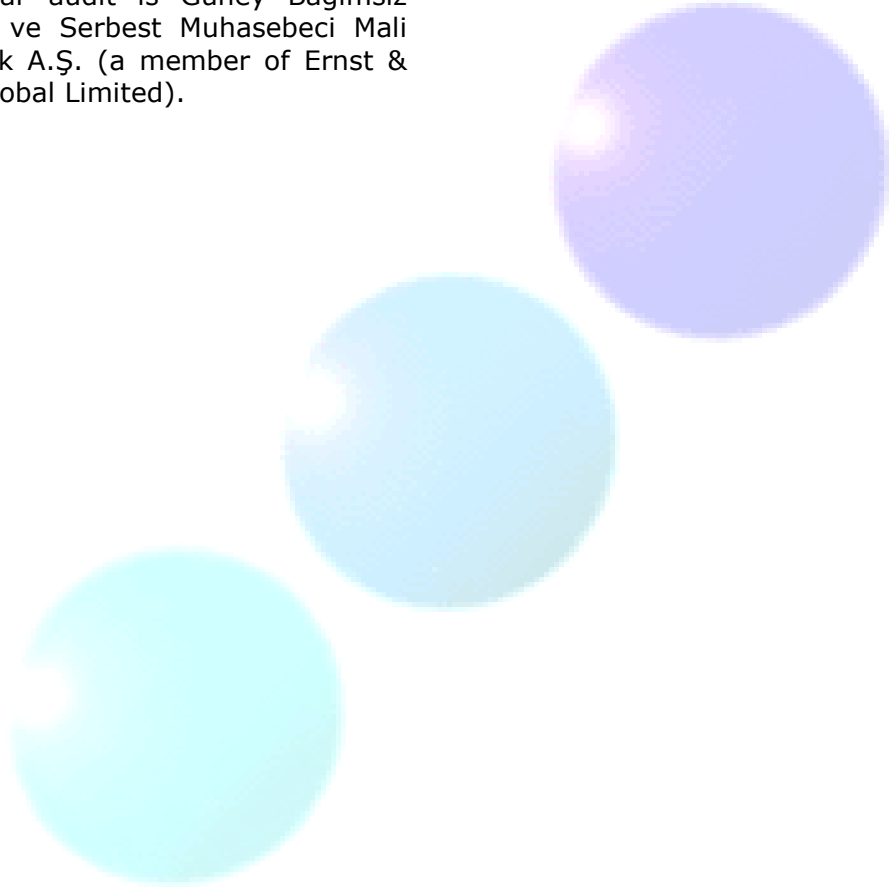
The annual report includes information on whether or not the corporate governance principles are being fully implemented by the Company, if implementation of some of the principles are not possible, the reason thereof, and assess any conflict of interests arising as a result of lack of implementation of these principles along with the statement as to whether there is a plan to make

changes in the management practices of the Company within the framework of these principles in the future and the contact addresses of the Corporate Governance Principles Compliance Report (CRF) and the Corporate Governance Information Form (CGIF) on PDP.

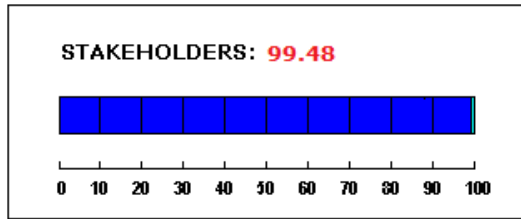
2.3. External Audit:

The external auditor hired for 2019 fiscal year audit is Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of Ernst & Young Global Limited).

There has not been a situation during the last reporting period where the external auditor avoided to express its opinion and not signed the audit report, nor has reported a qualified opinion. Also there has been no legal conflict between the Company and the external audit firm.



SECTION 3: STAKEHOLDERS



SYNOPSIS

+	Compensation is provided in case of violation of the stakeholder rights safeguarded by relevant legislation and mutual agreements.
+	A compensation policy for employees is established and disclosed to public via the web site.
+	Efficient Human Resources policy.
+	Models for stakeholders and employees to participate in management without impeding the operations of the Company is included in the articles of association.
+	A set of code of ethics has been prepared and disclosed to the public.
+	Company complies with environmental laws, Corporate Social Responsibility and Sustainability studies are at satisfactory levels.

3.1. Company Policy Regarding Stakeholders:

We have not come across a significant or repetitive situation in which the rights of stakeholders established by any law or agreement are not recognized. The Company recognizes the rights of stakeholders established by law or through any other mutual agreement.

The corporate web site of the Company is also actively used to provide adequate information on policies and procedures towards the protection of stakeholders' rights.

Stakeholders can convey any transaction that contradicts with the legislation and is ethically inappropriate to the Corporate Governance Committee or to the Audit Committee.

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

The Company has established a compensation policy for employees and disclosed it to the public through the corporate web site.

3.2. Stakeholders' Participation in the Company Management:

Models for stakeholders, particularly employees to participate in management without impeding the operations of the Company is included in the articles of association.

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

Where necessary, the Company also takes into account any comments and recommendations transmitted by other stakeholders.

3.3. Company Policy on Human Resources:

The human resources policy of the Company targets earning of candidates who fit to the culture and values of the Company, who have such knowledge, skills, experiences and competencies required by the job/position, and who will carry the Company forward and thus serve the Company's strategies and targets. It adopts the principle of selecting the right employee for the right job by using the contemporary assessment systems that will support giving of the most objective decision in the hiring and placement processes.

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

We have come to the conclusion that measures are taken to prevent discrimination among employees on the basis of race, religion, language, or sex, to protect employees against physical, mental, or emotional abuse, and a finding in the opposite direction has not been observed.

There is no active trade union in the Company. Akmerkez GYO is not in a position to require union activity in terms of the number of employees.

3.4. Relations with Customers and Suppliers:

Akmerkez GYO has taken all necessary precautions to attain customer satisfaction in the sales and marketing of its products and services.

Within the framework of protection of trade secrets, care is taken on the confidentiality of information about customers and suppliers.

No evidence has been witnessed on non-market pricing of goods and services of the Company.

3.5. Ethical Rules & Social Responsibility:

The ethical rules of Akmerkez GYO is established and publicly disclosed through the corporate web site.

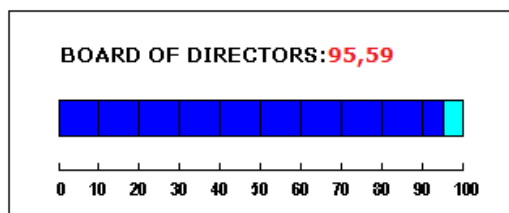
There has been no practice in which the Company was held liable for by the public authority within the last year.

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

3.6. Sustainability:

The Company has policies, internal regulations, goals, initiatives and campaigns on environment, nature, energy conservation, recycling and education issues.

SECTION 4: BOARD OF DIRECTORS



SYNOPSIS	
+	The Board works efficiently and staffed with qualified members.
+	Board of Directors meeting and decision quorum is defined in the articles of association.
+	3 independent members on the Board.
+	Audit, Corporate Governance and Early Risk Detection Committees are established.
+	Losses that may be incurred by the Company as a result of not performing the Board members' duties duly are insured for a sum in excess of 25% of the Company capital and disclosed on PDP.
+	All benefits provided to Board members and senior executives are disclosed on individual basis.
=	2 female members on the Board.

4.1. Functions of the Board of Directors:

Strategic decisions of the Board of Directors aim to manage Akmerkez GYO's risk, growth, and return balance at an appropriate level and conduct a rational and cautious risk management approach with a view to the long-term interests of the Company. It is thought that the Board administers and represents the Company within these parameters.

The Board of Directors has defined the Company's strategic goals and identified the needs in human and

financial resources, and controls management's performance.

4.2. Principles of Activity of the Board of Directors:

It is believed that the board of directors performs its activities in a transparent, accountable, fair and responsible manner.

Distribution of tasks between the members of the board of directors is explained in the annual report.

The board of directors established internal control systems which are inclusive of risk management, information systems, and processes by also taking into consideration the views of the Committees.

It is declared in the annual report that the board of directors reviews the effectiveness of risk management and internal control systems at least once a year.

The presence, functioning, and effectiveness of internal controls and internal audit are explained in the annual report.

The board of directors has decided to adopt the financial statements and the annual report, and the Corporate Governance Compliance Report (CRF) and the Corporate Governance Information Form (CGIF) are included in the content of this statement.

Chairman of the board of directors and general manager's executive powers are separated and this separation is documented in the articles of association.

Losses that may be incurred by the Company as a result of not performing the board members' duties duly are insured for a sum in excess of 25% of the Company capital and disclosed on PDP.

Analyzing the Company's organization, it is seen that there is no person in the Company who has unlimited authority to make decisions alone and this is considered as positive by us.

4.3. Structure of the Board of Directors:

Akmerkez GYO's board of directors is composed of 10 members and none of them are executive. There are 3 independent members who have the ability to execute their duties without being influenced under any circumstances.

The Corporate Governance Committee have prepared a report on the candidates proposed by the board of directors and shareholders, by taking into consideration of whether or not the candidate meets the independency criteria, and submitted this assessment as a report to the board for its approval. CMB criteria are complied with in determining independent candidates. Independent candidates for the board of directors have each signed a declaration of independence within the framework of the legislation, articles of association, and the CMB criteria.

There are 2 female members on the board of directors. In this context, the criterion of 25% of the board of directors consisting of female members, which is the recommendation of the corporate

governance principles, is partially met and a written policy has been prepared and announced to the public via the web site.

4.4. Conduct of the Meetings of the Board of Directors:

Board of directors meetings take place with sufficient frequency. It has been disclosed in the annual report that 33 resolutions were passed in the course of 2018.

Chairman of the board of directors sets the agenda for board meetings in consultation with other members and the general manager.

Information on the agenda items of the board of directors is made available to the members in sufficient time prior to the meeting date. Each member is entitled to a single vote.

Shareholders are informed of external duties of the board members through the agenda of the general shareholders' meeting in which the board of directors election is discussed.

The conduct of the board of directors meetings is documented in the articles of association of the Company.

4.5. Committees Established Within the Board of Directors:

Corporate Governance, Audit and Early Risk Detection Committees are established from within the board of directors in order to fulfill its duties and responsibilities duly.

Functions of the Committees, their working principles, and members are designated by the board of directors and disclosed to public on the corporate web site.

All members of the Audit Committee and the chairmen of the other

Committees are elected among the independent board members. General manager and the chairman of the board of directors are not on the Committees.

With the exception of independent members, care is given that a member of the board of directors does not undertake duty in more than one Committee.

Finance Director Ms. Ayşegül Canbaz and the Investor Relations Executive Ms. Hilal Kayalar are appointed to the Corporate Governance Committee as members. Absence of any other executive members on the Committees is considered positive by us.

All necessary resources and support needed to fulfill the tasks of the committees are provided by the board of directors.

The meeting frequency of the Committees has been found sufficient by us.

The Corporate Governance Committee is established in order to determine whether or not the corporate governance principles are being fully implemented by the Company, if implementation of some of the principles are not possible, the reasons thereof, and assess any conflict of interests arising as a result of lack of implementation of these principles, and present remedial advices to the board of directors. In addition, it oversees the work of the shareholder relations unit.

Audit Committee supervises the operation and efficiency of the Company's accounting system, public disclosure, external audit and internal audit systems, reviews complaints that are received by the Company regarding Company accounting, internal and external independent audit systems, within the framework of the principle of confidentiality and

finalizes them, immediately notifies the board of directors in writing on findings related to their duties and responsibilities and the related assessment and recommendations, following taking the opinion of responsible managers of the Company and the external auditor, notifies the board of directors in writing on whether the annual and interim statements disclosed to the public is in accordance with the Company's accounting principles, true and accurate.

We are also convinced that members of the Audit Committee have the qualifications mentioned in the Communiqué.

The annual report contains information on working principles of the Audit Committee and number of written notices given to the board of directors within the reporting period.

The nomination and election process of the external audit firm, taking into account its competence and independence, starts with a proposal from the Audit Committee to the board of directors and ends with the board's choice being presented and approved at the general shareholders' meeting.

The Early Risk Detection Committee carries out its tasks towards early detection of risks which may jeopardize the Company's assets, its development and progression, and measures taken to mitigate and manage those risks. It reviews risk management systems at least once a year.

The tasks of Nomination and Remuneration Committees are performed by the Corporate Governance Committee. The Corporate Governance Committee's studies toward determination of independent candidates are included in the minutes submitted to us and we will continue

tracking the functionality of these Committees.

Additionally, the orientation process for newly appointed managers is documented in the staff regulations.

4.6. Remuneration of the Board of Directors and Senior Management:

The principles of remuneration of board members and senior executives have been documented in writing and submitted to the shareholders as a separate item at the general shareholders' meeting.

A remuneration policy prepared for this purpose can be found on the Company's web site. Stock options or performance based payments are not included in the remuneration package of the independent members of the board of directors.

It has been declared that the Company does not lend any funds or extend any credits to a member of the board of directors or to senior executives, or grant any personal loans through a third party, or extend any guarantees.

We are convinced that the executives have the required professional qualifications in order to perform the assigned duties and they comply with the legislation, articles of association, and in-house regulations and policies in fulfilling their duties.

There has been no case where the executives used confidential and non-public Company information in favor of themselves or others. There are no executives who accepted a gift or favor directly or indirectly related to the Company's affairs, and provided unfair advantage.

An insurance policy exists on compensation for losses incurred by the Company, and third parties, as a result of not performing the executives' duties duly.

Rating Definitions

Rating	Definition
9 - 10	The company performs very good in terms of Capital Markets Board's corporate governance principles. It has, to varying degrees, identified and actively managed all significant corporate governance risks through comprehensive internal controls and management systems. The company's performance is considered to represent best practice, and it had almost no deficiencies in any of the areas rated.
7 - 8	The company performs good in terms of Capital Markets Board's corporate governance principles. It has, to varying degrees, identified all its material corporate governance risks and is actively managing the majority of them through internal controls and management systems. During the rating process, minor deficiencies were found in one or two of the areas rated.
6	The company performs fair in terms of Capital Markets Board's corporate governance principles. It has, to varying degrees, identified the majority of its material corporate governance risks and is beginning to actively manage them. Deserved to be included in the BIST Corporate Governance Index and management accountability is considered in accordance with national standards but may be lagging behind international best practice. During the ratings process, minor deficiencies were identified in more than two of the areas rated.
4 - 5	The company performs weakly as a result of poor corporate governance policies and practices. The company has, to varying degrees, identified its minimum obligations but does not demonstrate an effective, integrated system of controls for managing related risks. Assurance mechanisms are weak. The rating has identified significant deficiencies in a number (but not the majority) of areas rated.
<4	The company performs very weakly and its corporate governance policies and practices are overall very poor. The company shows limited awareness of corporate governance risks, and internal controls are almost non-existent. Significant deficiencies are apparent in the majority of areas rated and have led to significant material loss and investor concern.

DISCLAIMER

This Corporate Governance Rating Report has been prepared by Saha Kurumsal Yönetim ve Kredi Derecelendirme A.Ş. (SAHA Corporate Governance and Credit Rating Services, Inc.) based on information made available by Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş. and according to the Corporate Governance Principles by the Turkish Capital Markets Board as amended on 2014.

This report, conducted by SAHA A.Ş. analysts and based on their best intentions, knowledge base and experience, is the product of an in depth study of the available information which is believed to be correct as of this date. It is a final opinion about the degree of sensitivity of a company to its shareholders' and stakeholders' rights, its commitment to public disclosure and transparency, and conduct and credibility of its board of directors.

The contents of this report and the final corporate governance rating should be interpreted neither as an offer, solicitation or advice to buy, sell or hold securities of any companies referred to in this report nor as a judgment about the suitability of that security to the conditions and preferences of investors. SAHA A.Ş. makes no warranty, regarding the accuracy, completeness, or usefulness of this information and assumes no liability with respect to the consequences of relying on this information for investment or other purposes.

SAHA A.Ş. has embraced and published on its web site (www.saharating.com) the IOSCO (International Organization of Securities Commissions) Code of Conduct for Credit Rating Agencies and operates on the basis of independence, objectivity, transparency, and analytic accuracy.

© 2019, Saha Kurumsal Yönetim ve Kredi Derecelendirme A.Ş. All rights reserved. This publication or parts thereof may not be republished, broadcast, or redistributed without the prior written consent of Saha Kurumsal Yönetim ve Kredi Derecelendirme A.Ş. and Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş.

Contacts:

S. Suhan Seçkin

suhan@saharating.com

Ali Perşembe

apersembe@saharating.com

M. Metin Tosun

mtosun@saharating.com



SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hiz. A.Ş.
Hacı Mansur sok. Konak Apt. 3/1 Nişantaşı 34363 Şişli İstanbul
Tel: 212. 291 97 91; Fax: 212. 291 97 92
www.saharating.com