

2014 CORPORATE GOVERNANCE COMPLIANCE REPORT

CHAPTER I. STATEMENT OF COMPLIANCE TO CORPORATE GOVERNANCE PRINCIPLES

In the 2014 operating period, Akfen Holding A.Ş. (“The Company” or “Akfen Holding”), has complied with all mandatory principles laid down in the “Communiqué on the Determination and Implementation of Corporate Governance Principles (Series IV, No. 56).

The Company continues its efforts to comply with the non-required principles as well, whereas the Company’s approach towards and current situation in areas currently non-compliant with said principles are discussed in their relevant sections below.

The Company constantly takes the necessary steps to reach the highest standards in the area of corporate governance, and also pursues its activities continuously to enforce various recommended provisions included in the principles. Akfen Holding considers its code of ethics, transparency, equity, responsibility and accountability as key components of the Company’s corporate culture.

In accordance with the Corporate Governance Principles, Akfen Holding Articles of Association is updated to reflect any changes brought about by amendments.

The Company’s Information Policy is made available via our website.

The Investor Relations Unit reports directly to the General Manager, and reports its activities to the Board of Directors at least once a year. The Investor Relations Manager has been appointed as a member of the Corporate Governance Committee. In addition, a staff member has been appointed to serve in the Investor Relations Unit, and information about these developments has been provided in the Public Disclose Platform.

In line with the Corporate Governance Principles, the Audit Committee and Corporate Governance Committee have been established upon the resolution made at the Board of Directors meeting on May 17, 2010.

Finally, the Board of Directors resolution no. 2014/16 of May 23, 2014 has included the following provisions: Nusret Cömert has been appointed as Chairman, and Pelin Akın, Şaban Erdikler, Sıla Cılız İnanç ve Aylin Çorman have been appointed as members of the Corporate Governance Committee, which will also serve as the Nomination Committee and Remuneration Committee, for a term of 1 (one) year. Şaban Erdikler has been appointed as Chairman and Nusret Cömert has been appointed as member of the Audit Committee for a term of 1 (one) year. Nusret Cömert has been appointed as Chairman, and Selim Akın and Pelin Akın have been appointed as members of the Early Risk Detection Committee for a term of 1 (one) year.

The Company complied with and applied the corporate governance principles in the activity period ending on December 31, 2014.

Reasons for non-compliance with certain non-mandatory principles as laid down in the Communiqué on Corporate Governance:

- **Article 3.1.2:** Akfen Holding exercises due care for the rights of the stakeholders, whereas works are underway to draw up an employee indemnity policy.
- **Article 4.3.9:** Akfen Holding Board of Directors has six members, with one female director. The Company and the Board of Directors support programs aimed to increase the percentage of female board members. In this context, the Company Chairman Hamdi Akın also provides his personal support as a mentor to social programs towards this goal.

- **Article 4.6.5:** Remuneration and benefits provided to Board Members and senior executives are disclosed in the annual report. However, these disclosures are not on an individual basis.

The Company has a “Remuneration Policy” detailing the principles of remuneration of Board Members and senior executives.

The Company’s updated “dividend distribution policy” and “remuneration policy” have been approved in the 2013 General Assembly held on April 28, 2014, announced on the Turkish Trade Registry Gazette and published on the Public Disclosure Platform and the Company website.

The Board of Directors provides full support to Senior Management and the employees of Akfen Holding A.Ş. in the implementation of the Corporate Governance Principles across the Company at every level of the organization. Upon the adoption of the Corporate Governance Principles by the Company, the Corporate Governance Principles Compliance Report was issued attached to the Company’s annual report to declare that the Company’s operations will be in line with the principles of equity, transparency, accountability and responsibility.

CHAPTER II. STAKEHOLDERS

2.1. Investor Relations Unit

The exercise of shareholder rights at the Company complies with applicable legislation, the Articles of Association and other in-house regulations, and every measure is taken to ensure the exercise of these rights.

In January 2010, the Company established an Investor Relations Department before the public offering of May 2010, in order to manage all relations between the shareholders and the Company, and to ensure proper communication. The Investor Relations Department strives to provide current and prospective investors accurate, timely and consistent information about Akfen Holding; to increase investor awareness and market credibility of the Company; reduce the Company’s costs with the implementation of Corporate Governance Principles; and ensure communication between the Board of Directors and capital markets participants. In parallel with these objectives, the Company places utmost importance on communication with shareholders and investors, and runs an active investor relations program.

In the organizational structure of the Company, the Investor Relations unit operates under the General Manager, and provides reports of its activities to the Board of Directors.

- The Investor Relations Unit operates under Süha Güçsav, Akfen Holding General Manager.
- The Investor Relations Unit provides a report of its activities to the Board of Directors on a monthly basis. The last report for the 2014 operating period has been submitted to the information of the Board of Directors and senior executives on January 28, 2015.

Investor Relations serves as a connection between the Board of Directors, and the financial community, and carries out the following functions:

- To ensure that shareholder records are maintained in a meticulous, secure and up-to-date fashion,
- To respond to written or verbal information requests by shareholders, prospective investors, stock analysts, public agencies (CMB, BİAŞ, CRA, et al.), and the financial media - except confidential, secret information and/or trade secrets not disclosed to the public - to ensure accurate and simultaneous access to information, and to update current information,
- To issue material event disclosure statements with regards to the shares to the Public Disclosure Platform (PDP), to translate these statements into English and share these with investors via the

Company's website,

- To prepare Turkish and English announcements on the Company's financial results,
- To update the Investor Relations section of the website and use all electronic communication means in order to keep shareholders and prospective investors informed,
- To build a database of domestic and international institutional investors, as well as stock and sector analysts,
- To ensure the Company is represented in domestic or overseas investor relations meetings attended by current and prospective investors and analysts,
- To review and analyze reports by analysts, and to monitor critical developments and data pertaining to the Company,
- To take the necessary measures to ensure that General Assembly meetings are held in accordance with applicable legislation, Articles of Association and other in-house regulations,
- To prepare all documents that the shareholders will need in the General Assembly meeting,
- To supervise all public disclosure actions and ensure their compliance with applicable legislation.

Investor Relations strives to use all electronic communication channels and the corporate website in its activities.

Contact Information for the Investor Relations Department is found on the website (www.akfen.com.tr) and in the activity reports of the Company. Investor Relations can be contacted at yatirimci@akfen.com.tr for any requests and questions.

Aylin Çorman, who holds a CMB Advanced Level License (license no: 200882) and Corporate Governance Rating Specialist's License (license no: 700841), and Zeynep Yanova, Assistant Specialist, are the officers in charge of Investor Relations. Contact information for the personnel working in the Investor Relations Unit is as follows:

Aylin Çorman, Investors Relations Manager
Levent Loft – Büyükdere Cad. No: 201
K. 11 34394 Levent, Istanbul – TURKEY
Tel: +90 (212) 319 87 00
Fax: +90 (212) 319 87 30
acorman@akfen.com.tr
yatirimci@akfen.com.tr

Zeynep Yanova, Assistant Specialist
Levent Loft – Büyükdere Cad. No: 201
K. 11 34394 Levent, Istanbul – TURKEY
Tel: +90 (212) 319 87 00
Fax: +90 (212) 319 87 30
zyanova@akfen.com.tr
yatirimci@akfen.com.tr

Following the capital decrease, as of January 23, 2015, 42.43% of the Company's shares are in the public float, approximately 39.25% of which is held by foreign investors. In 2014, the Company participated in five domestic and overseas investment conferences to provide information to shareholders and investors, and conducted meetings with over 125 current and potential investors. Numerous on-demand meetings were also held with investors, shareholders and analysts regarding the Company's operational results, performance and other developments.

Furthermore, pursuant to the Capital Market Law, the Company issued 120 material event disclosures and published these disclosures on the corporate website in 2014. The Company also answered queries from investors and analysts by phone and email, and released detailed financial statements in financial reporting periods during the year.

2.2. Exercise of Shareholders' Right to Information

It is essential to treat all shareholders, prospective investors and analysts equally with regards to the right to information and analysis, and to simultaneously provide all financial statements to the public, with the same content. Under the Public Disclosure, all information concerning shareholders and market players are disclosed via material event disclosures and the Turkish and English versions of all past material event disclosures can be accessed via the website.

Investor Relations responds to the numerous written and verbal information requests from shareholders and pursuant to the provisions of the Capital Market Law. In order to expand shareholders' right to information, any current information that might affect the exercise of their rights is submitted to shareholders via the website. The English and Turkish versions of all information disclosures are published on the corporate website to ensure equal treatment among domestic and foreign shareholders.

No request was made to our Company for the assignment of any private auditors.

2.3. General Assembly Meetings

The 2013 Ordinary General Assembly meeting was held on April 28, 2014 at the Third Floor Meeting Room in the Company Headquarters. The Extraordinary General Assembly meeting was held on January 15, 2015 at the same location, with the purpose of amending the Article 6 of the Articles of Association, and to discuss the Company's share repurchase program. The Extraordinary General assembly has brought before the shareholders the proposed amendment to the Article 6 of the Company's Articles of Association in accordance with the approval of the CMB and Customs and Ministry of Customs and Trade, as well as the Board of Directors report regarding the Capital Decrease, which were approved by the shareholders. (Pursuant to the CMB letter, there were no privileged votes in the voting.) The Internal Directive regarding the Working Principles and Procedures of the General Assembly, which was approved by the 2012 General Assembly, is available on the Company website.

Notices and announcements in respect of ordinary and extraordinary meetings of the General Assembly are made at minimum three weeks prior to the meeting date, in a manner to ensure the widest participation of the shareholders and in compliance with applicable legislation.

The General Assembly meeting announcements published on the website included the date, time, location and agenda of the meeting, the invitation of the Board of Directors, and the shareholder participation procedure for the General Assembly.

The General Assembly's meeting procedures ensure the widest participation of shareholders. The General Assembly Informational Note is prepared and published on the website at least three weeks prior to the meeting date.

General Assembly meetings are organized in the least complicated manner to avoid any unequal treatment among shareholders, and to impose the least possible cost to shareholders.

The Company completed efforts to amend the Articles of Association for the electronic General Assembly to be held in accordance with applicable laws, rules and regulations of the TCC and Capital Market Law; also certification of employees for the required infrastructure was also completed. Starting from 2013, the General Assembly Meetings have been organized as e- General Assembly

Meetings.

The Third Floor Meeting Room that houses the General Assembly Meetings is located in the Company Headquarters, and can accommodate all shareholders. The General Assembly meetings are open to the public, and are organized under the supervision of the ministry representative assigned by the Governorship of Ankara Provincial Directorate of Commerce on behalf of the Ministry of Customs and Trade.

In the General Assembly meeting agenda, items are detailed in an impartial, detailed, clear and comprehensible manner; the wording does not allow for multiple interpretations; shareholders have an equal chance to express their opinions and pose questions, in order to engage in a healthy debate. The General Assembly's meeting minutes are accessible on the website (www.akfen.com.tr).

At the year 2013 General Assembly meeting, shareholders did not exercise their right to ask questions and did not give suggestions for the agenda. At the meeting, shareholders were informed about the amount of the donations and grants made in the period, as a separate agenda item.

2.4. Voting Rights and Minority Rights

Voting Rights

The Company avoids practices that might make the exercise of voting rights difficult, and it is ensured that each shareholder exercises their voting right in the most practical and convenient manner.

Pursuant to the Articles of Association, Class A shareholders have three votes for one share, while Class B shareholders have one vote for one share. Class A share certificates are registered shares.

At the Company, there is no provision requiring the voting right to be exercised within a certain time limit after it is granted.

The Articles of Association do not provide any provision preventing a non-shareholder to cast a vote as a representative by proxy.

Minority Rights

The exercise of minority rights at the Company is subject to the Turkish Commercial Code, Capital Market Law, applicable legislation, and communiqués and resolutions of the Capital Markets Board; the Articles of Association do not provide any provisions in this matter. At the Company, minority rights are thus to be exercised in accordance with the referenced laws, rules and regulations. These rights can also be exercised via two Independent Board Members. The independent members of the Board of Directors enable the minority to be represented in the management.

Equal Treatment of Shareholders

At the Company, all shareholders including minority and foreign shareholders receive equal treatment.

2.5. Right to Dividend Distribution

The Company adopts resolutions related to dividend distribution in accordance with the Turkish Commercial Code, Capital Market Law, tax laws, other relevant legislation, communiqués and resolutions of the Capital Markets Board and the Articles of Association.

Pursuant to the Articles of Association, after the deduction of the Company's general expenses, miscellaneous depreciation, and other such sums to be paid or reserved by the Company, as well as any taxes to be paid by the Company's legal entity from year-end revenue, the dividend is calculated

in the following manner, from the remaining net profit on the annual balance sheet, if any, after the subtraction of any loss from the previous periods.

Primary Legal Reserve Fund: a. 5% is set aside as legal reserve.

First Dividend:

- b. Any donation during the year is added to the remainder, and of this sum, the first dividend is calculated according to the rate and amount determined by the Capital Markets Board.
- c. After the deduction of the abovementioned amounts, the General Assembly has the right to decide on the distribution of a dividend to Board Members, officers and employees of the Company, to foundations with various purposes and similar persons and organisations.
- d. After the first dividend for shareholders is distributed, 1% of the remaining profit is transferred to the Turkish Human Resources Foundation.

Second Dividend:

- e. After the deduction of the abovementioned amounts, (a), (b), (c) and (d) from the net profit, the General Assembly is entitled to allocate the remaining amount partially or completely as the second dividend or as extraordinary reserves in accordance with Article 521 of TCC.

Until the legal reserves are allocated, and the first dividend for shareholders is distributed in cash and/or as shares in line with the Articles of Association, the Company cannot allocate other reserves, transfer profits to the following year, distribute dividends, or give profit shares to Board members, officers or employees of the Company, foundations established for various purposes, or persons/institutions with similar purposes.

The dividend of the accounting period is distributed evenly to all existing shares, regardless of their issue and acquisition dates.

The distribution method and time of the distributable profit is determined by the General Assembly upon the proposal of the Board of Directors.

Profit distribution decision taken by the General Assembly pursuant to the provisions of this Articles of Association cannot be withdrawn.

There is no privilege among share groups with respect to dividend distribution.

The decision to distribute dividend is based on the Holding's long-term strategies, capital needs of Group companies, investment and financing policies, profitability, and cash position.

On May 15, 2014, the Company has distributed a gross dividend of TL 12,000,000 (gross TL 0.041237 per share) to shareholders in cash.

As noted above, the dividend distribution policy, which is submitted to shareholders' information in the General Assembly, has been announced on the Turkish Trade Registry Gazette and published on the Public Disclosure Platform and the Company website.

2.6. Transfer of Shares

The transfer and assignment of the Company's bearer shares are subject to the provisions of the Turkish Commercial Code, Capital Market Law and relevant legislation.

The CMB regulations are applicable regarding the transfer of the Company's registered shares traded in the stock market. In case the Company repurchases its own shares and accepts as pledge in an

onerous manner, the Legislation and the relevant legislation are complied with and necessary disclosure of material matters is made.

Group A shares' transfer outside the stock market is only possible with the approval of the Company's Board of Directors. The Board of Directors of the Company may reject the approval request of the transfer or by proposing to purchase his/her shares with their real value at the time of the application on behalf of the Company or other shareholders or third parties. Privileged Group A shares are registered shares.

CHAPTER III - PUBLIC DISCLOSURE AND TRANSPARENCY

The Company's Public Disclosure Policy, prepared pursuant to the CMB's Corporate Governance Principles, was discussed and approved at the Board of Directors meeting dated April 4, 2011.

The Public Disclosure Policy was prepared in written form, and published on the website (www.akfen.com.tr).

The Board of Directors is responsible for monitoring, reviewing and developing the Public Disclosure Policy. The Corporate Governance Committee gives information and presents proposals to the Board of Directors, Audit Committee and the Investor Relations Department on matters concerning the Company's Public Disclosure Policy. Investor Relations is in charge of monitoring and supervising any matters concerning public disclosure.

The Public Disclosure Policy aims at informing shareholders, investors and capital markets participants about the Company's past performance and future expectations in a complete, accurate, timely, comprehensible and equal fashion, in line with generally accepted accounting principles and the Capital Market Law, and thus to maintain active and transparent communication.

Principles and Instruments of the Public Disclosure Policy

Any information to be disclosed to the public is submitted in a timely, accurate, complete, comprehensible, interpretable, cost-effective, accessible and equal fashion to help concerned persons and institutions make investment decisions. Akfen Holding A.Ş. acts in accordance with the Capital Market Law and BİAŞ regulations in its public disclosure practices. The Company's public disclosure principles and tools and other relevant information are given below:

- The Investor Relations Department is in charge of supervising and monitoring all matters pertaining to the Public Disclosure Policy. Investor Relations responds to any queries from outside the Company with the knowledge of the Executive Director, CEO or Assistant General Managers. All communications and meetings with capital markets participants are under the responsibility of Investor Relations.
- In addition to using methods pursuant to legal and regulatory requirements, the Company uses all public disclosure means and methods such as press bulletins, means of electronic data transmission, e-mail messages, meetings with current shareholders and prospective investors, online announcements, and the like in an effective manner.
- Akfen Holding's Code of Ethics outlines all principles and rules that managers and employees have to comply with. The Code of Ethics is published on the Company website.
- In case that any material change occurs or is expected in the near future in the financial condition and/or operations of the Company, the public is informed in line with the provisions of applicable legislation.
- Any changes and developments that arise after the Company's public disclosures are announced to the public through regular updates.

- News reports circulating in the media about the Company are monitored daily by the contracted public relations agency and submitted to the Company. In case that rumors or news reports circulating in the media, market or internet, and which do not originate from the Company are so significant as to affect the value of the Company's shares and in case that these rumors or news have content differing from prior material event disclosures, statements, circulars, announcements approved by the CMB, financial statements and other public disclosure documents, the Company issues a material event disclosure on whether such information is accurate or adequate, even before any warning, notification or request from the CMB or BİAŞ.

Periodic Financial Statements and Reports, and Independent Audit in Public Disclosure

The Company's financial statements and their footnotes are prepared on a consolidated basis pursuant to CMB's Communiqué Serial: II, No.: 14.1 and International Financial Reporting Standards (IFRS), and these are submitted for independent audit and then disclosed to the public in accordance with International Audit Standards (IAS).

Disclosure of Ultimate Controlling Real Person(s)

As of December 31, 2014, with a 68.21% stake, Mr. Hamdi Akin is the ultimate controlling shareholder in the Company.

Material Disclosures

Any developments, which might affect the value of the Company's capital market instruments are announced to public without any delay within the time limit prescribed by law.

No sanction was imposed on the Company by the CMB due to any failure in issuing material event disclosures. The Company has received one warning related to material event disclosures.

The Company has not issued any financial instruments on foreign stock exchanges, therefore it has no further public disclosure obligations.

Public Disclosure of Insiders

In accordance with the provisions of the legislations as well as the service agreements made with the Company employees, below persons who are at certain key position as of 31st of December 2014, are considered within this scope:

- Hamdi Akin, Chairman of the Board of Directors
- İrfan Erciyas, Executive Board Member
- Selim Akin, Vice Chairman of the Board
- Pelin Akin, Board Member
- Şaban Erdikler, Independent Board Member
- Nusret Cömert, Independent Board Member

Senior executives with a role in management: CEO Mr. İbrahim Süha Güçsav, CLO Sıla Cılız İnanç, CFO Hüseyin Kadri Samsunlu.

Other management; Fatma Gülbin Uzuner Bekit (Finance Coordinator), Necmiye Meral Altınok (Budget & Reporting and Risk Management Coordinator), Rafet Yüksel (Accounting Coordinator), Burak Kutluğ (Business Development Coordinator), Tuba Şahanoğlu (Business Development Manager), Kürşat Tezkan (Public Relations Coordinator, General Manager of Akfen Water), Nafiz Turgut (Human Resources Manager), Aylin Çorman (Investor Relations Manager), Zeynep Yanova (Investor Relations Assistant Specialist), Sabahattin İlhan (Information Technology Manager), Serpil

Dardağan (Internal Audit Manager), Çağlar Aydınıtepe (Project Development Manager), Sezen Kolcu (Financial Reporting Specialist), Murat Yazıcıgil (Budget & Reporting and Risk Management Specialist).

Also, Oktay Uğur (Consultant to the Board), Coşkun Mesut Ruhi (General Manager of Akfen İnşaat), Saffet Atıcı (General Manager of HEPP Group), Vedat Tural (General Manager of Akfen REIT), Deniz Bilecik (Assistant General Manager of Akfen REIT), Hakkı Özgür Sıvacı (KPMG Auditor), Yusuf Anıl (Accounting Manager of Akfen REIT), Ebru Burcu Karabacak (Accounting Manager of Akfen Construction), Aybeniz Sezgin (Accounting Manager of HEPP Group).

Pursuant to the Corporate Governance Principles, a list of persons with access to insider information is included in the Corporate Governance Compliance Report. Furthermore, any updated versions of the list are published on the corporate website.

As specified in the 7th Article of the Communiqué on Material Matters, the Central Registry Agency (MKK) is informed about the persons, who have regular access to the insider information and necessary updates are made within two working days at the latest in case of changes.

3.1. The Company Website and its Contents

The Company website is used actively in public disclosure as prescribed by the CMB Corporate Governance Principles.

All matters related to Investor Relations are included on the www.akfen.com.tr website. The English version of the website is intended for the use of foreign investors.

All information disclosed to the public is accessible online on the Company website. The address of the website is clearly indicated on the letterhead of the Company. The following information is included on the www.akfen.com.tr website:

- The history of the Company,
- The most up-to-date management and shareholding structure,
- The summary balance sheet, income statement and cash flow statement,
- Summary operational information,
- The Board of Directors and Board committees,
- Agenda of the General Assembly, informational document for the General Assembly, form for voting by proxy, and meeting minutes,
- The latest version of the Articles of Association,
- Prospectuses and public offering circulars,
- Trade registry details,
- Annual reports,
- Periodic financial statements and reports,
- Material event disclosures,
- Corporate Governance Principles Compliance Report,
- Public Disclosure Policy,
- Dividend Distribution Policy,
- Code of Ethics,
- Presentations,
- Information and graphics concerning the share price and performance,
- News updated by a data provider,
- Contact details for Investor Relations,
- Company contact details,

- Frequently Asked Questions,
- Internal Directive of TCC on "Working Principles and Procedures of the General Assembly."

All applicable provisions indicated in the Capital Market Board's Corporate Governance Principles are published and updated via the Company website.

3.2. Annual Report

Akfen Holding's annual report is prepared in accordance with the principles stipulated by the applicable legislation and in sufficient detail to ensure that the general public can obtain accurate and complete information on the Company's activities. Annual reports are prepared in line with the Corporate Governance principles.

CHAPTER IV - STAKEHOLDERS

4.1. Informing the Stakeholders

The corporate governance practices and Code of Ethics of the Company guarantee the rights of stakeholders as stated by law and in mutual agreements. Stakeholders are regularly provided with information in accordance with the Company's Public Disclosure Policy and pursuant to current legislation.

Furthermore, the Company aims to inform all stakeholders through press bulletins, annual activity reports, the website and the Company's transparent public disclosure practices.

While carrying out their duties, Company employees are expected to hold the Company's interest above the interest of themselves, family and relatives, and to fulfill their professional obligations accordingly. Employees avoid any effort that might generate personal favors for themselves or their families.

Any possible or foreseeable conflicts of interest and various cases defined by the Company management are disclosed to employees, and the Company management takes all the necessary preventative measures. Stakeholders can convey the Company's operations, which are in violation of law and ethically inappropriate to the Corporate Governance Committee and the Audit Committee through the independent members who are also chairmen of the committees; no other reporting mechanism has been established.

4.2. Stakeholder Participation in Management

No mechanism or model has been defined for the participation of stakeholders in management. However, independent members of the Board of Directors enable all shareholders and stakeholders to be represented in Senior Management.

Opinions of stakeholders are received in critical decisions that affect the stakeholders.

4.3. Human Resources Policy

- Our basic Human Resources Policy involves bringing together the requirements of a task with the skills and qualifications of our employees; and select, develop, utilize and manage our the human resources in line with modern criteria and on the basis of equal opportunity.

- The Human Resources management aims to create a dynamic, open-ended and innovative environment to improve employee performance and translate corporate goals into individual goals, therefore ensuring that the Company goals are met in an effective and efficient manner.
- Our employee profile is open to changes and improvement and is highly-motivated and committed to teamwork and team spirit. Our human resources make good use of its resources and time, and it is also highly sensitive towards social responsibility efforts.
- Relations with employees are managed by the Human Resources Coordination Department, led by Nafiz Turgut as the Department Manager. Our ethical conduct forms the foundation of our business. The Company is committed to provide a peaceful and productive working environment by adopting an honest, transparent and fair-minded approach; free from discrimination, mobbing and favoritism. No complaints have been received from employees in this respect.

As of December 31, 2014, Akfen Holding, its subsidiaries and joint ventures employ a total of 36,512 personnel.

Information on Relations with Customers and Suppliers

Since the Company is a holding company, it is not directly involved in operations. Therefore, it does not have any direct contact with customers and suppliers.

As a holding company, Akfen Holding A.Ş. formulates general policies related to subsidiaries' measures and efforts to ensure customer satisfaction, gives its shareholders the utmost support and, in some cases, meets with third parties on these matters, and constantly supervises efforts to enhance customer satisfaction.

4.4. Code of Ethics and Social Responsibility

Code of Ethics

Akfen Holding disclosed its "Code of Ethics" on the website as the principles and rules that it defined in order to add financial value for stakeholders and elevate the Company's corporate values that must be complied by all executives and employees.

Through these rules, the Company aims to ensure that Akfen executives and employees act with high standards and are aware of the corporate effects of their behaviors and attitudes; corporate employees and stakeholders must always display the most proper conduct and act in the most ethical and professional manner.

Social Responsibility

We as Akfen Holding aim to raise the education, health and welfare levels of our society with social responsibility projects created on the basis of sustainable human development.

TURKISH HUMAN RESOURCES EDUCATION AND HEALTH FOUNDATION

Turkish Human Resources Education and Health Foundation (TİKAV) was founded by Akın Family on January 15, 1999 in Ankara to carry out the social responsibility projects of Akfen Holding. Akfen Holding engages in human investment with its social responsibility activities with an eye to attaining sustainable success through strategies that take into account social needs. Employees of Akfen have a high social awareness and contribute to various social responsibility projects of TİKAV. The foundation carries out the mission of creating a benefit for the society with social responsibility projects in an effort to raise individuals that adapt to innovations of the constantly-evolving information age, are respectful towards social and universal values, environmentally-conscious and demonstrate a sense of social responsibility. TİKAV runs projects in various subjects and areas to serve this mission.

1) LOCAL PROJECTS

A) Personal Development Program

TİKAV launched many projects since its inception and was a trailblazer in Turkey with the Personal Development Programme (BGP) which has been implemented since 1999. The goal of BGP is to create equal opportunities for university students with little access to educational, cultural and personal development activities due to socioeconomic circumstances in particular. To this end, the foundation provides scholarship to students from freshman year to the senior year to help them enrich their knowledge and skills in various personal development, foreign language and computer training programs, culture-arts and community service programs as well as national and international projects, talks and professional programs.

Personal Development Program was first launched in 1999 for the students of Elazığ Fırat University. It was later applied in Van Yüzüncü Yıl University in 2003, Middle East Technical University, Hacettepe University, Ankara University and Eskişehir Osmangazi Universities in 2006. In 2009, TİKAV set the goal of providing equal opportunities in access to educational resources, and focused on universities older than a decade in Eastern and Southeastern Anatolian Regions. To this end, the foundation launched the project in Elazığ Fırat University, Van Yüzüncü Yıl University, Şanlıurfa Harran University, Kahramanmaraş Sütçü İmam University and Erzurum Atatürk University. Since 2014, the project has been run only for Fırat University students. The project has reached out to approximately 300 young people since its inception in 1999.

B) TİKAV Career Workshop – Mentee-Mentor Program

The program launched in 2013 joins managers and employees (mentors) from Akfen and its subsidiaries affiliates and the senior students with TİKAV's scholarship (mentees). Volunteers receive mentorship training and share their professional experiences with mentees both on the internet and in person, giving them ideas on how to draw up their own career plans. TİKAV aims to open the doors of professional life to students preparing to become “Leaders of the Future” and to spread a sense of social responsibility within the business world. A total of 35 scholarship-holders and mentors have participated in the program so far.

2) PROJECTS CARRIED OUT IN COOPERATION WITH MIP

TİKAV runs various social responsibility projects in Mersin in partnership with Mersin International Port (MIP), which were coordinated by TİKAV and financed by MIP. As part of a project entitled “New Customs to Old Villages” launched in 2010, nearly 150 students aged from seven to fourteen in the mountain villages of Mersin received training in computer use and hygiene/personal care. In 2011, parents of preschool children in Akdeniz province were engaged in “School for Mothers” project, which later continued in villages in the Toroslar district in 2012. A total of 470 mothers have been involved in the project. Meanwhile, “Hand in Hand with Muhtars” project launched in 2013 created direct benefits for 100 muhtars who received seminars on communication techniques, effective leadership, rules for official correspondence and computer use. Plans have been in place to renovate one school per year since 2012. The aim is to create social benefit by providing the means to whitewash, paint and renovate a school in need, as determined by the Mersin Provincial Directorate of National Education. Furthermore, educational materials and furniture needs of the buildings are also financed by the project budget. To this end; in 2012, Mersin Kazanlı Primary School was renovated as part of the “Colors: Our Common Language” project, Mersin Dikilitaş Kindergarten was renovated as part of the “We Repair for You to Study” program in 2013 and. Lately in 2014, Mersin Halil Akgün Primary and Middle School was renovated. The project will continue renovation works in 2015 with Mersin Toroslar Vali Sabahattin Çakmakoğlu Middle School and Mersin Akdeniz Zeki Sabah Primary School. Meanwhile, the “Disabilities Within” project launched in 2014 aims to propagate the idea that disability is not a victimhood, to encourage the disabled to participate in social life and to create equal

opportunities for them. The aim has been to raise awareness in individuals with disabled persons in their families. The project reached out to total of 900 families throughout the year.

3) INTERNATIONAL PROJECTS

A) The Duke of Edinburgh's International Award – Turkey

On behalf of Akfen Holding, TIKAV supports The Duke of Edinburgh's International Award, a youth development program applied in more than 140 countries worldwide and available to every young person aged between 14 to 24. The award program was first launched in the UK under the name Duke of Edinburgh Award in 1956, supported by Prince Philip, Duke of Edinburgh himself. The Duke of Edinburgh's International Award aims to spread an awareness of social service based on volunteerism, without a sense of competition. The program was first carried out in our country in 1995. In 2001, TIKAV was authorized to apply the program within its organization as independent operator of the International Award for Young People in 2001.

Akfen Holding has supported the program since 2003, becoming its main sponsor between 2003 and 2013 as part of Youth Award Association. As of June 1, 2013, the Award Program has been implemented under the name "The Duke of Edinburgh's International Award- Türkiye", represented by TIKAV, National Award Operator, and run by National Award Committee. The International Award for Young People reached a total of more than 8 million young people so far, with nearly 12,000 of them from Turkey. The program is actively implemented in 55 units, with more than 2,500 young participants.

INVESTING IN TURKEY'S FUTURE

SUPPORTED UNIVERSITIES

Abdullah Gül University Support Foundation

As of 2011, Akfen Holding has contributed to Abdullah Gül University Support Foundation to help the university reach the position laid down in its vision as soon as possible and to aid the duties of public sector in the field of education.

London School of Economics

Akfen is permanent member of the Advisory Board of the "Contemporary Turkish Studies" chair founded with the initiative of Ministry of Foreign Affairs of the Republic of Turkey in London School of Economics, one of the most prestigious academic institutions worldwide. Pelin Akın fulfills the duty on behalf of Akfen.

OUR SCHOOLS:

Ülkü Akın Middle School

The school is named after Ülkü Akın; the late spouse of Hamdi Akın, Chairman of the Board of Directors of Akfen Holding, who passed away at a young age due to a sudden illness. The school was opened in Ankara at the beginning of the academic year 1993-1994, with a protocol signed between the Governorship of Ankara and Hamdi Akın. Akfen Holding acts with a mission to contribute to the bright future of Turkey and pays significant attention to education, evidenced by the school given as a gift to future generations. At the end of the academic year 2011-2012, the school was turned into a Middle School following the 4+4+4 education reform introduced by the Ministry of National Education and is now named Ülkü Akın Middle School. There are 24 classrooms, 2 preschool classrooms, 1 laboratory, 1 multipurpose room and a library. 330 students are currently enrolled in the school.

Hikmet Akın Middle School

Hikmet Akın Secondary School opened its doors at the beginning of the 2004-2005 academic year in the Hamidiye Neighborhood. Chairman of Akfen Holding Mr. Hamdi Akın commissioned the construction of Hikmet Akın Secondary School in the memory of his mother, the late Mrs. Hikmet Akın. The school provided educational training under the name Hikmet Akın Elementary School, until the end of the 2012 academic year when it was transformed into a secondary school following 4+4+4 educational reform of the Ministry of National Education. The school currently has 355 students.

The middle school was built in prefabricated structure in 2004 and was later transformed into reinforced concrete in with a protocol signed between the Governorship of Düzce and Akfen Holding. Hikmet Akın Middle School has been in service since September 15, 2014, when the new educational year starts.

SOCIAL RESPONSIBILITY

Turkish-English Tatlıdil Forum

Turkish-English Tatlıdil Forum was founded in 2011 in an effort to enlarge political and economic relations between Turkey and the UK in other areas, primarily business and trade. The Turkish branch of Sweet Talk Forum is run by Pelin Akın, member of DEİK (Foreign Economic Relations Board) English Business Council and member of the Board of Directors of Akfen Holding.

Topics ranging from constitution, energy, health and regional issues were discussed at the fourth annual Tatlıdil Forum held in Istanbul between November 28 and 30, 2014. More than 120 senior representatives from both countries in business, politics, academy, media and arts joined the forum. Also present were Turkey's 11th President Abdullah Gül, Prince Andrew of the British Royal Family; Jack Straw, former Foreign Secretary of the UK and Ömer Çelik, Minister of Culture and Tourism. 12th President Recep Tayyip Erdoğan gave a speech at the gala dinner organized under the scope of the event on November 30, 2014.

A Friend of AKUT (Search and Rescue Association)

Through donations under the scope of its AKUT Friendship Program, Akfen Holding became a close friend to AKUT, the first and leading local search and rescue group voluntarily helping out people facing disasters not only in Turkey but also abroad, wherever it can and solely by its own means; organizing operations saving 1,428 lives in 1,055 incidents of earthquakes, floods, landslides and in the mountains, seas, route accidents, natural disasters since its foundation.

Inter-corporate Mentorship Program for More Women in Boards of Directors

As part of our corporate culture, we as Akfen Holding believe in the importance of every task and the value of each employee. We support the social roles of our women employees particularly with activities addressed to them, while offering them professional support as career opportunities.

Furthermore, Hamdi Akın, Chairman of the Board of Directors of Akfen Holding, serves as mentor at the 'Inter-corporate Mentorship Program for More Women in Boards of Directors' launched in partnership with Praesta Türkiye and Forbes Türkiye, thereby offering leadership for women managers in their preparation towards their duties in boards of directors.

GLOBAL COMPACT AGREEMENT

Akfen Holding signed the United Nations Global Compact Agreement on July 2, 2002, with an eye to contributing to the emergence of a common business culture based on universal principles.

Global Compact is a set of universally accepted principles and a voluntary initiative that supports sustainable development and good corporate citizenship. The learning-based forum is open to sharing of experiences while serving as a network of communication between corporations and other stakeholders. Akfen Holding is the first holding in Turkey that is signatory to the Global Compact.

10 Principles of Global Compact

Human Rights

PRINCIPLE 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

PRINCIPLE 2: make sure that they are not complicit in human rights abuses.

Labor

PRINCIPLE 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

PRINCIPLE 4: the elimination of all forms of forced and compulsory labor;

PRINCIPLE 5: the effective abolition of child labor; and

PRINCIPLE 6: the elimination of discrimination in respect of recruitment and employment.

Environment

PRINCIPLE 7: Businesses should support a precautionary approach to environmental challenges;

PRINCIPLE 8: support any initiative and organization to promote greater environmental responsibility; and

PRINCIPLE 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

PRINCIPLE 10: Businesses should work against corruption in all its forms, including extortion and bribery.

FOREIGN ECONOMIC RELATIONS BOARD

Foreign Economic Relations Board (DEİK) is in charge of carrying out foreign economic relations of the Turkish private sector, primarily in foreign trade, international investments, services, contracting and logistics. The board also engages in looking into national and international investment opportunities, contributing to raising exports by turkey and coordinating similar business development activities.

Founded in 1986, DEİK acquired a new and consolidated status following Law No. 6552 adopted on September 11, 2014, thereby completely taking over the responsibility “to carry out the foreign economic relations of the Turkish private sector.” As of November 2014, DEİK has 99 founding organizations, 120 business councils, nearly 900 member companies, with approximately 2,000 representatives by member companies within the board.

EUROPE

In 2014, senior managers of Akfen Holding continued their representation of Turkey in various work groups of DEİK. Deputy Chairman of the Board of Directors of Akfen Holding Selim Akın served in the Turkish-Russian Business Council; Pelin Akın, Member of the Board of Directors of Akfen Holding served in the Turkish-Spanish Business Council and the Turkish-English Business Council while Mustafa Sani Şener, Member of the Board of Directors of TAV Airports and Chairman of the Executive Board, served as Chairman of the Turkish-French Business Council of DEİK.

MIDDLE EAST

Selim Akın, Akfen Holding Deputy Chairman of the Board of Directors of Akfen Holding continued to serve in the Steering Committee of the Turkish-Iraq Business Council within Foreign Economic Relations Board (DEİK).

FAR EAST

Süha Güçsav, Akfen Holding CEO, is Chairman of the DEİK Turkish-Singapore Business Council. As of October 2014, was additionally named Turkish Honorary Business Representative of International Enterprise Singapore (IESingapore), an agency of the Singapore Ministry of Industry and Commerce.

YOUTH

Support to Youth and Young Entrepreneurs

In an effort to contributing to the economic growth of Turkey and inspire young entrepreneurs and managers, Akfen Holding Chairman of the Board of Directors Hamdi Akın delivered speeches in conferences and summits across different cities of the country in 2014.

Following are some of the events attended by Hamdi Akın, Chairman of the Board of Directors of Akfen Holding:

- Uludağ Economy Summit
- Istanbul Technical University Opening Ceremony for 2014-2015 Academic Year
- TAV Leaders Summit
- Family Businesses Conference organized by Young Businessmen Association (GYİAD)
- TİM (Turkish Exporters Assembly) Innovation Week
- 2nd National Family Business Summit organized by TAIDER (Family Businesses Foundation)
- 12th Entrepreneurship Week of Antalya Industrialists and Businessmen Association (ANSİAD)
- Uludağ University Innovation Leaders

SECTION V – BOARD OF DIRECTORS

5.1. Structure and Formation of the Board of Directors

The formation and election of the Board of Directors is carried out in accordance with the Corporate Governance Principles and relevant provisions are stated in the Company's Articles of Association. Accordingly:

Pursuant to the provisions of the Turkish Commercial Code, the management of the Company, representation and binding thereof to third parties belongs to a Board of Directors comprising six (6) members, the majority of which is non- executive, elected by the General Assembly and who fulfill the requirement criteria stated in the Turkish Commercial Code and Capital Market Law. If a juridical person is elected as a member of the board of directors, together with the juridical person, only one natural person determined by the juridical person, is registered and announced on behalf of the juridical person; and moreover, the registration and announcement is immediately put on the Company's website. Only this registered person can attend the meetings and cast vote on behalf of the juridical person. Members of the board of directors and the natural person registered on behalf of the juridical person must be fully competent. Reasons that terminate the membership also prevent being elected.

The Board of Directors elects from among its members a Chairman and a Vice Chairman to preside over the Board in the Chairman's absence. The deputy chairman of the board of directors is also authorized in terms of the powers stipulated in the Turkish Code of Commerce for the chairman of the board of directors regarding the call for a meeting and information requests made by the members of the board of directors. A sufficient number of independent Board members is elected by the General Assembly within the framework of principles pertaining to the independence of Board members as stipulated in the Capital Markets Board's Corporate Governance Principles. The presence of independent Board members independence is stated in the annual activity report of the Board of Directors.

Names, surnames and the classification of members as executive, non-executive and independent, which were determined in accordance to the Company's Articles of Association are given below. The Board members and resumes of Senior Management and their term of office are stated in Annex 1.

Mr. Hamdi Akın,

Chairman of the Board of Directors, Non-Executive Member

Mr. İrfan Erciyas,

Board Member/ Executive Director, Executive Member

Mr. Selim Akın,

Vice Chairman of the Board of Directors, Executive Member

Ms. Pelin Akın,

Board Member, Non-Executive Member

Mr. Şaban Erdikler,

Independent Board Member, Independent Member

Mr. Nusret Cömert,

Independent Board Member, Independent Member

Four out of the six members of the Board of Directors (more than half) are non-executive members, and two members are executive members. The positions of Chairman of the Board, Executive Director and General Manager are held by different individuals. There are no Board Members authorized to represent and bind the Company individually.

Mr. Şaban Erdikler and Mr. Nusret Cömert, who have been appointed as Board members upon the proposal of the Nomination Committee, have independent member status in accordance with the Independence Criteria of the CMB's Corporate Governance Principles; and they have submitted their statements of independence accordingly. During the operating period, no circumstance has occurred that might annul the independent status of Independent Board Members.

Independent Board members have to present the Board with an independence statement and to immediately inform the Board in case their independence is annulled. Any person who has served as a Board member for more than six years in the last ten years cannot be appointed as an independent Board member.

The Company does not impose any rules or restrictions on Board members for assuming an additional duty or duties outside of the Company. The duties of Board members outside the Company are described in their resumes in Annex 1.

With the resolution adopted at the Company's General Assembly held on May 31, 2012, the article stating that the Board of Directors consist of seven (7) members selected by the General Assembly has been amended as a Board of Directors consisting of at least six (6) members, the majority of whom are non- executive. In addition, the article stating the presence of two independent members in the Board of Directors has been amended as sufficient number of independent Board members is designated by the General Assembly in accordance with CMB's Corporate Governance Principles.

Qualification Criteria of the Board Members

All individuals nominated and elected to the Board of Directors possess the required qualifications listed in CMB's Corporate Governance Principles.

The Board of Directors is structured to ensure maximum impact and efficiency. The relevant provisions are outlined in Article 9 of the Articles of Association. Board members must be elected among persons who have knowledge of all legal principles that regulate the operations and procedures in the field of activity of the Company, trained and experienced in corporate management, capable of reviewing financial statements and reports, and preferably holding a higher education diploma.

5.2. Operating Principles of the Board of Directors

It is ensured that Board members access all necessary information in a timely fashion to fulfill their duties.

A Secretariat was established under the Board of Directors to serve all Board members and to keep regular records of Board meetings.

Since the Company's Board meetings are planned and held in an effective and efficient manner, the Board convenes whenever necessitated by the Company's operations and transactions. However, the Board has to convene at least four times a year.

- The Board of Directors may be called by the Chairman, Vice Chairman or any Board member in accordance with the provisions of the TCC and Capital Market Law. All such meeting invitations are delivered by fax, provided that a copy must also be either delivered by courier or registered mail and a written receipt must be obtained.
- The agenda of Board meetings is set by the Chairman of the Board; amendments may be made to the agenda through resolution of the Board.
- The Board of Directors can adopt a resolution without convening, according to Article 330/2 or any other equivalent article of the Turkish Commercial Code.
- Board members receive a reasonable monthly or annual salary, or a payment for each meeting, as determined by the General Assembly.
- The Board of Directors convenes with at least more than half of the total number of members.
- The Board of Directors makes its resolutions with the majority of attending members.
- Each member has one vote at the meetings, and voting is exercised in person. Unless one of the members demands a meeting, a resolution related to a proposal by one member can also be made through other members if they disclose their consent in writing.
- Reasonable and detailed vote rationale related to questions asked by Board members and subjects to which a different opinion was voiced are included in the resolution record.
- The Board of Directors has convened 26 times within the operating period.

For the 2014-2015 period, the Company has a "Directors Liability Insurance" in effect with an upper limit of USD 35,000,000, covering the potential damages that might be caused to the Company as a result of faults on the part of Board Members while performing their duties.

Restriction on Doing Business or Competing with the Company

The authorization of the Board's Chairman and members to take actions as stipulated in Articles 395 and 396 of the Turkish Commercial Code on doing business or competing with the Company, was approved by the shareholders at the General Assembly held on April 28, 2014.

Authorities and Duties of the Board Members and Managers

Authorities and duties of the Board are defined in a consistent and concrete fashion, clearly distinct and separate from those of the General Assembly. Board members exercise their authorities in reference to the circular of signature.

Each shareholder is under the obligation to safeguard any trade secret of the Company that he/she has learned through any capacity, even after the shareholding right is terminated. In case of any possible damages incurred due to failure in fulfilling this obligation, the concerned shareholder is held accountable to the Company for damages. However, the provisions of this article do not cover information obligatorily disclosed as stipulated under the Capital Market Law.

5.3. Number, Structure and Independence of Board Committees

The Board of Directors establishes committees as required for the sound performance of its duties and responsibilities and they operate under the Board of Directors, in line with the Capital Market Board regulations and applicable legislation. The field of duty, operating principles and membership composition are defined and disclosed to the public by the Board of Directors.

The Board of Directors may establish committees or commissions as it deems necessary among its members related to various areas such as to monitor the operation of the business, to prepare for issues which have been submitted to itself, to decide upon the preparation of the balance sheet for all material events and to oversee implementation of the resolutions that have been made.

Committees are convened at the frequency as stipulated by legal requirements and the prevailing circumstances.

Corporate Governance Committee

The Corporate Governance Committee reports directly to the Board of Directors and helps the Board devise and develop any necessary mechanisms and practices for the Company's management, and coordinate the remuneration, development and career plans of senior executives in accordance with internationally accepted Corporate Governance Principles.

The Corporate Governance Committee supports the Board of Directors in ensuring the Holding's compliance with Corporate Governance Principles, identifying Board members and senior executives, assessing remuneration, awards and performance, conducting career planning, investor relations and public disclosure practices through its studies. The Corporate Governance Committee consists of five members appointed from among the Board membership. The Chairman of the Corporate Governance Committee is appointed by the Board of Directors.

The Corporate Governance Committee is responsible for the Company's adoption of the Corporate Governance Principles, and the following activities:

- Investigating the extent to which the Corporate Governance Principles are implemented at the Company, and in case of failure to comply with the principles, determining the reasons and any negative results, and proposing corrective measures,
- Determining methods to ensure transparency in the identification of candidates to the Board of Directors,
- Conducting studies on the optimal number of Board members and managers, and formulating proposals,
- Developing recommendations on the principles and procedures for the performance assessment and remuneration of the Board members and managers and monitoring the implementations.
- Supervising the activities of the Investor Relations Unit.

Corporate Governance Committee Chairman

Nusret Cömert,

Independent Board Member – Akfen Holding A.Ş.

Corporate Governance Committee Members:

Pelin Akın

Non-executive Board Member – Akfen Holding A.Ş.

Şaban Erdikler

Independent Board Member – Akfen Holding A.Ş.

Sıla Cılız İnanç

Assistant General Manager – Akfen Holding A.Ş.

Aylin Çorman

Investor Relations Manager – Akfen Holding A.Ş.

The Corporate Governance Committee also carries out duties of the Nomination Committee and Remuneration Committee within the framework of the Corporate Governance Principles and the Company's Articles of Association.

Early Risk Detection Committee

With the resolution of the Board of Directors dated March 19, 2013, the Company has decided to form a separate committee to carry out the task of early risk detection, which had previously been performed by the Corporate Governance Committee, pursuant to CMB Communiqué (Series IV, No. 63 amending the Communiqué (Series IV, No. 56).

The members of the Early Risk Detection Committee are as follows:

Early Risk Detection Committee Chairman:

Nusret Cömert,

Independent Board Member – Akfen Holding A.Ş.

Early Risk Detection Committee Members:

Selim Akın

Vice Chairman of the Board – Akfen Holding A.Ş.

Pelin Akın,

Board Member – Akfen Holding A.Ş.

Early Determination of Risk Committee is responsible for the early diagnosis of the risks that can endanger the existence, development and continuity of the Company, for taking necessary measures against the detected risks and is responsible for risk management; and reviews the risk management systems at least once a year. In addition, the Committee provides a report of risks identified and actions taken to the Board of Directors on a bimonthly basis.

Audit Committee

The Audit Committee supports the Board of Directors in ensuring and supervising the audit of the accounting system, the public disclosure of financial statements, and the functionality and effectiveness of the internal control system of the Company. The Audit Committee consists of two members appointed from among Independent Board Members, and one of them serves as the Committee Chairperson.

Members of the Audit Committee and Corporate Governance Committee are appointed by the Board of Directors in accordance with the Articles of Association; and their duties and authorities are determined by the Board of Directors.

The Audit Committee is responsible for taking necessary measures to ensure the adequacy and transparency of any internal or independent external audit, as well as fulfilling any task as stipulated by the Capital Market Law and the Communiqué on Corporate Governance.

Members of the Audit Committee are listed below:

Chairman of the Audit Committee:

Şaban Erdikler,

Independent Board Member – Akfen Holding A.Ş.

Nusret Cömert,

Independent Board Member – Akfen Holding A.Ş.

Both independent members of the Board of Directors are included in both the Corporate Governance Committee and Audit Committee in order to ensure participation of minority rights holders and stakeholders.

5.4. Risk Management and Internal Control Mechanism

Risk Management

In December 2012, implementation of the Risk Management Guide Book, finalized as a result of the efforts of the Corporate Governance Committee, which also carries out the duties of the Nomination Committee, Early Determination of Risk Committee and Remuneration Committee, within the framework of Early Determination of Risk was approved by the Board of Directors of the Company.

Risk Management activities are performed by the Budget, Planning and Risk Management Coordinatorship, an affiliate of the Financial Affairs Assistant General Management Department.

In 2012, in order to make corporate risk management activities systematic and to establish a risk management culture within the Group, the Holding purchased risk management consultancy services.

The Company formed risk inventories within the Holding and its subsidiaries. In addition, the Company defined risk maps to comprise all processes in the Holding and its subsidiaries Akfen Construction, Akfen Energy, Akfen HEPP and Akfen REIT companies and control activities related to the processes as well as the actions required to be taken. Implementation of such actions has been initiated and this process is ongoing.

Internal Control Mechanism

With the formation of the Audit Committee, the Internal Control Mechanism performs duties delegated to it by the Board efficiently, under the umbrella of the Audit Committee. The Independent Board Member Mr. Şaban Erdikler serves as Chairman of the Audit Committee.

5.5. Strategic Goals of the Company

Goal

The Company's goal is to leverage new business areas and growth opportunities in all fields of operation, local and overseas, to create benefit for our stakeholders, particularly to our employees and shareholders, while maintaining the success we have achieved in our areas of expertise to become a sustainable, national enterprise.

Strategic Outlook

With a successful history of obtaining and managing concessions in Turkey, Akfen Holding will continue in its main fields of operation by building additional strategic partnerships. The main focus of Akfen Holding's investments is on concessions and sectors with high growth potential, monopolistic market structures and long-term maximum income guarantee agreements. Thanks to its strength in entering new sectors and generating, structuring and implementing projects Akfen has positioned itself as a business development company. Akfen Holding acts as an "investment platform" thanks to its success in forming strategic partnerships and its focus on shareholder value and effective exit strategies.

Principles

- Assembling under the Akfen Holding roof a participating, dynamic and qualified human resource with a constant focus on development and value creation
- Giving emphasis to our quality approach and ethical values in all business processes as well as management
- Delivering on our undertakings on time and with quality results
- Fulfilling our commitments to and safeguarding the interests of our employees, business partners, shareholders and social stakeholders
- Ensuring the sustainability of our transparent and respectable business approach
- Managing risks with an unique and innovative business understanding while leveraging new initiatives and opportunities
- Investing in people and society through social responsibility efforts

The Board of Directors determines the strategic goals for the relevant periods through discussions with the Executive Director and Senior Management. The Board of Directors also evaluates the Company's progress towards its goals, its activities and past performance as part of the end-of-year performance evaluation process.

5.6. Financial Rights

The attendance fee provided to Board members is decided at the General Assembly and disclosed to the public through minutes of the meeting. The payments made to senior managers are released to the public in the notes to the financial statement.

In accordance with the Corporate Governance Principles, the "Remuneration Policy" and any compensation provided to Board Members and Senior Executives were discussed under a separate agenda item in the 2013 Ordinary General Assembly, held on April 28, 2014 to inform the Shareholders; and the abovementioned policy was laid down in a written form and approved by the assembly.

The Company, under no circumstances, provides any form of loan, credit or letter of guarantee to Board Members or executives.

ANNEX 1: RESUMES OF BOARD MEMBERS AND SENIOR EXECUTIVES

HAMDİ AKIN - Chairman of the Board

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

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

İRFAN ERCİYAS - Board Member / Executive Member

İrfan Erciyas, graduated from Economics and Finance department of Gazi University in 1977, has started to work in Türkiye Vakıflar Bankası. After having worked as inspector and Branch manager in Türkiye Vakıflar Bankası, he continued to work as Vice General Manager between 1996 and 2002 and as General Manager between 2002-2003. Erciyas who joined Akfen Holding in 2003 as Vice Chairman of the Board of Administrators, had worked especially on privatization of Vehicle Inspection Stations, Mersin International Port and IDO and also during the foundation and investment processes of Akfen REIT and Akfen Enerji, for the public offering of Akfen Holding and Akfen REIT and on the subjects of the share sales of the shareholdings and long term financing. İrfan Erciyas is working in Akfen Holding, as Executive Board Member since March 2010 and he is also Chairman of the Board of Administrators, Vice Chairman and Member of Board of Administrators of several subsidiaries and affiliates of Akfen Holding.

SELİM AKIN - Board Member / Vice Chairman

In 2006, Selim Akın graduated from Surrey University, Business Administration Department in the United Kingdom and served as Turkish Association President during his years in university; he later became a Member of the Turkish Young Businessmen's Association when he returned to Turkey. He is also a Member of the Executive Board of DEİK Turkish-Russian Business Council and DEİK Turkish-Iraqi Business Council and member of TAV Airports Early Risk Detection Committee. Mr. Akın started his professional career in the Akfen Holding Accounting Department and later served in the Project Development and Finance Departments. The main projects in which he participated are the privatization and financing of Vehicle Inspection Stations, the privatization and financing of Mersin Port and Akfen Holding's public offering and bond issue. Mr. Akın currently serves as Board Member of TÜGİAD-Turkish Young Businessmen's Association Ankara Branch, Vice Chairman of the Board of Directors at Akfen Holding and Board Member at subsidiaries of Akfen Holding.

PELİN AKIN - Board Member

Pelin Akın graduated from the Business Administration and Spanish Department of Surrey University in the United Kingdom in 2010; she started her professional career in the Strategy section of Deutsche Bank Finance Department in Madrid. After returning to Turkey, she started working for TAV Airports and was included in the Management Trainee Program to be trained as a future director. She is now a member of the Corporate Governance Committee at TAV Airports Holding, member of the

Corporate Governance Committee of Akfen Holding and member of the Board of Directors at IBS Insurance and Reinsurance Brokerage and AKFEN REIT.

Akın currently takes part in different work groups in DEİK (Foreign Economic Relations Board) including Spanish Business Council and DEİK English Business Council, while being actively involved in TİKAV (Turkish Human Resources Education and Health Foundation) founded by Akfen Holding in 1999, as member of the Board of Trustees and member of the Board of Directors. Ms. Akın serves as Deputy Chairperson at Duke of Edinburgh International Award Turkey Program and also as Head of the Advisory Board at the Contemporary Turkish Studies chair at London School of Economics (LSE) since 2010. In an effort to consolidate political, economic and cultural relations between Turkey and the UK, Pelin Akın served as organizer of the Tatlıdil Forum since its establishment in 2011. She is also a member of TŪSİAD, GYİAD, TİKAD and Young Presidents' Organization (YPO). She was elected Associate Member to the Board of Directors of TŪSİAD at the General Assembly Meeting held in January 2015.

ŞABAN ERDİKLER - Independent Board Member

After graduating from Ankara University, Department of Political Science in 1972, Şaban Erdikler served in the public sector for six years as a Public Finance Ministry Inspector and later joined Arthur Andersen as a Tax Manager. In 1992, he became the Chairman of the Board of Directors and General Manager at Arthur Andersen Turkey; in 1994, he assumed responsibility over the Balkan countries. In 2001, he organized the Turkish section of Andersen under the umbrella of Ernst & Young, and he chaired the Board of Directors at Ernst & Young Turkey for approximately two years. Mr. Erdikler left this position in January 2004 and founded Erdikler (Erdikler Public Accountancy). Mr. Erdikler has been an Independent Board Member of Akfen Holding since 2010.

NUSRET CÖMERT - Independent Board Member

After graduating from Çukurova University in 1982, Department of Mechanical Engineering, Nusret Cömert has completed his graduate education in Management at Istanbul University in 1983. In 1984, he started his professional career at Samsun Regional Directorate of Shell Company of Turkey Ltd.; he continued to serve as Mersin Regional Manager in 1986, Planning and Economy Assistant and Planning and Economy Manager and Fuels Manager in 1989, Aegean and Mediterranean Region Manager in 1994, Sales Manager in 1995 and in 1996 became London Business Development Manager at Shell International Gas and Power Ltd. In 1998, he started to work as Shell EP and Gas Turkey BV General Manager, in charge of overseas operations, and in 2002 he was appointed the Executive Director of the same company. Mr. Cömert still serves as the Chairman of the Board of Directors of Shell Enerji A.Ş., a company he founded. In addition to his work in Turkey, he carried out duties related to oil and natural gas exploration in the Middle East and Central Asia and production business development activities as well as supply of additional natural gas to Europe. He was also responsible for the Central and Eastern Europe region for a period of time. He enabled Royal Dutch Shell to begin deep sea exploration in the Mediterranean Sea and oil and natural gas exploration in Southeast Anatolia in Turkey by paving the way for the signing of mutual exploration agreements with TPAO in November 2011, led the liberalization process of the natural gas sector in Turkey and founded the first private natural gas import and wholesale company in Turkey and started its operations at the end of training at Lausanne IMD Business School in 2006, has served as an Advance Leadership Academy Member at Harvard University in Boston since the beginning of 2012.

İBRAHİM SÜHA GÜÇSAV - General Manager / CEO

Gucsav graduated from Istanbul University, Department of Economics in 1992; he later received his MA from Gazi University, Institute of Social Sciences, Department of Business Administration. Beginning his professional career in 1992 at Alexander & Alexander joined Akfen Holding in 1994, where he served as Financial Group President and CEO. He has assumed important duties and responsibilities in the privatizations of Vehicle Inspection Stations, Mersin International Port and İDO, and also during the foundation and investment stages of Akfen REIT, the public offering of Akfen Holding and Akfen REIT, and in the processes of share sales of subsidiaries, and long term project

financing. Currently serving as Chairman of the Foreign Economic Relations Board (DEİK) Turkish-Singapore Business Council, Mr. Guçsav served as Vice Chairman of the Board of Directors of Akfen Holding from 2003 to March 2010. CEO of Akfen Holding since March 2010, Güçsav served as member of the Board of Directors of Akfen Holding between 2010-2012 and at TAV Airports Holding A.Ş. between 2000-2012. In addition to his duties as CEO, Güçsav is Chairman of the Board of Directors at Akfen REIT and Akfen Su and serves as a member to the Board of Directors at subsidiaries, including primarily Mersin International Port and Akfen HES Yatırımları ve Enerji Üretim A.Ş.

SILA CILIZ İNANÇ - Assistant General Manager / Legal

Sıla Ciliz İnanç, graduated from Marmara University, Faculty of Law in 1995, joined Akfen Holding in 1997 upon having carried out law internship in 1996. She took part in Public Private Partnership projects (PPP) in Turkey, mergers and acquisitions, worked in concern with construction, energy and competition law. She took an active role in secondary legislation of Public Tender Law. She worked at every stage of build-operate-transfer projects, transfer of rights/concession and all process of privatizations implementations including tenders and transfers in which Akfen and its subsidiaries participated, also dealt with establishment of financial structures, facility agreements and both public offering and legal adaptation process to CMB laws and regulations. She conducted company and holding structure works. She is now Deputy General Manager of Akfen Holding A.Ş. and also Board Member of various Akfen Holding subsidiaries.

HÜSEYİN KADRI SAMSUNLU - Assistant General Manager / Financial Affairs

Hüseyin Kadri Samsunlu graduated from Bosphorous University, Department of Economics in 1991 and went on to complete his MBA at the University of Missouri in the USA in 1993; he became a Certified Public Accountant registered in the state of Missouri the same year. Mr. Samsunlu began his professional Sınai Kalkınma Bankası (Turkish Industrial Development Bank) and served in various positions between 1995 and 2006 as General Manager and a Board Member at Global Holding and its subsidiaries. Before joining Akfen Holding at the beginning of 2009, he spent three years in Romania and Turkey as an investment and corporate finance advisor. Mr. Samsunlu joined Akfen Holding as Advisor to the Chairperson of the Board of Directors and later took office as Executive Vice President for Assistant General Manager of Business Development. He carried out significant duties during the public offering of Akfen Holding and Akfen REIT as well as all the privatization and tenders of the Holding during the same period, share sales of subsidiaries, bond and Eurobond issuances by the Holding and its subsidiaries, project financing and all other major financial processes for subsidiary acquisitions. Mr. Samsunlu is Member of the Board of Directors at KOTEDER (Association of Publicly Traded Companies) and currently serves as Assistant General Manager Executive Vice President of for Financial Affairs at Akfen Holding as well as Member of the Board of Directors of Akfen Holding Group Companies.

ANNEX 2: AMENDMENT TO THE ARTICLES OF ASSOCIATION

AMENDED VERSION

ARTICLE 6 – CAPITAL

The Holding has adopted the registered capital system upon the Capital Markets Board approval no. B.02.1.SPK.0.13-504 3939 of April 16, 2010.

The Holding's registered capital has a ceiling of TL 1,000,000,000.00 (one billion), divided into 1,000,000,000 shares with a nominal value of TL 1 (one) each.

The registered capital ceiling permission granted by the Capital Markets Board is valid from 2010 to 2014 (for five years). Even if the newly approved registered capital ceiling is not reached as of the end of 2014, in order for the Board of Directors to take a capital increase decision after 2014, authorization is required to be taken from the General Assembly for a new term of up to 5 years, with prior permission of the Capital Markets Board for the previously determined ceiling or for a new ceiling. If no such authorization is obtained, the Company shall be deemed to have discontinued the registered capital system

The Holding has an issued capital of TL 291,000,000, divided into 57,458,736 Group A shares and 233,541,264 Group B shares for a total 291,000,000 shares with a nominal value of TL 1 (one) each. The existing capital is fully paid, free of collusion.

The share capital may be increased or decreased as required, within the framework of the provisions of the Turkish Commercial Code and Capital Markets laws and regulations.

57,458,736 Group A shares have been registered to Hamdi Akın. Group A shares are registered shares, while Group B shares are bearer shares.

In any case, the Board of Directors shall issue new Group A and Group B shares in proportion to the existing shares held by the Group A and Group B shareholders respectively, as of the time of capital increase. Shareholders shall participate in capital increase by subscribing for the shares to be issued in the same group as their existing shares, along with any the privileges associated with the related group.

Pursuant to the relevant article of the Turkish Commercial Code, those who subscribe for premium shares issued with related capital increase shall be obliged to pay to the Company, in addition to the nominal value of shares, any such premiums as determined at the date of issue.

In accordance with the provisions of the Capital Markets Law, the Board of Directors is authorized, for the 2010-2014 period, to increase the issued capital by issuing new shares up to the abovementioned registered capital ceiling when deemed necessary, without being subject to the provisions of the Turkish Commercial Code regarding capital increase.

The shares representing the capital are monitored by recording in accordance with the principles of recording.

In accordance with the provisions of the Capital Markets Law, the Board of Directors is authorized pass resolutions to increase the issued capital by issuing new shares up to the registered capital ceiling, to issue shares with values above (premium share) or below the nominal value per share, or to restrict, partially or completely, the shareholders' rights to purchase newly issued shares. However, the power to restrict the right to purchase newly issued shares cannot be used in such manner to cause inequality between shareholders.

NEW VERSION
ARTICLE 6 – CAPITAL

The Holding has adopted the registered capital system in accordance with the provisions of the repealed Capital Markets Law No. 2499 and implemented the registered capital system upon the Capital Markets Board approval no. 10/327 of April 16, 2010.

The Holding's registered capital has a ceiling of TL 1,000,000,000.00 (one billion), divided into 1,000,000,000 shares with a nominal value of TL 1 (one) each.

The registered capital ceiling permission granted by the Capital Markets Board is valid from 2014 to 2018 (for five years). Even if the newly approved registered capital ceiling is not reached as of the end of 2018, in order for the Board of Directors to take a capital increase decision after 2018, authorization must be taken at the first General Assembly meeting to be held for a new term, with prior permission of the Capital Markets Board for the previously determined ceiling or for a new ceiling. The duration of this authority may be extended for 5 (five) year periods through General Assembly resolutions. If no such authorization is obtained, the Company cannot increase capital through a Board of Directors decision.

The Holding has an issued capital of TL 261,900,000. The previously issued capital of TL 291,000,000 has been reduced by TL 29,100,000 to TL 261,900,000.

The issued capital has been divided into 57,458,736 Group A shares and 204,441,264 Group B shares for a total 261,900,000 shares with a nominal value of TL 1 (one) each.

57,458,736 Group A shares have been registered to Hamdi Akın. Group A shares are registered shares, while Group B shares are bearer shares. The existing capital is fully paid, free of collusion. The share capital may be increased or decreased as required, within the framework of the provisions of the Turkish Commercial Code and Capital Markets laws and regulations.

In any case, the Board of Directors shall issue new Group A and Group B shares in proportion to the existing shares held by the Group A and Group B shareholders respectively, as of the time of capital increase. Shareholders shall participate in capital increase by subscribing for the shares to be issued in the same group as their existing shares, along with any the privileges associated with the related group.

Pursuant to the relevant article of the Turkish Commercial Code, if the capital increase involves issuance of premium shares, those who subscribe for premium shares issued shall be obliged to pay to the Company, in addition to the nominal value of shares, any such premiums as determined at the date of issue.

In accordance with the provisions of the Capital Markets Law, the Board of Directors is authorized, for the 2014-2018 period, to increase the issued capital by issuing new shares up to the abovementioned registered capital ceiling when deemed necessary, without being subject to the provisions of the Turkish Commercial Code regarding capital increase.

The shares representing the capital are monitored by recording in accordance with the principles of recording.

In accordance with the provisions of the Capital Markets Law, the Board of Directors is authorized pass resolutions to increase the issued capital by issuing new shares up to the registered capital ceiling, to issue shares with values above (premium share) or below the nominal value per share, or to restrict, partially or completely, the shareholders' rights to purchase newly issued shares. However, the power to restrict the right to purchase newly issued shares cannot be used in such manner to cause inequality between shareholders.