



Akfen Holding A.Ş.

22.12.2015

Please kindly find below Akfen Holding's announcement regarding the Extraordinary General Assembly:

Extraordinary General Assembly of our Company shall be held on January 20th, 2016 Wednesday, at 11:00 at the Meeting Hall, on the 3rd floor of the Headquarters of the Company, located at Koza Sokak, No: 22, GOP 06700 ANKARA, Turkey.

Board Report on the Capital Reduction, revised text of our Articles of Association and detailed Information Document prepared for the Extraordinary General Assembly, Invitation to the Extraordinary General Assembly, Power of Attorney and Agenda shall be made available at the Company Headquarters, and the website "www.akfen.com.tr", as well as at the electronic General Meeting System of Merkezi Kayıt Kuruluşu A.Ş. ("MKK"/Central Registry Agency) at least 3 (three) weeks prior from the date of meeting to be reviewed by the Shareholders.

Our shareholders, who will not be able to physically participate at the meeting, reserving the rights and obligations of shareholders participating to the meeting electronically, shall either prepare their power of attorney as per the enclosed template or get the template from the Company Headquarters or the website "www.akfen.com.tr" and submit their signed power of attorney to the Company Headquarters. The power of attorney shall be certified by the public notary and thus comply with the provisions of the Capital Market Board Communique Serial II-30.1 on Voting by proxy and collection of proxies through a call, published in the Official Gazette (28861) dated December 24th, 2013. Proxies that have been appointed electronically through the electronic general assembly system are not required to submit the power of attorney.

Our shareholders, who would like to participate at the Electronic General Assembly Meeting shall get information from the MKK, the website of our Company "www.akfen.com.tr" or the Headquarters of the Company (Ankara Headquarters Tel: 0312 408 10 00 Fax: 0312 441 07 82) in order to fulfill their obligations within the relevant regulation and statement.

In compliance with Clause 415, Article 4 of the Law no. 6102 of the Turkish Commercial Code and the Clause 30, Article 1 of the Capital Market Law, the right to attend the General Assembly and to vote shall not be linked to the stock of the share certificates. In this context, our shareholders willing to attend to the meeting do not need to block their shares. However, the shareholders, who are not willing to declare their identity and the shares in their accounts to the Company but willing to attend to the meeting, shall inform their brokerage companies that hold their shares and remove the restrictions of notification of the information and shares, at least 1 (one) day before the general assembly until 16:30.

Our shareholders will vote by show of hands at the General Assembly, reserving of the provisions of voting electronically.

All beneficiaries and stakeholders and the media are invited to our General Assembly.

In compliance with the Capital Markets Law, shareholders, who hold publicly traded shares, will not be notified by a registered letter.

We kindly submit these to the information of our esteemed Shareholders.

Kind Regards,
Akfen Holding A.Ş.



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**AGENDA OF THE EXTRAORDINARY GENERAL ASSEMBLY OF AKFEN HOLDING A.Ş. TO BE HELD ON JANUARY 20th, 2016
at 11:00**

1. Inauguration and formation of Executive Board,
2. Authorization of Executive Board on the signing of Minutes of the Meeting,
3. Discussing of the revision in the Article 6 of the Company's Articles of Association and the Board Report
4. Wishes, requests and closing

Below please find Power of Attorney and in the appendix Board Report on Capital Reduction, and Revision to the Articles of Association, which will be presented to our Shareholders at the Extraordinary General Assembly.

We hereby state that the above clarifications are in compliance with the principles set forth in the Decree No 54 Series No VIII of the Capital Market Board, that it fully reflects the information we have received in this respect, that the information is compliant with the books, records and our documents, that we have accomplished our best in order to obtain the accurate and correct information, and that we are responsible for this clarification hereby.

Akfen Holding Investor Relations

For further information please e-mail to investorrelations@akfen.com.tr

AKFEN HOLDING A.Ş.

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POWER OF ATTORNEY

AKFEN HOLDİNG A.Ş.

Presidency of Extraordinary General Assembly

I hereby authorize to represent myself, to vote, to make proposal, and to sign the necessary documents in line with views I have stated below at the Extraordinary General Assembly to be held at the headquarters of Akfen Holding A.Ş., located at the address of Koza Sokak, No: 22, GOP, 06700 ANKARA, Turkey at 11:00 on January 20th, 2016, Wednesday.

A) SCOPE OF AUTHORIZATION FOR REPRESENTING *(one of the below options should be selected)*

- a) The proxy is authorized to vote as he wishes for all items of agenda.
- b) The proxy is authorized to vote for the items of agenda in compliance with the following Instructions: (special instructions, if there are any, are written)
- c) The proxy is authorized to vote in line with the recommendations of the company management.
- d) The proxy is authorized to vote in line with the following instructions on the other issues which might arise at the meeting. (If there are no instructions, the proxy is free to vote as he wishes)
Instructions: (special instructions, if there are any, are written)

B) OF THE SHARE OWNED BY THE SHAREHOLDER

- a) Amount - nominal value :
- b) Privileged on votes or not :
- c) To bearer - to name :

FULL NAME OR TITLE OF THE SHAREHOLDER

SIGNATURE :
ADDRESS :

Notes:

- 1) In Section (A), one of the options stated as (a), (b) or (c) is selected.
- 2) In Section (A), in case of the selection of the options (b) and (d) clear instructions should be given.

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APPENDIX: BOARD REPORT ON CAPITAL REDUCTION OF AKFEN HOLDİNG A.Ş.

A. REPORT FRAMEWORK

This report was prepared in accordance with the Article 19/11.c of the Share Communiqué VII-128.1 dated 22/06/2013 and numbered 28685 and Article 473 of the Turkish Commercial Code.

B. SHARES SUBJECT TO CAPITAL REDUCTION

Our Company Akfen Holding A.Ş. ("Company") has made 14,819,314 share buybacks within a "Share Buyback Program", which was approved by the Extraordinary General Assembly on 15 January 2015. The program was launched based on the grounds that the share price of our Company, which started to trade on Borsa İstanbul A.Ş. ("BİAŞ") on 14 May 2010, has declined significantly below its IPO price due to the global economic fluctuations and the instability in Turkey's geopolitical region, also due to the fact that the price on the stock exchange was not reflecting the performance of our Company's operations so that considering existing market conditions price fluctuations could be reduced through buying back our shares trading on the stock exchange when deemed necessary.

Following this transaction, our Company's Akfen Holding stake has risen to 5.6584% (14,819,314 shares) and from these shares a total of 14,819,314 are planned to be cancelled via a capital reduction.

C. BOARD DECISION WITH REGARDS TO THE CAPITAL REDUCTION

Our Company's board has made the following decisions at the meeting on 17 November 2015:

- It was decided to change the 6th Article (on "Capital") of our Company's Articles of Association in accordance with the Turkish Commercial Code and the Capital Markets Law as stated below,*
- Within the scope of the provisions of the Turkish Commercial Code and the Capital Markets Law;*
 - the price of our Company's shares have long been trading above the maximum buying limit of TL8 and to have enough demand and supply on the market in order to determine the share price,*
 - with the capital reduction, value of the shares of the existing shareholders will be raised since investors in our Company will be buying shares from the stock exchange instead of buying the bought back shares,*
 - so that our investors will benefit more from the potential dividend distribution in the coming years,*
 - and also the capital reduction is the transaction offering the highest return for the shareholders,*

it was decided, shares that were acquired within the scope of the related legislation, and are viable for cancellation will be cancelled, so that our paid-in capital, which amounted previously to TL261,900,000, will be reduced by TL14,819,314 to TL247,080,686;

- Based on the reasoning stated above, it was decided unanimously by the attendees of the meeting, to revise the 6th Article (on "Capital") of our Company's Articles of Association and to submit the attached draft revision to the Articles of Association to CMB and Customs and Commerce Ministry for their opinion and their approval and following these approvals the subject to be submitted to the first general assembly for their approval".*

The revision in the Articles of Association, incorporates the decline of our previous paid-in capital of TL261,900,000 by TL14,819,314 to TL247,080,686 through cancellation of the shares held by our Company.

D. THE REASONING OF THE COMPANY TO CANCEL ITS OWN SHARES IT IS HOLDING AND WHY THESE SHARES ARE CANCELLED PRIOR TO THE HOLDING PERIOD OF 3 YEARS VIA A CAPITAL REDUCTION

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- With the share buyback program started in 2010 the aim was to prevent the volatility in the share price, which could be caused by even limited supply since the share price was trading at a very high discount and there was not enough demand. In a way, the imbalance at demand side was balanced by the share buyback program and it was initially prevented that our investors would be hurt and as a result with the rise in the share price the return of our investors was also raised. The share price since end July has been above our upper buying limit of TL8, during this period on both buy and sell side there was enough volume at our shares. Hence, we believe that it will be healthy for the investors that the share price is determined rationally in the market, and with the capital reduction the supply plenty that could occur if the shares bought back would trade in the market will be prevented.
- With the capital reduction, bought back shares will be cancelled, and the value of the shares of the existing shareholders will be raised since new investors in our Company will be buying shares from the stock exchange instead of buying the bought back shares. Additionally, since the bought back shares held by the Company will not be subject to a sale on the market, there will be a more secure environment for new investors and those already holding the shares will be faced with more new buyers.
- With the capital reduction the same amount will be distributed among less shares and this will lead to higher dividend for the investor's same amount of shares due to the decline in the number of shares even though there is no change in the amount of the dividend to be distributed.
- We believe that the current value of our Company's shares is still below its real value. Even though the discount has declined as compared to the days when we started the Share Buyback program we believe the right to decide what the real value of Akfen Holding is should lie by the investors, who are the owners of our Company. Moreover, since due to the capital reduction our investors will own more shares, the value and return of the shares held by our investors will increase in line with the correction in the price of the shares on Borsa Istanbul A.Ş.

In this context due to;

1. the price of our Company's shares have long been trading above the maximum buying limit of TL8 and to have enough demand and supply on the market in order to determine the share price,
2. with the capital reduction, value of the shares of the existing shareholders will be raised since investors in our Company will be buying shares from the stock exchange instead of buying the bought back shares,
3. so that our investors will benefit more from the potential dividend distribution in the coming years,
4. and also the capital reduction is the transaction offering the highest return for the shareholders.

Hence, it was deemed more appropriate for our Company and our shareholders to cancel shares that our Company has acquired within the Share Buyback program and to reduce our paid-in capital instead of holding these shares or selling them on the BİAŞ.

E. BENEFITS TO THE SHAREHOLDERS ARISING FROM THE CAPITAL REDUCTION THROUGH CANCELLATION OF THE COMPANY SHARES THAT THE COMPANY IS HOLDING

We believe that the investment in our own Company is one of the most profitable investment alternatives. Buying back our shares will raise the return of our shareholders. It is of crucial importance to protect our shareholders that our Company's shares reflect the real value. The possibility that the shares bought back by our Company would be sold on the BİAŞ would create a significant share abundance, as a result new investors without seeing what would happen to this share abundance would postpone their buying decisions on the BİAŞ, this would again raise the selling demand on the BİAŞ, leading to new price declines or hindering the wanted price increases, also resulting in the valuation or sale of an asset held by our Company, which should have a higher value, at a valuation below its real value.

As of today, we believe that our Company's share price is too low. The completed share buyback program is actually proof of this for investors. The cancellation of the shares will be a sign for all investors that at the current levels we are

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not thinking of selling. This will be regarded as an important and valuable stance with regards to transparency and accountability by all investors and market players.

Some participations and subsidiaries of our Company are still in their growth phase and hence their income contribution is limited. Also, the limited dividend income from our participation and subsidiaries to our Company limits our dividend distributions to our shareholders. Through cancellation of the shares that we have acquired within the share buyback program we will be, in some way, distributing dividend to our shareholders. We believe that this is important for investors and all market players.

The mentioned capital reduction will not lead to a decline in our Company's assets.

F. ELEMENTS OF THE CAPITAL REDUCTION THROUGH CANCELLATION OF THE COMPANY'S OWN SHARES THAT THE COMPANY HOLDS

F.1. CMB's resolution on the Capital Reduction Procedures and Method

CMB resolution SPK.22.1 (dated 24.07.2014 and numbered 23/759); Resolution for capital reductions done in accordance with the Board's "Share Buyback Communique" numbered II-22.1. Article 19 clause 9 states that "shares that are bought back will be cancelled in accordance with the capital reduction methods that don't require funds outflow" only provisions in the clauses 6, 9, 10 and 11 of Article 19 of the "Share Communique VII-128.1" should be followed.

F.2. Related Provisions in the "Share Buyback Communique"

Clause 19 of the "Share Buyback Communique II-22.1.", which was published on the Official Gazette dated 03.01.2014 and numbered 28871, contains provisions related to the disposal and redemption of shares bought back.

F.3. Capital Reduction that don't require any Funds Outflow

CMB's resolution I-SPK.22.1 (dated 24.07.2014 and numbered 23/759) is related to the ruling of which clauses of the Share Buyback Communique will be used at the capital reduction.

F.4. Related Provisions of the Share Communique

Article 19, clauses 6, 9, 10 and 11 of the Share Communique VII-128.1, which was published on the Official Gazette dated 22.06.2013 and numbered 28685, will be applied at the capital reduction via redemption of shares.

F.5. Related Provisions of the Turkish Commercial Code

Regulations on capital reduction of corporations are in the Article 473 et. seq. of the Turkish Commercial Code. According to the CMB regulations clause 2 of the Article 473 and Articles 474 and 475 of the Turkish Commercial Code are not applied at capital reductions, that don't require any funds outflow, through cancellation of shares.

G. AS A RESULT

As members of the Board we declare that the reduction in our Company's paid-in capital by TL14,819,314 from the previous TL261,900,000 to TL247,080,686 and that the related capital reduction is beneficial for our Company and its shareholders as stated in this report and that the above information is correct and this report will be submitted to the approval of the General Assembly at the first General Assembly.

Sincerely,

**AKFEN HOLDİNG A.Ş.
BOARD OF DIRECTORS**

Akfen Holding A.Ş.
Appendix: Revision to the Articles of Association
OLD TEXT
ARTICLE 6 – CAPITAL

Holding has accepted the registered capital system in accordance with the abolished Capital Markets Law numbered 2499 and has adopted the registered capital system with the permission of the Capital Markets Board on the 16th of April 2010 with n. 10/327.

The upper limit of the Holding’s registered capital is TL1,000,000,000.00 (one billion) and divided into 1,000,000,000 shares, each with a par value of 1 (one) Turkish Lira.

The permission given by the Capital Markets Board for the upper limit of the registered capital is valid between the years, 2014-2018 (for five years). Even though the allowed upper limit of the registered capital is not reached at the end of 2018, for the board of directors to take a capital increase decision after 2018; approval must be received from the first general assembly, by means of getting permission from the Capital Markets Board for the previously allowed upper limit or for a new upper limit amount. This approval by the general assembly can be prolonged for periods of 5 years. In case the mentioned approval is not received, the Company cannot increase its paid-in capital through a board decision.

The issued capital of the Holding is TL 261,900,000.

The previously issued capital of TL 291,000,000 has been reduced by TL 29,100,000 from the wholly paid-in cash capital to TL 261,900,000.

This capital was divided into 261,900,000 shares as; 57,458,736 Group A shares and

204,441,264 Group B shares, each with a par value of 1.- Turkish Lira.

57,458,736 Group A shares were allocated to Hamdi Akın. Group A shares are registered shares whereas Group B shares are bearer shares.

Existing capital was paid in full, as free of collusion. If required, the capital of the Company can be raised or reduced within the scope of the provisions of the Turkish Commercial Code and the Capital Legislation.

In any case, during capital increase, the Board of Directors will issue new Group A and Group B shares based on the proportion of the shares that are in the Group A and Group B shareholders’ possession in the Company. The

NEW TEXT
ARTICLE 6 – CAPITAL

Holding has accepted the registered capital system in accordance with the abolished Capital Markets Law numbered 2499 and has adopted the registered capital system with the permission of the Capital Markets Board on the 16th of April 2010 with n. 10/327.

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The issued capital of the Holding is TL 247,080,686.

The previously issued capital of TL 261,900,000 has been reduced by TL 14,819,314 from the wholly paid-in cash capital to TL 247,080,686.

This capital was divided into 247,080,686 shares as; 57,458,736 Group A shares and

189,621,950 Group B shares, each with a par value of 1.- Turkish Lira.

57,458,736 Group A shares were allocated to Hamdi Akın. Group A shares are registered shares whereas Group B shares are bearer shares.

Existing capital was paid in full, as free of collusion. If required, the capital of the Company can be raised or reduced within the scope of the provisions of the Turkish Commercial Code and the Capital Legislation.

In any case, during capital increase, the Board of Directors will issue new Group A and Group B shares based on the proportion of the shares that are in the Group A and Group B shareholders’ possession in the Company. The

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shareholders participate in the capital increases by getting the shares – together with the privileges granted to the mentioned Group – that will be issued in the same Group with the shares in their possession.

In case of a capital increase through issuing shares with premiums, the shareholders who will subscribe for the shares that will be issued with premiums due to capital increases, will separately pay the Company the share premiums that will be determined in addition to the par value of the share certificate, on the issuance date of the premium shares, in accordance with the relevant article of the Turkish Commercial Code.

In case deemed necessary, the Board of Directors is entitled to raise the issued capital until reaching the aforementioned upper limit of the registered capital by issuing new shares between the years 2014

and 2018 in compliance with the provisions of the Capital Markets Law and notwithstanding the provisions of the Turkish Commercial Code regarding equity capital increase.

The shares representing the capital are dematerialized shares within the framework of the principles of dematerialization.

In case deemed necessary, in compliance with the provisions of the Capital Markets Law, the Board of Directors has the power to take decisions on the issues of; raising the issued capital until reaching the upper limit of the registered capital by issuing new shares, issuing shares above the par value (share premiums) or below the par value, restricting partially or fully the rights of the shareholders to purchase new shares. The authorization for restricting the rights of the shareholders to purchase new shares cannot be used in a manner that creates inequality between the shareholders.

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The shares representing the capital are dematerialized shares within the framework of the principles of dematerialization.

In case deemed necessary, in compliance with the provisions of the Capital Markets Law, the Board of Directors has the power to take decisions on the issues of; raising the issued capital until reaching the upper limit of the registered capital by issuing new shares, issuing shares above the par value (share premiums) or below the par value, restricting partially or fully the rights of the shareholders to purchase new shares. The authorization for restricting the rights of the shareholders to purchase new shares cannot be used in a manner that creates inequality between the shareholders.