

Corporate Governance Rating Report



21 November 2014

CONTENTS

Rating and Executive Summary	3
Rating Methodolgy	5
Company Overview	6
SECTION 1: SHAREHOLDERS	8
Facilitating the Exercise of Shareholders’ Statutory Rights	8
Shareholders’ Right to Obtain and Evaluate Information	9
Minority Rights	9
General Shareholders’ Meeting	9
Voting Rights	11
Dividend Rights	11
Transfer of Shares	11
SECTION 2: PUBLIC DISCLOSURE AND TRANSPARENCY	12
Corporate Web Site	12
Annual Report	12
External Audit	13
SECTION 3: STAKEHOLDERS.	15
Company Policy Regarding Stakeholders	15
Stakeholders’ Participation in the Company Management	15
Company Policy on Human Resources	16
Relations with Customers and Suppliers	17
Ethical Rules & Social Responsibility	17
Sustainability	18
SECTION 4: BOARD OF DIRECTORS.	19
Functions of the Board of Directors.	19
Principles of Activity of the Board of Directors	19
Structure of the Board of Directors.	20
Conduct of the Meetings of the Board of Directors	20
Committees Established Within the Board of Directors	20
Remuneration of the Board of Directors and Managers With Administrative Responsibility	22
Rating Definitions	23
Disclaimer	24

Rating and Executive Summary

AKIŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

 **SAHA**
Corporate Governance Rating:

9.16



MAIN SECTIONS: **Avg. 91.57**

Shareholders: **90.91**



Public Disclosure & Transparency: **92.67**



Stakeholders: **92.60**



Board of Directors: **90.81**



0 10 20 30 40 50 60 70 80 90 100

EXECUTIVE SUMMARY

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

Akış GYO is rated with **9.16** as a result of the Corporate Governance study done by SAHA. The company's corporate governance rating is revised as above in consideration with the importance given by Akış GYO to corporate governance principles, its willingness to carry out the continuous and dynamic process and improvements which had been initiated in this direction.

Akiş GYO is rated with **9.09** under the **Shareholders** heading. Exercise of shareholders' rights complies with the legislation, articles of association and other internal rules and regulations, and measures have been taken to ensure the exercise of these rights. Akiş GYO carries out the investor relations obligations through Investor Relations Unit. All procedures prior to the general shareholders' meeting as well as the conduct of the meeting comply with the legislation, rules and regulations. There is a dividend policy of the company and it is disclosed to the public. There are no restrictions on transfer of shares. On the other hand, there are areas for improvement like adoption as it is, of the rate of minority rights in the company's articles of association as prescribed for public joint stock companies (%5), absence of a provision in the articles of association on realization of the general shareholders' meetings open to public and media without right to vote and existence of privileges to nominate candidates to the board of directors.

Akiş GYO attained **9.27** under the **Public Disclosure and Transparency** chapter. The company has a comprehensive web site. Public announcements are made via all communications channels and are in accordance with CMB and Borsa Istanbul (BIST) rules and regulations. The annual report complies with the legislation, comprehensive and informative. The agreement and work conducted with the external auditor also complies with the legislation. Nevertheless, non-disclosure of the benefits provided to board members and senior management on individual basis is an area in need of further refinement.

On the topic of **Stakeholders**, Akiş GYO scored **9.26**. In case of violation of stakeholders' rights drawn up in line with the legislation and mutual agreements, Akiş GYO enables an effective and speedy compensation. The company has a written and developed a human resources policy. Code of ethics is publicly available through the company's web site. During the rating period, the company was not held liable by any public authority for any sanctions. The company complies with environmental laws. Corporate Social Responsibility and Sustainability work is satisfactory. Nevertheless, a written compensation policy for the employees is not established and disclosed to the public on the corporate web site.

From the perspective of the principles regarding the **Board of Directors**, Akiş GYO's tally is **9.08**. The board of directors fulfills all duties regarding company needs. The board of directors consists of 8 members and 2 of them are independent. A Corporate Governance Committee, an Audit Committee, and an Early Detection of Risks Committee are established within the board of directors. The working principles of the committees are disclosed to the public. Principles of remuneration of board members and senior executives are included on the corporate web site. There are 2 female members on the board of directors. However, there are areas for improvement; conduct of board meetings is not defined in the internal regulations of the company and any losses incurred by the company caused by board members are not insured with an amount exceeding 25% of the capital of the bank as specified in the Corporate Governance Principles Communiqué.

Rating Methodology

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

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

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

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

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


SAHA assigns ratings between 1 (weakest) and 10 (strongest). In order to obtain a rating of 10, a company should be in full and perfect compliance with the Principles (see Rating Definitions, p.23).

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

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

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

Company Overview

Akiş Gayrimenkul Yatırım Ortaklığı A.Ş.	
	<p>CHAIRMAN Mehmet Ali BERKMAN</p> <p>GENERAL MANAGER İhsan Gökşin DURUSOY</p>
<p>Headquarters: Miralay Şefik bey Sokak No: 11 K:4-5-6 Gümüşsuyu 34437 Taksim / İstanbul www.akisgyo.com</p>	<p>Manager Responsible of Shareholder Relations Mustafa Ozan HANÇER Tel: (0212) 393 01 00 ozan@akisgyo.com</p>

Akiş Gayrimenkul Yatırım Ortaklığı A.Ş. was founded in Istanbul, Turkey on 22 November 2005 under the name of Akiş Gayrimenkul Yatırım A.Ş. The company's title was changed as Akiş Gayrimenkul Yatırım Ortaklığı A.Ş. on 24 May 2012.

Akiş GYO is a subsidiary Akkök Holding A.Ş., one of Turkey's leading industrial groups.

The principal activity of the company is to invest in real estate, real estate based capital market instruments, real estate projects, real estate based rights and other capital market instruments; and to engage in other activities defined in Capital Markets Board (CMB) regulations related to real estate investment trusts.

Akiş GYO acquired Ak-AI Gayrimenkul Geliştirme ve Tekstil Sanayii A.Ş. on 4 January 2013 together with all its assets and liabilities.

The company shares are traded under "AKSGY" code at BIST Collective Products Market since 9 January 2013 and Akiş GYO is a constituent of BIST REAL ESTATE INVESTMENT TRUSTS / BIST FINANCIALS / BIST ALL SHARES and BIST ALL SHARES-100 indices.

Akiş GYO's capital structure:

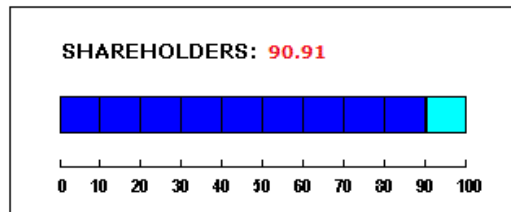
Akiş Gayrimenkul Yatırım Ortaklığı A.Ş. Capital Structure		
Shareholder	Amount (TL)	Percentage %
Akkök Holding A.Ş.	62,815,396.12	31.41
Ali Raif Dinçkök	40,910,343.60	20.45
Nilüfer Dinçkök Çiftçi	25,741,468.71	12.87
Raif Ali Dinçkök	12,430,500.02	6.21
Other*	58,102,291.54	29.05
Total	200,000,000.00	100.00

*Free float ratio of the company as of 23 September 2014 is 24.21%.

The board of directors of the company is composed as follows:

Akiş Gayrimenkul Yatırım Ortaklığı A.Ş. Board of Directors		
Name	Title	Executive/Independent
Mehmet Ali BERKMAN	Chairman	Non-executive
Raif Ali DİNÇKÖK	Vice-chairman	Executive
Nilüfer DİNÇKÖK ÇİFTÇİ	Member / Corporate Governance Committee Member / Early Detection of Risks Committee Member	Non-executive
Ahmet Cemal DÖRDÜNCÜ	Member	Non-executive
Alize Dinçkök EYÜBOĞLU	Member	Executive
İhsan Gökşin DURUSOY	Member / General Manager	Executive
Hüseyin Ersin TAKLA	Member / Audit Committee Chairman / Corporate Governance Committee Chairman	Independent Member
Uzay KOZAK	Member / Early Detection of Risks Committee Chairman / Audit Committee Member	Independent Member

SECTION 1: SHAREHOLDERS



SYNOPSIS

+	Equal treatment of shareholders
+	Active investor relations unit
+	General shareholders' meetings are conducted in compliance with the legislation
+	Preparation and disclosure prior to general shareholders' meetings are satisfactory
+	Dividend policy exists and disclosed to the public
+	No restrictions on transfer of shares
+	Policy on donations and grants submitted to the general shareholders' meeting for approval
=	Minority rights are not recognized for shareholders who possess an amount less than one-twentieth of the share capital
-	No provision in the articles of association on realization of the general shareholders' meetings open to public and media without right to vote
-	Existence of privileges to nominate candidates to the board of directors

1.1. Facilitating the Exercise of Shareholders' Statutory Rights:

The company carries out investor relations obligations through the Investor Relations Unit.

Employees of this unit are active and willing on exercise of corporate governance principles at the company.

Along with other units of the company the Investor Relations Unit plays an active role in protecting and facilitating shareholders' rights and in particular the right to obtain and review information, and its duties are as follows;

- a) To ensure that the records relating to the written correspondence with the investors and other information are kept in a healthy, safe and updated manner.
- b) To respond to the queries of the shareholders requesting written information on the company.
- c) To ensure the general assembly meeting is held in compliance with the applicable legislation, articles of association and other company by-laws.
- d) To prepare the documents that might be used by shareholders in the general shareholders' meeting.
- e) To supervise the fulfillment of the obligations arising from capital markets legislation including all corporate governance and public disclosure matters.

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

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

Investor Relations Unit Manager of the company, Mr. Mustafa Ozan Hanger is holder of "Capital Market Activities Advanced Level License" as stated in the Corporate Governance Principles Communiqué.

According to the grouping stated in Capital Markets Board (CMB) communiqué Akiş GYO is located in Group 3. As required by the said communiqué, investor relations unit managers of the companies in Group 3 must possess either a "Capital Market Activities Advanced Level License" or "Corporate Governance Rating Specialist License", or just the "Capital Market Activities Basic Level License".

The company's free float ratio as of 23 September 2014 is 24.21%

1.2. Shareholders' Right to Obtain and Evaluate Information:

We did not come across to any hindering process or application within the rating period regarding the appointment of a special auditor at the request of shareholders.

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

The company's disclosure policy is submitted to shareholders at the general shareholders' meeting held in 2013 and disclosed it to the public on the corporate web site.

1.3 Minority Rights:

Maximum care is given to the exercise of minority rights. However, minority rights are not recognized for

shareholders who hold an amount less than one-twentieth of the share capital and the company has adopted exactly the rate foreseen in the legislation for listed companies.

1.4. General Shareholders' Meeting:

SAHA could not participate to the general shareholders' meeting for the fiscal year 2013 as observer due to the date of the contract. Our assessments on the meetings held are based on the relevant minutes of meetings and company statements.

In addition to the methods of invitation in the legislation and in order to ensure attendance of maximum number of shareholders, the invitation to the general shareholders' meeting held on 28 March 2014 is performed through all means of communication available to the company on 4 March 2014 in accordance with the Corporate Governance Principles.

All announcements prior to the general shareholders' meeting included information such as the date and time of the meeting; without any ambiguity exact location of the meeting; agenda items of the meeting; the body inviting to the general shareholders' meeting; and the exact location where annual report, financial statements and other meeting documents can be examined.

Besides, the company has prepared a descriptive disclosure document on agenda items.

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

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

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

a. total number of shares and voting rights reflecting the company's shareholding structure as of the date of disclosure, number of shares and voting rights reflecting the privileged share group within the company capital, and the nature of the privileges,

b. information on changes in management and activities of the company and its subsidiaries in the previous fiscal year, or planned for the upcoming fiscal period which can significantly affect the company operations.

Agenda items were put under a separate heading and expressed clearly in a manner not to result in any misinterpretations. Expressions like "other" and "various" were not used. Information submitted to the shareholders prior to the conduct of the general shareholders' meeting was related to the agenda items.

General shareholders' meetings took place at central Istanbul.

It is seen on the meeting minutes that the items on the agenda were conveyed in detail and in a clear and understandable way by the chairman of the meeting and shareholders were given equal opportunity to voice their opinions and ask questions.

In addition, all questions asked during the meeting and answers given are disclosed to the public by the Investor Relations Unit through the corporate web site. Furthermore, replies to all

unanswered queries during the meeting are also included on the web site.

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

Company officials declared that the members of the board of directors related with the issues of a special nature on the agenda, other related personality, authorized persons who are responsible for preparing the financial statements and auditors were present to give necessary information and to answer questions at the general shareholders' meeting.

Attendance of the board of directors to the general shareholders' meeting with absolute majority is deemed positive by us.

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

Company has established a policy on donations and grants and submitted to the general shareholders' meeting for approval.

In addition, shareholders are informed, with a separate agenda item, on all donations effectuated during the period and the amount of benefits and beneficiaries at this meeting.

However a clause on attendance of those including stakeholders and media with no voting rights to the general shareholders' meetings is not included in the articles of association of the company.

Mr. Ömer Dinçök, a shareholder, filed a claim to annul some of the agenda items discussed on the meeting held for the 2013 operating period. The company disclosed this litigation process appropriately on the Public Disclosure Platform (KAP).

1.5. Voting Rights:

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

The company's articles of association indicate that there are voting privileges; 5 members of the 8-member board are obliged to be selected among candidates nominated by a majority vote of Group A shareholders.

1.6. Dividend Rights:

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

As mentioned on the dividend policy document, conviction is reached that a balanced policy is followed between the interests of the shareholders and that of the company.

In addition, the articles of association of the company contain a provision on advance dividend payments.

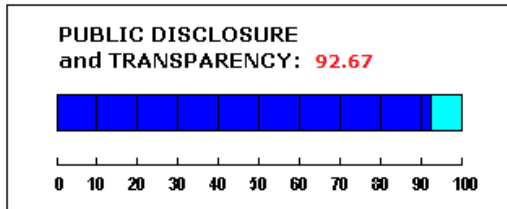
The board of directors submitted a proposition for a non-distribution of dividend to the general shareholders' meeting held on 28 March 2014 concerning the 2013 operating period. Justifications and form of use of undistributed profit was included on the agenda items.

1.7. Transfer of Shares:

No difficulties on free transfer of shares are observed.

The articles of association of the company contain no provisions that impede the transfer of shares.

SECTION 2: PUBLIC DISCLOSURE AND TRANSPARENCY



SYNOPSIS

+	Comprehensive web site, actively used for public disclosure, English version exists
+	Annual report complies with the legislation, comprehensive and informative
+	Agreement and studies conducted with external auditors comply with the legislation
+	List of ultimate controlling individual shareholders are disclosed to the public
-	Benefits provided to board members and senior management not listed on individual basis

2.1. Corporate Web Site:

Company's corporate website (www.akisgyo.com) is actively used for disclosure purposes and the information contained therein is timely updated.

Along with the information required to be disclosed pursuant to the legislation, the company's website includes; trade register information, information about latest shareholder structure, information on privileged shares, the date and the number of the trade registry gazette on which the changes are published along with the final version of the company's articles of association, publicly disclosed material information, periodical financial statements, annual reports

and other public disclosure documents, agendas of the general shareholders' meetings and list of participants and minutes of the general shareholders' meeting, form for proxy voting at the general shareholders' meeting, disclosure policy, dividend distribution policy and ethical rules established within Akkök Holding.

With the exception of material disclosures and footnotes, in accordance with the Capital Markets legislation, the company also discloses financial statements on KAP (Public Disclosure Platform) and simultaneously in English.

The information contained on the website exists also in English (pretty much close to Turkish content) for the benefit of international investors.

Besides, the ultimate owners of Akkök Holding who owns 31.41% of the shares of Akış GYO are disclosed through KAP.

The company's web site also includes; investor presentations, working principles of the committees, the donation policy, important board decisions under the heading of material disclosures, the vision/mission of the company established by the board, information on dividend payments and capital increases, disclosure area, general shareholders' meeting internal guidelines, corporate social responsibility activities, information on senior management, financial data, main ratio analysis and the human resources policy.

2.2. Annual Report:

Annual report is prepared in detail by the board of directors to provide public

access to complete and accurate information on the company and it covers information such as;

- a. period covered by the report, the title of the company, trade register number, contact information,
- b. the names and surnames of the chairman, members and executive members involved in the management and supervisory boards during the covered period, their limits of authority, tenure of office (with start and end dates),
- c. the sector in which the entity operates and information on its position in the sector,
- d. qualifications of the production units, capacity utilization rates, general explanations related to sales volume and price, sales conditions and yearly developments, productivity rates and causes of significant changes compared to previous years,
- e. progress on investments, the eligibility status on incentives, and to what extent,
- f. changes and justifications on the articles of association during the period,
- g. Corporate Governance Principles Compliance Report,
- h. information on related party transactions,
- i. other issues not included in the financial statements, but are beneficial for users,
- j. the company's organization, capital and ownership structure and any changes in the related accounting period,
- k. all benefits provided to staff and workers, information on number of personnel,
- l. research and development activities,
- m. dividend distribution policy,

- n. basic ratios on the financial position, profitability and solvency,
- o. the company's financing resources and risk management policies,
- p. information on major events occurred between the closing of the accounting period and the date of the general shareholders' meeting where financial statements are evaluated.

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

- a. external duties of board members and executives, their declarations of independence,
- b. committees within the board and their members,
- c. the number of board meetings held during the year and status of participation of the members,
- d. major court cases against the company and possible consequences,
- e. benefits and vocational training of employees, and other company activities that give rise to social and environmental results.

On the other hand, assessment of the board of directors on the efficiency of the committees is not included in the annual report.

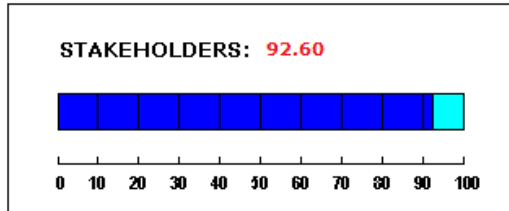
In addition, benefits provided to board members and senior executives are mentioned collectively, but in terms of Corporate Governance Principles it is essential that this information is given on an individual basis.

2.3. External Audit:

The external auditor hired for 2012-2013-2014 fiscal years' audit is Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., a member of PricewaterhouseCoopers group with a worldwide experience.

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

SECTION 3: STAKEHOLDERS



SYNOPSIS

+	Compensation is provided in case of violation of the stakeholder rights safeguarded by relevant legislation and mutual agreements
+	Efficient Human Resources policy
+	Incentive models developed for employees to participate in management of the company
+	Strict quality standards for goods and services
+	Code of ethics established and disclosed to the public
+	Company complies with environmental laws, Corporate Social Responsibility and Sustainability studies are at satisfactory levels within the Akkök Holding
-	No written employee compensation policy

3.1. Company Policy Regarding Stakeholders:

We have not come across a significant or repetitive situation in which the rights of stakeholders established by any law or agreement are not recognized. The company's corporate governance practices are in top level and Akış GYO recognizes the rights of stakeholders established by law or through any other mutual agreement.

The web site of the company (www.akisgyo.com) is actively used to provide adequate information on

policies and procedures towards the protection of stakeholders' rights. The company has established a policy on stakeholders and disclosed it to the public on the corporate website. Information channels are described in the said policy. Accordingly; information about the company and its operations can be accessed through public disclosures, meetings held, presentations, news shared with media and internet. In addition, an Intranet site is available within the Akkök Group intended only for employee information and communication.

The corporate governance structure of the company ensures that its stakeholders, including its employees and representatives, report their concerns to the management concerning any illegal or unethical transactions. This process is described in ethical rules and notifications are received via a hotline, e-mail and mailing addresses.

However, Akış GYO has not yet established an employee compensation policy.

3.2. Stakeholders' Participation in the Company Management:

The company has developed models for stakeholders, particularly employees to participate in management without impeding the operations of the company.

Inclusion of the employees in the management is provided by means of annual performance review meetings, suggestion systems and annual meetings organized within the company.

Goal setting and performance evaluation processes are set forth in writing and relevant documents has been submitted to us.

3.3. Company Policy on Human Resources:

The company has a detailed human resources policy. In line with this policy, the following principles have been adopted;

- The company adopts a management system that values people and thus encourages creativity, communication and employee participation. The company acknowledges that creating an environment of open and streamlined communication is the key to maintaining the motivation and efficiency of its employees.
- The company values utilizing human resources practices that use internationally-accepted models and internally integrated systems. It aims at using contemporary, integrated and results-oriented systems in all human resources processes, from recruitment to performance management, development, remuneration, through to severance.
- The company's human resources policy aims at gaining candidates who are suitable to its corporate culture and values, who have the knowledge, skills, experience and competencies demanded by the job/position, and who will move the company forward, and thereby serve the strategies and goals of the company. Having adopted the right person for the right job principle, the company uses

modern evaluation systems to support the most objective decisions in the recruitment and placement processes.

- In line with its continuous learning, development and results-orientation approach, Akış GYO aims at organizing employee development programs based on corporate goals, for improving the knowledge, skills, expertise and competencies of its employees; the company allocates resources for programs that support its employees' social and cultural development. Development planning offers training and development solutions suitable for the current needs of both the company and the employees.
- The Performance Management System aims to encourage individuals to adopt corporate goals, and strengthen a shared corporate culture. The system enables employees to transparently identify their individual contributions, as well as the impact of their contributions at the corporate level. Outputs of the Performance Management System are used in the development planning, talent management, career planning and succession planning, remuneration and awarding processes by Human Resources, thereby creating an integrated structure where all processes support each other. The company supports employees towards a common goal through incentives that serve to strengthen the high performance culture.
- The leadership and functional competencies of the company

are measured with a 360 degrees approach, and the ways that employees achieve results are evaluated. In this manner, the same system also ensures the enhancement and implementation of competencies that will take the company into the future and maintain its corporate reputation and sustainability.

- The company uses world class job evaluation and salary models with proven reliability. This is an objective and transparent salary and fringe benefits model that reflects the realities of the domestic and international business world and is based on the principles of equality and fairness, and position-based remuneration.
- Significant operational changes that may influence employees shall be notified to the employees in advance taking into account the periods of notice and notification stipulated by the laws. The stipulated periods of notice and notification shall be made to the employees in accordance with the method and period specified in personnel regulations.
- Priority of the company is to integrate all practices stipulated by laws and regulations in its business model in order to help employees work in a happy and peaceful environment and commute healthily. Akiş GYO carries out its activities by valuing people and therefore with an objective to continuously improve its Occupational Health and Safety (OHS) performance.

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

There is no active trade union at the company. We consider this is because the company does not have sufficient number of employees necessitating union activities.

In cases which management reshuffle could cause disruptions, succession planning for determination of new manager appointments is in place and this plan has been presented to us.

3.4. Relations with Customers and Suppliers:

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

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

We have witnessed no evidence on non-market pricing of goods and services of the company.

3.5. Ethical Rules & Social Responsibility:

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

The company was not held liable by any public authority for any sanctions within the last year.

The company keeps good relations with non-governmental organizations and public social institutions.

It is stated in the Compliance Report that the company aims to contribute to the social development with donations and social benefits made primarily to education, culture-arts and sports activities. Donations were made to various entities as Akış GYO acting collaboratively with sector-specific associations as a part of social responsibility objectives.

3.6. Sustainability:

Akış GYO is a subsidiary Akkök Group of Companies, one of Turkey's leading holdings. Akkök Holding has prepared a sustainability report in 2012 covering all companies within the Group, including Akış GYO, and disclosed it on the web site of Akış GYO.

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

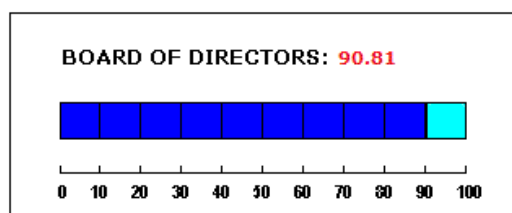
Within the concept of its environmental and quality policy;

"Seeking, developing, adopting and implementing innovative and environment friendly technologies is of vital importance. Based on the responsibilities of being one of leading companies of the sector, it accepts minimizing the environmental impact arising from activities, protecting the health and safety of employees, customers and local community, achieving maximum savings in using natural resources and energy for its processes and developed projects, and preserving the environment and ecological balance for future generations, as the focus of corporate social responsibility approach and sustainability."

This approach was accomplished when "Akbatı Residences & Akbatı Shopping Mall" Project was awarded with BREEAM Certificate in 2013, a

certificate given to eco-friendly green buildings.

SECTION 4: BOARD OF DIRECTORS



SYNOPSIS

+	The board is staffed with effective and highly qualified members
+	Board of directors meeting and decision quorum is defined in the articles of association
+	Each member has a right to a single vote
+	Two independent members on the board
+	Corporate Governance, Audit, and Early Detection of Risks Committees are established
+	Principles of remuneration of board members and senior executives are established and disclosed to the public
+	Two female members on the board
-	The conduct of the board of directors meetings is not defined in internal regulations
-	Losses incurred by the company caused by board members are not insured with an amount exceeding 25% of the capital of the company

4.1. Functions of the Board of Directors:

We think the strategic decisions of the board of directors aim to manage the company's risk, growth, and return balance at an appropriate level and conduct a rational and cautious risk management approach with a view to the long-term interests of the

company, and the board administers and represents the company within these parameters.

The board of directors has defined the company's strategic goals and identified the needs in human and financial resources, and controls management's performance.

4.2. Principles of Activity of the Board of Directors:

We have come to the conclusion that the board of directors performs its activities in a transparent, accountable, fair and responsible manner.

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

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

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

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

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

Any losses incurred by the company caused by board members are insured

within the holding, but not with an amount exceeding 25% of the capital of the company. No such information has been provided on the Public Disclosure Platform.

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

4.3. Structure of the Board of Directors:

The company's board of directors is composed of 8 members and 3 of them are executive. Among the non-executive members there are two independent members who have the ability to execute their duties without being influenced under any circumstances.

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

There are 2 female members on the board. Thus the company has already met the Corporate Governance Principles' advisory target of minimum 25% female board membership rate.

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

Board meetings take place with sufficient frequency. Company officials have declared that the board of

directors passed 45 resolutions in 2014 as of the date of our report.

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

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

The meeting and decision quorums have been included in the articles of association of the company. In addition, board meetings can also be held in a remote access system.

Nevertheless, there are no certain rules or limitations for board members taking on additional duties outside the company.

The external duties of the board members are presented to the general shareholders' meeting where their nomination is discussed.

Although the conduct of the board of directors meetings is partly determined in the articles of association of the company, there is no comprehensive in-house document.

4.5. Committees Established Within the Board of Directors:

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

Functions of the committees, their working principles, and its members are designated by the board of directors and disclosed to the public on the company's web site.

All members of the Audit Committee and the chairman of the Corporate Governance Committee and the Committee for the Early Detection of Risks are elected among the independent board members. The chief executive officer/general manager and the chairman of the board of directors are not on the committees.

With the exception of independent members, care is taken to avoid appointment of a board member on multiple committees however, a non-independent member, Ms. Nilüfer Dinçkök is serving on 2 committees.

In line with the new corporate governance principles issued on 3 January 2014 Investor Relations Unit manager is obliged to be a member of the Corporate Governance Committee. Investor Relations Manager, Mr. Mustafa Ozan Hançer, was appointed to the Corporate Governance Committee within the scope of compliance with the said principles. Absence of any other executive members on the committees is considered positive by us.

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

Committee meeting frequency has been found sufficient by us. In 2013 operating period; Corporate Governance Committee held 4 meetings, the Audit Committee held 5, and the Early Detection of Risks Committee held 4 meetings.

The Corporate Governance Committee is established in order to determine whether or not corporate governance principles are being fully implemented by the company, if implementation of some of the principles are not possible, the reason thereof, and assess any conflict of interests arising

as a result of imperfect implementation of these principles, and present remedial advices to the board of directors. In addition, it oversees the work of the shareholder relations unit.

Audit Committee supervises the operation and efficiency of the company's accounting system, public disclosure, external audit and internal audit systems, reviews complaints that are received by the company regarding company accounting, internal and external independent audit systems, within the framework of the principle of confidentiality and finalizes them, immediately notifies the board in writing on findings related to their duties and responsibilities and the related assessment and recommendations, following taking the opinion of responsible managers of the company and the external auditor notifies the board in writing on whether the annual and interim statements disclosed to the public is in accordance with the company's accounting principles, true and accurate. The committee has convened five times during the course of reporting period.

In addition, Audit Committee members possess the qualifications mentioned in the Corporate Governance Principles communiqué.

The annual report contains information on working principles of the Audit Committee and number of written notices given to the board of directors in the reporting period. However, meeting resolutions are not included.

The external audit of the company is conducted by Başaran Nas Bağımsız Denetim ve Serbest Muhasebecilik Mali Müşavirlik A.Ş., a member of PricewaterhouseCoopers group with a worldwide experience. The nomination and election process of the external audit firm, taking into account its

competence and independence, starts with a proposal from the auditing committee to the board and ends with the board's choice being presented and approved at the general shareholders' meeting.

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

The tasks of Nomination and Remuneration Committees are performed by the Corporate Governance Committee. Although the activities of the corporate governance committee on determination of independent candidates are seen on the submitted reports, functioning of these committees will continue to be monitored by us.

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

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

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

Akiş GYO declared on the Corporate Governance Compliance Report that it does not lend any funds or extend any credits to a member of the board or to senior executives, or grant any

personal loans through a third party, or extend any guarantees. We are convinced that the executives have the required professional qualifications in order to perform the assigned duties and they comply with the legislation, articles of association, and in-house regulations and policies in fulfilling their duties

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

Company officials declared that there is an insurance policy on compensation for losses incurred by the company, and third parties, as a result of not performing the executives' duties duly.

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

Rating Definitions

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

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Contacts:

S. Suhan Seçkin

suhan@saharating.com

Ali Perşembe

apersembe@saharating.com

Oğuzhan Güner

oguner@saharating.com