

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

**CONVENIENCE TRANSLATION OF
THE CONDENSED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY - 31 MARCH 2014
TOGETHER WITH AUDITOR'S REVIEW REPORT**

(ORIGINALLY ISSUED IN TURKISH)



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

To the Board of Directors of
Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş.

Introduction

1. We have reviewed the accompanying condensed balance sheet of Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş. ("the Company") as of 31 March 2014 and the related condensed statements of comprehensive income, changes in equity and cash flows for the three-month period then ended. Management is responsible for the preparation and fair presentation of these condensed interim financial statements in accordance with Turkish Commercial Code ("TCC") endorsed by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of review

2. We conducted our review in accordance with the principles and standards on the review of interim financial statements on the auditing standards issued by the Capital Markets Board. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with independent auditing standards issued by the Capital Markets Board and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

3. Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with Turkish Commercial Code ("TCC") endorsed the by the Public Oversight Accounting and Auditing Standards Authority ("POA") (Note 2).

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

Baki Erdal, SMMM
Partner

Istanbul, 12 May 2014

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

FINANCIAL STATEMENTS AT 31 MARCH 2014

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AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

**CONVENIENCE TRANSLATION OF THE CONDENSED BALANCE SHEETS
AT 31 MARCH 2014 AND 31 DECEMBER 2013**

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

	<i>Notes</i>	<i>Reviewed</i> 31 March 2014	<i>Audited</i> 31 December 2013
ASSETS			
Current assets		64,259,829	51,199,081
Cash and cash equivalents	3	61,401,791	48,904,930
Trade receivables			
Receivables from related parties	4	38,621	38,621
Receivables from third parties	4	1,595,339	2,227,415
Prepaid expenses	7	1,203,859	28,115
Other assets	7	20,219	-
Non-current assets		151,748,133	146,325,017
Investment property	5	135,349,030	132,491,102
Intangible assets		4,147	4,645
Prepaid expenses	7	16,394,754	13,829,068
Other non-current assets	7	202	202
Total assets		216,007,962	197,524,098

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

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**CONVENIENCE TRANSLATION OF THE CONDENSED BALANCE SHEETS
AT 31 MARCH 2014 AND 31 DECEMBER 2013**

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

	Notes	31 March 2014	31 December 2013
LIABILITIES			
Current liabilities		5,300,690	3,570,641
Trade payable			
-Due to related parties	4,16	12,044	23,422
-Other trade payables	4	1,230,103	202,453
Other payables			
Due to third parties	4	1,090,128	896,368
Deferred income	7	1,246,379	1,502,910
Provisions			
Other provisions	6	919,325	773,593
Other current liabilities	7	802,711	171,895
Non-current liabilities		141,656	136,134
Other payables			
Other payables to third parties	4	106,832	104,124
Provision for employment termination benefits		34,824	32,010
Equity		210,565,616	193,817,323
Share capital	8	37,264,000	37,264,000
Adjustment to share capital	8	27,745,263	27,745,263
Restricted reserves	8	48,113,674	48,113,674
Retained earnings	8	80,694,386	20,852,421
Net income for the period	8	16,748,293	59,841,965
Total liabilities and equity		216,007,962	197,524,098

These interim financial statements for the period ended 31 March 2014 have been approved by the Board of Directors held on 12 May 2014.

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

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**CONVENIENCE TRANSLATION OF THE CONDENSED STATEMENTS OF
COMPREHENSIVE INCOME FOR THE THREE MONTH INTERIM PERIODS
ENDED 31 MARCH 2014 AND 2013**

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

		<i>Reviewed</i> 1 January - 31 March 2014	<i>Reviewed</i> 1 January - 31 March 2013
	Notes		
CONTINUING OPERATIONS:			
OPERATING INCOME			
Sales - net	9	22,140,895	19,615,788
Cost of sales (-)	9	(6,376,221)	(5,167,306)
Gross profit		15,764,674	14,448,482
General administrative expenses (-)		(1,126,898)	(1,864,623)
Other operating income	11	1,210,409	1,385,150
Other operating expense (-)	11	(650,000)	-
Operating profit		15,198,185	13,969,009
Financial income	12	1,761,268	922,603
Financial expenses (-)	13	(211,160)	(16,156)
Profit before tax		16,748,293	14,875,456
Tax income/expenses		-	-
Net profit for the period		16,748,293	14,875,456
Other comprehensive income		-	-
Total comprehensive income		16,748,293	14,875,456
Earnings per share	15		
Earning per share from continuing operations		0.45	0.40
Earning per share from discontinuing operations		-	-
Diluted earnings per share	15		
Diluted earnings per share from continuing operations		0.45	0.40
Diluted earnings per share from discontinuing operations		-	-

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

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

**CONVENIENCE TRANSLATION OF THE CONDENSED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTH INTERIM PERIODS ENDED 31 MARCH 2014 AND 2013**

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

	Notes	Share capital	Adjustment to share capital	Restricted reserves	Retained earnings		Total equity
					Retained earnings	Net profit for the period	
1 January 2013		37,264,000	27,745,263	41,150,403	18,862,625	54,321,987	179,344,278
Transfers	8	-	-	6,963,271	47,358,716	(54,321,987)	-
Dividends paid	8	-	-	-	(45,368,920)	-	(45,368,920)
Net profit for the period	8	-	-	-	-	14,875,456	14,875,456
31 March 2013		37,264,000	27,745,263	48,113,674	20,852,421	14,875,456	148,850,814
1 January 2014		37,264,000	27,745,263	48,113,674	20,852,421	59,841,965	193,817,323
Transfers	8	-	-	-	59,841,965	(59,841,965)	-
Net profit for the period	8	-	-	-	-	16,748,293	16,748,293
31 March 2014		37,264,000	27,745,263	48,113,674	80,694,386	16,748,293	210,565,616

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

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**CONVENIENCE TRANSLATION OF THE CONDENSED
STATEMENTS OF CASH FLOWS FOR THE THREE MONTH INTERIM
PERIODS ENDED 31 MARCH 2014 AND 2013**

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

	Notes	1 January - 31 March 2014	1 January - 31 March 2013
Cash flows from operating activities			
Profit before tax		16,748,293	14,875,456
Adjustments to reconcile net cash generated from operating activities to income before tax			
Depreciation	10	1,054,125	979,425
Employment termination benefit provision	10	2,814	2,417
Debt provision	6	144,504	-
Provision for doubtful receivables	4	-	14,913
Interest income	12	(1,538,032)	(919,545)
Provision expenses	7	802,711	116,759
Interest expense	13	6,030	5,318
Reversal of provisions	6	(20,000)	-
Operating profit before changes in operating assets and liabilities		17,200,445	15,074,743
Increase/ (decrease) in accounts receivable		632,076	(109,413)
Decrease in other current/non-current assets		(3,761,649)	(162,571)
Increase/ (decrease) in accounts payable		1,016,272	(28,327)
Increase in other payables		633,524	41,230
Recoveries from doubtful receivables	4	-	300,000
Decrease/ (increase) in other liability		(844,254)	66,624
Net cash generated from operating activities		14,876,414	15,182,286
Interest received		1,442,881	1,116,167
Additions to investment property	5	(3,911,555)	(137,636)
Net cash generated from investing activities		(2,468,674)	978,531
Dividends paid		-	(45,368,920)
Interest paid		(6,030)	(5,318)
Net cash used in financing activities		(6,030)	(45,374,238)
Net increase/(decrease) in cash and cash equivalents		12,401,710	(29,213,421)
Cash and cash equivalents at the beginning of the period		48,562,542	43,944,149
Cash and cash equivalents at the end of the period		60,964,252	14,730,728

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

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2014

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

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

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

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

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

The Company’s shares have been quoted on the Istanbul Stock Exchange (“ISE”) since 15 April 2005 and 50.82% of these shares are publicly quoted shares as of 31 March 2014.

The shareholding structure as of 31 March 2014 and 31 December 2013 is as follows:

	31 March 2014	31 December 2013
Akkök Sanayi Yatırım ve Geliştirme A.Ş.	13.12%	13.12%
Tekfen Holding A.Ş.	10.79%	10.79%
Quoted to İstanbul Stock Exchange	50.82%	50.82%
Other (*)	25.27%	25.27%
Total	100.00%	100.00%

(*) Represents total of shareholders less than 10%.

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

	31 March 2014	31 December 2013
Administrative	5	5

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2014

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

2.1.1 Accounting Standards

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

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

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

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

Adjustment of Financial Statements During Hyper-Inflationary Periods:

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

Functional and presentation currency

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

**CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED
FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD
ENDED 31 MARCH 2014**

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

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

2.1.2 Compliance with portfolio restrictions

The information included in Note 20, “Supplementary Note : Control of Compliance with Portfolio Restrictions” represent a condensed information based on the figures extracted from the financial statements that are prepared in accordance with No. II-14.1 “Principals of Financial Reporting in Capital Markets” of the CMB. This condensed information has been prepared in accordance with the requirements of No. II-14.1 “Principals of The Real Estate Investment Trusts” of the CMB particularly relating to the principles regarding the control of compliance to portfolio restrictions.

2.2 Summary of Significant Accounting Policies

2.2.1 Comparative Figures and the Reclassification to the Financial Statements of the Prior Period

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

In order to determine the financial status and performance trends, the financial statements of the Company have been prepared in comparison with the financial statements of previous periods. The Company prepared its balance sheet as of 31 March 2014 in comparison with the balance sheet prepared as of 31 December 2013; prepared the statement of income, statement of changes in shareholders’ equity and cash flow statement between 1 January - 31 March 2014 in comparison with 1 January - 31 March 2013. Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current period.

2.2.2 Changes in standards and interpretations

The standards listed below and the changes and comments introduced to the prior standards have been enforced as of 1 January 2014 and mentioned amendments to the standards have no material effect on the financial statements of the Company:

- Amendment to TAS 32, ‘Financial instruments:statements’, is effective for annual periods beginning on or after 1 January 2014. This amendment updates the application guidance in TAS 32, ‘Financial instruments: Presentation’, to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet.
- Amendments to TFRS 10, ‘Consolidated financial statements’, TFRS 12 and TAS 27 for investment entities, , is effective for annual periods beginning on or after 1 January 2014. These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an ‘investment entity’ definition and which display particular characteristics. Changes have also been made TFRS 12 to introduce disclosures that an investment entity needs to make.

**CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED
FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD
ENDED 31 MARCH 2014**

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

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

- Amendments to TAS 36, ‘Impairment of assets’ is effective for annual periods beginning on or after 1 January 2014. These amendments address the disclosure of information about the recoverable amount of impaired asset.
- Amendment to TAS 39 ‘Financial instruments: Recognition and measurement’, on novation of derivatives and hedge accounting, “Income taxes”, is effective for annual periods beginning on or after 1 January 2014. These narrow-scope amendments allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met.
- TFRIC 21, ‘Levies’ is effective for annual periods beginning on or after 1 January 2014. This interpretation is on TAS 37, ‘Provisions, contingent liabilities and contingent assets’. TAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event.

New IFRS standards, amendments and IFRICs effective after 1 January 2015 and not early adopted by the Company:

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

**CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED
FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD
ENDED 31 MARCH 2014**

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

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

- TFRS 9 ‘Financial instruments’ classification and measurement is effective for annual periods beginning on/after 1 January 2018. This standard on classification and measurement of financial assets and financial liabilities will replace TAS 39, ‘Financial instruments: Recognition and measurement’. TFRS 9 has two measurement categories: amortised cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. For liabilities, the standard retains most of the TAS 39 requirements. These include amortised-cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity’s own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. This change will mainly affect financial institutions.
- Amendments to TFRS 9, ‘Financial instruments’, regarding general hedge accounting, is effective for annual periods beginning on/after 1 January 2018. These amendments to TFRS 9, ‘Financial instruments’, bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements.
- TFRS 14 ‘Regulatory deferral accounts’ is effective for annual periods beginning on/after 1 January 2016. TFRS 14, ‘Regulatory deferral accounts’ permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt TFRS. However, to enhance comparability with entities that already apply TFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items. This standard is not endorsed by POA yet.

2.3 Restatement and the errors in the Accounting estimates

Material changes in accounting policies or material errors are corrected, retrospectively by restating the prior period financial statements. The effect of changes in accounting estimates affecting the current period is recognized in the current period; the effect of changes in accounting estimates affecting current and future periods is recognized in the current and future periods. For the period 1 January - 31 March 2014 there is no change in accounting estimates.

2.4 Summary of Significant Accounting Policies

The condensed interim financial statements of the Company have been prepared in accordance with IAS 34 “Interim Financial Reporting”. The accounting policies used in the preparation of these condensed interim financial statements are consistent with those used in the preparation of annual financial statements for the year ended 31 December 2013. Accordingly, these condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2013.

2.5 Significant Accounting Estimates and Assumptions

Preparation of financial statements require the usage of estimations and assumptions which may affect the reported amounts of assets and liabilities as of the balance sheet date, disclosure of contingent assets and liabilities and reported amounts of income and expenses during financial period. The accounting assessments, forecasts and assumptions are reviewed continuously considering the past experiences, other factors and the reasonable expectations about the future events under current conditions. Although the estimations and assumptions are based on the best estimates of the management’s existing incidents and operations, they may differ from the actual results.

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2014

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

NOTE 3 - CASH AND CASH EQUIVALENTS

The details of cash and cash equivalents as of 31 March 2014 and 31 December 2013 are as follows:

	31 March 2014	31 December 2013
Cash	5,243	3,405
Banks		
- TL time deposits	60,760,539	48,795,388
- Foreign currency denominated demand deposits	168,363	55,801
- TL demand deposits	467,646	50,336
Total	61,401,791	48,904,930

As of 31 March 2014, the interest rate on TL deposit accounts at banks is between 11.60 % and 12.80 % and the accrued interest is 437.539 (31 December 2013: the interest rate on TL deposit accounts at banks is between %8.80 and %9.26 the accrued interest is TL342,388). The maturity of time deposits is less than one month (31 December 2013: less than one month).

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

	31 March 2014	31 March 2013
Cash and cash equivalents	61,401,791	14,775,855
Less: accrued interest	(437,539)	(45,127)
	60,964,252	14,730,728

NOTE 4 - TRADE AND OTHER RECEIVABLES AND PAYABLES

Short-term trade receivables	31 March 2014	31 December 2013
Trade receivables	3,828,984	4,093,136
Notes and post-dated cheques receivable	934,226	1,302,150
Receivables from related parties	38,621	38,621
	4,801,831	5,433,907
Less: Provision for doubtful receivables	(3,167,871)	(3,167,871)
	1,633,960	2,266,036
	2014	2013
1 January	3,167,871	3,507,557
Provisions made during the period	-	14,913
Recoveries	-	(300,000)
31 March	3,167,871	3,222,470

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2014

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

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

Short-term trade payables	31 March 2014	31 December 2013
Trade payables	1,230,103	202,453
Due to related parties (Note 16)	12,044	23,422
	1,242,147	225,875

As of 31 March 2014 and 31 December 2013, there are no other receivables.

Short-term other payables	31 March 2014	31 December 2013
Taxes payables and other taxes	1,029,578	837,594
Deposits and guarantees received	51,110	49,815
Other	9,440	8,959
	1,090,128	896,368

Long-term other payables	31 March 2014	31 December 2013
Deposits and guarantees received	106,832	104,124
	106,832	104,124

NOTE 5 - INVESTMENT PROPERTY

The movements of the investment property for the three-month interim periods ended 31 March 2014 and 2013 are as follows:

	1 January 2014	Additions	Transfers	31 March 2014
Cost				
Buildings	174,404,180	-	3,346,667	177,750,847
Construction in progress	10,195,387	3,911,555	(3,346,667)	10,760,275
	184,599,567	3,911,555	-	188,511,122
Accumulated amortization				
Buildings	52,108,465	1,053,627	-	53,162,092
	52,108,465	1,053,627	-	53,162,092
Net book value	132,491,102			135,349,030

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2014

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

NOTE 5 - INVESTMENT PROPERTY (Continued)

	1 January 2013	Additions	Transfers	31 March 2013
Cost				
Buildings	174,404,180	-	-	174,404,180
Construction in progress	9,458,757	137,636	-	9,596,393
	183,862,937	137,636	-	184,000,573
Accumulated amortization				
Buildings	48,350,086	969,960	-	49,320,046
	48,350,086	969,960	-	49,320,046
Net book value	135,512,851			134,680,527

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

NOTE 6 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Provisions, contingent assets and liabilities consist of the following:

Real rights on immovables are as follows:

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

Guarantee notes and letters	Currency of denomination	Amount	31 March 2014
Letters of guarantees received	USD	3,049,008	6,676,717
Guarantee notes received	USD	2,134,714	4,674,597
Guarantee cheques received	TL	581,000	581,000
			11,932,314

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2014

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

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

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

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

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

	31 March 2014	31 December 2013
CPM's given by the company (Collaterals, Pledges, Mortgages)		
A. CPM's given for companies own legal personality	60,695	1,729
B. CPM's given on behalf of fully consolidated companies	None	None
C. CPM's given for continuation of its economic activities on behalf of third parties	None	None
D. Total amount of other CPM's		
i) Total amount of CPM's given on behalf of the majority shareholder	None	None
ii) Total amount of CPM's given to on behalf of other Group companies which are not companies which are not in scope of B and C	None	None
iii) Total amount of CPM's given on behalf of third parties which are not in scope of C	None	None
	60,695	1,729

The commitments given consist of letters of guarantees given for the cases.

Provision for lawsuits

The provision for the lawsuits against the company as of 31 March 2014 is TL 919,325 (31 December 2013: TL773,593). The movements of provision for lawsuits are as follows:

	2014	2013
1 January	773,593	646,382
Foreign exchange differences and interests	21,228	11,963
Provisions	144,504	-
Reversals	(20,000)	-
31 March	919,325	658,345

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CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2014

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

NOTE 7 - OTHER ASSETS AND LIABILITIES

The details of other assets and other liabilities as of 31 March 2014 and 31 December 2013 are as follows:

	31 March 2014	31 December 2013
Prepaid expenses - short term		
Prepaid expenses	923,219	28,115
Advances given	280,640	-
Total	1,203,859	28,115
Prepaid expenses - long term	31 March 2014	31 December 2013
Advances given (*)	16,394,754	13,829,068
(*) Consists of advances given for the renovation work on exterior side of the shopping mall, apart, cinema and corridors.		
Other current assets:	31 March 2014	31 December 2013
Other	20,219	-
Other non-current assets:	31 March 2014	31 December 2013
Other	202	202
Deferred income		
	31 March 2014	31 December 2013
Deferred income	1,042,599	864,252
Advances received	203,780	638,658
Total	1,246,379	1,502,910
Other non- current liabilities	31 March 2014	31 December 2013
Expense accruals	802,711	171,895

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2014

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

NOTE 8 - EQUITY

At 31 March 2014 and 31 December 2013 the issued and fully paid-in share capital held is as follows:

Shareholders	31 March 2014		31 December 2013	
	Pay (%)	Amount	Pay (%)	Amount
Akkök Sanayi Yatırım ve Geliştirme A.Ş.	13.12	4,890,900	13.12	4,890,900
Tekfen Holding A.Ş.	10.79	4,019,839	10.79	4,019,839
Quoted to İstanbul Stock Exchange	50.82	18,938,898	50.82	18,938,898
Other (*)	25.27	9,414,363	25.27	9,414,363
Total paid-in capital	100.00	37,264,000	100.00	37,264,000

(*) Represents shareholding of less than 10%.

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

Equity statement in accordance with the Communiqué II-14.1 is as follows:

	31 March 2014	31 December 2013
Share capital	37,264,000	37,264,000
Adjustment to share capital	27,745,263	27,745,263
Restricted reserves		
- Legal reserves	48,113,674	48,113,674
Retained earnings	80,694,386	20,852,421
Net income for the period	16,748,293	59,841,965
Total	210,565,616	193,817,323

Retained earnings consist of the following:

	31 March 2014	31 December 2013
Retained earnings	63,168,219	3,326,254
Extraordinary reserves	13,542,951	13,542,951
Inflation difference in extraordinary reserves	521,985	521,985
Inflation difference in legal reserves	3,461,231	3,461,231
	80,694,386	20,852,421

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2014

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

NOTE 9 - OPERATING INCOME

	1 January - 31 March 2014	1 January - 31 March 2013
Sales		
Shops and warehouse rent income	21,991,067	19,089,995
Apart hotel rent income	149,828	525,793
Total rent income	22,140,895	19,615,788
Cost of sales		
Cost of services	(5,322,594)	(4,188,380)
Depreciation expense	(1,053,627)	(978,926)
	(6,376,221)	(5,167,306)
Gross profit	15,764,674	14,448,482

NOTE 10 - EXPENSES BY NATURE

	1 January - 31 March 2014	1 January - 31 March 2013
Cost of service	5,322,594	4,188,380
Depreciation and amortization expenses	1,054,125	979,425
Insurance, duties, taxes and levies expenses	286,347	162,975
Personnel expenses	285,869	269,819
Legal expenses	182,794	241,467
Consultancy expenses	149,059	94,073
Provision for lawsuits	144,504	-
Provision for employment termination benefits	2,814	2,417
Sponsorship expenses	-	1,000,000
Provision for doubtful receivables	-	14,913
Other	75,013	78,460
	7,503,119	7,031,929
Depreciation and amortization expenses		
Cost of sales	1,053,627	978,926
General administrative expenses	498	499
	1,054,125	979,425

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CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2014

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

NOTE 11 - OTHER INCOME/EXPENSES

	1 January - 31 March 2014	1 January - 31 March 2013
Other operating income		
Rent income of the common areas	1,146,989	1,050,281
Income from reversal provisions	20,000	300,000
Other	43,420	34,869
	1,210,409	1,385,150
Other operating expense		
Compensation expenses	(650,000)	-
	560,409	1,385,150

NOTE 12 - FINANCIAL INCOME

	1 January - 31 March 2014	1 January - 31 March 2013
Financial income		
Interest income	1,538,032	919,545
Foreign exchange income	223,236	3,058
	1,761,268	922,603

NOTE 13 - FINANCIAL EXPENSES

	1 January - 31 March 2014	1 January - 31 March 2013
Financial expenses		
Foreign exchange expense	(205,130)	(10,838)
Interest expense	(6,030)	(5,318)
	(211,160)	(16,156)

NOTE 14 - TAX ASSETS AND LIABILITIES

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

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CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2014

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NOTE 15 - EARNINGS PER SHARE

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

The companies in Turkey are allowed to increase their paid-in capital by issuing "free shares" which represent the increases from retained earnings and revaluation funds. The issue of such shares is treated as the issuance of ordinary shares in the calculation of earnings per share. The weighted average number of shares includes such shares and their retrospective effects.

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

	1 January - 31 March 2014	1 January - 31 March 2013
Weighted average number of shares as of the reporting date (per share of TL1 nominal value)	37,264,000	37,264,000
Net profit for the period	16,748,293	14,875,456
Earnings per share	0.45	0.40

NOT 16 - RELATED PARTY DISCLOSURES

Related party disclosures

	31 March 2014	31 December 2013
Advances given to related parties	16,675,394	13,829,068
Due to related parties	12,044	23,422
	1 January - 31 March 2014	1 January - 31 March 2013
Purchases from related party	25,346,382	4,287,396
Sales to related parties	477,382	376,243

Purchases and sales consist of rent income, purchase and sales of services, and similar items. The Company provides services like security, maintenance, repair, cleaning, and management from the related party Üçgen Bakım ve Yönetim Hizmetleri A.Ş. to whom the Company charged TL2,227,682 regarding the revenue collected on behalf of the Company for the first three months of 2013 (1 January - 31 March 2013: TL2,340,899). As of 31 March 2013 and 31 December 2013 the advances given balance consist of advances given to related party Üçgen Bakım ve Yönetim Hizmetleri A.Ş. for the renovation work on the exterior side of the shopping mall.

As of 1 January - 31 March 2014, remuneration provided to top executives management such as the CEO and Board of Directors members is TL273,168 (1 January - 31 March 2013: TL250,515).

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CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2014

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

NOTE 17 - NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS

Foreign Currency Risk

The foreign currency amounts stated in the assets and liabilities are as follows:

	31 March 2014	31 December 2013
Assets	1,102,589	1,320,451
Liabilities	(474,697)	(462,665)
Net position	627,892	857,786

As of 31 March 2014, fluctuation of USD and Euro had been 10% higher/lower ceteris paribus, net income for the period would have been TL62,789 (31 March 2013: TL34,474 lower/higher) higher /lower.

As of 31 March 2014 the assets and liabilities denominated in foreign currencies which do not bear guaranteed rates of exchange, and foreign currency amounts stated in the assets are as follows:

	USD	TL equivalent
Current assets		
Trade receivables	426,626	934,226
Monetary financial assets	76,885	168,363
Total assets	503,511	1,102,589
Current liabilities		
Other Monetary Liabilities	(144,650)	(316,755)
Other-non-Monetary Financial Liabilities	(23,340)	(51,110)
Non-current Liabilities		
Other non- monetary financial liabilities	(48,786)	(106,832)
Total liabilities	(216,776)	(474,697)
Net Foreign Currency Asset / (Liability) Position	286,735	627,892
Monetary Items Net Foreign Currency Asset / (Liability) Position	358,861	785,834

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2014

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

NOTE 17 - NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

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

	USD	TL equivalent
Current assets		
Trade receivables	592,536	1,264,650
Monetary financial assets	26,145	55,801
Total assets	618,681	1,320,451
Current liabilities		
Other monetary financial liabilities	(144,650)	(308,726)
Other non-monetary financial liabilities	(23,340)	(49,815)
Non-current Liabilities		
Other non- monetary financial liabilities	(48,786)	(104,124)
Total liabilities	(216,776)	(462,665)
Net Foreign Currency Asset / (Liability) Position	401,905	857,786
Monetary Items Net Foreign Currency Asset / (Liability) Position	474,031	1,011,725

NOTE 18 - OTHER ISSUES MATERIALLY AFFECTING THE FINANCIAL STATEMENTS AND REQUIRING DISCLOSURE FOR UNDERSTANDING OF THE FINANCIAL STATEMENTS

- a) Insurance totals of assets with respect to the periods are as follows;
- | | | |
|--------------------|-------------|-----|
| 31 March 2014 : | 140,100,000 | USD |
| 31 December 2013 : | 140,100,000 | USD |
- b) As per the Board resolutions taken in the years of 2009 - 2014, decisions were taken with respect to evaluation of the effects on the real estate market of the unfavourable developments encountered in the financial markets, to make a discount over the USD-denominated rental fees of the tenants of Akmerkez Ticaret Merkezi. This resolution comprises the period March 2009 - December 2013 only for the tenants selected by the Company among those who have been paying their rental fees in accordance with the conditions suggested in their rental contracts on regular basis and provided that USD1 is not below TL1.1 for March 2009 to April 2011, USD1 is not below TL1.2 for May to September 2011, USD1 is not below TL1.35 for October 2011 to May 2012, USD1 is not below TL1.4 for June to July 2012, USD1 is not below TL1.45 for August to September 2012, USD1 is not below TL1.50 for October to December 2012, USD1 is not below TL1.55 for January to June 2013, USD1 is not below TL1.65 for July to August 2013, USD1 is not below TL1.75 for September 2013, USD1 is not below TL1.80 for October 2013 to December 2013 that the USD exchange rate defined is not to be regarded as a reduction in rental fees and/or amendment of the rental contract in that context, for the period between March 2009 - April 2011 35% discount, for the period between April - December 2011 25% discount, for the period between January to September 2012 20% discount, for the period between October 2012 to September 2013 15%, for the period between October-December 2013 10% discount, for the period between January-March 2014 15% discount was decided over the USD denominated rental fees of the tenants. For the period January 2014 only for the tenants selected by the Company among those who have been paying their rental fees in accordance with the conditions suggested in their rental contracts on regular basis and provided that (USD1 is not below TL1.90) and February-March 2014 (USD1 is not below TL1.95) in that the USD rate defined is not to be regarded as a reduction in rental fees and/or amendment of the rental contract.

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CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2014

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NOTE 19 - SUBSEQUENT EVENTS

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

As per the Board resolutions taken on 1 April 2014 and 2 May 2014 decision is made upon to make a 10% discount over the dollar-denominated rental fees of the tenants of Akmerkez Ticaret Merkezi. This resolution comprises respectively the period April 2014 and May 2014 only for the tenants selected by the Company among those who have been paying their rental fees in accordance with the conditions suggested in their rental contracts on regular basis and provided that (respectively USD1 is not below TL1.95) in that the USD rate defined is not to be regarded as a reduction in rental fees and/or amendment of the rental contract.

NOTE 20 - SUPPLEMENTARY NOTE: CONTROL OF COMPLIANCE WITH PORTFOLIO RESTRICTIONS

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

In this scope, total assets, total portfolio and information relating to portfolio restrictions are as follows as of 31 March 2014 and 31 December 2013:

Non-consolidated (stand-alone)

financial statement accounts items	31 March 2014	31 December 2013
A Cash and capital market instruments	61,401,791	48,904,930
B Real estate, real estate-based project, Real estate-based rights	135,349,030	132,491,102
C Affiliates	-	-
Due from related parties (non-trade)	-	-
Other assets	19,257,141	16,128,066
D Total assets	216,007,962	197,524,098
E Borrowings	-	-
F Other financial liabilities	-	-
G Leasing obligation	-	-
H Due to related parties (non-trade)	390	389
I Equity	210,565,616	193,817,323
Other liabilities	5,441,956	3,706,386
D Total liabilities	216,007,962	197,524,098

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

**CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED
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ENDED 31 MARCH 2014**

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

**NOTE 20 - SUPPLEMENTARY NOTE: CONTROL OF COMPLIANCE WITH PORTFOLIO
RESTRICTIONS (Continued)**

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

	31 March 2014	31 December 2013	
A1	Portion of cash and capital market instruments reserved for three-year real estate payments	-	-
A2	TL/foreign currency denominated time/demand deposits	61,396,548	48,901,525
A3	Foreign capital market instruments	-	-
B1	Foreign real estates, real estate-based projects, real estate-based rights	-	-
B2	Lands on which no projects developed	-	-
C1	Foreign affiliates	-	-
C2	Participation in administrator companies	-	-
J	Non-cash loans	60,695	1,729
K	Encumbrance amounts of encumbered lands which do not belong to the Group and on which a project will be developed	-	-

Portfolio Restriction	31 March 2014	31 December 2013	Minimum / Maximum Rate	
1	Encumbrance amounts of encumbered lands which do not belong to the Group and on which a project will be developed (K/D)	-	-	≤%10
2	Real estate, real estate-based project, Real estate-based rights (B+A1)/D	63%	67%	≥%51
3	Cash and capital market instruments and Affiliates (A+C-A1)/D	28%	25%	≤%49
4	Foreign real estates, real estate-based projects, real estate-based rights, Affiliates, capital market instruments (A3+B1+C1)/D	-	-	≤%49
5	Lands on which no projects developed (B2/D)	-	-	≤%20
6	Participation in administrator companies (C2/D)	-	-	≤%10
7	Borrowing ceiling (E+F+G+H+J)/İ	-	-	≤%500
8	TL/foreign currency denominated time/demand deposits (A2-A1)/D	28%	25%	≤%10

(*) At 31 March 2014, the fair value of the investment property is TL984.257.000 In the table above, the investment property amounting to TL135,349,030 represents the net book value which is cost less depreciation. When the fair value of the investment property is considered in the above table, the ratio of the TL/foreign currency denominated time/demand deposit to total assets as at 31 March 2014 is 5.8% (31 December 2013: 4.7%).

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