

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

**CONVENIENCE TRANSLATION OF
THE CONDENSED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY - 31 MARCH 2016
TOGETHER WITH AUDITOR'S REVIEW REPORT**

(ORIGINALLY ISSUED IN TURKISH)



**CONVENIENCE TRANSLATION INTO ENGLISH OF
THE INDEPENDENT AUDITOR'S REVIEW REPORT ON INTERIM CONDENSED
FINANCIAL INFORMATION
ORIGINALLY ISSUED IN TURKISH**

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

Introduction

1. We have reviewed the accompanying condensed statement of financial position of Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş. (the "Company") as at 31 March 2016 and the related condensed statements of comprehensive income, changes in equity and cash flows for the three-month period then ended. The management of the Company is responsible for the preparation and fair presentation of this condensed interim financial information in accordance with Turkish Accounting Standard 34 ("TAS 34") "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of review

2. We conducted our review in accordance with the Standard on Review Engagements ("SRE") 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of interim financial information 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 Standards on Auditing and the objective of which is to express an opinion on the financial statements. Consequently, a review on the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been 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 conclude that the accompanying condensed interim financial information does not give a true and fair view of the financial position of Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş. at 31 March 2016 and of its financial performance and cash flows for the three-month period then ended in accordance with TAS 34.

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

Engin Çubukçu, SMMM
Partner

Istanbul, 10 May 2016

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

FINANCIAL STATEMENTS AT 31 MARCH 2016

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AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

**CONVENIENCE TRANSLATION OF THE CONDENSED STATEMENTS OF
FINANCIAL POSITION/(BALANCE SHEET)
AT 31 MARCH 2016 AND 31 DECEMBER 2015**

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

	<i>Notes</i>	<i>Reviewed</i> 31 March 2016	<i>Audited</i> 31 December 2015
ASSETS			
Current assets		66,141,113	44,819,057
Cash and cash equivalents	3	59,704,069	40,330,904
Trade receivables			
<i>Receivables from third parties</i>	4	2,428,333	2,751,341
Prepaid expenses	8	3,991,760	1,508,141
Other current assets	8	16,951	228,671
Non-current assets		187,796,024	189,605,195
Investment property	5	187,669,521	189,464,856
Property and equipment		112,719	123,944
Intangible assets		13,582	16,193
Other non-current assets	8	202	202
Total assets		253,937,137	234,424,252

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
FINANCIAL POSITION/(BALANCE SHEET)****AT 31 MARCH 2016 AND 31 DECEMBER 2015**

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

	Notes	Reviewed 31 March 2016	Audited 31 December 2015
LIABILITIES			
Current liabilities		86,578,770	8,168,076
Trade payable			
<i>Due to related parties</i>	4, 17	1,702,107	3,041,818
<i>Other trade payables</i>	4	1,341,516	150,423
Other payables			
<i>Due to related parties</i>	4, 17	76,763,840	-
<i>Due to third parties</i>	4	1,288,440	159,475
Deferred income	8	1,874,330	1,396,094
Provisions			
<i>Other provisions</i>	6	3,287,735	3,095,607
Other current liabilities	8	320,802	324,659
Non-current liabilities		1,449,990	1,450,202
Other payables			
<i>Other payables to third parties</i>	4	451,556	463,381
Provision for employment termination benefits	7	998,434	986,821
Equity		165,908,377	224,805,974
Share capital	9	37,264,000	37,264,000
Adjustment to share capital	9	27,745,263	27,745,263
Other comprehensive income/expense not to be reclassified to profit or loss			
- <i>Actuarial losses arising from employee benefits</i>	9	73,483	41,313
Restricted reserves	9	66,149,450	58,547,594
Retained earnings	9	16,842,108	27,882,759
Net income for the period	9	17,834,073	73,325,045
Total liabilities and equity		253,937,137	234,424,252

These interim financial statements for the period ended 31 March 2016 have been approved by the Board of Directors held on 10 May 2016.

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
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THREE
MONTH INTERIM PERIODS ENDED 31 MARCH 2016 AND 2015**

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

	Notes	<i>Reviewed</i> 1 January - 31 March 2016	<i>Reviewed</i> 1 January - 31 March 2015
CONTINUING OPERATIONS:			
OPERATING INCOME			
Revenue	10	27,083,579	24,785,144
Cost of sales (-)	10	(8,116,260)	(7,116,923)
Gross profit		18,967,319	17,668,221
General administrative expenses (-)		(1,668,562)	(1,048,733)
Other operating income	12	165,121	13,920
Other operating expense (-)	12	(602,363)	(114,722)
Operating profit		16,861,515	16,518,686
Financial income	13	1,671,566	1,447,435
Financial expenses (-)	14	(699,008)	(78,039)
Profit before tax from continuing operations		17,834,073	17,888,082
Tax expense from continuing operations		-	-
Profit for the period from continuing operations		17,834,073	17,888,082
Earnings per share	16		
Earning per share from continuing operations		0.48	0.48
Earning per share from discontinuing operations		-	-
Diluted earnings per share	16		
Diluted earnings per share from continuing operations		0.48	0.48
Diluted earnings per share from discontinuing operations		-	-
OTHER COMPREHENSIVE INCOME:			
Items not to be classified to profit or loss			
Actuarial gains/ (losses) arising from employee benefits		32,170	(109,594)
Total comprehensive income		17,866,243	17,778,488

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 2016 AND 2015**

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

	Notes	Share capital	Adjustment to share capital	Other comprehensive income/expense not to be reclassified to profit or loss	Restricted reserves	Retained earnings		Total equity
				Actuarial losses/ (gain) arising from employee benefits		Retained earnings	Net profit for the period	
1 January 2015		37,264,000	27,745,263	-	52,771,674	27,593,186	65,687,893	211,062,016
Transfers	9	-	-	-	5,775,920	59,911,973	(65,687,893)	-
Dividend payable	9	-	-	-	-	(59,622,400)	-	(59,622,400)
Total comprehensive income	9	-	-	(109,594)	-	-	17,888,082	17,778,488
31 March 2015 (Reviewed)		37,264,000	27,745,263	(109,594)	58,547,594	27,882,759	17,888,082	169,218,104
1 January 2016		37,264,000	27,745,263	41,313	58,547,594	27,882,759	73,325,045	224,805,974
Transfers	9	-	-	-	7,601,856	65,723,189	(73,325,045)	-
Dividend payable	9	-	-	-	-	(76,763,840)	-	(76,763,840)
Total comprehensive income	9	-	-	32,170	-	-	17,834,073	17,866,243
31 March 2016 (Reviewed)		37,264,000	27,745,263	73,483	66,149,450	16,842,108	17,834,073	165,908,377

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 2016 AND 2015**

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

	<i>Reviewed</i> 1 January - 31 March 2016	<i>Reviewed</i> 1 January - 31 March 2015
Notes		
Cash flows from operating activities		
Profit before tax	17,834,073	17,888,082
Adjustments to reconcile net cash generated from operating activities to income before tax		
Depreciation and amortisation	11 1,809,171	1,189,897
Provision for employment termination benefits	7 43,783	770,034
Debt provision	6,11 302,666	199,923
Doubtful provision	12 166,043	-
Interest income	13 (1,330,579)	(1,379,829)
Accrued expenses	8 320,802	118,032
Interest expense	12,14 24,468	93,169
Reversal of provisions	6,12 (106,510)	-
Net cash before changes in net working capital:	19,063,917	18,879,308
Decrease/(increase) in accounts receivable	156,965	(1,276,288)
Increase in due from related parties	-	(16,552)
Increase in other current/non-current assets	(2,271,899)	(316,263)
Increase in accounts payable	1,191,093	1,131,532
(Decrease)/increase in due to related parties	(1,339,711)	1,917,239
Increase/(decrease) in other payables	1,117,140	(95,817)
Interest paid	(17,773)	(15,130)
Increase/(decrease) in other liabilities	149,549	(57,577)
Payments of employee termination benefits	7 -	(77,634)
Net cash provided by operating activities	18,049,281	20,072,818
Interest received	956,444	1,042,636
Additions to investment property	5 -	(9,501,061)
Net cash used in investing activities	956,444	(8,458,425)
Interest paid	(6,695)	(78,039)
Net cash used in financing activities	(6,695)	(78,039)
Increase in cash and cash equivalents	18,999,030	11,536,354
Cash and cash equivalents at the beginning of the period	40,265,327	49,779,073
Cash and cash equivalents at the end of the period	3 59,264,357	61,315,427

The accompanying notes form an integral part of these 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 2016

(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 2016.

The shareholding structure as of 31 March 2016 and 31 December 2015 is as follows:

	31 March 2016	31 December 2015
Akkök Holding A.Ş.	13.12%	13.12%
Tekfen Holding A.Ş.	10.79%	10.79%
Public offering (*)	50.82%	50.82%
Other (**)	25.27%	25.27%
Total	100.00%	100.00%

(*) 31.48% of public offering shares belong to Klepierre S.A. as of 31 March 2016 (31 December 2015: 31.48%).

(**) Other represents shareholders with less than 10% shareholdings.

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

	31 March 2016	31 December 2015
Administrative	4	4

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 2016

(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.

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. III-48.1 “Principals of The Real Estate Investment Trusts” of the CMB particularly relating to the principles regarding the control of compliance to portfolio restrictions.

**CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED
FINANCIAL STATEMENTS FOR THE THREE MONTH
INTERIM PERIOD ENDED 31 MARCH 2016**

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

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

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 2016 in comparison with the balance sheet prepared as of 31 December 2015; prepared the statement of income, statement of changes in shareholders' equity and cash flow statement between 1 January - 31 March 2016 in comparison with 1 January - 31 March 2015. Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current period. In the comparative financial statements, the Company made some reclassifications as summarized follows:

- Foreign exchange gain on trade receivables and payables amounting to TL13,920 which was accounted for under financial income, has been reclassified to other operating income for the period between 1 January 2015 - 31 March 2015.
- Foreign exchange loss on trade receivables and payables amounting to TL99,592 which was accounted for under financial expenses, has been reclassified to other operating expenses for the period between 1 January 2015 - 31 March 2015.
- Interest expense of provision for lawsuits amounting to TL15,130 which was accounted for under financial expenses, has been reclassified to other operating expenses for the period between 1 January 2015 - 31 March 2015.

2.2.2 Changes in standards and interpretations

Standards, amendments and interpretations applicable as at 31 March 2016

- Amendment to IFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation, effective from annual periods beginning on or after 1 January 2016. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.
- Amendments to IAS 16, 'Property, plant and equipment', and IAS 41, 'Agriculture', regarding bearer plants, effective from annual periods beginning on or after 1 January 2016. These amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms. It has been decided that bearer plants should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of IAS 16, instead of IAS 41. The produce growing on bearer plants will remain within the scope of IAS 41.

**CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED
FINANCIAL STATEMENTS FOR THE THREE MONTH
INTERIM PERIOD ENDED 31 MARCH 2016**

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

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

2.2.2 Changes in standards and interpretations (Continued)

- Amendment to IAS 16 'Property, plant and equipment' and IAS 38, 'Intangible assets', on depreciation and amortisation, effective from annual periods beginning on or after 1 January 2016. In this amendment the it has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. It is also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.
- IFRS 14, 'Regulatory deferral accounts', effective from annual periods beginning on or after 1 January 2016. IFRS 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 IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items.
- Amendments to IAS 27, 'Separate financial statements' on the equity method, effective from annual periods beginning on or after 1 January 2016. These amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.
- Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures', effective from annual periods beginning on or after 1 January 2016. These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.
- Annual improvements 2014, effective from annual periods beginning on or after 1 January 2016. These set of amendments impacts 4 standards:
 - IFRS 5, 'Non-current assets held for sale and discontinued operations' regarding methods of disposal.
 - IFRS 7, 'Financial instruments: Disclosures', (with consequential amendments to IFRS 1) regarding servicing contracts.
 - IAS 19, 'Employee benefits' regarding discount rates.
 - IAS 34, 'Interim financial reporting' regarding disclosure of information.
- Amendment to IAS 1, 'Presentation of financial statements' on the disclosure initiative, effective from annual periods beginning on or after 1 January 2016, these amendments are as part of the IASB initiative to improve presentation and disclosure in financial reports
- Amendment to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures', effective from annual periods beginning on or after 1 January 2016. These amendments clarify the application of the consolidation exception for investment entities and their subsidiaries.

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 2016

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

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

2.2.2 Changes in standards and interpretations (Continued)

Standards, amendments and interpretations effective after 31 March 2016

- IAS 7, 'effective from annual periods beginning on or after 1 January 2017. The improvements are part of the Board's Disclosure Initiative. The amendments require companies to provide information about changes in their financing liabilities and come as a response to requests from investors for information that helps them better understand changes in a company's debt. The amendments will help to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes (such as foreign exchange gains or losses).
- IAS 12, 'Income Taxes' effective from annual periods beginning on or after 1 January 2017. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. It also clarify certain other aspects of accounting for deferred tax assets.
- IFRS 15, 'Revenue from contracts with customers', effective from annual periods beginning on or after 1 January 2018. IFRS 15, 'Revenue from contracts with customers' is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally.
- IFRS 9, 'Financial instruments', effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.
- IFRS 16, 'leases' effective from annual periods beginning on or after 1 January 2019, with earlier application permitted if IFRS 15, 'Revenue from Contracts with Customers', is also applied. New standard requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same.

Above mentioned amendments to the standards have no material effect on the financial statements of the Company.

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 2016

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

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

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 2016 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 2015. Accordingly, these condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2015.

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.

NOTE 3 - CASH AND CASH EQUIVALENTS

The details of cash and cash equivalents as of 31 March 2016 and 31 December 2015 are as follows:

	31 March 2016	31 December 2015
Cash	4,920	3,089
Banks		
- TL time deposits	44,900,214	25,284,280
- Foreign currency denominated time deposits	14,715,851	14,940,110
- TL demand deposits	44,737	32,791
- Foreign currency denominated demand deposits	38,347	70,634
Total	59,704,069	40,330,904

As of 31 March 2016, the interest rate on TL deposit accounts at banks is between 12.80% and 13.85%, foreign currency denominated time deposits at banks is between 1.55% and 2.85%. The accrued interests are TL417,214 and TL22,499 (As of 31 December 2015, the interest rate on TL deposit accounts at banks is 12.10% and 13.85%, interest rate on foreign currency denominated deposit accounts at banks is between 1.4% and 2.15% and the accrued interests are TRY64,717 and TRY860 respectively). The maturity of time deposits is 31 days. (31 December 2015: less than one month).

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 2016

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

NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)

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

	31 March 2016	31 March 2015
Cash and cash equivalents	59,704,069	61,790,692
Less: accrued interest	(439,712)	(475,265)
	59,264,357	61,315,427

NOTE 4 - TRADE AND OTHER RECEIVABLES AND PAYABLES

Short-term trade receivables	31 March 2016	31 December 2015
Trade receivables	5,649,245	5,533,856
Notes and post-dated cheques receivable	335,391	607,745
	5,984,636	6,141,601
Less: Provision for doubtful receivables	(3,556,303)	(3,390,260)
	2,428,333	2,751,341

The movement of provisions for doubtful receivables is as follows:

	2016	2015
1 January	3,390,260	3,167,871
Provisions made during the period	166,043	-
	3,556,303	3,167,871

Short-term trade payables	31 March 2016	31 December 2015
Trade payables	1,341,516	150,423
Due to related parties (Note 17)	1,702,107	3,041,818
	3,043,623	3,192,241

As of 31 March 2016 and 31 December 2015, there are no other receivables.

Short-term other payables	31 March 2016	31 December 2015
Due to related parties (Note 17)	76,763,840	-
Taxes payables and other taxes	1,276,447	149,961
Other	11,993	9,514
	78,052,280	159,475

Long-term other payables	31 March 2016	31 December 2015
Deposits and guarantees received	451,556	463,381
	451,556	463,381

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

NOTE 5 - INVESTMENT PROPERTY

The movements of the investment property for the three-month interim periods ended 31 March 2016 and 2015 are as follows:

	1 January 2016	Additions	Transfers	31 March 2016
Cost				
Buildings	250,983,764	-	-	250,983,764
Construction in progress	-	-	-	-
	250,983,764	-	-	250,983,764
Accumulated amortization				
Buildings	(61,518,908)	(1,795,335)	-	(63,314,243)
	(61,518,908)	(1,795,335)	-	(63,314,243)
Net book value	189,464,856			187,669,521

	1 January 2015	Additions	Transfers	31 March 2015
Cost				
Buildings	187,914,200	-	163,752	188,077,952
Construction in progress	33,076,086	9,501,061	(163,752)	42,413,395
	220,990,286	9,501,061	-	230,491,347
Accumulated amortization				
Buildings	(56,402,168)	(1,175,955)	-	(57,578,123)
	(56,402,168)	(1,175,955)	-	(57,578,123)
Net book value	164,588,118			172,913,224

The fair value of the Company's investment property based on the valuation report of Lotus Gayrimenkul Değerleme ve Danışmanlık A.Ş. dated 31 December 2015 amount to TL1,537,950,000 (As of 31 December 2014, the fair value of the Company's investment property based on the valuation report of Vektör Gayrimenkul Değerleme A.Ş. amount to TL1,236,260,978). The discount rate is 10% (31 December 2014: 10.25%).

Insurance coverage on assets as of 31 March 2016 and 31 December 2015 is as follows;

31 March 2016:	USD 160.654.400
31 December 2015:	USD 160,608,300

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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 2016
Letters of guarantees received	USD	2,910,374	8,246,255
Guarantee notes received	USD	1,358,069	3,847,952
Guarantee cheques received	TL	581,000	581,000
			12,675,207

Guarantee notes and letters	Currency of denomination	Amount	31 December 2015
Letters of guarantees received	USD	2,895,257	8,418,249
Guarantee notes received	USD	1,601,706	4,657,120
Guarantee cheques received	TL	581,000	581,000
			13,656,369

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 2016	31 December 2015
CPM's given by the company (Collaterals, Pledges, Mortgages)		
A. CPM's given for companies own legal personality	1,729	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
	1,729	1,729

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 2016

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

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

Provision for lawsuits

The provision for the lawsuits against the company as of 31 March 2016 is TL3,287,735 (31 December 2015: TL3,095,607). The movements of provision for lawsuits are as follows:

	2016	2015
1 January	3,096,607	1,756,613
Foreign exchange differences and interests	(4,028)	97,321
Provisions	302,666	199,923
Reversals	(106,510)	-
31 March	3,287,735	2,053,857

The Company's ongoing lawsuits that no provision necessary in the financial statements are summarized below as of 31 March 2016:

Ömer Dinçök, one of the shareholders, filed a lawsuit on 30 June 2014 with a demand of appointment of a special auditor for the Company as per Article 439/1 of Turkish Commercial Code. It was decided to reject the case by 3. Commercial Court of First Instance. The case was resulted in favor of the Company. The case has been appealed by plaintiff. Furthermore, another lawsuit was filed by Ömer Dinçök on the same date with a demand of cancellation of the decisions taken with regard to reading and negotiation of 2013 Annual Report prepared by the Board of Directors, discharge of each Board of Directors member due to the Company's 2013 activities, determining the salaries of Board of Directors members and independent members of the Board, granting the Board of Directors members with the permits and powers stated in the provisions of Article 395 and 396 of Turkish Commercial Code and presenting the upper limit determined for the donations to be made in 2014 as per Capital Markets Law to the approval of the General Assembly. The case was resulted in favor of the Company.

Ömer Dinçök filed a lawsuit on 10 April 2015 with a demand of getting information and examination of Ordinary General Meeting dated 31 March 2015. On 8 October 2015, the court has decided to reject the case and the case has been appealed by the plaintiff on 30 December 2015.

Ömer Dinçök filed a lawsuit on 30 June 2015 with a demand of appointment of a special auditor for the Company. The case has been rejected on 17 February 2016 and resulted in favor of the Company. Furthermore, another lawsuit was filed by Ömer Dinçök on the same date with a demand of cancellation of the decisions taken with regard to reading and negotiation of 2014 Annual Report prepared by the Board of Directors, reading Audit Report of 2014, reading, negotiation and validation of financial statements of 2014, selection of members of Board of Directors and independent Board of Directors and determination of their duty term. The related case is ongoing.

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 2016

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

NOTE 7 - EMPLOYEE BENEFITS

At 31 March 2016, the amount payable consists of one month's salary limited to a maximum of TL4,092.53 for each year of service.

In the financial statements, Company management reflected a liability calculated in accordance with IAS 19 and based upon factors derived using their experience of personnel terminating their services and being eligible to receive retirement pay and discounted by using the current market yield at the balance sheet date on government bonds. All actuary gain and losses are recognized in comprehensive income statement. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

	1 January - 31 Marh 2016	1 January - 31 December 2015
Discount rate (%)	3.76	3.76
Turnover rate to estimate the probability of retirement (%)	100.00	94.00

Movements in the provision for employment termination benefits are as follows (TL):

	2016	2015
1 January	986,821	50,043
Cost of service (Note 11)	37,167	692,074
Cost of interest (Note 14)	6,616	77,960
Actuarial (gain)/ losses	(32,170)	109,594
Payments made during the period (-)	-	(77,634)
31 March	998,434	852,037

Provision for employment termination benefits amounting to TL54,048 comprise of the Company's personnel termination benefits provisions and TL944,386 comprise of the Company's share in Üçgen Bakım ve Yönetim Hizmetleri A.Ş.'s personnel terminaton benefits provisions.

NOTE 8 - OTHER ASSETS AND LIABILITIES

The details of other assets and other liabilities as of 31 March 2016 and 31 December 2015 are as follows:

	31 March 2016	31 December 2015
Prepaid expenses - short term		
Prepaid expenses (*)	2,991,973	894,918
Advances given (**)	999,787	613,223
Total	3,991,760	1,508,141

(*) Amount to TL1,302,297 consists of prepaid expenses in order to rent the store. These amounts will be amortized in the contract period after renting the store.

(**) Amount to TL546,078 consists of advances given to Üçgen Bakım ve Yönetim Hizmetleri A.Ş. for the renovation work of shopping mall lobby.

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CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2016

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NOTE 8 - OTHER ASSETS AND LIABILITIES (Continued)

Other current assets:	31 March 2016	31 December 2015
VAT receivables	-	228,671
Other	16,951	-
	16,951	228,671

Other non-current assets:	31 March 2016	31 December 2015
Other	202	202
	202	202

Deferred income	31 March 2016	31 December 2015
Deferred income	1,438,621	1,058,739
Advances received	435,709	337,355
	1,874,330	1,396,094

Other current liabilities	31 March 2016	31 December 2015
Expense accruals	320,802	324,659
	320,802	324,659

NOTE 9 - EQUITY

At 31 March 2016 and 31 December 2015 the issued and fully paid-in share capital held is as follows:

Shareholders	31 March 2016		31 December 2015	
	Pay (%)	Amount	Pay (%)	Amount
Akkök Holding 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 individual shareholdings 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.

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 2016

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

NOTE 9 – EQUITY (Continued)

At 31 March 2016 and 31 December 2015 equity statement in accordance with the Communiqué II-14.1 is as follows:

	31 March 2016	31 December 2015
Share capital	37,264,000	37,264,000
Adjustment to share capital	27,745,263	27,745,263
Other comprehensive income/expense not to be reclassified to profit or loss		
- Actuarial losses arising from employee benefits	73,483	41,313
Restricted reserves		
- Legal reserves	66,149,450	58,547,594
Retained earnings	16,842,108	27,882,759
Net income for the period	17,834,073	73,325,045
	165,908,377	224,805,974

Retained earnings consist of the following:

	31 March 2016	31 December 2015
Retained earnings	3,326,254	3,326,254
Extraordinary reserves	9,532,638	20,573,289
Inflation difference in extraordinary reserves	521,985	521,985
Inflation difference in legal reserves	3,461,231	3,461,231
	16,842,108	27,882,759

NOTE 10 - OPERATING INCOME

	1 January - 31 March 2016	1 January - 31 March 2015
Sales		
Shops and warehouse rent income	25,176,943	23,290,004
Other income	1,043,479	1,029,960
Apart hotel rent income	863,157	465,180
	27,083,579	24,785,144
Cost of sales		
Cost of services	(6,320,925)	(5,940,968)
Depreciation expense	(1,795,335)	(1,175,955)
	(8,116,260)	(7,116,923)
Gross profit	18,967,319	17,668,221

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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NOTE 11 - EXPENSES BY NATURE

	1 January - 31 March 2016	1 January - 31 March 2015
Cost of service	6,293,372	5,259,592
Depreciation and amortization expenses	1,809,171	1,189,897
Legal expenses	539,044	267,332
Personnel expenses	356,475	328,667
Provision for lawsuits	302,666	199,923
Consultancy expenses	184,338	136,958
Insurance, duties, taxes and levies expenses	151,854	14,224
Provision for employment termination benefits	37,167	692,074
Other	110,735	76,989
	9,784,822	8,165,656

Depreciation and amortization expenses

Cost of sales	1,795,335	1,175,955
General administrative expenses	13,836	13,942
	1,809,171	1,189,897

NOTE 12 - OTHER OPERATING INCOME/EXPENSES

	1 January - 31 March 2016	1 January - 31 March 2015
Other operating income		
Income from reversal provisions	106,510	-
Foreign exchange gain on trade receivables and payables	58,611	13,920
	165,121	13,920
Other operating expenses		
Apart maintenance expenses (*)	(350,948)	-
Provision for doubtful receivable	(166,043)	-
Foreign exchange loss on trade receivables and payables	(24,021)	(99,592)
Interest expense of provision for lawsuits	(17,773)	(15,130)
Other	(43,578)	-
	(602,363)	(114,722)
Other operating income – net	(437,242)	(100,802)

(*) Apart maintenance expenses comprise of the renovation of the apart lobby.

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NOTE 13 - FINANCIAL INCOME

	1 January - 31 March 2016	1 January - 31 March 2015
Financial income		
Interest income	1,330,579	1,379,829
Foreign exchange income	340,987	67,606
	1,671,566	1,447,435

NOTE 14 - FINANCIAL EXPENSES

	1 January - 31 March 2016	1 January - 31 March 2015
Financial expenses		
Foreign exchange expense	(692,313)	-
Interest expenses related to employee benefits	(6,616)	(77,960)
Bank commissions	(79)	(79)
	(699,008)	(78,039)

NOTE 15 - 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.

NOTE 16 - 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 2016	1 January - 31 March 2015
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	17,834,073	17,888,082
Earnings per share	0.48	0.48

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CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2016

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NOT 17 - RELATED PARTY DISCLOSURES

As of 31 March 2016 and 31 December 2015 there is no receivables from related parties.

As of 31 March 2016 and 31 December 2015 receivables from related parties and due to related parties are as follows:

	1 January - 31 March 2016	1 January - 31 December 2015
Due to related parties		
Üçgen Bakım ve Yönetim Hizmetleri A.Ş.	1,532,953	2,976,264
Dinkal Sigorta Acenteliği A.Ş.	133,025	42,704
Akkök Holding A.Ş.	34,415	22,405
Aktek Bilgi İletişim Teknoloji San. ve Tic. A.Ş.	1,714	445
	1,702,107	3,041,818

The details of other non-trade liabilities to shareholders as of 31 March 2016 and 31 December 2015 are as follows:

	31 March 2016	31 December 2015
Dividend payable	76,763,840	-
	76,763,840	-

	31 March 2016	31 December 2015
Advances given		
Üçgen Bakım ve Yönetim Hizmetleri A.Ş. (*)	989,417	529,904
Akgirişim Müteahhitlik Müşavirlik ve Çevre Teknolojileri San.ve Tic. A.Ş.	-	75,531
	989,417	605,435

(*) Advances given to Üçgen Bakım ve Yönetim Hizmetleri A.Ş. consists of advances for the renovation work of shopping mall lobby and stores to rent.

	1 January- 31 March 2016	1 January- 31 March 2015
Purchases from related party	7,086,040	15,142,190
Sales to related parties	809,311	482,534

Purchases and sales consist of rent income, purchase and sales of services, and renovation expenses. The related party purchases amounting to TL 6,944,050 comprise of management expenses and other expenses provided by Üçgen Bakım ve Yönetim Hizmetleri A.Ş. ("Üçgen"). The remaining balance amounting to TL141,991 comprise of other expenses. The Company provides common areas services like car park, valet and apart hotel rent incomes from the related party Üçgen, in addition to these the Company has cinema and office floor rent incomes from the related party Üçgen to whom the Company charged TL3,203,710 regarding the revenue collected on behalf of the Company for the first three months of 2016 (1 January - 31 March 2015: TL2,477,696).

As of 1 January - 31 March 2016, remuneration provided to top executives management such as the General Manager and the members of Board of Directors is TL309,442 (1 January-31 March 2015: TL268,911).

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NOTE 18 - 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 2016	31 December 2015
Assets	14,731,700	15,009,883
Liabilities	(861,407)	(883,965)
Net position	13,870,293	14,125,918

As of 31 March 2016, fluctuation of USD and Euro had been 10% higher/lower ceteris paribus, net income for the period would have been TL1,291,025 (31 December 2015: TL1,317,792 higher/lower) higher/lower.

As of 31 March 2016 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:

	Euro	USD	TL equivalent
Current assets			
Cash and cash equivalents	299,256	4,860,471	14,731,700
Total assets	299,256	4,860,471	14,731,700
Current liabilities			
Short-term provisions	-	(144,650)	(409,851)
Non-current Liabilities			
Other payables	-	(159,369)	(451,556)
Total liabilities	-	(304,019)	(861,407)
Net Foreign Currency Liability Position	299,256	4,556,452	13,870,293

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NOTE 18 - NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

As of 31 December 2015 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:

	Euro	USD	TL equivalent
Current assets			
Cash and cash equivalents	298,337	4,836,253	15,009,883
Total assets	298,337	4,836,253	15,009,883
Current liabilities			
Short-term provisions	-	(144,650)	(420,584)
Non-current Liabilities			
Other payables	-	(159,369)	(463,381)
Total liabilities	-	(304,019)	(883,965)
Net Foreign Currency Liability Position	298,337	4,532,234	14,125,918

NOTE 19 - SUBSEQUENT EVENTS

As per the Board resolution taken on 1 March 2016 decision is made upon to fix the dollar-denominated rental fees of the tenants of Akmerkez Ticaret Merkezi. This resolution comprises respectively the period April 2016 and May 2016 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 1USD = TL2.70.

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.

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

In this scope, total assets, total portfolio and information relating to portfolio restrictions are as follows as of 31 March 2016 and 31 December 2015:

Non-consolidated (stand-alone) financial statement accounts items		Related regulations	31 March 2016	31 December 2015
A	Cash and capital market instruments	Art.24/(b)	59,704,069	40,330,904
B	Real estate, real estate-based project, Real estate-based rights	Art.24/(a)	187,669,521	189,464,856
C	Affiliates	Art.24/(b)	-	-
	Due from related parties (non-trade)	Art.23/(f)	-	-
	Other assets		6,563,547	4,628,492
D	Total assets	Art.3/(p)	253,937,137	234,424,252
E	Borrowings	Art.31	-	-
F	Other financial liabilities	Art.31	-	-
G	Leasing obligation	Art.31	-	-
H	Due to related parties (non-trade)	Art.23/(f)	76,763,840	-
I	Equity	Art.31	165,908,377	224,805,974
	Other liabilities		11,264,920	9,618,278
D	Total liabilities	Art.3/(p)	253,937,137	234,424,252

Other non-consolidated (stand-alone) financial information		Related regulations	31 March 2016	31 December 2015
A1	Portion of cash and capital market instruments reserved for three-year real estate payments	Art.24/(b)	-	-
A2	TL/foreign currency denominated time/demand deposits	Art.24/(b)	59,699,149	40,327,815
A3	Foreign capital market instruments	Art.24/(d)	-	-
B1	Foreign real estates, real estate-based projects, real estate-based rights	Art.24/(d)	-	-
B2	Lands on which no projects developed	Art.24/(c)	-	-
C1	Foreign affiliates	Art.24/(d)	-	-
C2	Participation in administrator companies	Art.28/1(a)	-	-
J	Non-cash loans	Art.31	1,729	1,729
K	Encumbrance amounts of encumbered lands which do not belong to the Group and on which a project will be developed	Art.22/(e)	-	-
L	Total investments of monetary and capital market instruments at one company	Art.22/(i)	-	-

Portfolio Restriction	Related regulations	31 March 2016	31 March 2015	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)	Art.22/(e)	-	-	≤10%
2	Real estate, real estate-based project, Real estate-based rights (B+A1)/D	Art.24/(a),(b)	74%	81%	≥50%
3	Cash and capital market instruments and Affiliates (A+C-A1)/D	Art.24/(b)	24%	17%	≤50%
4	Foreign real estates, real estate-based projects, real estate-based rights, Affiliates, capital market instruments (A3+B1+C1)/D	Art.24/(d)	-	-	≤49%
5	Lands on which no projects developed (B2)/D	Art.24/(c)	-	-	≤20%
6	Participation in administrator companies (C2)/D	Art.28/1(a)	-	-	≤10%
7	Borrowing ceiling (E+F+G+H+J)/I	Art.31	46%	-	≤500%
8	TL/foreign currency denominated time/demand deposits (A2-A1)/D	Art.24/(b)	24%	17%	≤10%
9	Total investments of monetary and capital market instruments at one company (L)/D	Art.22/(i)	-	-	≤10%

(*) As of 31 March 2016, the fair value of the investment property amounts to TL1,537,950,000, however within the table above, the net book value of the investment property on the basis of the historical cost is stated which amounts to TL187,669,521 at the same date. When the fair value of the investment property is taken into consideration, the ratio of the TL/foreign currency denominated time/demand deposit to total assets is 3.7% at 31 March 2016 (31 December 2015: 2.5%).