

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

**CONVENIENCE TRANSLATION OF
THE CONDENSED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY - 30 JUNE 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 30 June 2016 and the related condensed statements of comprehensive income, changes in equity and cash flows for the six-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 30 June 2016 and of its financial performance and cash flows for the six-month period then ended in accordance with TAS 34.

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

A handwritten signature in blue ink, appearing to read 'Engin Çubukçu', is written over a faint, light blue grid background.

Engin Çubukçu, SMMM
Partner

Istanbul, 8 August 2016

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

FINANCIAL STATEMENTS AT 30 JUNE 2016

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AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

**CONVENIENCE TRANSLATION OF THE CONDENSED STATEMENTS OF
FINANCIAL POSITION/(BALANCE SHEET)
AT 30 JUNE 2016 AND 31 DECEMBER 2015**

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

	Notes	<i>Reviewed</i> 30 June 2016	<i>Audited</i> 31 December 2015
ASSETS			
Current assets		38,482,159	44,819,057
Cash and cash equivalents	3	14,346,525	40,330,904
Trade receivables			
<i>Trade receivables from third parties</i>	5	3,289,358	2,751,341
Prepaid expenses	9	13,944,169	1,508,141
Other current assets	9	6,902,107	228,671
Non-current assets		186,077,525	189,605,195
Investment property	6	185,964,851	189,464,856
Property and equipment		101,500	123,944
Intangible assets		10,972	16,193
Other non-current assets	9	202	202
Total assets		224,559,684	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 30 JUNE 2016 AND 31 DECEMBER 2015**

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

	Notes	Reviewed 30 June 2016	Audited 31 December 2015
LIABILITIES			
Current liabilities		34,082,785	8,168,076
Short term borrowings			
<i>Short term borrowings from third parties</i>	4	15,000,000	-
Trade payables			
<i>Trade payables to related parties</i>	5,18	1,601,166	3,041,818
<i>Trade payables to third parties</i>	5	721,035	150,423
Other payables			
<i>Other payables to related parties</i>	5,18	10,065,730	-
<i>Other payables to third parties</i>	5	1,225,203	159,475
Deferred income	9	1,630,917	1,396,094
Short term provisions			
<i>Other short term provisions</i>	7	3,615,720	3,095,607
Other short term liabilities	9	223,014	324,659
Non-current liabilities		1,509,846	1,450,202
Other payables			
<i>Other payables to third parties</i>	5	521,914	463,381
Long term provisions			
<i>Long term provision for employment termination benefits</i>	8	987,932	986,821
Equity		188,967,053	224,805,974
Share capital	10	37,264,000	37,264,000
Adjustment to share capital	10	27,745,263	27,745,263
Other comprehensive income/expense not to be reclassified to profit or loss			
- <i>Actuarial gains arising from employee benefits</i>	10	52,332	41,313
Restricted reserves	10	66,149,450	58,547,594
Retained earnings	10	16,842,108	27,882,759
Net income for the year	10	40,913,900	73,325,045
Total liabilities and equity		224,559,684	234,424,252

These interim financial statements for the period ended 30 June 2016 have been approved by the Board of Directors held on 8 August 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 SIX
MONTH INTERIM PERIODS ENDED 30 JUNE 2016 AND 2015**

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

	Notes	<i>Reviewed</i> 1 January - 30 June 2016	<i>Reviewed</i> 1 April - 30 June 2016	<i>Reviewed</i> 1 January - 30 June 2015	<i>Reviewed</i> 1 April - 30 June 2015
PROFIT AND LOSSES					
Revenue	11	59,099,896	32,016,317	50,390,759	25,605,615
Cost of sales (-)	11	(16,545,033)	(8,428,773)	(14,128,491)	(7,011,568)
Gross profit		42,554,863	23,587,544	36,262,268	18,594,047
General administrative expenses (-)		(3,525,956)	(1,857,394)	(2,293,352)	(1,244,619)
Other operating income	13	229,113	63,992	80,676	66,756
Other operating expense (-)	13	(985,690)	(383,327)	(158,988)	(44,266)
Operating profit		38,272,330	21,410,815	33,890,604	17,371,918
Financial income	14	3,688,897	2,017,331	2,808,844	1,361,409
Financial expenses (-)	15	(1,047,327)	(348,319)	(93,808)	(15,769)
Continuing operations profit before tax		40,913,900	23,079,827	36,605,640	18,717,558
Tax income/expenses from continuing operations		-	-	-	-
Continuing operations net profit for the period		40,913,900	23,079,827	36,605,640	18,717,558
Total comprehensive income		40,913,900	23,079,827	36,605,640	18,717,558
Earnings per share	17				
Earning per share from continuing operations		1.10	0.62	0.98	0.50
Earning per share from discontinuing operations		-	-	-	-
Diluted earnings per share	17				
Diluted earnings per share from continuing operations		1.10	0.62	0.98	0.50
Diluted earnings per share from discontinuing operations		-	-	-	-
OTHER COMPREHENSIVE INCOME:					
Items not to be classified to profit or loss					
Actuarial gain / (losses) arising from employee benefits		11,019	(21,151)	143,827	253,421
Total comprehensive income		40,924,919	23,058,676	36,749,467	18,970,979

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 SIX MONTH INTERIM PERIODS ENDED 30 JUNE 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		Equity
			Actuarial 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	-	-	-	5,775,920	59,911,973	(65,687,893)	-
Dividends	-	-	-	-	(59,622,400)	-	(59,622,400)
Total comprehensive income	-	-	143,827	-	-	36,605,640	36,749,467
30 June 2015 (Reviewed)	37,264,000	27,745,263	143,827	58,547,594	27,882,759	36,605,640	188,189,083
1 January 2016	37,264,000	27,745,263	41,313	58,547,594	27,882,759	73,325,045	224,805,974
Transfers	-	-	-	7,601,856	65,723,189	(73,325,045)	-
Dividends	-	-	-	-	(76,763,840)	-	(76,763,840)
Total comprehensive income	-	-	11,019	-	-	40,913,900	40,924,919
30 June 2016 (Reviewed)	37,264,000	27,745,263	52,332	66,149,450	16,842,108	40,913,900	188,967,053

(*) The Company paid dividend amounting to TL66,702,560 as of 25 May 2016. The remaining balance amounting to TL10,061,280 will be paid on 24 August 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 CASH FLOWS FOR THE SIX MONTH INTERIM
PERIODS ENDED 30 JUNE 2016 AND 2015**

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

	Notes	Reviewed 1 January - 30 June 2016	Reviewed 1 January - 30 June 2015
Cash flows from operating activities		23,364,538	36,120,453
Profit for the year		40,913,900	36,605,640
Adjustments for profit for the year		(3,630,758)	1,508,114
Adjustments for depreciation and amortisation expenses	12	3,618,337	2,379,685
Adjustments for impairment loss		293,735	-
Adjustments for provisions		955,947	1,803,906
Adjustments for interest (income)/ expenses		(2,410,300)	(2,675,477)
Other		(6,088,477)	-
Change in working capital		(13,703,987)	(1,913,279)
Adjustments for decrease / (increase) in trade receivables			
<i>Increase in trade receivables from related parties</i>		-	(86,910)
<i>Increase in trade receivables from third parties</i>		(847,745)	(1,595,848)
Increase in other assets related to operations		(13,020,987)	(547,192)
Adjustments regarding increase/ (decrease) in trade payables			
<i>Decrease in trade payable from related parties</i>		(1,440,652)	(1,128,311)
<i>Increase in trade payable from third parties</i>		570,612	393,307
Adjustments for increase other liabilities related to operations		1,034,785	1,051,675
Cash provided from operations		23,579,155	36,200,475
Employment termination benefit payments	8	(230,610)	(80,022)
Collections from bad debt		15,993	-
Cash flows from investing activities		2,458,431	(12,317,491)
Interest received		2,549,098	2,722,288
Additions to investment property	6	(90,667)	(15,039,779)
Net cash used in financing activities		(51,745,893)	(52,914,880)
Cash inflows regarding borrowings	4	15,000,000	-
Dividends paid		(66,702,560)	(52,914,880)
Interest paid	15	(43,333)	-
Net decrease in cash and cash equivalents		(25,922,924)	(29,111,918)
Cash and cash equivalents at the beginning of the period	3	40,265,327	49,779,073
Cash and cash equivalents at the end of the period	3	14,342,403	20,667,155

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 SIX MONTH INTERIM PERIOD ENDED 30 JUNE 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 30 June 2016.

The shareholding structure as of 30 June 2016 and 31 December 2015 is as follows:

	30 June 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 30 June 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:

	30 June 2016	31 December 2015
Administrative	4	4

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”).

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2016

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

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

2.1 Basis of Presentation (Continued)

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 21, "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 SIX MONTH
INTERIM PERIOD ENDED 30 JUNE 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 30 June 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 - 30 June 2016 in comparison with 1 January - 30 June 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 TL59,127 which was accounted for under financial income, has been reclassified to other operating income for the period between 1 January 2015 - 30 June 2015.
- Foreign exchange loss on trade receivables and payables amounting to TL127,669 which was accounted for under financial expenses, has been reclassified to other operating expenses for the period between 1 January 2015 - 30 June 2015.
- Interest expense of provision for lawsuits amounting to TL31,319 which was accounted for under financial expenses, has been reclassified to other operating expenses for the period between 1 January 2015 - 30 June 2015.

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 30 June 2016 and mentioned amendments to the standards have no material effect on the financial statements of the Company:

- Amendment to TFRS 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 SIX MONTH
INTERIM PERIOD ENDED 30 JUNE 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 (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.
- TFRS 14 'Regulatory deferral accounts', effective from annual periods beginning on or 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.
- 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.
- Amendment to TFRS 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.
- Annual improvements 2014, effective from annual periods beginning on or after 1 January 2016. These set of amendments impacts 4 standards:
 - TFRS 5, 'Non-current assets held for sale and discontinued operations' regarding methods of disposal.
 - TFRS 7, 'Financial instruments: Disclosures' (with consequential amendments to TFRS 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

**CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED
FINANCIAL STATEMENTS FOR THE SIX MONTH
INTERIM PERIOD ENDED 30 JUNE 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 (Continued)

Standards, amendments and interpretations effective after 30 June 2016:

- Amendments to IAS 7 'Statement of cash flows' on disclosure initiative, effective from annual periods beginning on or after 1 January 2017. These amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB's Disclosure Initiative, which continues to explore how financial statement disclosure can be improved.
- Amendments 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 clarifies certain other aspects of accounting for deferred tax assets.
- Amendments to TFRS 2, 'Share based payments' on clarifying how to account for certain types of share-based payment transactions, effective from annual periods beginning on or after 1 January 2018. This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in TFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority.
- TFRS 15 'Revenue from contracts with customers', effective from annual periods beginning on or after 1 January 2018. TFRS 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.
- Amendment to TFRS 15, 'Revenue from contracts with customers', effective from annual periods beginning on or after 1 January 2018. These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of those areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard.
- TFRS 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.
- Amendment to TFRS 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.

**CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED
FINANCIAL STATEMENTS FOR THE SIX MONTH
INTERIM PERIOD ENDED 30 JUNE 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 (Continued)

- TFRS 16 'Leases', effective from annual periods beginning on or after 1 January 2019, This standard replaces the current guidance in IAS 17 and is a far-reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). TFRS 16 now 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. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under TFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Above mentioned amendments to the standards effects to its operations will be evaluated by the Company and will be effective at validity date.

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 - 30 June 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 TAS 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.

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

NOTE 3 - CASH AND CASH EQUIVALENTS

The details of cash and cash equivalents as of 30 June 2016 and 31 December 2015 are as follows:

	30 June 2016	31 December 2015
Cash	1,301	3,089
Banks		
- TL time deposit	13,037,077	25,284,280
- Foreign currency denominated time deposit	1,246,556	14,940,110
- TL demand deposit	55,990	32,791
- Foreign currency denominated demand deposit	5,601	70,634
	14,346,525	40,330,904

As of 30 June 2016, the interest rate on TL deposit accounts at banks is 11.45%, foreign currency denominated time deposits at banks is 1.3% and the accrued interests are TL4,077 and TL45 (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 TL64,717 and TL860 respectively). The maturity of time deposits is 31 days. (31 December 2015: less than one month).

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

	30 June 2016	31 December 2015	30 June 2015	31 December 2014
Cash and cash equivalents	14,346,525	40,330,904	20,789,735	49,917,145
Less: accrued interest	(4,122)	(65,577)	(122,580)	(138,072)
	14,342,403	40,265,327	20,667,155	49,779,073

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NOTE 4- FINANCIAL LIABILITIES

The detail of financial liabilities is as follows:

	<u>30 June 2016</u>		<u>31 December 2015</u>	
	Effective interest rate p.a.(%)	TL	Effective interest rate p.a.(%)	TL
Short-term borrowings				
TL borrowings	13.00	15,000,000	-	-
Total borrowings		15,000,000	-	-

The impact of discounting is not significant. For that reason, book value and fair value of the short term borrowings has been recognized as equal to each other.

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NOTE 5 - TRADE AND OTHER RECEIVABLES AND PAYABLES

Short-term trade receivables	30 June 2016	31 December 2015
Trade receivables	5,968,478	5,533,856
Notes and post-dated cheques receivable	1,004,875	607,745
	6,973,353	6,141,601
Less: Provision for doubtful receivables	(3,683,995)	(3,390,260)
	3,289,358	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	309,728	-
Collections from doubtful receivable	(15,993)	-
30 June	3,683,995	3,167,871

Short-term trade payables	30 June 2016	31 December 2015
Trade payables	721,035	150,423
Due to related parties (Note 18)	1,601,166	3,041,818
	2,322,201	3,192,241

As of 30 June 2016 and 31 December 2015, there are no other receivables.

Short-term other payables	30 June 2016	31 December 2015
Due to related parties (Note 18)	10,065,730	-
Taxes payables and other taxes	1,213,676	149,961
Other	11,527	9,514
	11,290,933	159,475

Long-term other payables	30 June 2016	31 December 2015
Deposits and guarantees received	521,914	463,381
	521,914	463,381

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NOTE 6 - INVESTMENT PROPERTY

The movements of the investment property for the six-month interim periods ended 30 June 2016 and 2015 are as follows:

	1 January 2016	Additions	Transfers	30 June 2016
Cost				
Buildings	250,983,764	-	-	250,983,764
Construction in progress (*)	-	90,667	-	90,667
	250,983,764	90,667	-	251,074,431
Accumulated amortisation				
Buildings	(61,518,908)	(3,590,672)	-	(65,109,580)
	(61,518,908)	(3,590,672)	-	(65,109,580)
Net book value	189,464,856			185,964,851

(*) Ongoing investments as of 30 June 2016 consist of infrastructure and equipment expenses for shopping mall.

	1 January 2015	Additions	Transfers	30 June 2015
Cost				
Buildings	187,914,200	-	163,752	188,077,952
Construction in progress	33,076,086	15,039,779	(163,752)	47,952,113
	220,990,286	15,039,779	-	236,030,065
Accumulated amortisation				
Buildings	(56,402,168)	(2,351,910)	-	(58,754,078)
	(56,402,168)	(2,351,910)	-	(58,754,078)
Net book value	164,588,118			177,275,987

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 30 June 2016 and 31 December 2015 is as follows:

	30 June 2016	31 December 2015
USD	160,654,400	160,608,300

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CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS

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

NOTE 7 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Real rights on immovables are as follows:

- a) There is a rental restriction in favour of TEK (Turkish Electricity Institution) with registry dated 31 December 1992 No: 5538.
- b) 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	30 June 2016
Surety received	USD	6,000,000	17,361,600
Letters of guarantees received	USD	2,915,637	8,436,687
Guarantee notes received	USD	1,329,685	3,847,578
Guarantee cheques received	TL	71,000	71,000
			29,716,865

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

	30 June 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

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NOTE 7 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Provision for lawsuits

The provision for the lawsuits against the company as of 30 June 2016 is TL3,615,720 (31 December 2015: TL3,095,607). The movements of provision for lawsuits are as follows:

	2016	2015
1 January	3,095,607	1,756,613
Foreign exchange differences and interests	29,920	135,142
Increase during the period	596,703	540,624
Reversals during the period	(106,510)	-
30 June	3,615,720	2,432,379

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. The case has been appealed by plaintiff.

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. 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 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.

Ömer Dinçök filed a lawsuit on 30 June 2016 with a demand of cancellation of the decisions number 5 and 11 discussed at Ordinary General Meeting dated 30 March 2016. The case will be made on 21 December 2016.

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NOTE 8 - EMPLOYEE BENEFITS

At 30 June 2016, the amount payable consists of one month's salary limited to a maximum of TL4,297.21 for each year of service.

In the financial statements, Company management reflected a liability calculated in accordance with TAS 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 actuarial 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 - 30 June 2016	1 January - 31 December 2015
Discount rate (%)	3.76	3.76
Turnover rate to estimate the probability of retirement (%)	95.34	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	139,007	1,030,936
Cost of interest (Note 15)	103,733	86,326
Actuarial gain	(11,019)	(143,827)
Payments made during the period (-)	(230,610)	(80,022)
30 June	987,932	943,456

Provision for employment termination benefits amounting to TL59,575 comprise of the Company's personnel termination benefits expenses and TL928,357 comprise of the Company's share in Üçgen Bakım ve Yönetim Hizmetleri A.Ş.'s personnel termination benefits expenses.

NOTE 9 - OTHER ASSETS AND LIABILITIES

The details of other assets and other liabilities as of 30 June 2016 and 31 December 2015 are as follows:

	30 June 2016	31 December 2015
Prepaid expenses - short term		
Advances given (*)	10,440,416	613,223
Prepaid expenses (**)	3,503,753	894,918
	13,944,169	1,508,141

(*) Advances given amounting to TL9,430,000 consists of infrastructure and equipment expenses that is given to YOO Mimarlık A.Ş. for shopping mall, amounting to TL1,004,162 consists of advances given to Üçgen Bakım ve Yönetim Hizmetleri A.Ş. renovation of stores and amounting to TL6,254 consists of other advances.

(**) Amount to TL2,161,006 consists of prepaid expenses in order to rent the store. These amounts will be amortized in the contract period after renting the store.

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NOTE 9 - OTHER ASSETS AND LIABILITIES (Continued)

Other current assets:	30 June 2016	31 December 2015
Income accruals for store rent (*)	6,088,477	-
Income accrual for management charges (**)	375,537	-
VAT receivables	-	228,671
Other	438,093	-
	6,902,107	228,671

(*) Income accrual for store rents.

(**) The Company provides common areas services like car park incomes from the related party Üçgen to whom the Company charged. Income accrual consists of related party charges.

Other non-current assets:	30 June 2016	31 December 2015
Deposits given	202	202
	202	202

Deferred income	30 June 2016	31 December 2015
Deferred income	1,177,094	1,058,739
Advances received	453,823	337,355
	1,630,917	1,396,094

Other current liabilities	30 June 2016	31 December 2015
Expense accruals	223,014	324,659
	223,014	324,659

NOTE 10 - EQUITY

At 30 June 2016 and 31 December 2015 the issued and fully paid-in share capital held is as follows:

Shareholders	30 June 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%.

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NOTE 10 - EQUITY (Continued)

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.

At 30 June 2016 and 31 December 2015 equity statement in accordance with the Communiqué II-14.1 is as follows:

	30 June 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 gains arising from employee benefits	52,332	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	40,913,900	73,325,045
	188,967,053	224,805,974

Retained earnings consist of the following:

	30 June 2016	31 December 2015
Prior years' income	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 11 - OPERATING INCOME

	1 January - 30 June 2016	1 April - 30 June 2016	1 January - 30 June 2015	1 April - 30 June 2015
Sales				
Shops and warehouse rent income	55,627,411	30,450,468	47,313,728	24,023,724
Common areas rent income	2,016,618	973,139	1,998,548	968,588
Apart hotel rent income	1,455,867	592,710	1,078,483	613,303
	59,099,896	32,016,317	50,390,759	25,605,615
Cost of sales				
Cost of services	(12,954,361)	(6,633,436)	(11,776,581)	(5,835,613)
Depreciation expense	(3,590,672)	(1,795,337)	(2,351,910)	(1,175,955)
	(16,545,033)	(8,428,773)	(14,128,491)	(7,011,568)
Gross profit	42,554,863	23,587,544	36,262,268	18,594,047

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NOTE 12 - EXPENSES BY NATURE

	1 January - 30 June 2016	1 April - 30 June 2016	1 January - 30 June 2015	1 April - 30 June 2015
Cost of services	12,926,808	6,633,436	10,756,852	5,497,260
Depreciation and amortisation expenses	3,618,337	1,809,166	2,379,685	1,189,788
Legal expenses	1,126,713	587,669	561,460	294,128
Personnel expenses	731,101	374,626	665,196	336,529
Provision for lawsuits	596,703	294,037	540,624	340,701
Insurance, duties, taxes and levies expenses	467,591	315,737	56,409	42,185
Consultancy expenses	362,053	177,715	282,442	145,484
Provision for employment termination benefits expense	37,741	574	1,030,936	338,862
Other	203,942	93,207	148,239	71,250
	20,070,989	10,286,167	16,421,843	8,256,187
Depreciation and amortisation expenses				
Cost of sales	3,590,672	1,795,337	2,351,910	1,175,955
General administrative expenses	27,665	13,829	27,775	13,833
	3,618,337	1,809,166	2,379,685	1,189,788

NOTE 13 - OTHER OPERATING INCOME/ (EXPENSES)

	1 January - 30 June 2016	1 April - 30 June 2016	1 January - 30 June 2015	1 April - 30 June 2015
Other operating income				
Reversal of provisions	122,502	15,992	21,549	21,549
Foreign exchange gain on trade receivables and payables	103,489	44,878	59,127	45,207
Other	3,122	3,122	-	-
	229,113	63,992	80,676	66,756
Other operating expense				
Apart renovation expenses (*)	(350,948)	-	-	-
Provision for doubtful receivable	(309,728)	(143,685)	-	-
Foreign exchange loss on trade receivables and payables	(97,461)	(73,440)	(127,669)	(28,077)
Decoration expense	(90,389)	(90,389)	-	-
Interest expense of provision for lawsuits	(34,010)	(16,237)	(31,319)	(16,189)
Other	(103,154)	(59,576)	-	-
	(985,690)	(383,327)	(158,988)	(44,266)
Other operating income, net	(756,577)	(319,335)	(78,312)	22,490

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

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NOTE 14 - FINANCIAL INCOME

	1 January - 30 June 2016	1 April - 30 June 2016	1 January - 30 June 2015	1 April - 30 June 2015
Financial income				
Interest income	2,487,643	1,157,064	2,706,796	1,326,967
Foreign exchange income	1,201,254	860,267	102,048	34,442
	3,688,897	2,017,331	2,808,844	1,361,409

NOTE 15 - FINANCIAL EXPENSES

	1 January - 30 June 2016	1 April - 30 June 2016	1 January - 30 June 2015	1 April - 30 June 2015
Financial expenses				
Foreign exchange expense	(900,104)	(207,791)	(7,325)	(7,325)
Interest expenses related to employee benefits	(103,733)	(97,117)	(86,326)	(8,366)
Interest expense	(43,333)	(43,333)	-	-
Bank commission expense	(157)	(78)	(157)	(78)
	(1,047,327)	(348,319)	(93,808)	(15,769)

NOTE 16 - 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 17 - 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.

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NOTE 17 - EARNINGS PER SHARE (Continued)

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 - 30 June 2016	1 April - 30 June 2016	1 January - 30 June 2015	1 April - 30 June 2015
Weighted average number of shares as of the reporting date (per share of TL1 nominal value)	37,264,000	37,264,000	37,264,000	37,264,000
Net profit for the period	40,913,900	23,079,827	36,605,640	18,717,558
Earnings per share	1.10	0.62	0.98	0.50

NOT 18 - RELATED PARTY DISCLOSURES

As of 30 June 2016 and 31 December 2015 there is no receivables from related parties.

As of 30 June 2016 and 31 December 2015 trade payables to related parties are as follows:

	30 June 2016	31 December 2015
Trade payables to related parties		
Üçgen Bakım ve Yönetim Hizmetleri A.Ş.	1,512,101	2,976,264
Dinkal Sigorta Acenteliği A.Ş.	59,199	42,704
Akkök Holding A.Ş.	29,760	22,405
Aktek Bilgi İletişim Teknoloji San. ve Tic. A.Ş.	106	445
	1,601,166	3,041,818

The details of other non-trade liabilities to shareholders as of 30 June 2016 and 31 December 2015 are as follows:

	30 June 2016	31 December 2015
Dividend payable	10,061,280	-
Other	4,450	-
	10,065,730	-

	30 June 2016	31 December 2015
Advances given		
Üçgen Bakım ve Yönetim Hizmetleri A.Ş. (*)	1,004,162	529,904
Akgirişim Müteahhitlik Müşavirlik ve Çevre Teknolojileri San.ve Tic. A.Ş.	-	75,531
	1,004,162	605,435

(*) Advances given to Üçgen Bakım ve Yönetim Hizmetleri A.Ş. consists of advances for the expenses of stores to rent.

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NOT 18 - RELATED PARTY DISCLOSURES (Continued)

	1 January - 30 June 2016	1 April - 30 June 2016	1 January - 30 June 2015	1 April - 30 June 2015
Purchases from related party	13,989,312	6,903,272	25,872,705	10,730,515
Sales to related parties	1,603,330	794,019	1,125,056	642,522

Purchases and sales consist of rent income, purchase and sales of services, and renovation expenses. The related party purchases amounting to TL 13,761,086 comprise of management expenses and other expenses provided by Üçgen Bakım ve Yönetim Hizmetleri A.Ş. ("Üçgen") and TL228,226 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 TL4,883,771 regarding the revenue collected on behalf of the Company for the first six months of 2016 (1 January – 30 June 2015: TL4,545,795).

As of 1 January – 30 June 2016, remuneration provided to top executives management such as the General Manager and the members of Board of Directors is TL569,916 (1 January- 30 June 2015: TL497,659).

NOTE 19 - 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:

	30 June 2016	31 December 2015
Assets	1,252,115	15,009,883
Liabilities	(940,475)	(883,965)
Net position	311,640	14,125,918

As of 30 June 2016, fluctuation of USD and Euro had been 10% higher/lower ceteris paribus, net income for the period would have been TL31,164 (31 December 2015: TL1,412,592 higher/lower) higher/lower.

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**NOTE 19 - NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL
INSTRUMENTS (Continued)**

As of 30 June 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	389,899	941	1,252,115
Total assets	389,899	941	1,252,115
Current liabilities			
Short-term provisions	-	(144,650)	(418,559)
Non-current Liabilities			
Other payables	-	(180,369)	(521,916)
Total liabilities	-	(325,019)	(940,475)
Net Foreign Currency Asset Position	389,899	(324,078)	311,640

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

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NOTE 20 - SUBSEQUENT EVENTS

As per the Board resolution taken on 31 May 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 July 2016 and August 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 21 - 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 30 June 2016 and 31 December 2015:

Non-consolidated (stand-alone) financial statement accounts items	Related regulations	30 June 2016	31 December 2015
A Cash and capital market instruments	Art.24/(b)	14,346,525	40,330,904
B Real estate, real estate-based project, real estate-based rights	Art.24/(a)	185,964,851	189,464,856
C Affiliates	Art.24/(b)	-	-
Due from related parties (non-trade)	Art.23/(f)	-	-
Other assets		24,248,308	4,628,492
D Total assets	Art.3/(p)	224,559,684	234,424,252
E Borrowings	Art.31	15,000,000	-
F Other financial liabilities	Art.31	-	-
G Leasing obligation	Art.31	-	-
H Due to related parties (non-trade)	Art.23/(f)	10,065,730	-
I Equity	Art.31	188,967,053	224,805,974
Other liabilities		10,526,901	9,618,278
D Total liabilities	Art.3/(p)	224,559,684	234,424,252
Other non-consolidated (stand-alone) financial information	Related regulations	30 June 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)	14,345,224	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)	-	-

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NOTE 21 - SUPPLEMENTARY NOTE: CONTROL OF COMPLIANCE WITH PORTFOLIO RESTRICTIONS (Continued)

Portfolio Restriction	Related regulations	30 June 2016	31 December 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)	83%	81%	≥51%
3 Cash and capital market instruments and Affiliates (A+C-A1)/D)	Art.24/(b)	6%	17%	≤49%
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	13%	-	≤500%
8 TL/foreign currency denominated time/demand deposits (A2-A1)/D (*)	Art.24/(b)	6%	17%	≤10%
9 Total investments of monetary and capital market instruments at one company (L/D)	Art.22/(i)	-	-	≤10%

(*) As of 30 June 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 TL185,964,851 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 0.9% at 30 June 2016 (31 December 2015: 2.5%).

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