

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

**CONVENIENCE TRANSLATION OF
THE CONDENSED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY - 30 SEPTEMBER 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 September 2016 and the related condensed statements of comprehensive income, changes in equity and cash flows for the nine-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 September 2016 and of its financial performance and cash flows for the nine-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 blue horizontal line.

**Engin Çubukçu, SMMM
Partner**

Istanbul, 4 November 2016

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016

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AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

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

		<i>Reviewed</i>	<i>Audited</i>
	Notes	30 September 2016	31 December 2015
ASSETS			
Current assets		24,688,431	44,819,057
Cash and cash equivalents	3	15,324,930	40,330,904
Trade receivables			
<i>Trade receivables from third parties</i>	5	4,831,649	2,751,341
Prepaid expenses	9	2,939,011	1,508,141
Other current assets	9	1,592,841	228,671
Non-current assets		209,278,028	189,605,195
Investment property	6	199,302,169	189,464,856
Property and equipment		90,278	123,944
Intangible assets		8,361	16,193
Prepaid expenses	9	2,944,467	-
Other non-current assets	9	6,932,753	202
Total assets		233,966,459	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 SEPTEMBER 2016 AND 31 DECEMBER 2015**

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

		<i>Reviewed</i>	<i>Audited</i>
	Notes	30 September 2016	31 December 2015
LIABILITIES			
Current liabilities		25,360,295	8,168,076
Short term borrowings			
<i>Short term borrowings from third parties</i>	4	15,541,667	-
Trade payables			
<i>Trade payables to related parties</i>	5,18	2,643,493	3,041,818
<i>Trade payables to third parties</i>	5	623,571	150,423
Other payables			
<i>Other payables to third parties</i>	5	508,285	159,475
Deferred income	9	1,856,234	1,396,094
Short term provisions			
<i>Other short term provisions</i>	7	3,996,359	3,095,607
Other short term liabilities	9	190,686	324,659
Non-current liabilities		1,536,043	1,450,202
Other payables			
<i>Other payables to third parties</i>	5	540,366	463,381
Long term provisions			
<i>Long term provision for employment termination benefits</i>	8	995,677	986,821
Equity		207,070,121	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	(22,825)	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	59,092,125	73,325,045
Total liabilities and equity		233,966,459	234,424,252

These interim financial statements for the period ended 30 September 2016 have been approved by the Board of Directors held on November 4, 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 NINE MONTH INTERIM PERIODS ENDED 30 SEPTEMBER 2016 AND 2015

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

	Notes	Reviewed 1 January - 30 September 2016	Reviewed 1 July - 30 September 2016	Reviewed 1 January - 30 September 2015	Reviewed 1 July - 30 September 2015
PROFIT AND LOSSES					
Revenue	11	86,934,903	27,835,007	77,629,957	27,239,198
Cost of sales (-)	11	(24,019,875)	(7,474,842)	(21,187,290)	(7,058,799)
Gross profit		62,915,028	20,360,165	56,442,667	20,180,399
General administrative expenses (-)		(5,326,879)	(1,800,923)	(3,412,604)	(1,119,252)
Other operating income	13	330,073	100,960	150,308	69,632
Other operating expense (-)	13	(1,415,008)	(429,318)	(816,568)	(657,580)
Operating profit		56,503,214	18,230,884	52,363,803	18,473,199
Financial income	14	4,163,366	474,469	3,869,231	1,060,387
Financial expenses (-)	15	(1,574,455)	(527,128)	(98,384)	(4,576)
Continuing operations profit before tax		59,092,125	18,178,225	56,134,650	19,529,010
Tax income/(expenses) from continuing operations		-	-	-	-
Continuing operations net profit for the period		59,092,125	18,178,225	56,134,650	19,529,010
Earnings per share	17				
Earning per share from continuing operations		1.59	0.49	1.51	0.52
Earning per share from discontinuing operations		-	-	-	-
Diluted earnings per share	17				
Diluted earnings per share from continuing operations		1.59	0.49	1.51	0.52
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		(64,138)	(75,157)	39,067	(104,760)
Total comprehensive income		59,027,987	18,103,068	56,173,717	19,424,250

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 NINE MONTH INTERIM PERIODS ENDED 30 SEPTEMBER 2016 AND 2015**

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

	Share capital	Adjustment to share capital	Other comprehensive income/expense not to be reclassified to profit or loss	Restricted reserves	Retained earnings		Equity
			Actuarial losses 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	-	-	39,067	-	-	56,134,650	56,173,717
30 September 2015 (Reviewed)	37,264,000	27,745,263	39,067	58,547,594	27,882,759	56,134,650	207,613,333
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	-	-	(64,138)	-	-	59,092,125	59,027,987
30 September 2016 (Reviewed)	37,264,000	27,745,263	(22,825)	66,149,450	16,842,108	59,092,125	207,070,121

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 NINE MONTH INTERIM
PERIODS ENDED 30 SEPTEMBER 2016 AND 2015**

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

	Notes	Reviewed 1 January - 30 September 2016	Reviewed 1 January - 30 September 2015
Cash flows from operating activities		49,272,113	54,599,976
Profit for the year		59,092,125	56,134,650
Adjustments for profit for the year		(3,238,433)	2,263,855
Adjustments for depreciation and amortisation expenses	12	5,591,502	3,569,471
Adjustments for impairment loss		299,792	127,430
Adjustments for provisions		1,255,238	2,060,526
Adjustments for interest (income)/ expenses		(2,280,716)	(3,493,572)
Other		(8,104,249)	-
Change in working capital		(6,301,555)	(3,666,345)
Adjustments for decrease / (increase) in trade receivables			
<i>Decrease in trade receivables from related parties</i>		-	70,504
<i>Increase in trade receivables from third parties</i>		(2,396,093)	(2,395,685)
Increase in other assets related to operations		(4,567,809)	(1,009,631)
Adjustments regarding increase/ (decrease) in trade payables			
<i>Decrease in trade payable from related parties</i>		(398,325)	(1,599,208)
<i>Increase in trade payable from third parties</i>		473,148	419,850
Adjustments for increase other liabilities related to operations		587,524	847,825
Cash provided from operations		49,552,137	54,732,160
Employment termination benefit payments	8	(296,017)	(132,184)
Collections from bad debt		15,993	-
Cash flows from investing activities		(12,452,911)	(13,367,579)
Interest received		2,934,406	3,540,988
Additions to investment property	6	(15,387,317)	(16,908,567)
Net cash used in financing activities		(61,763,840)	(58,388,471)
Cash inflows regarding borrowings		15,000,000	1,233,929
Dividends paid		(76,763,840)	(59,622,400)
Net decrease in cash and cash equivalents		(24,944,638)	(17,156,074)
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	15,320,689	32,622,999

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 NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 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 September 2016.

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

Shareholders	30 September 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 September 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 September 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 NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 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 NINE MONTH INTERIM
PERIOD ENDED 30 SEPTEMBER 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 September 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 September 2016 in comparison with 1 January - 30 September 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 TL114,847 which was accounted for under financial income, has been reclassified to other operating income for the period between 1 January 2015 - 30 September 2015.
- Foreign exchange loss on trade receivables and payables amounting to TL294,856 which was accounted for under financial expenses, has been reclassified to other operating expenses for the period between 1 January 2015 - 30 September 2015.
- Interest expense of provision for lawsuits amounting to TL50,065 which was accounted for under financial expenses, has been reclassified to other operating expenses for the period between 1 January 2015 - 30 September 2015.
- Provision for doubtful receivables amounting to TL127,430 which was accounted for under administrative expenses, has been reclassified to other operating expenses for the period between 1 January 2015 - 30 September 2015.

2.2.2 Changes in standards and interpretations

Standards, amendments and interpretations applicable as at 30 September 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 NINE MONTH INTERIM
PERIOD ENDED 30 SEPTEMBER 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.
- 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.
- 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.

Standards, amendments and interpretations effective after 30 September 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.

**CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED
FINANCIAL STATEMENTS FOR THE NINE MONTH INTERIM
PERIOD ENDED 30 SEPTEMBER 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)

- 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 IFRS 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 IFRS 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.
- 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 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.
- Amendment to IFRS 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.
- IFRS 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). IFRS 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 IFRS 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.

**CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED
FINANCIAL STATEMENTS FOR THE NINE MONTH INTERIM
PERIOD ENDED 30 SEPTEMBER 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)

- Amendments to IFRS 4 'Insurance contracts' regarding the Implementation of IFRS 9 'Financial Instruments', effective from annual periods beginning on or after 1 January 2018. These amendments introduce two approaches: an overlay approach and a deferral approach. The amended standard will:
 - give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is issued; and
 - give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2021. The entities that defer the application of IFRS 9 will continue to apply the existing financial instruments standard, IAS 39.

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 September 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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NOTE 3 - CASH AND CASH EQUIVALENTS

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

	30 September 2016	31 December 2015
Cash	8,688	3,089
Banks		
- TL time deposit	13,871,187	25,284,280
- Foreign currency denominated time deposit	1,310,766	14,940,110
- TL demand deposit	128,262	32,791
- Foreign currency denominated demand deposit	6,027	70,634
	15,324,930	40,330,904

As of 30 September 2016, the interest rate on TL deposit accounts at banks is 11.05% , foreign currency denominated time deposits at banks is 1.5% and the accrued interests are TL4,187 and TL54 (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 less than one month (31 December 2015: less than one month).

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

	30 September 2016	31 December 2015	30 September 2015	31 December 2014
Cash and cash equivalents	15,324,930	40,330,904	32,763,720	49,917,145
Less: accrued interest	(4,241)	(65,577)	(140,721)	(138,072)
	15,320,689	40,265,327	32,622,999	49,779,073

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NOTE 4- FINANCIAL LIABILITIES

The detail of financial liabilities is as follows:

	<u>30 September 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	15,541,667	-	-
Total borrowings		15,541,667	-	-

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NOTE 5 - TRADE AND OTHER RECEIVABLES AND PAYABLES

Short-term trade receivables	30 September 2016	31 December 2015
Trade receivables	8,106,341	5,533,856
Notes and post-dated cheques receivable	415,360	607,745
	8,521,701	6,141,601
Less: Provision for doubtful receivables	(3,690,052)	(3,390,260)
	4,831,649	2,751,341

The movement of provisions for doubtful receivables is as follows:

	2016	2015
1 January	3,390,260	3,167,871
Provision made during the period (Note 13)	315,785	127,430
Collections from doubtful receivables	(15,993)	-
30 September	3,690,052	3,295,301

Short-term trade payables	30 September 2016	31 December 2015
Trade payables	623,571	150,423
Due to related parties (Note 18)	2,643,493	3,041,818
	3,267,064	3,192,241

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

Short-term other payables	30 September 2016	31 December 2015
Taxes payables and other taxes	496,213	149,961
Other	12,072	9,514
	508,285	159,475

Long-term other payables	30 September 2016	31 December 2015
Deposits and guarantees received	540,366	463,381
	540,366	463,381

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NOTE 6 - INVESTMENT PROPERTY

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

	1 January 2016	Additions	Transfers	30 September 2016
Cost				
Buildings	250,983,764	-	15,113,917	266,097,681
Construction in progress (*)	-	15,387,317	(15,113,917)	273,400
	250,983,764	15,387,317	-	266,371,081
Accumulated amortisation				
Buildings	(61,518,908)	(5,550,004)	-	(67,068,912)
	(61,518,908)	(5,550,004)	-	(67,068,912)
Net book value	189,464,856			199,302,169

(*) The transfers from construction in progress to buildings amounting TL15,113,917 include the infrastructure works of building that are completed in 2016.

	1 January 2015	Additions	Transfers	30 September 2015
Cost				
Buildings	187,914,200	-	163,752	188,077,952
Construction in progress (*)	33,076,086	16,908,567	(163,752)	49,820,901
	220,990,286	16,908,567	-	237,898,853
Accumulated amortisation				
Buildings	(56,402,168)	(3,527,864)	-	(59,930,032)
	(56,402,168)	(3,527,864)	-	(59,930,032)
Net book value	164,588,118			177,968,821

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 September 2016 and 31 December 2015 is as follows;

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

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NOTE 7 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

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	30 September 2016
Surety received	USD	6,000,000	17,975,400
Letters of guarantees received	USD	2,118,216	6,345,962
Letters of guarantees received	TL	1,152,500	1,152,500
Guarantee notes received	USD	1,240,684	3,716,964
Guarantee cheques received	TL	131,000	131,000
			29,321,826

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 September 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 September 2016 is TL3,996,359 (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
Increase during the period	930,328	808,987
Foreign exchange differences and interests	76,935	256,411
Reversals during the period	(106,511)	-
30 September	3,996,359	2,822,011

The Company's ongoing lawsuits that no provision necessary in the financial statements are summarized below as of 30 September 2016:

Ömer Dinçkök, 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 Dinçkök 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 Dinçkök 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 Dinçkök 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 Dinçkök 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 Dinçkök 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. Furthermore, Ömer Dinçkök, filed a lawsuit on 30 June 2016 with a demand of appointment of a special auditor for the Company as per Article 439/1 of Turkish Commercial Code.

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NOTE 8 - EMPLOYEE BENEFITS

At 30 September 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 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 - 30 September 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	136,189	1,022,958
Cost of interest (Note 15)	104,546	90,821
Actuarial gain /(loss)	64,138	(39,067)
Payments made during the period (-)	(296,017)	(132,184)
30 September	995,677	992,571

Provision for employment termination benefits amounting to TL23,447 comprise of the Company's personnel termination benefits expenses and TL972,230 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 September 2016 and 31 December 2015 are as follows:

	30 September 2016	31 December 2015
Prepaid expenses - short term		
Prepaid expenses (*)	2,930,538	894,918
Advances given	8,473	613,223
	2,939,011	1,508,141

(*) Amount to TL1,889,142 consists of prepaid expenses given to Üçgen Bakım ve Yönetim Hizmetleri A.Ş. related to the management expenses. Amount to TL598,734 consists of prepaid expenses in order to rent the stores and other prepaid expenses. This amount will be amortized in the contract period after renting the store. The rest of the amount is related to other prepaid expenses.

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NOTE 9 - OTHER ASSETS AND LIABILITIES (Continued)

Prepaid expenses - long term	30 September 2016	31 December 2015
Prepaid expenses (*)	2,944,467	-
	2,944,467	-

(*) Prepaid expenses consist of the expenses in order to rent the store. This amount will be amortized in the contract period.

Other current assets:	30 September 2016	31 December 2015
Income accruals for store rent (*)	1,171,698	-
VAT receivables	-	228,671
Other	421,143	-
	1,592,841	228,671

(*) Income accrual for store rents which includes short-term period.

Other non-current assets:	30 September 2016	31 December 2015
Income accruals for store rent (*)	6,932,551	-
Deposits given	202	202
	6,932,753	202

(*) Income accrual for store rents which includes the long-term period.

Deferred income	30 September 2016	31 December 2015
Deferred income	1,184,418	1,058,739
Advances received	671,816	337,355
	1,856,234	1,396,094

Other current liabilities	30 September 2016	31 December 2015
Expense accruals	190,686	324,659
	190,686	324,659

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NOTE 10 - EQUITY

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

Shareholders	30 September 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

(*) 31.48% of public offering shares belong to Klepierre S.A. as of 30 September 2016 (31 December 2015: 31.48%).

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

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

	30 September 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	(22,825)	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	59,092,125	73,325,045
	207,070,121	224,805,974

Retained earnings consist of the following:

	30 September 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

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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NOTE 11 - OPERATING INCOME

	1 January - 30 September 2016	1 July - 30 September 2016	1 January - 30 September 2015	1 July - 30 September 2015
Sales				
Shops and warehouse rent income	81,868,762	26,241,351	72,541,426	25,227,698
Common areas rent income	2,946,084	929,466	2,898,262	899,714
Apart hotel rent income	2,120,057	664,190	2,190,269	1,111,786
	86,934,903	27,835,007	77,629,957	27,239,198
Cost of sales				
Cost of services	(18,469,871)	(5,515,510)	(17,659,426)	(5,882,845)
Depreciation expense	(5,550,004)	(1,959,332)	(3,527,864)	(1,175,954)
	(24,019,875)	(7,474,842)	(21,187,290)	(7,058,799)
Gross profit	62,915,028	20,360,165	56,442,667	20,180,399

NOTE 12 - EXPENSES BY NATURE

	1 January - 30 September 2016	1 July - 30 September 2016	1 January - 30 September 2015	1 July - 30 September 2015
Cost of services	18,343,032	5,416,224	16,632,412	5,875,560
Depreciation and amortisation expenses	5,591,502	1,973,165	3,569,471	1,189,786
Legal expenses	1,557,833	431,120	820,695	259,235
Personnel expenses	1,327,418	596,317	1,064,553	399,357
Provision for lawsuits	930,328	333,625	808,987	268,363
Insurance, duties, taxes and levies expenses	567,536	99,945	94,560	28,007
Consultancy expenses	538,449	176,396	388,032	105,590
Provision for employment termination benefits expenses	136,189	98,448	1,036,870	5,934
Donations and charities	100,000	100,000	-	-
Other	254,467	50,525	184,314	46,219
	29,346,754	9,275,765	24,599,894	8,178,051
Depreciation and amortisation expenses				
Cost of sales	5,550,004	1,959,332	3,527,864	1,175,954
General administrative expenses	41,498	13,833	41,607	13,832
	5,591,502	1,973,165	3,569,471	1,189,786

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NOTE 13 - OTHER OPERATING INCOME/EXPENSES

	1 January - 30 September 2016	1 July - 30 September 2016	1 January - 30 September 2015	1 July - 30 September 2015
Other operating income				
Reversal of provisions	168,291	45,789	35,461	13,912
Foreign exchange gain on trade receivables and payables	131,188	27,699	114,847	55,720
Other income	30,594	27,472	-	-
	330,073	100,960	150,308	69,632
Other operating expense				
Amortisation expenses (*)	(420,638)	(317,520)	-	-
Apart renovation expenses (**)	(350,948)	-	(344,217)	(344,217)
Provision for doubtful receivables	(315,785)	(6,057)	(127,430)	(127,430)
Foreign exchange loss on trade receivables and payables	(173,950)	(76,489)	(294,856)	(167,187)
Decoration expense	(90,389)	-	-	-
Interest expense of provision for lawsuits	(50,687)	(16,677)	(50,065)	(18,746)
Other	(12,611)	(12,575)	-	-
	(1,415,008)	(429,318)	(816,568)	(657,580)
Other operating income/(expense), net	(1,084,935)	(328,358)	(666,260)	(587,948)

(*) The expenses comprise of the amortized part of the expenses in order to rent the stores in the related period.

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

NOTE 14 - FINANCIAL INCOME

	1 January - 30 September 2016	1 July - 30 September 2016	1 January - 30 September 2015	1 July - 30 September 2015
Financial income				
Interest income	2,873,070	385,427	3,543,637	836,841
Foreign exchange income	1,290,296	89,042	325,594	223,546
	4,163,366	474,469	3,869,231	1,060,387

NOTE 15 - FINANCIAL EXPENSES

	1 January - 30 September 2016	1 July - 30 September 2016	1 January - 30 September 2015	1 July - 30 September 2015
Financial expenses				
Foreign exchange expense	928,006	27,902	7,325	-
Interest expense	541,667	498,334	-	-
Interest expenses related to employee benefits	104,546	813	90,821	4,495
Bank commission expense	236	79	238	81
	1,574,455	527,128	98,384	4,576

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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.

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 September 2016	1 July - 30 September 2016	1 January - 30 September 2015	1 July - 30 September 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	59,092,125	18,178,225	56,134,650	19,529,010
Earnings per share	1.59	0.49	1.51	0.52

NOTE 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 September 2016	31 December 2015
Due to related parties		
Üçgen Bakım ve Yönetim Hizmetleri A.Ş.	2,540,516	2,976,264
Akkök Holding A.Ş.	58,857	22,405
Dinkal Sigorta Acenteliği A.Ş.	42,594	42,704
Aktek Bilgi İletişim Teknoloji San. ve Tic. A.Ş.	1,526	445
	2,643,493	3,041,818

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NOT 18 - RELATED PARTY DISCLOSURES (Continued)

	30 September 2016	31 December 2015
Advances given		
Üçgen Bakım ve Yönetim Hizmetleri A.Ş.	-	529,904
Akgirişim Müteahhitlik Müşavirlik ve Çevre Teknolojileri San.ve Tic. A.Ş.	-	75,531
	-	605,435

	1 January - 30 September 2016	1 July - 30 September 2016	1 January - 30 September 2015	1 July - 30 September 2015
Purchases from related party	22,770,414	8,781,102	33,795,010	7,922,305
Sales to related parties	2,379,592	776,262	1,852,568	727,512

Purchases and sales consist of rent income, purchase and sales of services, and renovation expenses. The related party purchases amounting to TL22,438,738 comprise of management expenses and other expenses provided by Üçgen Bakım ve Yönetim Hizmetleri A.Ş. ("Üçgen"). 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 TL7,354,852 regarding the revenue collected on behalf of the Company for the first nine months of 2016 (1 January - 30 September 2015: TL6,920,143).

As of 1 January - 30 September 2016, remuneration provided to top executives management such as the General Manager and the members of Board of Directors is TL843,650 (1 January- 30 September 2015: TL750,543).

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 September 2016	31 December 2015
Assets	1,316,741	15,009,883
Liabilities	(973,724)	(883,965)
Net position	343,017	14,125,918

As of 30 September 2016, fluctuation of USD and Euro had been 10% higher/lower ceteris paribus, net income for the period would have been TL34,302 (31 December 2015: TL1,412,592 higher/lower) higher/lower.

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED
FINANCIAL STATEMENTS FOR THE NINE MONTH INTERIM
PERIOD ENDED 30 SEPTEMBER 2016**

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

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

As of 30 September 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	390,955	941	1,316,741
Total assets	390,955	941	1,316,741
Current liabilities			
Short-term provisions	-	(144,650)	(433,357)
Non-current Liabilities			
Other payables	-	(180,369)	(540,367)
Total liabilities	-	(325,019)	(973,724)
Net Foreign Currency Asset Position	390,955	(324,078)	343,017

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

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

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

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

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

In this scope, total assets, total portfolio and information relating to portfolio restrictions are as follows as of 30 September 2016 and 31 December 2015:

Non-consolidated (stand-alone)			
financial statement accounts items	Related regulations	30 September 2016	31 December 2015
A Cash and capital market instruments	Art.24/(b)	15,324,930	40,330,904
B Real estate, real estate-based project, Real estate-based rights	Art.24/(a)	199,302,169	189,464,856
C Affiliates	Art.24/(b)	-	-
Due from related parties (non-trade)	Art.23/(f)	-	-
Other assets		19,339,360	4,628,492
D Total assets	Art.3/(p)	233,966,459	234,424,252
E Borrowings	Art.31	15,541,667	-
F Other financial liabilities	Art.31	-	-
G Leasing obligation	Art.31	-	-
H Due to related parties (non-trade)	Art.23/(f)	-	-
I Equity	Art.31	207,070,121	224,805,974
Other liabilities		11,354,671	9,618,278
D Total liabilities	Art.3/(p)	233,966,459	234,424,252
Other non-consolidated (stand-alone)			
financial information	Related regulations	30 September 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)	15,316,242	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)	-	-

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

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

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

Portfolio Restriction	Related regulations	30 September 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)	85%	81%	≥%51
3 Cash and capital market instruments and Affiliates (A+C-A1)/D)	Art.24/(b)	7%	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)/İ	Art.31	8%	-	≤%500
8 TL/foreign currency denominated time/demand deposits (A2-A1)/D (*)	Art.24/(b)	7%	17%	≤%10
9 Total investments of monetary and capital market instruments at one company (L/D)	Art.22/(i)	-	-	≤%10

(*) As of 30 September 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 TL199,302,169 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 1% at 30 September 2016 (31 December 2015: 2.5%).

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