

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĐI A.Ő.

**CONVENIENCE TRANSLATION OF
THE CONDENSED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY - 31 MARCH 2017
TOGETHER WITH AUDITOR'S REVIEW REPORT**

(ORIGINALLY ISSUED IN TURKISH)

Review Report on the Interim Financial Information

To the Board of Directors of Akmerkez Gayrimenkul Yatırım Ortaklığı Anonim Şirketi,

Introduction

We have reviewed the statement of financial position and the statement of profit or loss, statement of other comprehensive income, statement of changes in shareholders' equity and the statement of cash flows for the three-months-period then ended and other explanatory notes ("interim condensed financial information") of Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş. (the Company) and as of March 31, 2017. The management of the Company is responsible for the preparation and fair presentation of these interim condensed financial information in accordance with the Turkish Accounting Standard - 34 Interim Financial Reporting Standard ("TAS 34"). Our responsibility is to express a conclusion on these interim condensed financial information based on our review.

Scope of Review

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, "Limited Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim condensed financial information consists of making inquiries, primarily of persons responsible for financial reporting process, and applying analytical and other review procedures. A review of interim condensed financial information is substantially less in scope than an independent audit performed in accordance with the Independent Auditing Standards of Turkey and the objective of which is to express an opinion on the financial statements. Consequently, a review on the interim condensed 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

Based on our review, nothing has come to our attention which may cause us to conclude that the accompanying interim condensed financial information is not prepared in all material respects in accordance with TAS 34.

Other Matter

The financial statements of the Company which were prepared in accordance with the accounting principles and standards in force as of March 31, 2016 and December 31, 2016 were subject to limited review and full-scope audit by another independent audit firm, respectively. In their independent auditor's report dated February 28, 2017, independent audit firm expressed unqualified opinion on the financial statements prepared at December 31, 2016. Moreover, The Company's financial statements for the period ended March 31, 2016 were reviewed by the same audit firm and the firm expressed that nothing has come to their attention which may cause them to conclude that the interim condensed financial information is not prepared in material respects in accordance with TMS 34 on the report dated May 10, 2016.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited



Seda Akkus Tecer, SMMM
Engagement Partner

May 5, 2017
İstanbul, Türkiye

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

FINANCIAL STATEMENTS AT 31 MARCH 2017

CONTENTS	PAGE
CONDENSED STATEMENTS OF FINANCIAL POSITION/(BALANCE SHEET)	1-2
CONDENSED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME.....	3
CONDENSED STATEMENTS OF CHANGES IN EQUITY	4
CONDENSED STATEMENTS OF CASH FLOWS	5
NOTES TO THE CONDENSED FINANCIAL STATEMENTS	6-24
NOTE 1 ORGANISATION AND NATURE OF OPERATIONS.....	6
NOTE 2 BASIS FOR THE PRESENTATION OF FINANCIAL STATEMENTS.....	7-12
NOTE 3 CASH AND CASH EQUIVALENTS.....	12-13
NOTE 4 TRADE AND OTHER RECEIVABLES AND PAYABLES	13
NOTE 5 INVESTMENT PROPERTY	14
NOTE 6 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES.....	15-16
NOTE 7 EMPLOYEE BENEFITS	17
NOTE 8 OTHER ASSETS AND LIABILITIES	17-18
NOTE 9 EQUITY	18-19
NOTE 10 OPERATING INCOME.....	19
NOTE 11 EXPENSES BY NATURE.....	20
NOTE 12 OTHER INCOME/EXPENSES	20
NOTE 13 FINANCIAL INCOME.....	21
NOTE 14 FINANCIAL EXPENSES.....	21
NOTE 15 TAX ASSETS AND LIABILITIES	21
NOTE 16 EARNINGS PER SHARE	21
NOTE 17 RELATED PARTY DISCLOSURES	22
NOTE 18 NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS.....	23-24
NOTE 19 SUBSEQUENT EVENTS.....	24
NOTE 20 SUPPLEMENTARY NOTE: CONTROL OF COMPLIANCE WITH PORTFOLIO RESTRICTIONS	24-25

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

**CONVENIENCE TRANSLATION OF THE CONDENSED STATEMENTS OF
FINANCIAL POSITION/(BALANCE SHEET)
AT 31 MARCH 2017 AND 31 DECEMBER 2016**

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

	<i>Notes</i>	<i>Reviewed</i> 31 March 2017	<i>Audited</i> 31 December 2016
ASSETS			
Current assets		44.830.480	22.908.328
Cash and cash equivalents	3	36.649.762	16.358.023
Trade receivables			
<i>Receivables from related parties</i>	4,17	156.419	-
<i>Receivables from third parties</i>	4	3.429.493	4.387.729
Prepaid expenses	8	3.024.408	896.415
Other current assets	8	1.570.398	1.266.161
Non-current assets		208.487.011	210.205.195
Investment property	5	198.375.848	199.600.304
Property and equipment		1.107.357	1.164.528
Intangible assets		11.801	5.750
Prepaid expenses	8	2.645.100	2.794.784
Other non-current assets	8	6.346.905	6.639.829
Total assets		253.317.491	233.113.523

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

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**CONVENIENCE TRANSLATION OF THE CONDENSED STATEMENTS OF
FINANCIAL POSITION/(BALANCE SHEET)****AT 31 MARCH 2017 AND 31 DECEMBER 2016**

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

	Notes	Reviewed 31 March 2017	Audited 31 December 2016
LIABILITIES			
Current liabilities		6.489.785	5.732.544
Trade payable			
<i>Due to related parties</i>	4, 17	157.550	6.987
<i>Other trade payables</i>	4	1.511.721	424.683
Other payables			
<i>Due to third parties</i>	4	1.351.657	1.403.680
Deferred income	8	1.518.646	1.802.282
Provisions			
<i>Other provisions</i>	6	1.758.774	1.704.847
Other current liabilities	8	191.437	390.065
Non-current liabilities		1.925.323	1.653.305
Other payables			
<i>Other payables to third parties</i>	4	811.699	634.755
Long term provisions			
<i>Long term provisions for employment termination benefits</i>	7	1.113.624	1.018.550
Equity		244.902.383	225.727.674
Share capital	9	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			
- <i>Actuarial losses arising from employee benefits</i>		62.563	(94.809)
Restricted reserves		66.149.450	66.149.450
Retained earnings	9	94.663.770	16.842.108
Net income for the period		19.017.337	77.821.662
Total liabilities and equity		253.317.491	233.113.523

These interim financial statements for the period ended 31 March 2017 have been approved by the Board of Directors on 5 May 2017.

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

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**CONVENIENCE TRANSLATION OF THE CONDENSED STATEMENTS OF
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THREE
MONTH INTERIM PERIODS ENDED 31 MARCH 2017 AND 2016**

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

	Notes	<i>Reviewed</i> 1 January - 31 March 2017	<i>Reviewed</i> 1 January - 31 March 2016
CONTINUING OPERATIONS:			
OPERATING INCOME			
Revenue	10	28.778.183	27.083.579
Cost of sales (-)	10	(8.839.356)	(8.116.260)
Gross profit		19.938.827	18.967.319
General administrative expenses (-)		(1.414.604)	(1.668.562)
Other operating income	12	171.399	165.121
Other operating expense (-)	12	(374.093)	(602.363)
Operating profit		18.321.529	16.861.515
Financial income	13	1.030.570	1.671.566
Financial expenses (-)	14	(334.762)	(699.008)
Profit before tax from continuing operations		19.017.337	17.834.073
Tax expense from continuing operations		-	-
Profit for the period from continuing operations		19.017.337	17.834.073
Earnings per share			
Earning per share from continuing operations	16	0.51	0.48
Earning per share from discontinuing operations		-	-
Diluted earnings per share			
Diluted earnings per share from continuing operations	16	0.51	0.48
Diluted earnings per share from discontinuing operations		-	-
OTHER COMPREHENSIVE INCOME:			
Items not to be classified to profit or loss			
Actuarial gains/ (losses) arising from employee benefits		157.372	32.170
Total comprehensive income		19.174.709	17.866.243

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

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

**CONVENIENCE TRANSLATION OF THE CONDENSED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTH INTERIM PERIODS ENDED 31 MARCH 2017 AND 2016**

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

	Notes	Share capital	Adjustment to share capital	Other comprehensive income/expense not to be reclassified to profit or loss	Restricted reserves	Retained earnings		Total equity
				Actuarial losses/ (gain) arising from employee benefits		Retained earnings	Net profit for the period	
1 January 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)	-
Dividend payable		-	-	-	-	(76.763.840)	-	(76.763.840)
Total comprehensive income	9	-	-	32.170	-	-	17.834.073	17.866.243
31 March 2016 (Reviewed)		37.264.000	27.745.263	73.483	66.149.450	16.842.108	17.834.073	165.908.377
1 January 2017		37.264.000	27.745.263	(94.809)	66.149.450	16.842.108	77.821.662	225.727.674
Transfers		-	-	-	-	77.821.662	(77.821.662)	-
Total comprehensive income	9	-	-	157.372	-	-	19.017.337	19.017.337
31 March 2017 (Reviewed)		37.264.000	27.745.263	62.563	66.149.450	94.663.770	19.017.337	244.902.383

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

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**CONVENIENCE TRANSLATION OF THE CONDENSED
STATEMENTS OF CASH FLOWS FOR THE THREE MONTH INTERIM
PERIODS ENDED 31 MARCH 2017 AND 2016**

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

	Notes	Audited 1 January- 31 March 2017	Audited 1 January- 31 March 2016
Cash flows from operating activities		20.229.633	18.042.586
Profit for the period		19.017.337	17.834.073
Adjustments for profit for the period		1.682.642	1.223.149
Adjustments for depreciation and amortization expenses	11	1.969.874	1.809.171
Adjustments for impairment loss		14.054	166.043
Adjustments for provisions		448.369	560.741
Adjustments for interest (income)/ expenses		(738.342)	(1.312.806)
Other		(11.313)	-
Change in working capital		(437.539)	(1.014.636)
Adjustments for decrease / (increase) in trade receivables			
<i>Increase in trade receivables from related parties</i>		(156.419)	-
<i>Decrease in trade receivables from third parties</i>		944.182	156.965
(Increase) in other assets related to operations		(1.978.309)	(1.154.759)
Adjustments regarding increase/ (decrease) in trade payables			
<i>Increase/ (decrease) in trade payable from related parties</i>		150.563	(1.339.711)
<i>Increase in trade payable from third parties</i>		1.087.038	1.191.093
Adjustments for (decrease)/ increase other liabilities related to operations		(484.594)	131.776
Cash provided from operations		20.262.440	18.042.586
Employment termination benefit payments	7	(32.807)	-
Cash flows from investing activities		(118.853)	956.444
Interest received		575.445	956.444
Addition to property and equipment		(12.346)	-
Additions to investment property	5	(681.952)	-
Net cash used in financing activities		-	-
Net increase in cash and cash equivalents		20.110.780	18.999.030
Cash and cash equivalents at the beginning of the period		16.349.627	40.265.327
Cash and cash equivalents at the end of the period	3	36.460.407	59.264.357

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

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2017

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

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

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

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

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

The Company’s shares have been quoted on the Istanbul Stock Exchange (“ISE”) since 15 April 2005 and 50.82% of these shares are publicly quoted shares as of 31 March 2017.

The shareholding structure as of 31 March 2017 and 31 December 2016 is as follows:

	31 March 2017	31 December 2016
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%	100%

(*) 31,48% of public offering shares belong to Klepierre S.A. as of 31 March 2017 (31 December 2016: 31,48%).

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

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

	31 March 2017	31 December 2016
Administrative	5	4

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2017

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

2.1.1 Accounting Standards

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

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

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

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

Adjustment of Financial Statements During Hyper-Inflationary Periods:

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

Functional and presentation currency

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

2.1.2 Compliance with portfolio restrictions

The information included in Note 20, “Supplementary Note : Control of Compliance with Portfolio Restrictions” represent a condensed information based on the figures extracted from the financial statements that are prepared in accordance with No. II-14.1 “Principals of Financial Reporting in Capital Markets” of the CMB. This condensed information has been prepared in accordance with the requirements of No. III-48.1 “Principals of The Real Estate Investment Trusts” of the CMB particularly relating to the principles regarding the control of compliance to portfolio restrictions.

**CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED
FINANCIAL STATEMENTS FOR THE THREE MONTH
INTERIM PERIOD ENDED 31 MARCH 2017**

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

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

2.2 Changes in Accounting Policies

2.2.1 The new standards, amendments and interpretations

The accounting policies adopted in preparation of the interim financial statements as at March 31, 2017 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of January 1, 2017. The effects of these standards and interpretations on the Company’s financial position and performance have been disclosed in the related paragraphs.

i) Standards issued but not yet effective and not early adopted

TFRS 15 Revenue from Contracts with Customers

In September 2016, POA issued TFRS 15 Revenue from Contracts with Customers. The new standard issued includes the clarifying amendments to IFRS 15 made by IASB in April 2016. The new five-step model in the standard provides the recognition and measurement requirements of revenue. The standard applies to revenue from contracts with customers and provides a model for the sale of some non-financial assets that are not an output of the entity’s ordinary activities (e.g., the sale of property, plant and equipment or intangibles). TFRS 15 effective date is January 1, 2018, with early adoption permitted. Entities will transition to the new standard following either a full retrospective approach or a modified retrospective approach. The modified retrospective approach would allow the standard to be applied beginning with the current period, with no restatement of the comparative periods, but additional disclosures are required. The Company is in the process of assessing the impact of the standard on financial position or performance of the Company.

TFRS 9 Financial Instruments

In January 2017, POA issued the final version of TFRS 9 Financial Instruments. The final version of TFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. TFRS 9 is built on a logical, single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. Built upon this is a forward-looking expected credit loss model that will result in more timely recognition of loan losses and is a single model that is applicable to all financial instruments subject to impairment accounting. In addition, TFRS 9 addresses the so-called ‘own credit’ issue, whereby banks and others book gains through profit or loss as a result of the value of their own debt falling due to a decrease in credit worthiness when they have elected to measure that debt at fair value. The Standard also includes an improved hedge accounting model to better link the economics of risk management with its accounting treatment. TFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted by applying all requirements of the standard. Alternatively, entities may elect to early apply only the requirements for the presentation of gains and losses on financial liabilities designated as FVTPL without applying the other requirements in the standard. The Company is in the process of assessing the impact of the standard on financial position or performance of the Company.

**CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED
FINANCIAL STATEMENTS FOR THE THREE MONTH
INTERIM PERIOD ENDED 31 MARCH 2017**

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

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

ii) The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (POA)

The following standards, interpretations and amendments to existing IFRS standards are issued by the IASB but not yet effective up to the date of issuance of the financial statements. However, these standards, interpretations and amendments to existing IFRS standards are not yet adapted/issued by the POA, thus they do not constitute part of TFRS. The Company will make the necessary changes to its financial statements after the new standards and interpretations are issued and become effective under TFRS.

IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)

In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted. The amendment are not applicable for the Company and will not have an impact on the financial position or performance of the Company.

Annual Improvements – 2010–2012 Cycle

IFRS 13 Fair Value Measurement

As clarified in the Basis for Conclusions short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial. The amendment is effective immediately.

IFRS 16 Leases

The IASB has published a new standard, IFRS 16 'Leases'. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 supersedes IAS 17 'Leases' and related interpretations and is effective for periods beginning on or after January 1, 2019, with earlier adoption permitted if IFRS 15 'Revenue from Contracts with Customers' has also been applied. The Company is in the process of assessing the impact of the standard on financial position or performance of the Company.

IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealized Losses (Amendments)

The IASB issued amendments to IAS 12 Income Taxes. The amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value. The amendments clarify the requirements on recognition of deferred tax assets for unrealized losses, to address diversity in practice. These amendments are to be retrospectively applied for annual periods beginning on or after January 1, 2017 with earlier application permitted. However, on initial application of the amendment, the change in the opening equity of the earliest comparative period may be recognized in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. If the Company applies this relief, it shall disclose that fact. The amendment are not applicable for the Company and will not have an impact on the financial position or performance of the Company.

**CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED
FINANCIAL STATEMENTS FOR THE THREE MONTH
INTERIM PERIOD ENDED 31 MARCH 2017**

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

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

IAS 7 Statement of Cash Flows (Amendments)

The IASB issued amendments to IAS 7 'Statement of Cash Flows'. The amendments are intended to clarify IAS 7 to improve information provided to users of financial statements about an entity's financing activities. The improvements to disclosures require companies to provide information about changes in their financing liabilities. These amendments are to be applied for annual periods beginning on or after January 1, 2017 with earlier application permitted. When the Company/Group first applies those amendments, it is not required to provide comparative information for preceding periods. The Company is in the process of assessing the impact of the standard on financial position or performance of the Company.

IFRS 2 Classification and Measurement of Share-based Payment Transactions (Amendments)

The IASB issued amendments to IFRS 2 Share-based Payment, clarifying how to account for certain types of share-based payment transactions. The amendments, provide requirements on the accounting for:

- a. the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- b. share-based payment transactions with a net settlement feature for withholding tax obligations; and
- c. a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

These amendments are to be applied for annual periods beginning on or after 1 January 2018. Earlier application is permitted. The amendment are not applicable for the Company and will not have an impact on the financial position or performance of the Company.

IFRS 4 Insurance Contracts (Amendments)

In September 2016, the IASB issued amendments to IFRS 4 Insurance Contracts. The amendments introduce two approaches: an overlay approach and a deferral approach. The amended Standard will:

- a. give all companies that issue insurance contracts the option to recognize in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 Financial instruments is applied before the new insurance contracts Standard is issued; and
- b. give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 Financial instruments until 2021. The entities that defer the application of IFRS 9 Financial instruments will continue to apply the existing financial instruments Standard—IAS 39.

These amendments are to be applied for annual periods beginning on or after 1 January 2018. Earlier application is permitted. The amendment are not applicable for the Company and will not have an impact on the financial position or performance of the Company.

IAS 40 Investment Property: Transfers of Investment Property (Amendments)

The IASB issued amendments to IAS 40 'Investment Property'. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. These amendments are to be applied for annual periods beginning on or after 1 January 2018. Earlier application is permitted. The Company is in the process of assessing the impact of the standard on financial position or performance of the Company.

**CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED
FINANCIAL STATEMENTS FOR THE THREE MONTH
INTERIM PERIOD ENDED 31 MARCH 2017**

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

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

IFRIC 22 Foreign Currency Transactions and Advance Consideration

The interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency.

The Interpretation states that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. An entity is not required to apply this Interpretation to income taxes; or insurance contracts (including reinsurance contracts) it issues or reinsurance contracts that it holds.

The interpretation is effective for annual reporting periods beginning on or after 1 January 2018. Earlier application is permitted. The Company is in the process of assessing the impact of the standard on financial position or performance of the Company.

Annual Improvements to IFRSs - 2014-2016 Cycle

The IASB issued Annual Improvements to IFRS Standards 2014–2016 Cycle, amending the following standards:

- IFRS 1 First-time Adoption of International Financial Reporting Standards: This amendment deletes the short-term exemptions about some IFRS 7 disclosures, IAS 19 transition provisions and IFRS 10 Investment Entities. These amendments are to be applied for annual periods beginning on or after 1 January 2018.
- IFRS 12 Disclosure of Interests in Other Entities: This amendment clarifies that an entity is not required to disclose summarized financial information for interests in subsidiaries, associates or joint ventures that is classified, or included in a disposal group that is classified, as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. These amendments are to be applied for annual periods beginning on or after 1 January 2017.
- IAS 28 Investments in Associates and Joint Ventures: This amendment clarifies that the election to measure an investment in an associate or a joint venture held by, or indirectly through, a venture capital organization or other qualifying entity at fair value through profit or loss applying IFRS 9 Financial Instruments is available for each associate or joint venture, at the initial recognition of the associate or joint venture.

These amendments are to be applied for annual periods beginning on or after 1 January 2018. Earlier application is permitted. The amendment are not applicable for the Company and will not have an impact on the financial position or performance of the Company.

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2017

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

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

2.3 Restatement and the errors in the accounting estimates

Material changes in accounting policies or material errors are corrected, retrospectively by restating the prior period financial statements. The effect of changes in accounting estimates affecting the current period is recognized in the current period; the effect of changes in accounting estimates affecting current and future periods is recognized in the current and future periods. For the period 1 January - 31 March 2017 there is no change in accounting estimates.

2.4 Summary of Significant Accounting Policies

The condensed interim financial statements of the Company have been prepared in accordance with IAS 34 “Interim Financial Reporting”. The accounting policies used in the preparation of these condensed interim financial statements are consistent with those used in the preparation of annual financial statements for the year ended 31 December 2016. Accordingly, these condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2016.

2.5 Significant Accounting Estimates and Assumptions

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

NOTE 3 - CASH AND CASH EQUIVALENTS

The details of cash and cash equivalents as of 31 March 2017 and 31 December 2016 are as follows:

	31 March 2017	31 December 2016
Cash	4.151	918
Banks		
- TL time deposits	33.044.194	14.334.259
- Foreign currency denominated time deposits	3.174.056	1.763.726
- TL demand deposits	408.036	250.599
- Foreign currency denominated demand deposits	19.325	8.521
Total	36.649.762	16.358.023

As of 31 March 2017, the interest rate on TL deposit accounts at banks is between 11,65% and 12,90%, the accrued interest of TL deposit accounts is TL 189.194. Foreign currency denominated time deposits at banks is between 1,40% and 2,70%, the accrued interest of foreign currency denominated time deposits is TL 161. (As of 31 December 2016, the interest rate on TL deposit accounts at banks is 10,55%, interest rate on foreign currency denominated deposit accounts at banks is between 1,2% and 2,45% and the accrued interests are TL 8.259 and TL137 respectively). The maturity of time deposits is less than one month (31 December 2016: less than one month).

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2017

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

NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)

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

	31 March 2017	31 March 2016
Cash and cash equivalents	36.649.762	59.704.069
Less: accrued interest	(189.355)	(439.712)
	36.460.407	59.264.357

NOTE 4 - TRADE AND OTHER RECEIVABLES AND PAYABLES

Short-term trade receivables	31 March 2017	31 December 2016
Trade receivables	6.534.974	8.370.962
Notes and post-dated cheques receivable	1.226.502	334.696
Receivables from related parties	156.419	-
	7.917.895	8.705.658
Less: Provision for doubtful receivables	(4.331.983)	(4.317.929)
	3.585.912	4.387.729

The movement of provisions for doubtful receivables is as follows:

	2017	2016
January 1	4.317.929	3.390.260
Provisions made during the period	29.999	166.043
Doubtful receivables collections	(15.945)	-
	4.331.983	3.556.303

Short-term trade payables	31 March 2017	31 December 2016
Trade payables	1.511.721	424.683
Due to related parties (Note 17)	157.550	6.987
	1.669.271	431.670

As of 31 March 2017 and 31 December 2016, there are no other receivables.

Short-term other payables	31 March 2017	31 December 2016
Taxes payables and other taxes	1.335.815	1.379.537
Other	15.842	24.143
	1.351.657	1.403.680

Long-term other payables	31 March 2017	31 December 2016
Deposits and guarantees received	811.699	634.755
	811.699	634.755

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2017

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

NOTE 5 - INVESTMENT PROPERTY

The movements of the investment property for the three-month interim periods ended 31 March 2017 and 2016 are as follows:

	1 January 2017	Additions	Transfers	31 March 2017
Cost				
Buildings	268.723.677	-	681.952	269.405.629
Construction in progress	-	681.952	(681.952)	-
	268.723.677	681.952	-	269.405.629
Accumulated amortization				
Buildings	(69.123.373)	(1.906.408)	-	(71.029.781)
	(69.123.373)	(1.906.408)	-	(71.029.781)
Net book value	199.600.304		-	198.375.848

(*) The transfers amounting to TL 681.952 from the construction in progress to the buildings are the infrastructure and equipment costs for the improvement of the existing properties completed during the period.

	1 January 2016	Additions	Transfers	31 March 2016
Cost				
Buildings	250.983.764	-	-	250.983.764
	250.983.764	-	-	250.983.764
Accumulated amortization				
Buildings	(61.518.908)	(1.795.335)	-	(63.314.243)
	(61.518.908)	(1.795.335)	-	(63.314.243)
Net book value	189.464.856			187.669.521

The fair value of the Company’s investment property based on the valuation report of Lotus Gayrimenkul Değerleme ve Danışmanlık A.Ş. dated 30 December 2016 amount to TL1.571.500.000 (As of 31 December 2015, the fair value of the Company’s investment property based on the valuation report of Lotus Gayrimenkul Değerleme ve Danışmanlık A.Ş. amount to TL1.537.950.000). The discount rate is 11% (31 December 2015: 10%).

Insurance coverage on assets as of 31 March 2017 and 31 December 2016 is as follows;

31 March 2017:	USD 150.733.340
31 December 2016:	USD 160.654.400

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2017

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

NOTE 6 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Provisions, contingent assets and liabilities consist of the following:

Real rights on immovables are as follows:

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

Guarantee notes and letters	Currency of denomination	Amount	31 March 2017
Surety received	USD	6.000.000	21.831.600
Letters of guarantees received	USD	2.810.945	10.227.905
Letters of guarantees received	TRY	660.000	660.000
Guarantee notes received	USD	1.078.903	3.925.695
Guarantee cheques received	TRY	290.000	290.000
			36.935.200

Guarantee notes and letters	Currency of denomination	Amount	31 December 2016
Surety received	USD	6.000.000	21.115.200
Letters of guarantees received	USD	2.622.957	9.230.710
Letters of guarantees received	TRY	1.102.500	1.102.500
Letters of guarantees received	EUR	59.000	218.884
Guarantee notes received	USD	1.078.903	3.796.874
Guarantee cheques received	TRY	71.000	71.000
			35.535.168

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

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

	31 March 2017	31 December 2016
CPM's given by the company (Collaterals, Pledges, Mortgages)		
A. CPM's given for companies own legal personality	346.729	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
	346.729	1.729

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2017

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

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

Provision for lawsuits

The provision for the lawsuits against the company as of 31 March 2017 is TL 1.758.774 (31 December 2016: TL1.704.847). The movements of provision for lawsuits are as follows:

	2017	2016
1 January	1.704.847	3.095.607
Foreign exchange differences and interests	53.927	(4.028)
Provisions	-	302.666
Reversals	-	(106.510)
31 March	1.758.774	3.287.735

The Company's ongoing lawsuits that no provision necessary in the financial statements are summarized below as of 31 March 2017:

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 and the related cause is sent to supreme court.

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. The related case is sent to supreme court.

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. 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. The related case is ongoing.

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2017

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

NOTE 7 - EMPLOYEE BENEFITS

At 31 March 2017, the amount payable consists of one month's salary limited to a maximum of TL 4.426,16 for each year of service.

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

	1 January - 31 Marh 2017	1 January - 31 December 2016
Discount rate (%)	3,62	3,76
Turnover rate to estimate the probability of retirement (%)	95,52	99,00

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

	2017	2016
1 January	1.018.550	986.821
Cost of service (Note 11)	157.546	37.167
Cost of interest (Note 14)	127.707	6.616
Actuarial (gain)/ losses	(157.372)	(32.170)
Payments made during the period (-)	(32.807)	-
31 March	1.113.624	998.434

Provision for employment termination benefits amounting to TL 36.018 comprise of the Company's personnel termination benefits provisions and TL 1.077.606 comprise of the Company's share in Üçgen Bakım ve Yönetim Hizmetleri A.Ş.'s personnel terminaton benefits provisions.

NOTE 8 - OTHER ASSETS AND LIABILITIES

The details of other assets and other liabilities as of 31 March 2017 and 31 December 2016 are as follows:

	31 March 2017	31 December 2016
Prepaid expenses - short term		
Prepaid expenses (*)	2.862.012	879.770
Advances given	162.396	16.645
	3.024.408	896.415

(*) Amount to TL598.734 consists of part of costs related to short term in order to rent the store. These amounts amortize in the contract period of the store. Amount to TL 946.125 consists of real estate and environment taxes, TL1.084.006 is prepaid management service expenses to Üçgen Bakım ve Yönetim Hizmetleri A.Ş., and TL 233.147 consists of insurance expenses.

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2017

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

NOTE 8 - OTHER ASSETS AND LIABILITIES (Continued)

	31 March 2017	31 December 2016
Prepaid expenses - long term		
Prepaid expenses (*)	2.645.100	2.794.784
	2.645.100	2.794.784

(*) Long term prepaid expenses consists of costs more than one year in order to rent the store. These amounts amortize in the contract period of the store.

Other current assets:	31 March 2017	31 December 2016
Income accruals for store rent (*)	1.570.398	1.266.161
	1.570.398	1.266.161

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

Other non-current assets:	31 March 2017	31 December 2016
Income accruals for store rent (*)	6.346.703	6.639.627
Deposits given	202	202
	6.346.905	6.639.829

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

Deferred income	31 March 2017	31 December 2016
Deferred income	1.111.411	1.077.480
Advances received	407.235	724.802
	1.518.646	1.802.282

Other current liabilities	31 March 2017	31 December 2016
Expense accruals	191.437	390.065
	191.437	390.065

NOTE 9 - EQUITY

At 31 March 2017 and 31 December 2016 the issued and fully paid-in share capital held is as follows:

Shareholders	31 March 2017		31 December 2016	
	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%.

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2017

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

NOTE 9 – 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.

Retained earnings consist of the following:

	31 March 2017	31 December 2016
Retained earnings	81.151.205	3.329.543
Extraordinary reserves	9.529.349	9.529.349
Inflation difference in extraordinary reserves	521.985	521.985
Inflation difference in legal reserves	3.461.231	3.461.231
	94.663.770	16.842.108

NOTE 10 - OPERATING INCOME

	1 January - 31 March 2017	1 January - 31 March 2016
Sales		
Shops and warehouse rent income	26.612.166	25.176.943
Other income	1.239.368	1.043.479
Apart hotel rent income	926.649	863.157
	28.778.183	27.083.579
Cost of sales		
Cost of services	(6.932.948)	(6.320.925)
Depreciation expense	(1.906.408)	(1.795.335)
	(8.839.356)	(8.116.260)
Gross profit	19.938.827	18.967.319

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2017

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

NOTE 11 - EXPENSES BY NATURE

	1 January - 31 March 2017	1 January - 31 March 2016
Cost of service	6.789.560	6.293.372
Depreciation and amortization expenses	1.969.874	1.809.171
Legal expenses	500.848	539.044
Personnel expenses	412.514	356.475
Consultancy expenses	226.582	184.338
Provision for employment termination benefits	157.546	37.167
Insurance, duties, taxes and levies expenses	104.310	151.854
Provision for lawsuits	-	302.666
Other	92.726	110.735
	10.253.960	9.784.822

Depreciation and amortization expenses

Cost of sales	1.906.408	1.795.335
General administrative expenses	63.466	13.836
	1.969.874	1.809.171

NOTE 12 - OTHER OPERATING INCOME/EXPENSES

	1 January - 31 March 2017	1 January - 31 March 2016
Other operating income		
Foreign exchange gain on trade receivables and payables	121.723	58.611
Income from reversal provisions	44.266	106.510
Other	5.410	-
	171.399	165.121

Other operating expenses

Foreign exchange loss on trade receivables and payables	(175.267)	(24.021)
Termination and renovation expenses (*)	(149.684)	(43.578)
Provision for doubtful receivable	(29.999)	(166.043)
Interest expense of provision for lawsuits	(18.062)	(17.773)
Apart maintenance expenses (**)	-	(350.948)
Other	(1.081)	-
	(374.093)	(602.363)

Other operating income – net	(202.694)	(437.242)
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(*) 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.

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2017

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

NOTE 13 - FINANCIAL INCOME

	1 January - 31 March 2017	1 January - 31 March 2016
Financial income		
Interest income	756.404	1.330.579
Foreign exchange income	274.166	340.987
	1.030.570	1.671.566

NOTE 14 - FINANCIAL EXPENSES

	1 January - 31 March 2017	1 January - 31 March 2016
Financial expenses		
Foreign exchange expense	(206.433)	(692.313)
Interest expenses related to employee benefits	(127.707)	(6.616)
Bank commissions	(622)	(79)
	(334.762)	(699.008)

NOTE 15 - TAX ASSETS AND LIABILITIES

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

NOTE 16 - EARNINGS PER SHARE

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

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

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

	1 January - 31 March 2017	1 January - 31 March 2016
Weighted average number of shares as of the reporting date (per share of TL1 nominal value)	37.264.000	37.264.000
Net profit for the period	19.017.337	17.834.073
Earnings per share	0,51	0,48

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2017

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

NOT 17 - RELATED PARTY DISCLOSURES

As of 31 March 2017 and 31 December 2016 receivables from related parties and due to related parties are as follows:

	1 January - 31 March 2017	1 January - 31 December 2016
Receivables from related parties		
Akmerkez Lokantacılık Gıda San. ve Tic. A.Ş.	136.872	-
Üçgen Bakım ve Yönetim Hizmetleri A.Ş.	19.547	-
	156.419	-
	1 January - 31 March 2017	1 January - 31 December 2016
Due to related parties		
Dinkal Sigorta Acenteliği A.Ş. (*)	118.182	237
Akkök Holding A.Ş.	32.686	3.777
Aktek Bilgi İletişim Teknoloji San. ve Tic. A.Ş.	6.682	2.973
	157.550	6.987

(*) Payments to be made to insurance companies through Dinkal Insurance Agency.

	31 March 2017	31 December 2016
Advances given		
Üçgen Bakım ve Yönetim Hizmetleri A.Ş.	-	11.228
	-	11.228

	1 January- 31 March 2017	1 January- 31 March 2016
Purchases from related party	8.378.343	7.086.040
Sales to related parties	926.940	934.348

Purchases and sales consist of rent income, purchase and sales of services, and renovation expenses. The related party purchases amounting to TL 8.059.642 comprise of management expenses and other expenses provided by Üçgen Bakım ve Yönetim Hizmetleri A.Ş. (“Üçgen”). The remaining balance amounting to TL318.701 comprise of other expenses. The Company provides common areas services like car park, valet and apart hotel rent incomes from the related party Üçgen, in addition to these the Company has cinema and office floor rent incomes from the related party Üçgen to whom the Company charged TL3.622.508 regarding the revenue collected on behalf of the Company for the first three months of 2017 (1 January - 31 March 2016: TL3.203.710).

As of 1 January - 31 March 2017, remuneration provided to top executives management such as the General Manager and the members of Board of Directors is TL317.871 (1 January-31 March 2016: TL309.422).

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2017

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

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

Foreign Currency Risk

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

	31 March 2017	31 December 2016
Assets	3.193.220	1.772.109
Liabilities	(1.338.022)	(1.143.807)
Net position	1.855.198	628.302

As of 31 March 2017, fluctuation of USD had been 10% higher/lower ceteris paribus, net income for the period would have been TL22.867 (31 December 2016: TL82.589 lower/higher) lower/higher. As of 31 March 2017, fluctuation of EUR had been 10% higher/lower ceteris paribus, net income for the period would have been TL208.387 (31 December 2016: TL145.419 higher/lower) higher/lower.

As of 31 March 2017 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	533.190	304.884	3.193.220
Total assets	533.190	304.884	3.193.220
Current liabilities			
Short-term provisions	-	(144.650)	(526.323)
Non-current Liabilities			
Other payables	-	(223.080)	(811.699)
Total liabilities	-	(367.730)	(1.338.022)
Net Foreign Currency Liability Position	533.190	(62.846)	1.855.198

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2017

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

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

As of 31 December 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	391.975	90.339	1.772.109
Total assets	391.975	90.339	1.772.109
Current liabilities			
Short-term provisions	-	(144.650)	(509.052)
Non-current Liabilities			
Other payables	-	(180.369)	(634.755)
Total liabilities	-	(325.019)	(1.143.807)
Net Foreign Currency Liability Position	391.975	(234.680)	628.302

NOTE 19 - SUBSEQUENT EVENTS

The ordinary General Assembly Meeting of the Company for the year 2016 was held on 27 April 2017 at 11:00 am at the address of Nispetiye Caddesi, Akmerkez Ticaret Merkezi, E-3 Blok, Kat:1, Etiler, Beşiktaş, İstanbul. In the General Assembly Meeting, it was accepted that the profit distribution of TL 70.801.600 related to the year 2016 profit proposed by the management.

As per the Board resolution taken on 31 March 2017 decision is made upon to fix the dollar denominated rental fees of the tenants of Akmerkez Ticaret Merkezi. This resolution comprises respectively the period April 2017 and June 2017 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 1 USD = TL 3,10 .

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.

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2017

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

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

In this scope, total assets, total portfolio and information relating to portfolio restrictions are as follows as of 31 March 2017 and 31 December 2016:

Non-consolidated (stand-alone) financial statement accounts items		Related regulations	31 March 2017	31 December 2016
A	Cash and capital market instruments	Art.24/(b)	36.649.762	16.358.023
B	Real estate, real estate-based project, Real estate-based rights	Art.24/(a)	198.375.848	199.600.304
C	Affiliates	Art.24/(b)	-	-
	Due from related parties (non-trade)	Art.23/(f)	-	-
	Other assets		18.291.881	17.155.196
D	Total assets	Art.3/(p)	253.317.491	233.113.523
E	Borrowings	Art.31	-	-
F	Other financial liabilities	Art.31	-	-
G	Leasing obligation	Art.31	-	-
H	Due to related parties (non-trade)	Art.23/(f)	-	-
I	Equity	Art.31	244.902.383	225.727.674
	Other liabilities		8.415.108	7.385.849
D	Total liabilities	Art.3/(p)	253.317.491	233.113.523

Other non-consolidated (stand-alone) financial information		Related regulations	31 March 2017	31 December 2016
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)	36.645.611	16.357.105
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	346.729	1.729
K	Encumbrance amounts of encumbered lands which do not belong to the Group and on which a project will be developed	Art.22/(e)	-	-
L	Total investments of monetary and capital market instruments at one company	Art.22/(i)	-	-

Portfolio Restriction	Related regulations	31 March 2017	31 March 2016	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)	78%	86%	≥50%
3	Cash and capital market instruments and Affiliates (A+C-A1)/D	Art.24/(b)	14%	7%	≤50%
4	Foreign real estates, real estate-based projects, real estate-based rights, Affiliates, capital market instruments (A3+B1+C1)/D	Art.24/(d)	-	-	≤49%
5	Lands on which no projects developed (B2)/D	Art.24/(c)	-	-	≤20%
6	Participation in administrator companies (C2)/D	Art.28/1(a)	-	-	≤10%
7	Borrowing ceiling (E+F+G+H+J)/I	Art.31	-	-	≤500%
8	TL/foreign currency denominated time/demand deposits (A2-A1)/D	Art.24/(b)	14%	7%	≤10%
9	Total investments of monetary and capital market instruments at one company (L)/D	Art.22/(i)	-	-	≤10%

(*) As of 31 March 2017, the fair value of the investment property amounts to TL1.571.500.000, 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 TL198.195.848 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 2,3% at 31 March 2017 (31 December 2016: 1%).