AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF
THE FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2016
TOGETHER WITH AUDITOR'S REPORT

(ORIGINALLY ISSUED IN TURKISH)

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

1. We have audited the accompanying financial statements of Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş. (the "Company"), which comprise the statement of financial position as at 31 December 2016 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

2. The Company's management is responsible for the preparation and fair presentation of these financial statements in accordance with Turkish Accounting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. Our audit was conducted in accordance with standards on auditing issued by the Capital Markets Board of Turkey and Independent Auditing Standards that is part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority. Those standards require that ethical requirements are complied with and that the audit is planned and performed to obtain reasonable assurance whether the financial statements are free from material misstatement.

   An independent audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on independent auditor's professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error or fraud. In making those risk assessments, the independent auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An independent audit includes also evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

   We believe that the independent audit evidence we have obtained during our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

4. In our opinion, the financial statements present fairly, in all material respects, the financial position of Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş. as at 31 December 2016 and its financial performance and cash flows for the period then ended in accordance with Turkish Accounting Standards.

Reports on Other Responsibilities Arising From Regulatory Requirements

5. In accordance with subparagraph 4 of Article 398 of the Turkish Commercial Code ("TCC") No: 6102; auditor's report on the early risk identification system and committee has been submitted to the Company's Board of Directors on 28 February 2017.

6. In accordance with subparagraph 4 of Article 402 of the TCC; no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January - 31 December 2016 is not in compliance with the TCC and provisions of the Company's articles of association in relation to financial reporting.

7. In accordance with subparagraph 4 of Article 402 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Engin Çubukçu, SMMM
Partner

Istanbul, 28 February 2017

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

FINANCIAL STATEMENTS AT 31 DECEMBER 2016

CONTENTS **PAGE**

CONVENIENCE TRANSLATION OF STATEMENTS OF FINANCIAL POSITION (BALANCE SHEET) AT 31 DECEMBER 2016 AND 2015

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

	Notes	Audited 31 December 2016	Audited 31 December 2015
ASSETS			
Current assets		**22,908,328**	**44,819,057**
Cash and cash equivalents	3	16,358,023	40,330,904
Trade receivables			
Receivables from third parties	4	4,387,729	2,751,341
Prepaid expenses	8	896,415	1,508,141
Other current assets	8	1,266,161	228,671
Non-current assets		**210,205,195**	**189,605,195**
Investment property	5	199,600,304	189,464,856
Property and equipment		1,164,528	123,944
Intangible assets		5,750	16,193
Prepaid expenses	8	2,794,784	-
Other non-current assets	8	6,639,829	202
Total assets		**233,113,523**	**234,424,252**

CONVENIENCE TRANSLATION OF STATEMENTS OF FINANCIAL POSITION (BALANCE SHEET) AT 31 DECEMBER 2016 AND 2015

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

	Notes	**Audited 31 December 2016**	**Audited 31 December 2015**
LIABILITIES			
Current liabilities		**5,732,544**	**8,168,076**
Trade payables			
Due to related parties	4,18	6,987	3,041,818
Other trade payables	4	424,683	150,423
Other payables			
Due to third parties	4	1,403,680	159,475
Deferred income	8	1,802,282	1,396,094
Provisions			
Other provisions	7	1,704,847	3,095,607
Other current liabilities	8	390,065	324,659
Non-current liabilities		**1,653,305**	**1,450,202**
Other payables			
Other payables to third parties	4	634,755	463,381
Provision for employment termination benefits	10	1,018,550	986,821
Equity		**225,727,674**	**224,805,974**
Share capital	9	37,264,000	37,264,000
Adjustment to share capital	9	27,745,263	27,745,263
Other comprehensive income/expense not to be reclassified to profit or loss			
- *Actuarial gains arising from employee benefits*	*9*	(94,809)	41,313
Restricted reserves	9	66,149,450	58,547,594
Retained earnings	9	16,842,108	27,882,759
Net income for the year	9	77,821,662	73,325,045
Total liabilities and equity		**233,113,523**	**234,424,252**

These financial statements for the year ended 31 December 2016 have been approved by Board of Directors on 28 February 2017 and signed by Murat Kayman, General Manager and Ayşegül Canbaz, Director of Finance. These financial statements will be approved by the General Assembly.

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2016 AND 2015

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

	Notes	Audited 1 January- 31 December 2016	Audited 1 January- 31 December 2015
PROFIT AND LOSSES			
Revenue	11	114,923,118	105,088,206
Cost of sales (-)	11	(33,501,586)	(30,290,195)
Gross profit		**81,421,532**	**74,798,011**
General administrative expenses (-)	12	(5,877,510)	(5,392,491)
Other operating income	14	1,899,776	232,505
Other operating expense (-)	14	(2,499,556)	(932,356)
Operating profit		**74,944,242**	**68,705,669**
Financial income	15	4,959,522	4,915,534
Financial expenses (-)	15	(2,082,102)	(296,158)
Profit before tax from continuing operations		**77,821,662**	**73,325,045**
Tax expense from continuing operations		-	-
Profit for the year from continuing operations		**77,821,662**	**73,325,045**
Earnings per share	**16**		
Earning per share from continuing operations		2.09	1.97
Earning per share from discontinuing operations		-	-
Diluted earnings per share	**16**		
Diluted earnings per share from continuing operations		2.09	1.97
Diluted earnings per share from discontinuing operations		-	-
OTHER COMPREHENSIVE INCOME:			
Items not to be classified to profit or loss			
Actuarial (losses)/gain arising from employee benefits		(136,122)	41,313
Total comprehensive income		**77,685,540**	**73,366,358**

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

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2016 AND 2015

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

				Other comprehensive income/expense not to be reclassified to profit or loss		Retained earnings		
	Notes	Share capital	Adjustment to share capital	Actuarial gain/ (losses) arising from employee benefits	Restricted reserves	Retained earnings	Net profit for the period	Total equity
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)	-
Dividend paid		-	-	-	-	(59,622,400)	-	(59,622,400)
Total comprehensive income		-	-	41,313	-	-	73,325,045	73,366,358
31 December 2015	**9**	**37,264,000**	**27,745,263**	**41,313**	**58,547,594**	**27,882,759**	**73,325,045**	**224,805,974**
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 paid		-	-	-	-	(76,763,840)	-	(76,763,840)
Total comprehensive income		-	-	(136,122)	-	-	77,821,662	77,685,540
31 December 2016	**9**	**37,264,000**	**27,745,263**	**(94,809)**	**66,149,450**	**16,842,108**	**77,821,662**	**225,727,674**

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

CONVENIENCE TRANSLATION OF THE STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2016 AND 2015

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

	Notes	Audited 1 January - 31 December 2016	Audited 1 January - 31 December 2015
Cash flows from operating activities		**69,189,167**	**75,568,579**
Profit for the year		77,821,662	73,325,045
Adjustments for profit for the year		**(2,680,434)**	**3,558,960**
Adjustments for depreciation and amortisation expenses	13	7,676,056	5,172,180
Adjustments for impairment loss		927,669	222,389
Adjustments for provisions		(1,003,208)	2,556,625
Adjustments for interest (income)/ expenses		(2,375,163)	(4,392,234)
Other		(7,905,788)	-
Change in working capital		**(5,628,879)**	**(1,164,578)**
Adjustments for decrease / (increase) in trade receivables			
Decrease in trade receivables from related parties		-	70,504
Increase in trade receivables from third parties		(2,594,129)	(1,712,917)
Increase in other assets related to operations		(1,954,387)	(131,570)
Adjustments regarding increase/ (decrease) in trade payables			
Decrease in trade payable from related parties		(3,034,831)	1,304,366
Increase in trade payable from third parties		274,260	(74,532)
Adjustments for increase other liabilities related to operations		1,680,208	(620,429)
Cash provided from operations		**69,512,349**	**75,719,427**
Employment termination benefit payments	10	(353,254)	(150,848)
Collections from bad debt		30,072	-
Cash flows from investing activities		**(15,300,214)**	**(25,459,925)**
Interest received		3,541,431	4,533,553
Addition to property and equipment		(1,101,732)	-
Additions to investment property	5	(17,739,913)	(29,993,478)
Net cash used in financing activities		**(77,804,653)**	**(59,622,400)**
Cash inflows regarding borrowings		15,000,000	-
Cash outflows regarding borrowings		(15,000,000)	-
Dividends paid		(76,763,840)	(59,622,400)
Interest paid	15	(1,040,813)	-
Net decrease in cash and cash equivalents		**(23,915,700)**	**(9,513,746)**
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**	**16,349,627**	**40,265,327**

The accompanying notes form an integral part of these financial statement

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

The principal 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 Registrar as at 1 July 2005.

The Company's shares have been quoted on the Istanbul Stock Exchange ("ISE") since 15 April 2005 and as of 31 December 2016 50.82% of these shares are publicly quoted.

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

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

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

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

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

	31 December 2016	31 December 2015
Administrative	4	4

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

Preparation of the financial statements

The Company maintains their books of account and prepares their statutory financial statements ("Statutory Financial Statements") in TRY in accordance with the Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance, accounting principles issued by the TAS/IFRS for listed companies. These financial statements are based on the statutory records, which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the TAS/IFRS Financial Reporting Standards.

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

2.1 Basis of Presentation (Continued)

The financial statements as at 31 December 2016 of the Company, have been approved by the Board of Directors on 28 February 2017.

Declaration of conformity to TAS

The financial statements of the Company have been prepared in accordance with the communiqué numbered II-14,1 "Communiqué on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") announced by the Capital Markets Board ("CMB") (hereinafter will be referred to as "the CMB Accounting Standards") on 13 June 2013 which is published on Official Gazette numbered 28676. In accordance with article 5th of the CMB Accounting Standards, companies should apply Turkish Accounting Standards/Turkish Financial Reporting Standards ("TAS/IFRS") and interpretations regarding these standards as adopted by the Public Oversight Accounting and Auditing Standards Authority ("POA").

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, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their financial statements in accordance with CMB Financial Reporting Standards. Accordingly, TAS 29, "Financial Reporting in Hyperinflationary Economies", issued by POAASA, has not been applied in the financial statements for the accounting year commencing 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 TRY.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Going concern

The Company has prepared the financial statements for the period 1 January - 31 December 2016 in accordance with the going concern principle.

Compliance with portfolio restrictions

The information included in Note 23, "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 Communiqué Serial: III, No: 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.

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

2.2. Changes in Accounting Policies

Significant changes in accounting policies or material errors are corrected, retrospectively; by restating the prior period financial statements.

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 valid commercial laws and regulations and Communiqués announced by CMB in the accounting records and the preparation of the financial statements.

In order to determine the financial status and performance trends, the financial statements of the Company have been prepared in comparison with the financial statements of previous periods. The Company prepared its balance sheet as of 31 December 2016 in comparison with the balance sheet prepared as of 31 December 2015; prepared the statement of income, statement of changes in shareholders' equity and cash flow statement between 1 January - 31 December 2016 in comparison with 1 January - 31 December 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:

- Printing expense amounting to TRY3,769 which was accounted for under marketing, selling and distribution expenses has been reclassified to general administrative expenses for the period between 1 January 2015 - 31 December 2015.

2.2.2 Changes in standards and interpretations

The standards listed below and the changes and comments introduced to the standards, amendments and interpretations are applicable as at 31 December 2016 and mentioned amendments to the standards have no material effect on the financial statements of the Company:

a. Standards, amendments and interpretations applicable as at 31 December 2016

- 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.

- 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.

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

2.2. Changes in Accounting Policies (Continued)

- 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.

- 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.

- Amendments to IAS 27, 'Separate financial statements' on the equity method, effective from annual periods beginning on or after 1 January 2016. These amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

- Amendment to 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.

- 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 improvepresentation and disclosure in financial reports

b. Standards, amendments and interpretations effective after 31 December 2016:

- Amendments to IAS 7 'Statement of cash flows' on disclosure initiative, effective from annual periods beginning on or after 1 January 2017. These amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB's Disclosure Initiative, which continues to explore how financial statement disclosure can be improved.

- Amendments IAS 12 'Income Taxes', effective from annual periods beginning on or after 1 January 2017. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. It also clarify certain other aspects of accounting for deferred tax assets.

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

2.2. Changes in Accounting Policies (Continued)

- 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 begining 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 farreaching 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.

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

2.2. Changes in 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.

- Amendment to IAS 40, Investment property' relating to transfers of investment property, effective from annual periods beginning on or after 1 January 2018. These amendments clarify that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition. This change must be supported by evidence.

- Annual improvements 2014-2016, effective from annual periods beginning on or after 1 January 2018. These amendments impact 3 standards:

  - IFRS 1,' First-time adoption of IFRS', regarding the deletion of short-term exemptions for first-time adopters regarding IFRS 7, IAS 19, and IFRS 10 effective 1 January 2018.
  - IFRS 12,'Disclosure of interests in other entities' regarding clarification of the scope of the standard. These amendments should be applied retrospectively for annual periods beginning on or after 1 January 2017.
  - IAS 28,'Investments in associates and joint ventures' regarding measuring an associate or joint venture at fair value effective 1 January 2018.

- IFRIC 22,' Foreign currency transactions and advance consideration', effective from annual periods beginning on or after 1 January 2018. This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice.

Above mentioned amendments to the standarts 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 recognised in the current period; the effect of changes in accounting estimates affecting current and future periods is recognised in the current and future periods. For the period 1 January - 31 December 2016 there has been no change in the accounting estimates.

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

2.4 Summary of Significant Accounting Policies

The significant accounting policies followed in the preparation of the financial statements are summarized below:

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank deposits and highly liquid investments, whose maturity at the time of purchase is less than three months and conversion risk on value at the date of sale is immaterial.

Related parties

A party is related to an entity if the party is a legal body or a real person which directly or indirectly controls, is controlled by, or is under common control with the entity, has an interest in the entity that gives it significant influence over the entity, and if the party is a subsidiary, an affiliate or a joint venture in which the entity is a venture. Furthermore, members of the key management personnel of the entity, close members of the family of any individual referred to above, and parties representing post-employment benefit plan for the benefit of employees of the entity are also defined as related parties.

Trade receivables and payables

Trade receivables are financial assets created by the Company through selling services directly to the tenants. Trade receivables of the Company are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method. Short term receivables with no stated interest rate are measured at original invoice amount unless the effect of imputing interest is significant.

An impairment provision for trade receivables is established if there is objective evidence that the Company will not be able to collect all amounts due in accordance with the original agreement terms. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is reversed through other operating income.

Trade payables consist of payables to suppliers for purchases of goods and services. Trade payables and other financial liabilities are accounted for at amortized cost. Short term payables with no stated interest rate are measured at original invoice amount unless the effect of imputing interest is significant.

Financial liabilities and borrowing costs

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method in financial statements. Starting from 1 January 2009 ''Borrowing Costs" TAS 23 (revised) requires an entity to capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset, removing the option of immediately expensing borrowing costs.

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

2.4. Summary of significant accounting policies (Continued)

Current and deferred income taxes

The Corporate Tax Law No: 5520 was amended on 21 June 2006 with the Law announced in the Official Journal No 26205. The majority of the clauses of Law No 5520 are effective as of 1 January 2006. The corporation tax rate is 20% after 1 January 2006 in Turkey. Corporation tax is payable at a rate of 20% on the total income of the Company after adjusting for certain disallowable expenses, corporate income tax exemptions (participation exemption, and investment allowance, etc) and corporate income tax deductions (like research and development expenditures deduction). No further tax is payable unless the profit is distributed.

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, except from these corporations' dividends subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

The Company is exempt from corporate income tax in accordance with paragraph 4-d 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.

Deferred income taxes are provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. Currently enacted tax rates are used to determine deferred income tax at the balance sheet date. As the Company is exempt from corporate income taxes based on the current tax legislation, no deferred income tax asset or liability has been calculated on temporary taxable and deductible differences in these financial statements.

Employment termination benefits

Under the Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed at least one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). Since the legislation was changed on 23 May 2002, there are certain transitional provisions relating to length of service prior to retirement.

The amount payable consists of one month's salary limited to a maximum of TRY4,297.21 as of 31 December 2016 (31 December 2015: 3,828.37).

Provision which is allocated by using the defined benefit obligation's current value is calculated by using estimated liability method. All actuarial profits and losses are recognised in the comprehensive statement of income.

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

2.4. Summary of significant accounting policies (Continued)

The employment termination benefit obligation as explained above is considered as a defined benefit plan under IFRS. IFRS requires actuarial valuation methods to be developed to estimate the enterprise's obligation for such benefits. The liability for this unfunded plan recognized in the balance sheet is the full present value of the defined benefit obligation at the end of the reporting period, calculated using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows from the retirement of its employees using the long term TRY interest rates.

The principal actuarial assumption is that the maximum liability will increase in line with inflation. Thus the effective discount rate applied represents the expected real interest rate after adjusting for the effects of future inflation. As the maximum liability amount is revised semi-annually by the authorities, the maximum amount of TRY4,426.16 (TRY in full) which is effective from 1 January 2017 has been taken into consideration when calculating the liability (1 January 2016: TRY4,092.53).

Provisions, contingent assets and liabilities

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are not recognized for future operating losses.

Contingent assets or contingent obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company are not included in financial statements and are treated as contingent assets or liabilities.

Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied or utilised by the Company in the normal course of business, is classified as investment property.

Investment properties are stated at cost less their accumulated depreciation and impairment loss, if any. Investment properties are restated for the effects of inflation using the measuring unit current as at 31 December 2004. Additions made subsequent to 1 January 2005 are stated at their nominal values. The financial expenses related to the loans used for acquisition of investment properties and incurred during the progress of the said investment properties are restated and included in the cost. Investment properties are depreciated over their inflation-adjusted values and the nominal values of additions made subsequent to 1 January 2005. The useful life of investment properties is estimated to be 50 years.

Part of the Company's investment property is used for administrative purposes; however, as the ratio is considered immaterial (i.e., with a gross value less than 1% of total gross value), they are not classified separately, but rather stated within the investment properties account.

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

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

2.4. Summary of significant accounting policies (Continued)

Impairment of assets

The Company reviews all assets including tangible assets at each balance sheet date in order to see if there is a sign of impairment on the stated asset. If there is such a sign, carrying amount of the stated asset is projected. Impairment exists if the carrying value of an asset or a cash generating unit including the asset is greater than its net realizable value. Net recoverable value is the higher of the net sales value or value in use. Value in use is the present value of cash flows generated from the use of the asset and the disposal of the asset after its useful life. Impairment losses are recorded in comprehensive income statement. Impairment loss for an asset is reversed, if an increase in recoverable amount is related to a subsequent event following the booking of impairment by not exceeding the amount reserved for impairment.

Revenue recognition

Revenue is recognised when the amount of revenue can be measured reliably and when it is probable that the economic benefits associated with the transaction will flow to the Company. Revenue is presented net of value added and sales taxes. The following criteria are necessary for the recognition of revenue:

Rent income from investment properties

Rent income from investment properties is recognised on an accrual basis. Revenue is realized when economic benefits arising from the transaction have passed, and when the amount of such income can be reliably measured. Rent discounts and similar promotions granted to existing tenants from time to time are netted of from rent revenues as they are not rent incentives for acquisition of new contracts.

The minimum amount of the total rent payments to be received in the future periods based on the existing contracts are summarised below;

	31 December 2016	**31 December 2015**
Within 1 year	113,395,108	103,335,322
1 to 5 years	605,559,975	495,694,188
Over 5 years	453,735,208	215,302,448
	1,172,690,291	**814,331,958**

Interest income and expense

Interest income and expense is accounted for using the effective interest rate method. Interest income comprises mostly interest income from time deposits.

Interest expenses incurred from borrowings are calculated using the effective interest rate method.

Paid-in capital

Ordinary shares are classified as equity. Proceeds from issuing new equity instruments are recorded net of transaction costs.

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

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

2.4. Summary of significant accounting policies (Continued)

Earnings per share

Earnings per share are determined by dividing net comprehensive income by the weighted average number of shares that have been outstanding during the period concerned.

In Turkey, companies can increase their share capital by making a pro-rata distribution of their shares ("Bonus Shares") to existing shareholders funded from retained earnings or other reserves. For the purpose of earnings per share computations, such Bonus Share issuances are regarded as issued shares for all periods presented and accordingly the weighted average number of shares used in earnings per share computations in prior periods is adjusted retroactively for the effects of these shares, issued without receiving cash or another consideration from shareholders.

Reporting of cash flows

Cash flows statement includes cash and cash equivalents, cash with original maturity periods of less than three months and bank deposits.

Subsequent events

Subsequent events cover any events which arise between the reporting date and the balance sheet date, even if they occurred after any declaration of the net profit for the period or specific financial information publicly disclosed. The Company adjusts or provides disclosure in its financial statements if such subsequent events arise that require an adjustment or disclosure to the financial statements.

NOTE 3 - CASH AND CASH EQUIVALENTS

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

	31 December 2016	31 December 2015
Cash	918	3,089
Banks		
- TRY time deposit	14,334,259	25,284,280
- Foreign currency denominated time deposit	1,763,726	14,940,110
- TRY demand deposit	250,599	32,791
- Foreign currency denominated demand deposit	8,521	70,634
	16,358,023	**40,330,904**

As of 31 December 2016, the interest rate on TRY deposit accounts at banks is 10.55%, interest rate on foreign currency denominated deposit accounts at banks is between 1.20% and 2.45% and the accrued interests are TRY8,259 and TRY137 respectively (31 December 2015: the interest rate on TRY deposit accounts at banks is 12.10% and 13.85% the accrued interest is TRY64,717 and TRY860). 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:

	31 December 2016	31 December 2015
Cash and cash equivalents	16,358,023	40,330,904
Less: accrued interest	(8,396)	(65,577)
	16,349,627	**40,265,327**

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

NOTE 4 - TRADE AND OTHER RECEIVABLES AND PAYABLES

Short-term trade receivables

	31 December 2016	31 December 2015
Trade receivables	8,370,962	5,533,856
Notes and post-dated cheques receivable	334,696	607,745
	8,705,658	**6,141,601**
Less: Provision for doubtful receivables	(4,317,929)	(3,390,260)
	4,387,729	**2,751,341**

	2016	2015
1 January	**3,390,260**	**3,167,871**
Provisions made during the period	957,741	222,389
Doubtful receivables collections	(30,072)	-
31 December	**4,317,929**	**3,390,260**

Short-term trade payables	31 December 2016	31 December 2015
Trade payables	424,683	150,423
Due to related parties (Note 18)	6,987	3,041,818
	431,670	**3,192,241**

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

Short-term other payables	31 December 2016	31 December 2015
Taxes payables and other taxes	1,379,537	149,961
Other	24,143	9,514
	1,403,680	**159,475**

Long-term other payables	31 December 2016	31 December 2015
Deposits and guarantees received	634,755	463,381
	634,755	**463,381**

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

NOTE 5 - INVESTMENT PROPERTIES

Movement schedule of investment properties for the years ending on 31 December 2016 and 2015 are as follows:

	1 January 2016	Additions	Transfers	31 December 2016
Cost				
Buildings	250,983,764	-	17,739,913	268,723,677
Construction in progress (*)	-	17,739,913	(17,739,913)	-
	250,983,764	**17,739,913**	**-**	**268,723,677**
Accumulated depreciation				
Buildings	(61,518,908)	(7,604,465)	-	(69,123,373)
	(61,518,908)	**(7,604,465)**	**-**	**(69,123,373)**
Net Book Value	**189,464,856**			**199,600,304**

(*) The transfers from construction in progress to buildings amounting TRY17,739,913 include the infrastructure works of building that are completed in 2016.

	1 January 2015	Additions	Transfers	31 December 2015
Cost				
Buildings	187,914,200	-	63,069,564	250,983,764
Construction in progress (*)	33,076,086	29,993,478	(63,069,564)	-
	220,990,286	**29,993,478**	**-**	**250,983,764**
Accumulated depreciation				
Buildings	(56,402,168)	(5,116,740)	-	(61,518,908)
	(56,402,168)	**(5,116,740)**	**-**	**(61,518,908)**
Net Book Value	**164,588,118**			**189,464,856**

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 2016 amount to TRY1,571,500,000 (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 TRY1,537,950,000). Discount rate used in valuation report dated 31 December 2016 is 11% (31 December 2015: 10%)

Insurance coverage on assets is as follows;

31 December 2016 : USD160,654,400
31 December 2015 : USD160,608,300

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

NOTE 6 - TANGIBLE ASSETS

The movement schedule of tangible assets as of 31 December 2016 and 2015 are as follows:

	1 January 2016	Addition	Disposal	31 December 2016
Plants, machinery and equipment	99,702	-	-	99,702
Furniture and fixture	7,611,243	1,101,732	-	8,712,976
Accumulated depreciation	(7,587,001)	(61,149)	-	(7,648,150)
Net book value	**123,944**	**1,040,583**	**-**	**1,164,528**

	1 January 2015	Addition	Disposal	31 December 2015
Plants, machinery and equipment	99,702	-	-	99,702
Furniture and fixture	7,611,243	-	-	7,611,243
Accumulated depreciation	(7,542,113)	(44,888)	-	(7,587,001)
Net book value	**168,832**	**(44,888)**	**-**	**123,944**

NOTE 7 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Real rights on immovables are as follows:

a) There is a rental restriction in favour of TEK (Turkish Electricity Institution) with registry dated 31 December 1992 No: 5538.

b) There is a 5 year rental restriction in favour of Yapı Kredi A.Ş. on Çarşı Block 1 basement coded (4,60) at a land share of 76800/25600000 (independent component, no 89) registered on 17 April 1995, No: 1315.

Type of guarantees received	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

Type of guarantees received	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	TRY	581,000	581,000
			13,656,369

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

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

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

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

CPM's given by the company (Collaterals, Pledges, Mortgages)	**31 December 2016**	**31 December 2015**
A, CPM's given for companies own legal personality	1,729	1,729
B, CPM's given on behalf of fully consolidated companies	-	-
C, CPM's given for continuation of its economic activities on behalf of third parties	-	-
D, Total amount of other CPM's		
i) Total amount of CPM's given on behalf of the majority shareholder	-	-
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	-	-
iii) Total amount of CPM's given on behalf of third parties which are not in scope of C	-	-
	1,729	**1,729**

Provision for lawsuits

The provision for the lawsuits against the Company as of 31 December 2016 is TRY1,704,847 (31 December 2015: TRY3,095,607). The movement of provision for lawsuits is as follows:

	2016	**2015**
1 January	**3,095,607**	**1,756,613**
Increase during the period	20,000	1,103,027
Foreign exchange differences and interests	251,374	235,967
Reversals during the period	(1,662,134)	-
31 December	**1,704,847**	**3,095,607**

The Company's ongoing lawsuits that no provision necessary in the financial statements are summarized below as of 31 December 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 and the related case is sent to supreme court.

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

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

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.

NOTE 8 - OTHER ASSETS AND LIABILITIES

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

Prepaid expenses - short term	**31 December 2016**	**31 December 2015**
Prepaid expenses (*)	879,770	894,918
Advances given	16,645	613,223
	896,415	**1,508,141**

(*) Amount to TRY598,735 consists of short term of prepaid expenses in order to rent the store. These amounts will be amortized in the contract period after renting the store. Remaining balance consists of other expenses.

Prepaid expenses - long term	**31 December 2016**	**31 December 2015**
Prepaid expenses (*)	2,794,784	-
	2,794,784	**-**

(*) Prepaid expenses consist of the expenses longer than one year in order to rent the store. These amounts will be amortized in the contract period after renting the store.

Other current assets:	**31 December 2016**	**31 December 2015**
Income accruals for store rent (*)	1,266,161	-
VAT receivables	-	228,671
	1,266,161	**228,671**

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

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

NOTE 8 - OTHER ASSETS AND LIABILITIES (Continued)

Other non-current assets:	**31 December 2016**	**31 December 2015**
Income accruals for store rent (*)	6,639,627	-
Deposits given	202	202
	6,639,829	**202**

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

Deferred income	**31 December 2016**	**31 December 2015**
Deferred income	1,077,480	1,058,739
Advances received	724,802	337,355
	1,802,282	**1,396,094**

Other non- current liabilities	**31 December 2016**	**31 December 2015**
Expense accruals	390,065	324,659
	390,065	**324,659**

NOTE 9 - EQUITY

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

Shareholders	**31 December 2016**		**31 December 2015**	
	Share (%)	**Amount**	**Share (%)**	**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 31 December 2016 (31 December 2015: 31.48%).

(**) Represents individual shareholdings less than 10%.

At the Ordinary General Meeting of the Company dated 3 May 2011, it was decided to allocate bonus shares from the first and second dividend to be distributed to the shareholders from the profit of 2010 in line with the previous allocation of the issued shares and as per CMB Communiqué Serial I, No: 40 on Registration of Shares to Board Records and Disposal of Shares, to apply to the CMB in order to register the new issued bonus shares to the CMB Board records. After the increase in the issued shares, the capital amounted to TRY37,264,000.

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

NOTE 9 - EQUITY (Continued)

The Company's issued and fully paid share capital amounting to TRY37,264,000 is represented by 3,726,400,000 shares of Krş1 nominal value of which 407,575,000 are Class A shares, 284,138,000 are Class B shares, 239,887,000 are Class C shares and 2,794,800,000 are Class D shares as of 31 December 2016 and 2015.

There are 10 members of the Board of Directors who are assigned by the General Assembly as follows; four members elected with the majority votes of Class A shares; three members elected with the majority votes of Class B shares; two members elected with the majority votes of Class C shares and one member elected with the majority votes of Class D shares which represent the publicly offered shares and subject to participation to the General Assembly.

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 TRY27,400,000 to TRY75,000,000 is approved by CMB. The appeal of increasing the upper limit of registered capital and amendment of Articles of Incorporation are registered on 6 June 2012 and published at the Trade Registry Gazette on 12 June 2012.

Equity statement in accordance with the Communiqué Serial: II-14-1 is as follows:

	31 December 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	(94,809)	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	77,821,662	73,325,045
	225,727,674	**224,805,974**

Retained earnings consist of the following:

	31 December 2016	31 December 2015
Prior years' income	3,329,543	3,326,254
Extraordinary reserves	9,529,349	20,573,289
Inflation difference in extraordinary reserves	521,985	521,985
Inflation difference in legal reserves	3,461,231	3,461,231
	16,842,108	**27,882,759**

NOTE 9 - EQUITY (Continued)

Profit distribution

"Dividend Guidelines" issued in accordance with Article 13 of the Capital Markets Board's Communiqué on Dividends was promulgated in the Official Gazette on 23 January 2014 and was put into effect as of 1 February 2014. The adjustments and disclosures included in the Communiqué on Dividends and the Dividend Guidelines are summarised below.

Dividends shall be distributed upon decision by the general assembly in line with the Dividend Distribution Policy to be set by the general assembly. Companies shall determine the dividend distribution policy and whether or not to distribute dividends. Accordingly, dividend distribution is voluntary in principle. The Capital Markets Board shall be entitled to define various principles for dividend distribution depending on the qualities of the entities.

Dividend distribution policies of companies regulate the following items:

- whether or not to distribute dividends,
- dividend rates and account items to apply that rate,
- payment methods and dates,
- whether to distribute dividends in cash or in the form of free of charge shares (applicable to companies whose shares are listed in stock markets), and
- whether or not to distribute dividend advances.

The upper limit of the dividends to be distributed equals the distributable portion of the relevant profit distribution resources in legal records. As a rule, dividends are equally distributed to all shares available as of the distribution date. Acquisition and issuance dates of shares are not taken into account. Unless the reserves to be allocated in accordance with the Turkish Commercial Code and shareholders' dividends stipulated in the articles of association and dividend distribution policy are allocated, it shall not be possible to decide to set aside other reserves or carry forward the profit to the following year.

Provided that it is set out in the articles of association, dividends can be provided to privileged shareholders or dividend certificate owners, board members, employees and other non-shareholders. However, it is not possible to allocate dividends to dividend certificate owners, board members, employees and others before the dividends determined for shareholders are paid in cash. The communiqué rules that if the amount of dividend to be paid to the dividend certificate owners, board members, employees and others excluding the privileged shares is not specified in the articles of association, the maximum amount to be distributed to the foregoing is one fourth of the amount distributed to shareholders. In the event of distributing dividends to non-shareholders and of paying in instalments, the instalment sums should be paid in proportion to instalment sums of shareholders and the same principles apply.

The New Capital Markets Board Law and thus the new Communiqué allow the shareholders to make donations. However, it is required that the articles of association should contain a related provision: the amount of donations shall be determined by the general assembly, however, CMB is entitled to introduce an upper limit.

Companies listed on the stock markets should disclose the following to the public:

- the board of directors' proposal on dividend distribution;
- the board of directors' decision on dividend distribution; and
- a dividend or dividend advance distribution chart. It is obligatory that a dividend distribution chart should be disclosed to the public on the date when the ordinary general assembly agenda is announced at the latest.

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

NOTE 10 - EMPLOYEE BENEFITS

At 31 December 2016, the amount payable consists of one month's salary limited to a maximum of TRY4,426.16 for each year of service (31 December 2015: TRY4,092.53)

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 - 31 December 2016	**1 January - 31 December 2015**
Discount rate (%)	3.76	3.76
Turnover rate to estimate the probability of retirement (%)	99.00	94.00

Liabilities related to employee benefits consist of provisions for employment termination benefits. The movements of the provision as follows:

	2016	**2015**
1 January	**986,821**	**50,043**
Cost of service	141,916	1,025,322
Cost of interest	106,945	103,617
Actuarial loss/ (gain)	136,122	(41,313)
Payments made during period (-)	(353,254)	(150,848)
31 December	**1,018,550**	**986,821**

Provision for employment termination benefits amounting to TRY26,595 comprise of the Company's personnel termination benefits expenses and TRY991,955 comprise of the Company's share in Üçgen Bakım ve Yönetim Hizmetleri A.Ş.'s personnel terminaton benefits expenses.

NOTE 11 - OPERATING INCOME

Sales	**31 December 2016**	**31 December 2015**
Shops and warehouse rent income	107,845,661	98,127,179
Other income	4,110,403	3,971,689
Apart hotel rent income	2,967,054	2,989,338
	114,923,118	**105,088,206**
Cost of sales		
Cost of services	(25,897,121)	(25,173,455)
Depreciation expense	(7,604,465)	(5,116,740)
	(33,501,586)	**(30,290,195)**
Gross Profit	**81,421,532**	**74,798,011**

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

NOTE 12 - GENERAL ADMINISTRATIVE EXPENSES

General administrative expenses	31 December 2016	31 December 2015
Legal expenses	2,099,865	1,462,044
Personnel expenses	1,876,518	1,549,120
Consultancy expenses	726,148	508,708
Insurance, duties, taxes and levies expenses	675,757	473,684
Donation expenses	100,000	-
Depreciation and amortisation expenses	71,591	55,440
Provision for lawsuits	20,000	1,103,027
Employee termination benefits provision expenses	9,721	9,526
Other	297,910	230,942
	5,877,510	**5,392,491**

NOTE 13 - EXPENSES BY NATURE

Depreciation and amortisation	31 December 2016	31 December 2015
Cost of sales	7,604,465	5,116,740
General and administrative expenses	71,591	55,440
	7,676,056	**5,172,180**

Allocation of depreciation and amortisation charges

	31 December 2016	31 December 2015
Investment properties (Note 5)	7,604,465	5,116,740
Tangible assets (Note 6)	61,149	44,888
Intangible assets	10,442	10,552
	7,676,056	**5,172,180**

NOTE 14 - OTHER INCOME/EXPENSES

Other operating income	31 December 2016	31 December 2015
Reversals from provisions	1,737,995	35,461
Foreign exchange gain on trade receivables and payables	131,188	194,868
Other	30,593	2,176
	1,899,776	**232,505**

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

NOTE 14 - OTHER INCOME/EXPENSES (Continued)

Other operating expense	**31 December 2016**	**31 December 2015**
Provisions for doubtful receivables	(957,741)	(222,389)
Amortisation expenses (*)	(570,322)	-
Foreign exchange gain on trade receivables and payables	(425,189)	(296,926)
Apart renovation expenses (**)	(350,948)	(344,217)
Decoration expense	(90,389)	-
Interest expense of provision for lawsuits	(68,274)	(68,824)
Other	(36,693)	-
Other operating expense	**(2,499,556)**	**(932,356)**
Other operating income - net	**(599,780)**	**(699,851)**

(*) 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 lobby of apart.

NOTE 15 - FINANCIAL INCOME /EXPENSES

Financial income	**31 December 2016**	**31 December 2015**
Interest income	3,484,250	4,461,058
Foreign exchange gains	1,475,272	454,476
	4,959,522	**4,915,534**

Financial expenses	**31 December 2016**	**31 December 2015**
Interest expense	(1,040,813)	-
Foreign exchange losses	(934,029)	(192,226)
Interest expenses related to employee benefits	(106,945)	(103,617)
Bank commissions	(315)	(315)
	(2,082,102)	**(296,158)**

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

NOTE 16 - EARNINGS PER SHARE

The earning 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 share capital amounting to TRY13,700,000 within the registered capital limit of TRY27,400,000 has been increased to TRY37,264,000 from the dividend to be distributed to the shareholders over the profit of 2010 amounting to TRY23,564,000. Based on the resolution issued by CMB Decision No. 20/626, dated 30 June 2011, the new issued shares have been registered.at 8 July 2011 to İstanbul Commercial Office.

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.

	31 December 2016	**31 December 2015**
Weighted average number of shares as of the reporting date (per share of TRY1 nominal value)	37,264,000	37,264,000
Net profit	77,821,662	73,325,045
Earnings per share	**2.09**	**1.97**

NOTE 17 - TAX ASSETS AND LIABILITIES

The Company is exempt from corporate income tax in accordance with paragraph 4-d 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 "zero". Therefore, the Company has no corporate tax obligation.

NOTE 18 - RELATED PARTY DISCLOSURES

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

Receivables from related parties

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

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

NOTE 18 - RELATED PARTY DISCLOSURES (Continued)

Due to related parties	31 December 2016	31 December 2015
Akkök Holding A.Ş.	3,777	22,405
Aktek Bilgi İletişim Teknoloji San. ve Tic. A.Ş.	2,973	445
Dinkal Sigorta Acenteliği A.Ş.	237	42,704
Üçgen Bakım ve Yönetim Hizmetleri A.Ş.	-	2,976,264
	6,987	**3,041,818**

Advances given	31 December 2016	31 December 2015
Üçgen Bakım ve Yönetim Hizmetleri A.Ş.	11,228	529,904
Akgirişim Müteahhitlik Müşavirlik ve Çevre Teknolojileri San.ve Tic. A.Ş.	-	75,531
	11,228	**605,435**

b) As of 31 December 2016 and 2015, sales and purchases from related parties are as follows:

Sales to related parties:	31 December 2016	31 December 2015
Akmerkez Lokantacılık Gıda San. Tic. A.Ş.	2,329,450	2,457,815
Tekfen Turizm İşletmeleri A.Ş.	917,013	797,080
Akkök Holding A.Ş.	1,927	-
	3,248,390	**3,254,895**

Purchases from related parties:	31 December 2016	31 December 2015
Üçgen Bakım ve Yönetim Hizmetleri A.Ş.	28,549,528	28,918,080
Akkök Holding A.Ş.	434,219	253,060
Dinkal Sigorta Acenteliği A.Ş. (*)	216,988	120,716
Aktek Bilgi İşletişim ve Teknoloji Sanayi ve Ticaret A.Ş.	21,387	11,566
Akhan Bakım Yönetim Servis Hizmet Güvenlik Tic. A.Ş.	80	908
Akgirişim Müteahhitlik Müşavirlik ve Çevre Teknolojileri San.ve Tic.A.Ş.	-	26,385,346
Akmerkez Lokantacılık Gıda San. Tic. A.Ş.	-	1,946
	29,222,202	**55,691,622**

(*) This balance includes insurance payments through the agency of Dinkal Sigorta Acenteliği A.Ş.

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

NOTE 18 - RELATED PARTY DISCLOSURES (Continued)

Purchases and sales consist of rent income, purchase and sales of services, and renovation expenses. The related party purchases amounting to TRY28,549,528 comprise of management expenses, renovation 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 TRY10,037,678 regarding the revenue collected on behalf of the Company for 2016 (1 January - 31 December 2015: TRY9,548,059)

c) Remuneration of key management:

	31 December 2016	31 December 2015
Salaries	1,124,417	1,019,807

NOTE 19 - NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS

The Company's activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

Liquidity Risk

The ability to fund the Company's financial and trade liabilities are managed by taking into account its expected undiscounted cash flows.

Liquidity risk is the inability of the Company to match the net funding requirements with sufficient liquidity. As of 31 December 2016 the Company's current assets exceeded its current liabilities by TRY17,175,784 (31 December 2015: TRY36,650,981). The management does not anticipate any difficulty on the repayment of the short-term liabilities and continuity of the Company considering the cash that will be generated from rental operations and the ability to reach to the high quality borrowers.

The analysis of the Company's financial liabilities with respect to their maturities as of 31 December 2016 is as follows:

Expected Maturities	Booked value	Cash outflows expected	Shorter than 3 months	3-12 months	1 -5 years	Longer than 5 years
Non-derivate financial liabilities						
Trade payables	431,670	431,670	431,670	-	-	-
Other payables and liabilities	2,038,435	2,038,435	1,403,680	-	-	634,755
	2,470,105	**2,470,105**	**1,835,350**	**-**	**-**	**634,755**

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

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

The analysis of the Company's financial liabilities with respect to their maturities as of 31 December 2015 is as follows:

Expected Maturities	Booked value	Cash outflows expected	Shorter than 3 months	3-12 months	1 -5 years	Longer than 5 years
Non-derivate financial liabilities						
Trade payables	3,192,241	3,192,241	3,192,241	-	-	-
Other payables and liabilities	622,856	622,856	159,475	-	-	463,381
	3,815,097	**3,815,097**	**3,351,716**	**-**	**-**	**463,381**

Interest rate risk

The Company is exposed to interest rate risk through the impact of rate changes on interest bearing assets and liabilities. These exposures are managed by offsetting interest rate sensitive assets and liabilities and using derivative instruments when considered necessary.

In this context, matching of not only maturities of receivables and payables but also contractual repricing dates are crucial. In order to keep the exposure of financial liabilities to interest rate changes at a minimum, "fixed interest/floating interest", "short-term/long-term", "TRY/foreign currency" balance should be structured consistent within and with assets in the balance sheet.

The interest position is set out in the table below :

	31 December 2016	31 December 2015
Financial instruments with fixed interest		
Time deposits	16,097,985	40,224,390

As of 31 December 2016 and 2015, there are no financial instruments with variable interest.

Credit risk

The Company is subject to credit risk arising from trade receivables related to credit sales and deposits at banks.

The Company management evaluates trade receivables taking into consideration the collaterals received, past experiences and current economic outlook and makes provisions for doubtful receivables when deemed necessary. The Company management does not foresee additional risk related to the Company's trade receivables other than the related provisions made.

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

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

Credit risk disclosures

Credit and receivable risk of financial instruments as of 31 December 2016 is as follows:

	Receivables					
	Trade Receivables		Other Receivables			
31 December 2016	**Related party**	**Third party**	**Related party**	**Third party**	**Bank deposits**	**Other**
Maximum credit risk exposed as of the reporting date (A+B+C+D)	**-**	**4,387,729**	**-**	**-**	**16,357,105**	**-**
- Secured portion of the maximum credit risk by guarantees	-	3,584,041	-	-	-	-
A. Net book value of financial assets that are neither overdue nor impaired	-	460,994	-	-	16,357,105	-
B. Net book value of overdue assets that are not impaired	-	3,926,735	-	-	-	-
C. Net book values of impaired assets	-		-			
- Overdue (gross book value)	-	4,317,929	-	-	-	-
- Impairment (-)	-	(4,317,929)	-	-	-	-
- Secured portion by guarantees, etc.	-	-	-	-	-	-
- Not overdue (gross book value)						
- Impairment (-)	-	-	-	-	-	-
- Secured portion by guarantees, etc.	-	-	-	-	-	-
D. Off balance sheet items with credit risks	-	-	-	-	-	-

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

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

Credit risk disclosures

Credit and receivable risk of financial instruments as of 31 December 2015 is as follows:

	Receivables					
	Trade Receivables		Other Receivables			
31 December 2015	**Related party**	**Third party**	**Related party**	**Third party**	**Bank deposits**	**Other**
Maximum credit risk exposed as of the reporting date (A+B+C+D)	**-**	**2,751,341**	**-**	**-**	**40,327,815**	**-**
- Secured portion of the maximum credit risk by guarantees	-	765,685	-	-	-	-
A. Net book value of financial assets that are neither overdue nor impaired	-	827,355	-	-	40,327,815	-
B. Net book value of overdue assets that are not impaired	-	1,923,986	-	-	-	-
C. Net book values of impaired assets	-	-	-	-	-	-
- Overdue (gross book value)	-	3,390,260	-	-	-	-
- Impairment (-)	-	(3,390,260)	-	-	-	-
- Secured portion by guarantees, etc.	-	-	-	-	-	-
- Not overdue (gross book value)						
- Impairment (-)	-	-	-	-	-	-
- Secured portion by guarantees, etc.	-	-	-	-	-	-
D. Off balance sheet items with credit risks	-	-	-	-	-	-

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

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

As of 31 December 2016, aging of financial assets that are past due but not impaired is as follows:

	Trade receivables
0-1 months past due	3,065,963
1-3 months past due	712,796
3-12 months past due	147,976
	3,926,735

As of 31 December 2015, aging of financial assets that are past due but not impaired is as follows:

	Trade receivables
0-1 months past due	1,204,660
1-3 months past due	639,495
3-12 months past due	79,831
	1,923,986

Foreign Currency Risk

The Company's foreign currency balances arising from operating, investment, and financial activities are disclosed below as of the reporting date. The Company may be exposed to foreign currency risk due to foreign exchange differences at the time its foreign currency receivables and payables are converted to Turkish Lira. The foreign currency risk is monitored through continuous analysis of the foreign currency position and measured on the basis of sensitivity analyses.

As of 31 December 2016 and 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:

31 December 2016	Euro	USD	TRY 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**

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

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

31 December 2015	**Euro**	**USD**	**TRY 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**

The table below shows the Company's sensitivity for 10% fluctuation of USD and other foreign currencies. These amounts represent the effect on comprehensive income of 10% fluctuation of USD and Euro against TRY. During this analysis all other variables especially interest rate are assumed to remain constant.

Foreign currency sensitivity analysis as of 31 December 2016 and 2015 are as follows:

31 December 2016	**Profit/loss**		**Equity**	
	Value increase in foreign currency	**Loss in value of foreign currency**	**Value increase in foreign currency**	**Loss in value of foreign currency**
When USD changes by 10% against TRY:				
Net assets/(liabilities) in US	(82,589)	82,589	-	-
Hedged portion	-	-	-	-
USD Net effect	**(82,589)**	**82,589**	**-**	**-**

	Profit/loss		**Equity**	
	Value increase in foreign currency	**Loss in value of foreign currency**	**Value increase in foreign currency**	**Loss in value of foreign currency**
When EUR changes by 10% against TRY:				
Net assets/(liabilities) in EUR	145,419	(145,419)	-	-
Hedged portion	-	-	-	-
EUR Net effect	**145,419**	**(145,419)**	**-**	**-**

31 December 2015	**Profit/loss**		**Equity**	
	Value increase in foreign currency	**Loss in value of foreign currency**	**Value increase in foreign currency**	**Loss in value of foreign currency**
When USD changes by 10% against TRY:				
Net assets/(liabilities) in US	1,317,792	(1,317,792)	-	-
Hedged portion	-	-	-	-
USD Net effect	**1,317,792**	**(1,317,792)**	**-**	**-**

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

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

	Profit/loss		Equity	
	Value increase in foreign currency	Loss in value of foreign currency	Value increase in foreign currency	Loss in value of foreign currency
When EUR changes by 10% against TRY:				
Net assets/(liabilities) in EUR	94,799	(94,799)	-	-
Hedged portion	-	-	-	-
EUR Net effect	**94,799**	**(94,799)**	-	-

Capital Risk Management

For proper management of capital risk, the Company aims;

- to maintain continuity of operations so as to provide earnings to partners and benefits to other shareholders, and
- to increase profitability through determining a service pricing policy that is commensurate with the level of risks inherent in the market.

The Company determines the amount of share capital in proportion to the risk level. The equity structure of the Company is arranged in accordance with the economic outlook and the risk attributes of assets.

The Company monitors capital management by using the debt/equity ratio. This ratio is calculated by dividing the debt, net, by the total share capital. The net debt is calculated by deducting the value of cash and cash equivalents from the total debt (the sum of short and long term liabilities stated in the statement of financial position). The total share capital is the sum of all equity items stated in the statement of financial position.

	31 December 2016	31 December 2015
Total debt (*)	7,385,849	9,618,278
Less: cash and cash equivalents (Note 3)	(16,358,023)	(40,330,904)
Net asset	(8,972,174)	(30,712,626)
Total equity (Note 9)	225,727,674	224,805,974
Net asset/ equity ratio	**(4%)**	**(14%)**

(*) The balance covers the sum of short term and long term liabilities.

NOTE 20 - FINANCIAL INSTRUMENTS (DISCLOSURES RELATED TO FAIR VALUE AND HEDGE ACCOUNTING)

Fair value of financial instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The fair values of financial instruments that are not traded in an active market have been determined by the Company using available market information and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein may differ from the amounts the Company could realise in a current market exchange.

The following methods and assumptions were used to estimate the fair value of the financial instruments for which it is practicable to estimate fair value:

Financial assets:

The fair values of cash and due from banks are considered to approximate their respective carrying values due to their short-term nature.

Values appraised by the independent valuation expert are disclosed within notes to financial statements regarding the fair values of investment properties.

The carrying value of trade receivables, which are measured at amortised cost, along with the related allowances for uncollectability are assumed to approximate their fair values.

The fair values of balances denominated in foreign currencies, which are translated at year-end official exchange rates announced by the Central Bank of Turkey, are considered to approximate their carrying value.

Financial liabilities:

The Company has no financial assets held for speculative purposes (including derivative instruments) and has no operations related to the trade of such instruments.

Short term trade payables are considered to approximate their respective carrying values due to their short-term nature.

Classification of Fair Value Measurement

IFRS 13 - Financial Instruments requires the classification of fair value measurements into a fair value hierarchy by reference to the observability and significance of the inputs used in measuring fair value of financial instruments measured at fair value to be disclosed. This classification basicly relies on whether the relevant inputs are observable or not. Observable inputs refer to the use of market data obtained from independent sources, whereas unobservable inputs refer to the use of predictions and assumptions about the market made by the Company.

- Category 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Category 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);
- Category 3: Inputs for the asset or liability that is not based on observable market data (that is, unobservable inputs).

Classification requires using observable market data if possible.

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

NOTE 21 - SUBSEQUENT EVENTS

None.

NOTE 22 - OTHER ISSUES MATERIALLY AFFECTING THE FINANCIAL STATEMENTS AND REQUIRING DISCLOSURE FOR UNDERSTANDING OF THE FINANCIAL STATEMENTS

As per the 1 December 2016 Board of Directors decision, the value of USD1 is to be fixed at TRY3.10 for rent payments during the December 2016-March 2017 period for current tenants at Akmerkez Ticaret Merkezi who: pay their rent without delay and regularly, in line with the specified period and conditions defined in their lease agreements; or aren't in a legal dispute with the company; or accept paying turnover rent in addition to fixed rent during the December 2016- March 2017 period or accept the increase in their current turnover rent rates. Rent amounts will be determined and collected from tenants as such, and the company will sign a protocol with the tenants to put these conditions down in an agreement.

NOTE 23 - SUPPLEMENTARY NOTE: CONTROL OF COMPLIANCE WITH PORTFOLIO RESTRICTIONS

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

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

	Non-consolidated (stand-alone) financial statement accounts items	**Related regulations**	**31 December 2016**	**31 December 2015**
A	Cash and capital market instruments	Art.24/(b)	16,358,023	40,330,904
B	Real estate, real estate-based project, Real estate-based rights	Art.24/(a)	199,600,304	189,464,856
C	Affiliates	Art.24/(b)	-	-
	Due from related parties (non-trade)	Art.23/(f)	-	-
	Other assets		17,155,196	4,628,492
D	**Total assets**	**Art.3/(p)**	**233,113,523**	**234,424,252**
E	Borrowings	Art.31	-	-
F	Other financial liabilities	Art.31	-	-
G	Leasing obligation	Art.31	-	-
H	Due to related parties (non-trade)	Art.23/(f)	-	-
I	Equity	Art.31	225,727,674	224,805,974
	Other liabilities		7,385,849	9,618,278
D	**Total liabilities**	**Art.3/(p)**	**233,113,523**	**234,424,252**

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

NOTE 23 - SUPPLEMENTARY NOTE: CONTROL OF COMPLIANCE WITH PORTFOLIO RESTRICTIONS (Continued)

	Other non-consolidated (stand-alone) financial information	Related regulations	31 December 2016	31 December 2015
A1	Portion of cash and capital market instruments reserved for three-year real estate payments	Art.24/(b)	-	-
A2	TRY/foreign currency denominated time/demand deposits	Art.24/(b)	16,357,105	40,327,815
A3	Foreign capital market instruments	Art.24/(d)	-	-
B1	Foreign real estates, real estate-based projects, real estate-based rights	Art.24/(d)	-	-
B2	Lands on which no projects developed	Art.24/(c)	-	-
C1	Foreign affiliates	Art.24/(d)	-	-
C2	Participation in administrator companies	Art.28/1(a)	-	-
J	Non-cash loans	Art.31	1,729	1,729
K	Encumbrance amounts of encumbered lands which do not belong to the Group and on which a project will be developed	Art.22/(e)	-	-
L	Total investments of monetary and capital market instruments at one company	Art.22/(i)	-	-

	Portfolio Restriction	Related regulations	31 December 2016	31 December 2015	Minumum / 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)	86%	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	-	-	≤%500
8	TRY/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 31 December 2016, the fair value of the investment property amounts to TRY1,571,500,000 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 TRY199,600,304 at the same date. When the fair value of the investment property is taken into consideration, the ratio of the TRY/foreign currency denominated time/demand deposit to total assets is 1% at 31 December 2016 (31 December 2015: 2.5%).

....