

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

**CONVENIENCE TRANSLATION OF
THE CONDENSED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY - 31 MARCH 2013
TOGETHER WITH AUDITOR'S REVIEW REPORT**

(ORIGINALLY ISSUED IN TURKISH)



**CONVENIENCE TRANSLATION OF THE INDEPENDENT AUDITOR'S REVIEW REPORT
(ORIGINALLY ISSUED IN TURKISH)**

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

Introduction

1. We have reviewed the accompanying condensed balance sheet of Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş. ("the Company") as of 31 March 2013 and the related condensed statements of comprehensive income, changes in equity and cash flows for the three-month period then ended. Management is responsible for the preparation and fair presentation of these condensed interim financial information in accordance with financial reporting standards endorsed by the Capital Markets Board of Turkey. Our responsibility is to express a conclusion on these condensed interim financial information based on our review.

Scope of review

2. We conducted our review in accordance with the principles and standards on the review of interim financial information as set out in Section 34 of the Communiqué No: X-22 on the auditing standards issued by the Capital Markets Board. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with independent auditing standards issued by the Capital Markets Board and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

3. Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared in accordance with financial reporting standards endorsed the by the Capital Markets Board of Turkey (Note 2).



Additional paragraph for convenience translation into English

4. The financial reporting standards described in Note 2 (defined as "CMB Financial Reporting Standards") to the financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting for the period between 1 January - 31 December 2005. Accordingly, the accompanying financial statements are not intended to present the financial position, financial performance and consolidated cash flows of the Company in accordance with IFRS.

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

A handwritten signature in blue ink, appearing to read "Baki Erdal", is written over the printed name.

Baki Erdal, SMMM
Partner

Istanbul, 2 May 2013

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

FINANCIAL STATEMENTS AT 31 MARCH 2013

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AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE CONDENSED BALANCE SHEETS AT 31 MARCH 2013 AND 31 DECEMBER 2012

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

	Notes	<i>Reviewed</i> 31 March 2013	<i>Audited</i> 31 December 2012
ASSETS			
Current assets		15,303,531	44,756,503
Cash and cash equivalents	3	14,775,855	44,185,898
Trade receivables	4	352,485	557,985
Other current assets	7	175,191	12,620
Non-current assets		137,143,402	137,985,191
Investment property	5	134,680,527	135,512,851
Property and equipment		158,400	167,366
Intangible assets		6,141	6,640
Other non-current assets	7	2,298,334	2,298,334
Total assets		152,446,933	182,741,694
LIABILITIES			
Current liabilities		3,449,745	3,255,171
Trade payable			
-Due to related parties	4,16	10,591	8,476
-Other trade payables	4	130,443	160,885
Other payables	4	945,505	905,987
Provisions	6	658,345	646,382
Other current liabilities	7	1,704,861	1,533,441
Non-current liabilities		146,374	142,245
Provision for employment termination benefit		27,759	25,342
Other liabilities	7	118,615	116,903
Equity		148,850,814	179,344,278
Share capital	8	37,264,000	37,264,000
Adjustment to share capital	8	27,745,263	27,745,263
Restricted reserves	8	48,113,674	41,150,403
Retained earnings	8	20,852,421	18,862,625
Net income for the period	8	14,875,456	54,321,987
Total liabilities and equity		152,446,933	182,741,694

These interim financial statements for the period ended 31 March 2013 have been approved by the Board of Directors held on 2 May 2013.

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
COMPREHENSIVE INCOME FOR THE THREE MONTH INTERIM PERIODS
ENDED 31 MARCH 2013 AND 2012**

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

		<i>Reviewed</i> 1 January - 31 March 2013	<i>Reviewed</i> 1 January - 31 March 2012
	Notes		
CONTINUING OPERATIONS:			
OPERATING INCOME			
Sales - net	9	19,615,788	18,323,321
Cost of sales (-)	9	(5,167,306)	(5,468,637)
Gross profit		14,448,482	12,854,684
General administrative expenses (-)		(1,864,623)	(627,842)
Other operating income - net	11	1,385,150	1,366,956
Operating profit		13,969,009	13,593,798
Financial income	12	922,603	1,021,144
Financial expenses (-)	13	(16,156)	(54,819)
Profit before tax		14,875,456	14,560,123
Tax income/expenses		-	-
Net profit for the period		14,875,456	14,560,123
Other comprehensive income			-
Total comprehensive income		14,875,456	14,560,123
Earnings per share	15	0.40	0.39

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 2013 AND 2012**

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

	Notes	Share capital	Adjustment to share capital	Restricted reserves	Retained earnings	Net profit for the period	Total equity
1 January 2012		37,264,000	27,745,263	35,622,015	18,523,535	42,013,558	161,168,371
Transfers	8	-	-	-	42,013,558	(42,013,558)	-
Net profit for the period	8	-	-	-	-	14,560,123	14,560,123
31 March 2012		37,264,000	27,745,263	35,622,015	60,537,093	14,560,123	175,728,494
1 January 2013		37,264,000	27,745,263	41,150,403	18,862,625	54,321,987	179,344,278
Transfers	8	-	-	6,963,271	47,358,716	(54,321,987)	-
Dividends paid	8	-	-	-	(45,368,920)	-	(45,368,920)
Net profit for the period	8	-	-	-	-	14,875,456	14,875,456
31 March 2013		37,264,000	27,745,263	48,113,674	20,852,421	14,875,456	148,850,814

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 2013 AND 2012**

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

	Notes	1 January - 31 March 2013	1 January - 31 March 2012
Cash flows from operating activities			
Profit before tax		14,875,456	14,560,123
Adjustments to reconcile net cash generated from operating activities to income before tax			
Depreciation	10	979,425	971,878
Employment termination benefit provision		2,417	1,908
Provision for doubtful receivables	10	14,913	-
Interest income	12	(919,545)	(971,293)
Provision expenses		116,759	200,516
Interest expense	13	5,318	32,993
Reversal of provisions		-	(231,319)
Operating profit before changes in operating assets and liabilities		15,074,743	14,564,806
Increase in accounts receivable		(109,413)	(861,031)
Increase in other current/non-current assets		(162,571)	(782,060)
Decrease in accounts payable		(28,327)	(25,670)
Increase in other payables		41,230	74,875
Doubtful receivables' collection		300,000	-
Increase in other liability		66,624	675,199
Net cash generated from operating activities		15,182,286	13,646,119
Interest received		1,116,167	998,413
Purchase of intangible assets		-	(3,978)
Purchase of investment property	5	(137,636)	-
Net cash generated from investing activities		978,531	994,435
Dividends paid		(45,368,920)	-
Interest paid		(5,318)	(31,298)
Net cash used in financing activities		(45,374,238)	(31,298)
Net (decrease)/ increase in cash and cash equivalents		(29,213,421)	14,609,256
Cash and cash equivalents at the beginning of the period		43,944,149	25,613,500
Cash and cash equivalents at the end of the period		14,730,728	40,222,756

The accompanying notes form an integral part of these consolidated 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 2013

(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 2013.

The shareholding structure as of 31 March 2013 and 31 December 2012 is as follows:

	31 March 2013	31 December 2012
Akkök Sanayi Yatırım ve Geliştirme A.Ş.	%13.12	%13.12
Tekfen Holding A.Ş.	%10.79	%10.79
Quoted to İstanbul Stock Exchange	%50.82	%50.27
Other (*)	%25.27	%25.82
Total	%100.00	%100.00

(*) Represents total of shareholders less than 10%.

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

	31 March 2013	31 December 2012
Administrative	4	4

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2013

(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 Company maintains its books of account and prepare its statutory financial statements in accordance with accounting principles in the Turkish Commercial Code (“TCC”) and tax legislation.

The Capital Markets Board (“CMB”) Communiqué Serial: XI, No: 29 “Financial Reporting Standards in Capital Markets” (“Communiqué Serial: XI, No: 29”) provides principles and standards on the preparation and presentation of financial statements. The Communiqué is applicable commencing from the first interim financial statements prepared subsequent to 1 January 2008, and Communiqué Serial: XI, No: 25 “The Capital Market Accounting Standards” (“Communiqué Serial: XI, No: 25”) is annulled by the application of this communiqué. As per this communiqué, the financial statements should be prepared in accordance with the International Financial Reporting Standards (“IAS/IFRS”) as endorsed by the European Union (“EU”). However, companies will apply IASs/IFRSs until the differences between the standards accepted by the European Union and the standards issued by International Accounting Standards Board (“IASB”) are announced by Public Oversight, Accounting and Auditing Standards Authority (“POAASA”). In this respect, Turkish Accounting / Financial Reporting Standards that are issued by POAASA and are not controversial to the adopted standards shall be taken as a basis in the application.

As the differences between the International Financial Reporting Standards (“IAS/IFRS”) as endorsed by the European Union and the Turkish Accounting/Financial Reporting Standards (“TAS/IFRS”) have not been declared by POAASA as of the date of this report, the accompanying financial statements and notes are prepared in accordance with IAS/IFRS as declared in the Communiqué Serial: XI, No: 29 with the required formats announced by the CMB.

The Company maintains its books of account and prepares its statutory financial statements (“Statutory Financial Statements”) in TL 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 CMB 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 CMB Financial Reporting Standards.

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.

**CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED
FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD
ENDED 31 MARCH 2013**

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

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

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 interim financial statements that are prepared in accordance with the Communiqué Serial XI, No: 29 “Principals of Financial Reporting in Capital Markets” of the CMB. This condensed information has been prepared in accordance with the requirements of Communiqué Serial VI, No: 11 “Principals of The Real Estate Investment Trusts” of the CMB particularly relating to the principles regarding the control of compliance to portfolio restrictions.

2.2 Summary of Significant Accounting Policies

2.2.1 Comparative Figures and the Reclassification to the Financial Statements of the Prior Period

The Company complies with the principles and articles of applicable commercial laws and regulations and Communiqués announced by CMB in the accounting records and the preparation of the financial statements.

In order to determine the financial status and performance trends, the financial statements of the Company have been prepared in comparison with the financial statements of previous periods. The Company prepared its balance sheet as of 31 March 2013 in comparison with the balance sheet prepared as of 31 December 2012; prepared the statement of income, statement of changes in shareholders’ equity and cash flow statement between 1 January - 31 March 2013 in comparison with 1 January - 31 March 2012. Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current period.

2.2.2 Changes in standards and interpretations

The standards listed below and the changes and comments introduced to the prior standards have been enforced as of 1 January 2013:

- IAS 1 (amendment), “Presentation of financial statements”, is effective for annual periods beginning on or after 1 July 2012.
- IAS 19 (amendment), “Employee benefits”, is effective for annual periods beginning on or after 1 July 2012. The effect of the mentioned changes is not material so the Company does not apply any changes retrospectively.
- IFRS 10, “Consolidated financial statements”, is effective for annual periods beginning on or after 1 January 2013.
- IFRS 11, “Joint arrangements”, is effective for annual periods beginning on/after 1 January 2013.
- IFRS 12, “Disclosures of interests in other entities”, is effective for annual periods beginning on or after 1 January 2013.
- IFRS 13, “Fair value measurement”, is effective for annual periods beginning on or after 1 January 2013.

**CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED
FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD
ENDED 31 MARCH 2013**

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

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

- IAS 27 (revised), "Separate financial statements", is effective for annual periods beginning on or after 1 January 2013.
- IAS 28 (revised), "Associates and joint ventures", is effective for annual periods beginning on or after 1 January 2013.
- IFRIC 20, Stripping costs in the production phase of a surface mine, is effective for annual periods after 1 January 2013.

Standards, amendments and interpretations not yet effective as of 31 March 2013 and not early adopted by the Company:

- IFRS 9, "Financial instruments", is effective for annual periods beginning on/after 1 January 2015.
- IAS 32 (amendment), "Financial instruments: Presentation" and IFRS 7 (amendment), "Financial instruments: Disclosures", is related to offsetting financial assets and financial liabilities and respectively effective for annual periods after 1 January 2013 and 1 January 2014. The effect of the mentioned changes is not material for the Company.
- IFRS 1 (amendment), "First-time adoption of IFRS", is related to accounting of government loans and effective for annual periods beginning on or after 1 January 2014.

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

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 2013 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 2012. Accordingly, these condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2012.

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.

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 2013

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

NOTE 3 - CASH AND CASH EQUIVALENTS

The details of cash and cash equivalents as of 31 March 2013 and 31 December 2012 are as follows:

	31 March 2013	31 December 2012
Cash	2,981	4,153
Banks		
- TL time deposits	14,680,127	44,074,749
- Foreign currency denominated demand deposits	47,343	31,500
- TL demand deposits	45,404	75,496
Total	14,775,855	44,185,898

As of 31 March 2013, the interest rate on TL deposit accounts at banks is between 6.8% and 7.0% and the accrued interest is TL45,127 (31 December 2012: the interest rate on TL deposit accounts at banks is between 7.6% and 7.9% the accrued interest is TL241,749). The maturity of time deposits is less than one month (31 December 2012: less than one month).

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

	31 March 2013	31 March 2012
Cash and cash equivalents	14,775,855	40,271,149
Less: accrued interest	(45,127)	(48,393)
	14,730,728	40,222,756

NOTE 4 - TRADE AND OTHER RECEIVABLES AND PAYABLES

Short-term trade receivables	31 March 2013	31 December 2012
Trade receivables	3,574,955	3,923,561
Notes and post-dated cheques receivable	-	141,981
	3,574,955	4,065,542
Less: Provision for doubtful receivables	(3,222,470)	(3,507,557)
	352,485	557,985
	2013	2013
1 January	3,507,557	3,170,342
Provisions made during the period	14,913	-
Doubtful receivables collections	(300,000)	-
31 March	3,222,470	3,170,342

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 2013

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

NOTE 4 - TRADE AND OTHER RECEIVABLES AND PAYABLES (Continued)

Short-term trade payables	31 March 2013	31 December 2012
Trade payables	130,443	160,885
Due to related parties (Note 16)	10,591	8,476
	141,034	169,361

As of 31 March 2013 and 31 December 2012, there are no other receivables.

Short-term other payables	31 March 2013	31 December 2012
Taxes payables	938,998	901,823
Social security premiums payable	6,507	4,164
	945,505	905,987

NOTE 5 - INVESTMENT PROPERTY

The movements of the investment property for the three-month interim periods ended 31 March 2013 and 2012 are as follows:

	1 January 2013	Additions	Transfers	31 March 2013
Cost				
Buildings	174,404,180	-	-	174,404,180
Construction in progress	9,458,757	137,636	-	9,596,393
	183,862,937	137,636	-	184,000,573
Accumulated Amortization				
Buildings	48,350,086	969,960	-	49,320,046
	48,350,086	969,960	-	49,320,046
Net Book Value	135,512,851			134,680,527

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 2013

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

NOTE 5 - INVESTMENT PROPERTY (Continued)

	1 January 2012	Additions	Transfers	31 March 2012
Cost				
Buildings	174,404,180	-	-	174,404,180
Construction in progress	9,458,757	-	-	9,458,757
	183,862,937	-	-	183,862,937
Accumulated Amortization				
Buildings	44,591,708	969,960	-	45,561,668
	44,591,708	969,960	-	45,561,668
Net Book Value	139,271,229			138,301,269

The fair value of the Company's investment property based on the valuation report of EVA Gayrimenkul Değerleme Danışmanlık A.Ş. dated 31 December 2012 amount to TL944,653,000 (As of 31 December 2011, the fair value of the Company's investment property based on the valuation report of EVA Gayrimenkul Değerleme Danışmanlık A.Ş. amount to TL1,002,060,000).

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 2013
Letters of guarantees received	USD	2,313,023	4,183,564
Guarantee notes received	USD	2,116,545	3,828,195
Guarantee cheques received	TL	581,000	581,000
			8,592,759

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 2013

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

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

Guarantee notes and letters	Currency of denomination	Amount	31 December 2012
Letters of guarantees received	USD	2,228,056	3,971,733
Guarantee notes received	USD	2,202,047	3,925,369
Guarantee cheques received	TL	581,000	581,000
			8,478,102

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 2013	31 December 2012
CPM's given by the company (Collaterals, Pledges, Mortgages)		
A, CPM's given for companies own legal personality	11,729	11,729
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
	11,729	11,729

The commitments given consist of letters of guarantees given for the cases.

Provision for lawsuits

The provision for the lawsuits against the company as of 31 March 2013 is TL658,345 (31 December 2012: TL646,382). The movements of provision for lawsuits are as follows:

	2013	2012
1 January	646,382	3,012,160
Foreign exchange differences and interests	11,963	1,695
Payments	-	(78,108)
Reversals	-	(231,319)
31 March	658,345	2,704,428

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 2013

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

NOTE 7 - OTHER ASSETS AND LIABILITIES

The details of other assets and other liabilities as of 31 March 2013 and 31 December 2012 are as follows:

	31 March 2013	31 December 2012
Other current assets:		
Advances given (*)	105,873	-
Prepaid expenses	57,318	12,620
Receivables from personnel	12,000	-
Total	175,191	12,620

(*) Consists of advance given for the management expenses to Üçgen Bakım A.Ş.

Other non-current assets

Advances given (*)	2,298,132	2,298,132
Other	202	202
Total	2,298,334	2,298,334

(*) Consists of advances given for the renovation work on exterior side of the shopping mall.

Other current liabilities

	31 March 2013	31 December 2012
Deferred income	1,236,297	1,111,903
Advances received	277,019	269,262
Expense accruals	179,706	140,607
Deposits and guarantees received	11,839	11,669
Total	1,704,861	1,553,441

Other non-current liabilities

	31 March 2013	31 December 2012
Deposits and guarantees received	118,615	116,903
Total	118,615	116,903

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NOTE 8 - EQUITY

At 31 March 2013 and 31 December 2012 the issued and fully paid-in share capital held is as follows:

Shareholders	31 March 2013		31 December 2012	
	Pay (%)	Amount	Pay (%)	Amount
Akkök Sanayi Yatırım ve Geliştirme 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	18,937,130	50.27	18,734,104
Other (*)	25.27	9,416,131	25.82	9,619,157
Total paid-in capital	100.00	37,264,000	100.00	37,264,000

(*) Represents shareholding of less than 10%.

According to compability of Articles of Incorporation to Communiqué No: IV-56 Determination and the Enforcement of the Corporate Governance Principles issued by CMB, the appeal of increasing the upper limit of registered capital from TL27,400,000 to TL75,000,000 is approved by CMB. The appeal of increasing the upper limit of registered capital and amendment of Articles of Incorporation are registered on 6 June 2012 and published at the Trade Registry Gazette on 12 June 2012.

Equity statement in accordance with the Communiqué Serial: XI, No: 29 is as follows:

	31 March 2013	31 December 2012
Share capital	37,264,000	37,264,000
Adjustment to share capital	27,745,263	27,745,263
Restricted reserves		
- Legal reserves	48,113,674	41,150,403
Retained earnings	20,852,421	18,862,625
Net income for the period	14,875,456	54,321,987
Total	148,850,814	179,344,278

Retained earnings consist of the following:

	31 March 2013	31 December 2012
Retained earnings	3,341,983	1,352,187
Extraordinary reserves	13,527,222	13,527,222
Inflation difference in extraordinary reserves	521,985	521,985
Inflation difference in legal reserves	3,461,231	3,461,231
	20,852,421	18,862,625

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

NOTE 9 - OPERATING INCOME

	1 January - 31 March 2013	1 January - 31 March 2012
Sales		
Shops and warehouse rent income	19,089,995	17,694,511
Apart hotel rent income	525,793	628,810
Total rent income	19,615,788	18,323,321
Cost of sales		
Cost of services	(4,188,380)	(4,498,677)
Depreciation expense	(978,926)	(969,960)
	(5,167,306)	(5,468,637)
Gross profit	14,448,482	12,854,684

NOTE 10 - EXPENSES BY NATURE

	1 January - 31 March 2013	1 January - 31 March 2012
Cost of service	4,188,380	4,498,677
Sponsorship expenses	1,000,000	-
Depreciation and amortization expenses	979,425	971,878
Personnel expenses	272,236	270,594
Legal expenses	241,467	101,254
Insurance, duties, taxes and levies expenses	165,324	147,219
Consultancy expenses	94,073	45,452
Provision for doubtful receivables	14,913	-
Other	76,111	61,405
	7,031,929	6,096,479
Depreciation and amortization expenses		
Cost of sales	978,926	969,960
General administrative expenses	499	1,918
	979,425	971,878

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

NOTE 11 - OTHER INCOME/EXPENSES

	1 January - 31 March 2013	1 January - 31 March 2012
Other operating income		
Rent income of the common areas	1,050,281	1,108,662
Income from reversal provisions	300,000	231,319
Other	34,869	26,975
	1,385,150	1,366,956

NOTE 12 - FINANCIAL INCOME

	1 January - 31 March 2013	1 January - 31 March 2012
Financial income		
Interest income	919,545	971,293
Foreign exchange income	3,058	49,851
	922,603	1,021,144

NOTE 13 - FINANCIAL EXPENSES

	1 January - 31 March 2013	1 January - 31 March 2012
Financial expenses		
Foreign exchange expense	10,838	21,826
Interest expense	5,318	32,993
	16,156	54,819

NOTE 14 - 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.

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 2013

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

NOTE 15 - 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 2013	1 January - 31 March 2012
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	14,875,456	14,560,123
Earnings per share	0.40	0.39

NOT 16 - RELATED PARTY DISCLOSURES

Related party disclosures

	31 March 2013	31 December 2012
Advances given to related parties	2,404,005	2,298,131
Due to related parties	10,591	8,476
	1 January - 31 March 2013	1 January - 31 March 2012
Purchases from related party	4,287,396	4,532,035
Sales to related parties	376,243	346,021

Purchases and sales consist of rent income, purchase and sales of services, and similar items. The Company provides services like security, maintenance, repair, cleaning, and management from the related party Üçgen Bakım ve Yönetim Hizmetleri A.Ş. to whom the Company charged TL2,340,899 regarding the revenue collected on behalf of the Company for the first three months of 2012 (1 January - 31 March 2012: TL2,448,372). As of 31 March 2013 and 31 December 2012 the advances given balance consist of advance given to related party Üçgen Bakım ve Yönetim Hizmetleri A.Ş. for the renovation work on exterior side of the building.

As of 1 January - 31 March 2013, remuneration provided to top executives management such as the CEO and Board of Directors members is TL250,515 (1 January - 31 March 2012: TL209,172).

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 2013

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

NOTE 17 - 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 2013	31 December 2012
Assets	47,343	31,500
Liabilities	(392,083)	(386,425)
Net position	(344,740)	(354,925)

As of 31 March 2013, fluctuation of USD and Euro had been 10% higher/lower ceteris paribus, net income for the period would have been T34,474 (31 March 2012: TL23,372) lower/higher.

As of 31 March 2013 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:

	USD	TL equivalent
Current assets		
Monetary financial assets	26,175	47,343
Total assets	26,175	47,343
Current liabilities		
Other Monetary Liabilities	(144,650)	(261,628)
Other-non-Monetary Financial Liabilities	(6,546)	(11,840)
Non-current Liabilities		
Other non- monetary financial liabilities	(65,580)	(118,615)
Total liabilities	(216,776)	(392,083)
Net Foreign Currency Asset / (Liability) Position	(190,601)	(344,740)
Monetary Items Net Foreign Currency Asset / (Liability) Position	(118,475)	(214,285)

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 2013

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

NOTE 17 - NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

As of 31 December 2012 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:

	USD	TL equivalent
Current assets		
Trade receivables	-	-
Monetary financial assets	17,671	31,500
Total assets	17,671	31,500
Current liabilities		
Other Monetary Liabilities	(144,650)	(257,853)
Other non-Monetary Liabilities	(6,546)	(11,669)
Non-current Liabilities		
Other non- monetary financial liabilities	(65,580)	(116,903)
Total liabilities	(216,776)	(386,425)
Net Foreign Currency Asset / (Liability) Position	(199,105)	(354,925)
Monetary Items Net Foreign Currency Asset / (Liability) Position	(126,979)	(226,353)

NOTE 18 - OTHER ISSUES MATERIALLY AFFECTING THE FINANCIAL STATEMENTS AND REQUIRING DISCLOSURE FOR UNDERSTANDING OF THE FINANCIAL STATEMENTS

a) Insurance totals of assets with respect to the periods are as follows;

31 March 2013 :	140,100,000	USD
31 December 2012 :	140,100,000	USD

b) As per the Board resolutions taken in the years of 2009 - 2012, decisions were taken with respect to evaluation of the effects on the real estate market of the unfavourable developments encountered in the financial markets, to make a discount over the USD-denominated rental fees of the tenants of Akmerkez Ticaret Merkezi. This resolution comprises the period March 2009 - September 2012 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 USD1 is not below TL1.1 for March 2009 to April 2011, USD1 is not below TL1.2 for May to September 2011, USD1 is not below TL1.35 for October 2011 to May 2012, USD1 is not below TL1.4 for June to July 2012, USD1 is not below TL1.45 for August to September 2012, USD1 is not below TL1.50 for October to December 2012 that the USD exchange rate defined is not to be regarded as a reduction in rental fees and/or amendment of the rental contract in that context, for the period between March 2009 - April 2011 35% discount, for the period between April - December 2011 25% discount, for the period between January to September 2012 20% discount, for the period between October to December 2012 15% discount was decided over the USD denominated rental fees of the tenants. For the period between January to April 2013, it has been decided to make a 15% discount over the USD denominated rental fees of the tenants provided that USD1 is not below TL1.55.

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CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2013

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NOTE 19 - SUBSEQUENT EVENTS

The ceiling for the employment termination benefit which amounted to TL3,033.98 as of 31 December 2012 has been increased to TL3,129.25 with effect from 1 January 2013.

As per the Board resolutions taken on 1 March 2013 decision is made upon to make a 15% discount over the dollar-denominated rental fees of the tenants of Akmerkez Ticaret Merkezi. This resolution comprises respectively the period March to April 2013 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 (respectively USD1 is not below TL1.55) in that the USD rate defined is not to be regarded as a reduction in rental fees and/or amendment of the rental contract.

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

Explanations made in the framework of the Communiqué with Serial No: VI, No: 29 amending the Communiqué for Principles on Real Estate Investment Trusts”:

Consequent to the publication of the CMB’s Communiqué with Serial No: VI, No: 29 amending the Communiqué for Principles on Real Estate Investment Trusts” in the Official Gazette on 28 July 2011, CMB’s “Communiqué for Principles on Real Estate Investment Trusts” with Serial No, VI, No, 11 was subjected to modification, and in this framework real estate investment trusts have to comply with the provisions of CMB’s Communiqué with Serial No: VI, No: 29 for Principles on Real Estate Investment Trusts at the time of financial statement preparation and their disclosure to public, in addition to including in the financial statements the information relating to control of portfolio restrictions specified in CMB’s Communiqué with Serial No: VI, No: 29 amending the Communiqué for Principles on Real Estate Investment Trusts in the manner set out by the CMB by means of using non-consolidated financial statement account items.

In this scope, total assets, total portfolio and information relating to portfolio restrictions are as follows as of 31 March 2013 and 31 December 2012:

Non-consolidated (stand-alone)			
financial statement accounts items		31 March 2013	31 December 2012
A	Cash and capital market instruments	14,775,855	44,185,898
B	Real estate, real estate-based project, Real estate-based rights	134,680,527	135,512,851
C	Affiliates	-	-
	Due from related parties (non-trade)	-	-
	Other assets	2,990,551	3,042,945
D	Total assets	152,446,933	182,741,694
E	Borrowings	-	-
F	Other financial liabilities	-	-
G	Leasing obligation	-	-
H	Due to related parties (non-trade)	636	636
I	Equity	148,850,814	179,344,278
	Other liabilities	3,595,483	3,396,780
D	Total liabilities	152,446,933	182,741,694

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

**CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED
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ENDED 31 MARCH 2013**

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

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

**Other non-consolidated (stand-alone)
financial information**

	31 March 2013	31 December 2012	
A1	Portion of cash and capital market instruments reserved for three-year real estate payments	-	-
A2	TL/foreign currency denominated time/demand deposits	14,772,874	44,181,745
A3	Foreign capital market instruments	-	-
B1	Foreign real estates, real estate-based projects, real estate-based rights	-	-
B2	Lands on which no projects developed	-	-
C1	Foreign affiliates	-	-
C2	Participation in administrator companies	-	-
J	Non-cash loans	11,729	11,729
K	Encumbrance amounts of encumbered lands which do not belong to the Group and on which a project will be developed	-	-

Portfolio Restriction	31 March 2013	31 December 2012	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)	-	-	<10%
2	Real estate, real estate-based project, Real estate-based rights (B+A1)/D	88%	74%	>50%
3	Cash and capital market instruments and Affiliates (A+C-A1)/D	10%	24%	<50%
4	Foreign real estates, real estate-based projects, real estate-based rights, Affiliates, capital market instruments (A3+B1+C1)/D	-	-	<49%
5	Lands on which no projects developed (B2/D)	-	-	<20%
6	Participation in administrator companies (C2/D)	-	-	<10%
7	Borrowing ceiling (E+F+G+H+J)/İ	-	-	<500%
8	TL/foreign currency denominated time/demand deposits (A2-A1)/D	10%	24%	<10%

(*) At 31 March 2013, the fair value of the investment property is TL 944,653,000. In the table above, the investment property amounting to TL134,680,527 represents the net book value which is cost less depreciation. When the fair value of the investment property is considered in the above table, the ratio of the TL/foreign currency denominated time/demand deposit to total assets as at 31 March 2013 is 1.5% (31 December 2012: 4.5%).

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