

**AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**

**CONVENIENCE TRANSLATION OF  
THE CONDENSED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2011  
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 30 June 2011 and the related condensed statements of comprehensive income, changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and fair presentation of these condensed interim financial statements 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 statements 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 statements 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 statements are not prepared in accordance with financial reporting standards endorsed the by the Capital Markets Board of Turkey (Note 2).

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

A handwritten signature in blue ink, appearing to be 'Cansen Başaran Symes', written over a horizontal line.

Cansen Başaran Symes, SMMM  
Partner

Istanbul, 11 August 2011

# AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## INTERIM FINANCIAL STATEMENTS AT 30 JUNE 2011

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# AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## CONVENIENCE TRANSLATION OF THE CONDENSED BALANCE SHEETS AT 30 JUNE 2011 AND 31 DECEMBER 2010

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

|   | Notes | 30 June 2011       | 31 December 2010   |
|---|-------|--------------------|--------------------|
| <b>ASSETS</b>                                 |       |                    |                    |
| <b>Current assets</b>                         |       | <b>1,009,130</b>   | <b>11,658,720</b>  |
| Cash and cash equivalents                     | 3     | 124,571            | 8,905,678          |
| Trade receivables                             |       | 544,642            | 1,230,945          |
| Other current assets                          | 8     | 339,917            | 1,522,097          |
| <b>Non-current assets</b>                     |       | <b>141,317,918</b> | <b>137,966,308</b> |
| Investment property                           | 5     | 141,107,916        | 131,965,987        |
| Property and equipment                        | 6     | 33,848             | 80,822             |
| Intangible assets                             |       | 7,554              | 8,514              |
| Other non-current assets                      | 8     | 168,600            | 5,910,985          |
| <b>Total assets</b>                           |       | <b>142,327,048</b> | <b>149,625,028</b> |
| <b>LIABILITIES</b>                            |       |                    |                    |
| <b>Current liabilities</b>                    |       | <b>4,765,822</b>   | <b>30,289,069</b>  |
| Borrowings                                    | 4     | -                  | 26,550,604         |
| Trade payables                                |       |                    |                    |
| -Due to related parties                       | 17    | 56,328             | 58,931             |
| -Other trade payables                         |       | 366,003            | 109,714            |
| Other payables                                |       | 349,460            | 44,641             |
| Debt provision                                | 7     | 2,918,210          | 2,802,063          |
| Other current liabilities                     | 8     | 1,075,821          | 723,116            |
| <b>Non-current liabilities</b>                |       | <b>173,576</b>     | <b>181,146</b>     |
| Provision for employment termination benefits |       | 72,488             | 46,189             |
| Other liabilities                             | 8     | 101,088            | 134,957            |
| <b>Equity</b>                                 |       | <b>137,387,650</b> | <b>119,154,813</b> |
| Share capital                                 | 9     | 13,700,000         | 13,700,000         |
| Adjustment to share capital                   | 9     | 27,745,263         | 27,745,263         |
| Restricted reserves                           | 9     | 33,334,115         | 33,334,115         |
| Retained earnings                             | 9     | 44,375,435         | 15,139,347         |
| Net income for the period                     | 9     | 18,232,837         | 29,236,088         |
| <b>Total liabilities and equity</b>           |       | <b>142,327,048</b> | <b>149,625,028</b> |

These interim financial statements for the period ended 30 June 2011 have been approved by the Board of Directors meeting held on 11 August 2011.

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

**AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**

**CONVENIENCE TRANSLATION OF THE CONDENSED STATEMENTS OF  
COMPREHENSIVE INCOME FOR THE SIX MONTH INTERIM PERIODS ENDED  
30 JUNE 2011 AND 2010**

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

|  | Notes | Limited review<br>1 January -<br>30 June 2011 | Limited review<br>1 April -<br>30 June 2011 | Limited review<br>1 January -<br>30 June 2010 | Limited review<br>1 April -<br>30 June 2010 |
|--|-------|---|---|---|---|
| <b>CONTINUING OPERATIONS:</b>                              |       |   |   |   |   |
| <b>OPERATING INCOME</b>                                    |       |   |   |   |   |
| Sales - net  | 10    | 28,895,424                                    | 14,793,681                                  | 26,015,501                                    | 12,816,784                                  |
| Cost of sales (-)  | 10    | (10,691,336)                                  | (5,441,005)                                 | (10,171,719)                                  | (5,243,860)                                 |
| <b>Gross profit</b>  |       | <b>18,204,088</b>                             | <b>9,352,676</b>                            | <b>15,843,782</b>                             | <b>7,572,924</b>                            |
| General administrative expenses (-)                        |       | (1,982,307)                                   | (1,017,561)                                 | (2,191,188)                                   | (975,087)                                   |
| Other operating income                                     | 12    | 2,741,624                                     | 1,411,783                                   | 2,034,033                                     | 1,062,104                                   |
| Other operating expense (-)                                | 12    | (569,841)                                     | -   | (808,120)                                     | (808,120)                                   |
| <b>Operating profit</b>                                    |       | <b>18,393,564</b>                             | <b>9,746,898</b>                            | <b>14,878,507</b>                             | <b>6,851,821</b>                            |
| Financial income   | 13    | (2,832,348)                                   | (1,841,490)                                 | (2,688,898)                                   | (1,573,645)                                 |
| Financial expenses (-)                                     | 14    | (2,832,348)                                   | (1,841,490)                                 | (2,688,898)                                   | (1,573,645)                                 |
| <b>Continuing operations<br/>profit before tax</b>         | 16    | <b>18,232,837</b>                             | <b>9,559,450</b>                            | <b>14,037,898</b>                             | <b>6,314,757</b>                            |
| Tax income/expenses from continuing operations             |       | -   | -   | -   | -   |
| <b>Continuing operations net<br/>profit for the period</b> | 16    | <b>18,232,837</b>                             | <b>9,559,450</b>                            | <b>14,037,898</b>                             | <b>6,314,757</b>                            |
| Other comprehensive income                                 |       | -   | -   | -   | -   |
| <b>Total comprehensive income</b>                          | 16    | <b>18,232,837</b>                             | <b>9,559,450</b>                            | <b>14,037,898</b>                             | <b>6,314,757</b>                            |
| <b>Earnings per share</b>                                  | 16    | <b>1.33</b>                                   | <b>0.70</b>                                 | <b>1.02</b>                                   | <b>0.46</b>                                 |

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

**AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.****CONVENIENCE TRANSLATION OF THE CONDENSED STATEMENTS OF CHANGES IN EQUITY  
FOR THE SIX MONTH INTERIM PERIODS ENDED 30 JUNE 2011 AND 2010**

(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       |
|---------------------------|-------|-------------------|-----------------------------|---------------------|-------------------|---------------------------|--------------------|
| <b>01 January 2010</b>    |       | <b>13,700,000</b> | <b>27,745,263</b>           | <b>30,361,215</b>   | <b>10,533,419</b> | <b>37,992,828</b>         | <b>120,332,725</b> |
| Transfers                 | 9     | -                 | -                           | 2,972,900           | 35,019,928        | (37,992,828)              | -                  |
| Dividends paid            |       | -                 | -                           | -                   | (30,414,000)      | -                         | (30,414,000)       |
| Net profit for the period | 9     | -                 | -                           | -                   | -                 | 14,037,898                | 14,037,898         |
| <b>30 June 2010</b>       |       | <b>13,700,000</b> | <b>27,745,263</b>           | <b>33,334,115</b>   | <b>15,139,347</b> | <b>14,037,898</b>         | <b>103,956,623</b> |
| <b>01 January 2011</b>    |       | <b>13,700,000</b> | <b>27,745,263</b>           | <b>33,334,115</b>   | <b>15,139,347</b> | <b>29,236,088</b>         | <b>119,154,813</b> |
| Transfers (Note 20)       | 9     | -                 | -                           | -                   | 29,236,088        | (29,236,088)              | -                  |
| Net profit for the period | 9     | -                 | -                           | -                   | -                 | 18,232,837                | 18,232,837         |
| <b>30 June 2011</b>       |       | <b>13,700,000</b> | <b>27,745,263</b>           | <b>33,334,115</b>   | <b>44,375,435</b> | <b>18,232,837</b>         | <b>137,387,650</b> |

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

**AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**

**CONVENIENCE TRANSLATION OF THE CONDENSED  
STATEMENTS OF CASH FLOWS FOR THE SIX MONTH INTERIM  
PERIODS ENDED 30 JUNE 2011 AND 2010**

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

|   | Notes    | 01 January -<br>30 June 2011 | 01 January -<br>30 June 2010 |
|---|----------|------------------------------|------------------------------|
| <b>Cash flows from operating activities</b>   |          |                              |                              |
| Profit before tax   |          | 18,232,837                   | 14,037,898                   |
| <b>Adjustments to reconcile net cash generated<br/>from operating activities to income before tax</b> |          |                              |                              |
| Depreciation  | 11       | 1,959,120                    | 1,675,890                    |
| Provision for employment termination benefits   |          | 26,299                       | 5,746                        |
| Debt provisions   | 7        | 116,147                      | 136,798                      |
| Provision for doubtful receivables  | 11       | 138,728                      | 59,297                       |
| Rediscount on notes receivable and cheques  | 13,14    | (2,390)                      | (793)                        |
| Interest income   | 13       | (516,663)                    | (505,297)                    |
| Accrued expenses  |          | 71,446                       | 838                          |
| Interest expense  | 14       | 426,954                      | 888,365                      |
| <b>Operating profit before changes in<br/>net working capital</b>                                     |          | <b>20,452,478</b>            | <b>16,298,742</b>            |
| Decrease in accounts receivable   |          | 549,965                      | 205,883                      |
| Decrease in other assets  |          | 1,182,180                    | 315,356                      |
| Increase in accounts payable  |          | 253,686                      | 397,652                      |
| Increase in other payables  |          | 199,504                      | 338,287                      |
| Increase in other liabilities   |          | 352,705                      | 6,185                        |
| <b>Net cash generated from operating activities</b>   |          | <b>22,990,518</b>            | <b>17,562,105</b>            |
| Interest received   |          | 526,840                      | 516,120                      |
| Decrease/(increase) in advances given for non-current assets  |          | 5,742,385                    | (811,728)                    |
| Additions to investment property  | 5        | (11,053,115)                 | (7,058,890)                  |
| <b>Net cash used in investing activities</b>  |          | <b>(4,783,890)</b>           | <b>(7,354,498)</b>           |
| Proceeds from borrowings  |          | -                            | 37,408,041                   |
| Repayments of borrowings  |          | (26,051,432)                 | (27,889,182)                 |
| Dividends paid  |          | -                            | (30,414,000)                 |
| Interest paid   |          | (926,126)                    | (2,204,338)                  |
| <b>Net cash used in financing activities</b>  |          | <b>(26,977,558)</b>          | <b>(23,099,479)</b>          |
| <b>Net decrease in cash and cash equivalents</b>  |          | <b>(8,770,930)</b>           | <b>(12,891,872)</b>          |
| Cash and cash equivalents at the beginning of the period  |          | 8,895,501                    | 16,868,183                   |
| <b>Cash and cash equivalents at the end of the period</b>   | <b>3</b> | <b>124,571</b>               | <b>3,976,311</b>             |

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



## AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2011

(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 investment properties. The address of the Company is as follows:

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

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 01 July 2005.

The Company’s shares have been quoted on the Istanbul Stock Exchange (“ISE”) since 15 April 2005 and as of 30 June 2011, 50.04% of these shares are publicly quoted shares.

The shareholding structure as of 30 June 2011 and 31 December 2010 is as follows:

|  | 30 June 2011   | 31 December 2010 |
|--|----------------|------------------|
| Akkök Sanayi Yatırım<br>ve Geliştirme A.Ş. | 13.12%         | 13.12%           |
| Tekfen Holding A.Ş.                        | 10.79%         | 10.79%           |
| Quoted to İstanbul Stock Exchange          | 50.04%         | 49.00%           |
| Other *                                    | 26.05%         | 27.09%           |
| <b>Total</b>                               | <b>100.00%</b> | <b>100.00%</b>   |

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

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

|                | 30 June 2011 | 31 December 2010 |
|----------------|--------------|------------------|
| Administrative | 4            | 4                |

**CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED  
FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED  
30 JUNE 2011**

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

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**NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS**

**2.1 Basis of Presentation**

**2.1.1 Accounting Standards**

The CMB regulated the principles and procedures of preparation, presentation and announcement of financial statements prepared by the entities with the Communiqué No. XI-29, “Principles of Financial Reporting in Capital Markets” (“the Communiqué”). According to the Communiqué, entities shall prepare their financial statements in accordance with International Financial Reporting Standards (“IAS/IFRS”) endorsed by the European Union. Until the differences of the IAS/IFRS as endorsed by the European Union from the ones issued by the International Accounting Standards Board (“IASB”) are announced by the Turkish Accounting Standards Board (“TASB”), IAS/IFRS issued by the IASB shall be applied. Accordingly, Turkish Accounting Standards/Turkish Financial Reporting Standards (“TAS/TFRS”) issued by the TASB, which are in line with the aforementioned standards shall be considered.

The Company prepares its financial statements within the framework of Communiqué XI, No:29 and related promulgations to this Communiqué as issued by CMB, in accordance with the CMB Financial Reporting Standards which are based on IAS/IFRS and prepares its condensed interim financial statements also in accordance with IAS 34 “Interim Financial Reporting”. The condensed interim financial statements and the related notes to them are presented in accordance with the formats recommended by the CMB and including the compulsory disclosures. Accordingly, necessary reclassifications have been made in the comparative financial statements.

The Company maintains its books of account and prepare their statutory financial statements in TRY in accordance with the Turkish Commercial Code (the “TCC”), tax legislation, and the Uniform Chart of Accounts issued by the Ministry of Finance. These condensed interim 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 01 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 01 January 2005.

**Functional and presentation currency**

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

**2.1.2 Going Concern**

The Company has prepared the condensed financial statements for the period 1 January - 30 June 2011 in accordance with the going concern principle. Although the Company’s current liabilities exceeded the current assets by TL3,765,118 (31 December 2010: TL18,630,349), the management does not anticipate any difficulty on the repayment of the short-term liabilities and continuity of the Company by considering the cash that will be generated from its continuing operations and the ability to reach to the high quality borrowers.

**CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED  
FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED  
30 JUNE 2011**

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

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**NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS**

**2.2. Summary of Significant Accounting Policies**

Significant changes in accounting policies or material errors are corrected, retrospectively; by restating the prior period financial statements. The Company applied the Communiqué XI No. 29 regulated by CMB effective from 01 January 2008. Within this scope, the comparative financial figures are reclassified and presented. The application of the Communiqué XI No. 29 caused no significant change in the accounting policies of the Company.

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

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

In order to determine the financial status and performance trends, the financial statements of the Company have been prepared in comparison with the financial statements of previous periods. The Company prepared its balance sheet as of 30 June 2011 in comparison with the balance sheet prepared as of 31 December 2010; prepared the statement of income, statement of changes in shareholders' equity and cash flow statement between 01 January - 30 June 2011 in comparison with 01 January - 30 June 2010. 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 at 1 January 2011 and in periods subsequent to 01 January 2010, such standards, changes and comments are applied where applicable.*

- IAS 24 (amendment) 'Related party disclosures' (effective from 01 July 2011 or annual periods beginning after 1 January 2013).
- IFRS 1 (Amendment), "First-time adoption" are effective for annual periods beginning 01 July 2010.
- IFRIC 14, "Prepayments of a minimum funding requirement" are effective for annual periods beginning 01 January 2011. Earlier application is permitted
- Annual improvements 2010 are effective for annual periods beginning 01 January 2011. This set of amendments includes changes to six standards and one IFRIC, namely:
  - IFRS 1 "First-time adoption"
  - IFRS 3 "Business combinations"
  - IFRS 7 "Financial Instruments: Disclosures"
  - IAS 1 "Financial statements presentation"
  - IAS 27 "Consolidated and separate financial statements"
  - IAS 34 "Interim financial reporting"
  - IFRIC 13 "Customer loyalty programmes"

## AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2011

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

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

*Standards, amendments and interpretations effective for the financial year beginning 01 January 2011 which are not relevant to the Company's operations and not adopted by the Company:*

- IFRIC 19, "Extinguishing financial liabilities with equity instruments" is effective from 01 July 2010.
- IAS 32 (amendment), "Classification of rights issues" (effective on 01 February 2010 or for annual periods beginning after 01 February 2010)

*Standards, amendments and interpretations not yet effective as of 30 June 2011 and not early adopted by the Company:*

- IFRS 7 (Amendment), "Financial instruments: Disclosures" is effective for annual periods beginning on or after 01 July 2011.
- IFRS 1 (Amendment), "First time adoption" is effective for annual periods beginning on or after 1 July 2011.
- IAS 12 (Amendment), "Income taxes" is effective for annual periods beginning on or after 01 January 2012.
- IAS 19 (Amendment), "Employee benefits" is effective for annual periods beginning on or after 01 January 2013.
- IAS 1 (Amendment), "Financial statement presentation" is effective for annual periods beginning on or after 01 July 2012.
- IFRS 9, "Financial Instruments" is not applicable until 01 January 2013 but is available for early adoption.
- IFRS 10, "Consolidated financial statements" is effective for annual periods beginning on or after 01 January 2013.
- IFRS 11, "Joint arrangements" is effective for annual periods beginning on or after 01 January 2013.
- IFRS 12, "Disclosures of interests in other entities" is effective for annual periods beginning on or after 01 January 2013.
- IFRS 13, "Fair value measurement" is effective for annual periods beginning on or after 01 January 2013.
- IAS 27, "Separate financial statements" is effective for annual periods beginning on or after 01 January 2013.
- IAS 28, "Associates and joint ventures" is effective for annual periods beginning on or after 1 January 2013.

Aforementioned amendments to the financial statements have no material effect on financial statements.

#### 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 01 January - 30 June 2011 there is no change in accounting estimates.

# AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2011

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

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

#### 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 2010. Accordingly, these condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2010.

#### 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 01 January 2009 "Borrowing Costs" IAS 23 (revised) requires an entity to capitalise 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. For periods before 01 January 2009 in accordance with the previous IAS 23 "allowed alternative treatment" borrowing costs could be recognised as expense. The Company's financial obligations consist of operational bank borrowings and borrowing cost are recognised as expense.

#### Current and deferred income taxes

The Corporate Tax Law was amended as of 13 June 2006 with Law No. 5520. The majority of the clauses of Law No 5520 are effective as of 01 January 2006. The corporation tax rate of the fiscal year 2011 is 20% (2010: 20%). Corporation tax is payable at a rate of 20% on the total income of the Holding 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 8 of the Corporate Income Tax Law after the REIT conversion on 25 January 2008 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.

## AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2011

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

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

##### Property, plant and equipment and related depreciation

Property and equipment are carried at cost less accumulated depreciation and provision for impairment, if any. Any directly attributable costs of setting the asset in working order for its intended use are included in the initial measurement.

Depreciation is calculated over of the cost of property and equipment using the straight-line method based on expected useful lives . The expected useful lives are stated below:

|                                | <b>Years</b> |
|--------------------------------|--------------|
| Machinery, plant and equipment | 5 years      |
| Furniture and fixtures         | 5 years      |

Subsequent costs incurred for tangible assets are included in the asset's carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount and the provision for impairment is charged to income statement.

Gains and losses on the disposal of property and equipment are determined by deducting the net book value of the property and equipment from its sales and are included in the related income and expense accounts, as appropriate.

##### Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the Company, 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 01 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 01 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.

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## CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2011

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

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

#### 2.5 Significant Accounting Estimates and Assumptions

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

### NOTE 3 - CASH AND CASH EQUIVALENTS

The details of cash and cash equivalents as of 30 June 2011 and 31 December 2010 are as follows:

|   | 30 June 2011   | 31 December 2010 |
|---|----------------|------------------|
| Cash  | 585            | 4,442            |
| Banks   |                |                  |
| - TL time deposit                             | -              | 8,776,177        |
| - Foreign currency denominated demand deposit | 84,455         | 98,575           |
| - TL demand deposit                           | 39,531         | 26,484           |
| <b>Total</b>                                  | <b>124,571</b> | <b>8,905,678</b> |

As of 30 June 2011, there are no time deposits (31 December 2010: the interest rate on TL time deposit accounts is between 8.7% and 6.4% and the accrued interest is TL10,177, the maturity date of TL bank deposits is less than one month).

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

|                           | 30 June 2011   | 31 December 2011 | 30 June 2010     | 31 December 2009  |
|---------------------------|----------------|------------------|------------------|-------------------|
| Cash and cash equivalents | 124,571        | 8,905,678        | 3,995,090        | 16,897,785        |
| Less: accrued interest    | -              | (10,177)         | (18,779)         | (29,602)          |
|                           | <b>124,571</b> | <b>8,895,501</b> | <b>3,976,311</b> | <b>16,868,183</b> |

### NOTE 4 - FINANCIAL LIABILITIES

The details of the financial liabilities as of 30 June 2011 and 31 December 2010 are as follows:

|     | Original Currency |                   | Weighted average interest rate (%) |                  | Domestic Currency |                   |
|-----|-------------------|-------------------|------------------------------------|------------------|-------------------|-------------------|
|     | 30 June 2011      | 31 December 2010  | 30 June 2011                       | 31 December 2010 | 30 June 2011      | 31 December 2010  |
| USD | -                 | 17,173,741        | -                                  | %3.2             | -                 | 26,550,604        |
|     | -                 | <b>17,173,741</b> |                                    |                  |                   | <b>26,550,604</b> |

The operational loan provided by Yapı ve Kredi Bankası A.Ş. on 03 June 2010 amounting USD8,500,000 has been fully paid on 10 June 2011 and the operational loan provided by İş Bankası A.Ş. on 24 May 2010 amounting USD8,350,000 has been fully paid on 31 May 2011.

**AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.****CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED  
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(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

**NOTE 5 - INVESTMENT PROPERTY**

The movements of the investment property for the six-month interim periods ended 30 June 2011 and 2010 are as follows:

|                                 | <b>01 January<br/>2011</b> | <b>Additions</b>  | <b>Transfers</b> | <b>30 June<br/>2011</b> |
|---------------------------------|----------------------------|-------------------|------------------|-------------------------|
| <b>Cost</b>                     |                            |                   |                  |                         |
| Buildings                       | 172,387,423                | -                 | 2,016,758        | 174,404,181             |
| Construction in progress        | 422,398                    | 11,053,115        | (2,016,758)      | 9,458,755               |
|                                 | <b>172,809,821</b>         | <b>11,053,115</b> | <b>-</b>         | <b>183,862,936</b>      |
| <b>Accumulated amortisation</b> |                            |                   |                  |                         |
| Buildings                       | 40,843,834                 | 1,911,186         | -                | 42,755,020              |
|                                 | <b>40,843,834</b>          | <b>1,911,186</b>  | <b>-</b>         | <b>42,755,020</b>       |
| <b>Net book value</b>           | <b>131,965,987</b>         |                   |                  | <b>141,107,916</b>      |
|                                 |                            |                   |                  |                         |
|                                 | <b>1 January<br/>2010</b>  | <b>Additions</b>  | <b>Transfers</b> | <b>30 June<br/>2010</b> |
| <b>Cost</b>                     |                            |                   |                  |                         |
| Buildings                       | 136,566,099                | -                 | 16,675,163       | 153,241,262             |
| Construction in Progress        | 11,650,163                 | 7,058,890         | (16,675,163)     | 2,033,890               |
|                                 | <b>148,216,262</b>         | <b>7,058,890</b>  | <b>-</b>         | <b>155,275,152</b>      |
| <b>Accumulated Amortisation</b> |                            |                   |                  |                         |
| Buildings                       | 37,246,547                 | 1,610,884         | -                | 38,857,431              |
|                                 | <b>37,246,547</b>          | <b>1,610,884</b>  | <b>-</b>         | <b>38,857,431</b>       |
| <b>Net book value</b>           | <b>110,969,715</b>         |                   |                  | <b>116,417,721</b>      |

At 31 December 2010, the fair value of the Company's investment properties based on the valuation report of EVA Gayrimenkul Değerleme Danışmanlık A.Ş. dated 17 January 2011 is TL 809,457,000.



**AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.****CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED  
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30 JUNE 2011**

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

**NOTE 6 - PROPERTY AND EQUIPMENT**

|                                 | <b>01 January 2011</b> | <b>Additions</b> | <b>30 June 2011</b> |
|---------------------------------|------------------------|------------------|---------------------|
| <b>Cost</b>                     |                        |                  |                     |
| Furniture and fixtures          | 7,455,809              | -                | 7,455,809           |
| Machinery and equipment         | 99,702                 | -                | 99,702              |
|                                 | <b>7,555,511</b>       | <b>-</b>         | <b>7,555,511</b>    |
| <b>Accumulated depreciation</b> |                        |                  |                     |
| Furniture and fixtures          | 7,374,987              | 46,974           | 7,421,961           |
| Machinery and equipment         | 99,702                 | -                | 99,702              |
|                                 | <b>7,474,689</b>       | <b>46,974</b>    | <b>7,521,663</b>    |
| <b>Net book value</b>           | <b>80,822</b>          |                  | <b>33,848</b>       |

|                                 | <b>1 January 2010</b> | <b>Additions</b> | <b>30 June 2010</b> |
|---------------------------------|-----------------------|------------------|---------------------|
| <b>Cost</b>                     |                       |                  |                     |
| Furniture and fixtures          | 7,455,808             | -                | 7,455,808           |
| Machinery and equipment         | 99,702                | -                | 99,702              |
|                                 | <b>7,555,510</b>      | <b>-</b>         | <b>7,555,510</b>    |
| <b>Accumulated depreciation</b> |                       |                  |                     |
| Furniture and fixtures          | 7,259,795             | 64,045           | 7,323,840           |
| Machinery and equipment         | 99,702                | -                | 99,702              |
|                                 | <b>7,359,497</b>      | <b>64,045</b>    | <b>7,423,542</b>    |
| <b>Net book value</b>           | <b>196,013</b>        |                  | <b>131,968</b>      |

**NOTE 7 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES**

|                                      | <b>30 June 2011</b> | <b>31 December 2010</b> |
|--------------------------------------|---------------------|-------------------------|
| <b>Commitments received</b>          |                     |                         |
| Guarantee notes and cheques received | 4,652,343           | 5,680,528               |
| Letters of guarantees received       | 3,423,224           | 3,189,340               |
| <b>Total</b>                         | <b>8,075,567</b>    | <b>8,869,868</b>        |

The commitments received consist of letters of guarantee received from the tenants. As of 30 June 2011, the guarantees given by the Company with respect to the ongoing legal claims amount to TL2,236,729 (31 December 2010: TL61,729).

## AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2011

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

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

##### Provision for lawsuits

The provision for the lawsuits against the Company as of 30 June 2011 is TL 2,918,210 (30 June 2010: TL 3,563,488). The movement of provision for lawsuits are as follows:

|                             | 2011             | 2010             |
|-----------------------------|------------------|------------------|
| <b>1 January</b>            | <b>2,802,063</b> | <b>3,426,690</b> |
| Increase during the period  | 116,147          | 152,326          |
| Reversals during the period | -                | (15,528)         |
| <b>30 June</b>              | <b>2,918,210</b> | <b>3,563,488</b> |

#### NOTE 8 - OTHER ASSETS AND LIABILITIES

The details of other assets and other liabilities as of 30 June 2011 and 31 December 2010 are as follows:

|                                 | 30 June 2011   | 31 December 2010 |
|---------------------------------|----------------|------------------|
| <b>Other current assets:</b>    |                |                  |
| Prepaid expenses                | 339,917        | 5,051            |
| Deferred VAT                    | -              | 1,517,046        |
|                                 | <b>339,917</b> | <b>1,522,097</b> |
| <b>Other non-current assets</b> |                |                  |
| Advances given (*)              | 167,661        | 5,910,054        |
| Other                           | 939            | 931              |
|                                 | <b>168,600</b> | <b>5,910,985</b> |

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

##### Other current liabilities

|                                  | 30 June 2011     | 31 December 2010 |
|----------------------------------|------------------|------------------|
| Deferred income                  | 908,455          | 688,570          |
| Expense accruals                 | 87,028           | 15,581           |
| Advances received                | 35,657           | 18,965           |
| Deposits and guarantees received | 44,681           | -                |
|                                  | <b>1,075,821</b> | <b>723,116</b>   |

## AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2011

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

#### NOTE 8 - OTHER ASSETS AND LIABILITIES (Continued)

##### Other non-current liabilities

|                                  | 30 June 2011   | 31 December 2010 |
|----------------------------------|----------------|------------------|
| Deposits and guarantees received | 97,626         | 134,957          |
| Other                            | 3,462          | -                |
|                                  | <b>101,088</b> | <b>134,957</b>   |

#### NOTE 9 - EQUITY

At 30 June 2011 and 31 December 2010 the issued and fully paid-in share capital held is as follows:

| Shareholders                            | 30 June 2011 |                   | 31 December 2010 |                   |
|---|--------------|-------------------|------------------|-------------------|
|   | Share (%)    | Amount            | Share (%)        | Amount            |
| Akkök Sanayi Yatırım ve Geliştirme A.Ş. | 13.12        | 1,798,125         | 13.12            | 1,798,125         |
| Tekfen Holding A.Ş.                     | 10.79        | 1,477,882         | 10.79            | 1,477,882         |
| Quoted to İstanbul Stock Exchange       | 50.04        | 6,855,480         | 49.00            | 6,713,000         |
| Other (*)                               | 26.05        | 3,568,513         | 27.09            | 3,710,993         |
| <b>Total paid-in capital</b>            | <b>100</b>   | <b>13,700,000</b> | <b>100</b>       | <b>13,700,000</b> |

(\*) Represents shareholding less than 10%.

The Company's issued and fully paid share capital amounting to TL13,700,000 within the registered capital limit of TL27,400,000 is represented by 1,370,000,000 shares of which 149,843,750 are Class A shares, 104,462,500 are Class B shares, 88,193,750 are Class C shares and 1,027,500,000 are Class D shares.

At the Ordinary General Meeting of the Company dated 03 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 will amount to TL37,264,000.

On 26 May 2011 the Company applied to CMB for registration and as per the resolution issued by CMB Decision No. 20/626, dated 30 June 2011, the new issued shares have been registered to board records. Accordingly, as of 8 July 2011 the increased capital has been registered with the İstanbul Trade Registry (Note 20).

Companies whose shares are quoted on the ISE are subject to profit distribution rules of CMB as follows:

# AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2011

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

### NOTE 9 - EQUITY (Continued)

In accordance with the decision of CMB on 28 January 2010, no obligation has been imposed for the minimum profit distribution of the incorporated companies whose shares are quoted in ISE, off the profits earned as a result of the operations in 2009. Additionally, pursuant to CMB Decision Serial IV No. 27, regarding profit distribution obligation, it has been made possible that shares, issued in cash or through the addition of dividend to the capital upon the decision of the Company's general assembly, can be distributed to the shareholders free of charge or that the distribution can be partly made in cash and partly through the free distribution of shares. It has been further made possible that initial dividend amount be left to the partnership without distribution, if such amount is lower than the 5% of the existing paid-up/issued capital amount.

Moreover, in accordance with the CMB regulations, in the event that the entire profit distribution amount calculated pursuant the minimum profit distribution amount calculated over the net distributable profit found in accordance with CMB regulations can be covered by the distributable profit in the statutory records, it shall be distributed completely, and if the relevant amount cannot be covered by that amount, all of the net distributable profit in the statutory records shall be distributed. In the event that there is any period loss in financial statements prepared in accordance with the CMB regulations or statutory records, no profit shall be distributed.

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

|                             | 30 June 2011       | 31 December 2010   |
|-----------------------------|--------------------|--------------------|
| Share capital               | 13,700,000         | 13,700,000         |
| Adjustment to share capital | 27,745,263         | 27,745,263         |
| Restricted reserves         |                    |                    |
| - Legal reserves            | 33,334,115         | 33,334,115         |
| Retained earnings           | 44,375,435         | 15,139,347         |
| Net income for the period   | 18,232,837         | 29,236,088         |
|                             | <b>137,387,650</b> | <b>119,154,813</b> |

Retained earnings consist of the following (TL) :

|  | 30 June 2011      | 31 December 2010  |
|--|-------------------|-------------------|
| Prior years' income                            | 30,410,970        | 1,174,882         |
| Extraordinary reserves                         | 9,981,249         | 9,981,249         |
| Inflation difference in extraordinary reserves | 521,985           | 521,985           |
| Inflation difference in legal reserves         | 3,461,231         | 3,461,231         |
|  | <b>44,375,435</b> | <b>15,139,347</b> |

**AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.****CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED  
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(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

**NOTE 10 - OPERATING INCOME**

|                                 | <b>01 January -<br/>30 June 2011</b> | <b>01 April -<br/>30 June 2011</b> | <b>01 January -<br/>30 June 2010</b> | <b>01 April -<br/>30 June 2010</b> |
|---------------------------------|--------------------------------------|------------------------------------|--------------------------------------|------------------------------------|
| <b>Sales</b>                    |                                      |                                    |                                      |                                    |
| Shops and warehouse rent income | 27,762,496                           | 14,150,922                         | 25,257,143                           | 12,412,494                         |
| Apart hotel rent income         | 1,132,928                            | 642,759                            | 758,358                              | 404,290                            |
| <b>Total rent income</b>        | <b>28,895,424</b>                    | <b>14,793,681</b>                  | <b>26,015,501</b>                    | <b>12,816,784</b>                  |
| <b>Cost of sales</b>            |                                      |                                    |                                      |                                    |
| Cost of services                | (8,780,150)                          | (4,484,023)                        | (8,560,835)                          | (4,438,327)                        |
| Depreciation expense            | (1,911,186)                          | (956,982)                          | (1,610,884)                          | (805,533)                          |
|                                 | <b>(10,691,336)</b>                  | <b>(5,441,005)</b>                 | <b>(10,171,719)</b>                  | <b>(5,243,860)</b>                 |
| <b>Gross profit</b>             | <b>18,204,088</b>                    | <b>9,352,676</b>                   | <b>15,843,782</b>                    | <b>7,572,924</b>                   |

**NOTE 11 - EXPENSES BY NATURE**

|   | <b>01 January -<br/>30 June 2011</b> | <b>01 April -<br/>30 June 2011</b> | <b>01 January -<br/>30 June 2010</b> | <b>01 April -<br/>30 June 2010</b> |
|---|--------------------------------------|------------------------------------|--------------------------------------|------------------------------------|
| Cost of services                                  | 8,780,150                            | 4,484,023                          | 8,560,835                            | 4,438,327                          |
| Depreciation and<br>amortisation expenses         | 1,959,120                            | 982,287                            | 1,675,890                            | 836,398                            |
| Personnel expenses                                | 569,328                              | 295,269                            | 512,942                              | 266,928                            |
| Legal expenses                                    | 563,569                              | 380,461                            | 559,915                              | 177,816                            |
| Insurance, duties,<br>taxes and levies expenses   | 315,498                              | 166,578                            | 268,062                              | 264,954                            |
| Provision for doubtful receivables                | 138,728                              | -                                  | 59,297                               | -                                  |
| Provision for lawsuits                            | 116,147                              | 13,777                             | 152,326                              | 99,587                             |
| Consultancy expenses                              | 84,624                               | 51,801                             | 112,827                              | 61,536                             |
| Decoration expenses                               | -                                    | -                                  | 315,664                              | -                                  |
| Administrative expenses                           | 97,016                               | 49,457                             | 112,848                              | 41,843                             |
| Other   | 49,463                               | 34,918                             | 32,301                               | 31,558                             |
|   | <b>12,673,643</b>                    | <b>6,458,566</b>                   | <b>12,362,907</b>                    | <b>6,218,947</b>                   |
| <b>Depreciation and<br/>amortisation expenses</b> |                                      |                                    |                                      |                                    |
| Cost of sales                                     | 1,911,186                            | 956,982                            | 1,610,884                            | 805,533                            |
| General administrative expenses                   | 47,934                               | 25,305                             | 65,006                               | 30,865                             |
|   | <b>1,959,120</b>                     | <b>982,287</b>                     | <b>1,675,890</b>                     | <b>836,398</b>                     |

# AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2011

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

### NOTE 12 - OTHER INCOME/EXPENSES

|                                     | 01 January -<br>30 June 2011 | 01 April -<br>30 June 2011 | 01 January -<br>30 June 2010 | 01 April -<br>30 June 2010 |
|-------------------------------------|------------------------------|----------------------------|------------------------------|----------------------------|
| <b>Other operating income</b>       |                              |                            |                              |                            |
| Rent income of<br>the common areas  | 2,116,288                    | 1,021,398                  | 1,876,478                    | 945,372                    |
| Infrastructure service income       | 546,860                      | 360,369                    | 88,462                       | 12,772                     |
| Other income                        | 78,476                       | 30,016                     | 69,093                       | 103,960                    |
|                                     | <b>2,741,624</b>             | <b>1,411,783</b>           | <b>2,034,033</b>             | <b>1,062,104</b>           |
| <b>Other operating expense</b>      |                              |                            |                              |                            |
| Compensation expense (*)            | (569,841)                    | -                          | (808,120)                    | (808,120)                  |
| <b>Other operating income - net</b> | <b>2,171,783</b>             | <b>1,411,783</b>           | <b>1,225,913</b>             | <b>253,984</b>             |

(\*) Compensation paid to tenants who were discharged prior to their contract expiration date.

### NOTE 13 - FINANCIAL INCOME

|                            | 01 January -<br>30 June 2011 | 01 April -<br>30 June 2011 | 01 January -<br>30 June 2010 | 01 April -<br>30 June 2010 |
|----------------------------|------------------------------|----------------------------|------------------------------|----------------------------|
| <b>Financial income</b>    |                              |                            |                              |                            |
| Foreign exchange income    | 2,152,565                    | 1,414,049                  | 1,341,055                    | 859,721                    |
| Interest income            | 516,663                      | 239,993                    | 505,297                      | 176,860                    |
| Rediscount interest income | 2,393                        | -                          | 1,937                        | -                          |
| <b>Total</b>               | <b>2,671,621</b>             | <b>1,654,042</b>           | <b>1,848,289</b>             | <b>1,036,581</b>           |

### NOTE 14 - FINANCIAL EXPENSES

|                               | 01 January -<br>30 June 2011 | 01 April -<br>30 June 2011 | 01 January -<br>30 June 2010 | 01 April -<br>30 June 2010 |
|-------------------------------|------------------------------|----------------------------|------------------------------|----------------------------|
| <b>Financial expenses</b>     |                              |                            |                              |                            |
| Foreign exchange expense      | 2,405,392                    | 1,623,555                  | 1,799,389                    | 1,237,301                  |
| Short-term borrowing expenses | 426,953                      | 218,002                    | 888,365                      | 335,818                    |
| Rediscount interest expenses  | 2                            | (67)                       | 1,144                        | 526                        |
| <b>Total</b>                  | <b>2,832,348</b>             | <b>1,841,490</b>           | <b>2,688,898</b>             | <b>1,573,645</b>           |

### NOTE 15 - TAX ASSETS AND LIABILITIES

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

# AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2011

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

### NOTE 16 - EARNINGS PER SHARE

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

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

|  | <b>01 January -<br/>30 June 2011</b> | <b>01 April -<br/>30 June 2011</b> | <b>01 January -<br/>30 June 2010</b> | <b>01 April -<br/>30 June 2010</b> |
|--|--------------------------------------|------------------------------------|--------------------------------------|------------------------------------|
| Weighted average number of shares<br>as of the reporting date (per share<br>of TL 1 nominal value) | 13,700,000                           | 13,700,000                         | 13,700,000                           | 13,700,000                         |
| Net profit for the period  | 18,232,837                           | 9,557,284                          | 14,037,898                           | 6,314,757                          |
| <b>Earnings per share</b>  | <b>1.33</b>                          | <b>0.70</b>                        | <b>1.02</b>                          | <b>0.46</b>                        |

At 26 May 2011 the Company has applied to CMB for registration of the new shares. The share capital amounting to TL13,700,000 within the registered capital limit of TL27,400,000 has been increased to TL37,264,000 from the dividend to be distributed to the shareholders over the profit of 2010 amounting to TL23,564,000. Based on the resolution issued by CMB Decision No. 20/626, dated 30 June 2011, the new issued shares have been registered. Accordingly, at 08 July 2011, the increased capital has been registered to İstanbul Commercial Office and after registration, the Company's share capital consists of 37,264,000 shares of TL 1 nominal value each.

### NOT 17 - RELATED PARTY DISCLOSURES

#### Related party disclosures

|                                   | <b>30 June 2011</b> | <b>31 December 2010</b> |
|-----------------------------------|---------------------|-------------------------|
| Advances given to related parties | 167,661             | 5,910,054               |
| Due to related parties            | 56,328              | 58,931                  |

  

|                              | <b>01 January -<br/>30 June 2011</b> | <b>01 April -<br/>30 June 2011</b> | <b>01 January -<br/>30 June 2010</b> | <b>01 April -<br/>30 June 2010</b> |
|------------------------------|--------------------------------------|------------------------------------|--------------------------------------|------------------------------------|
| Purchases from related party | 20,064,094                           | 14,139,169                         | 22,661,336                           | 13,497,545                         |
| Sales to related parties     | 4,666,879                            | 2,319,445                          | 4,000,776                            | 1,977,179                          |

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. As of 30 June 2011 and 31 December 2010 advances given to related party Üçgen Bakım ve Yönetim Hizmetleri A.Ş. for the renovation is also included in related party purchases.

As of 01 January - 30 June 2011, remuneration provided to top executives management such as the General Manager and the members of Board of Directors is TL417,883 (01 January-30 June 2010: TL412,444).

## AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2011

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

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

There is no significant change in the Company's financial risk policies and credit risk management compared to prior periods.

##### Foreign currency risk

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

|                     | 30 June 2011   | 31 December 2010    |
|---------------------|----------------|---------------------|
| Assets              | 375,296        | 746,218             |
| Liabilities         | (378,115)      | (26,957,592)        |
| <b>Net position</b> | <b>(2,819)</b> | <b>(26,211,374)</b> |

As of 30 June 2011, fluctuation of USD and Euro had been 10% higher/lower ceteris paribus, net income for the period would have been TL282 (30 June 2010: TL2,652,706) lower/higher.

As of 30 June 2011 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:

|   | EUR           | USD             | TL<br>equivalent |
|---|---------------|-----------------|------------------|
| <b>Current assets</b>   |               |                 |                  |
| Trade receivables   | -             | 110,000         | 179,322          |
| Monetary financial assets   | 8,190         | 56,098          | 110,691          |
| <b>Non-current assets</b>   |               |                 |                  |
| Other monetary financial assets   | 36,303        | -               | 85,283           |
| <b>Total assets</b>   | <b>44,493</b> | <b>166,098</b>  | <b>375,296</b>   |
| <b>Current liabilities</b>  |               |                 |                  |
| Other monetary liabilities  | -             | 144,650         | 235,808          |
| Other non- monetary financial liabilities                                   | -             | 31,248          | 50,940           |
| <b>Non-current liabilities</b>  |               |                 |                  |
| Other non- monetary financial liabilities                                   | -             | 56,046          | 91,367           |
| <b>Total liabilities</b>  | <b>-</b>      | <b>231,944</b>  | <b>378,115</b>   |
| <b>Net Foreign Currency Asset / (Liability) Position</b>                    | <b>44,493</b> | <b>(65,846)</b> | <b>(2,819)</b>   |
| <b>Monetary Items Net Foreign Currency<br/>Asset / (Liability) Position</b> | <b>44,493</b> | <b>21,448</b>   | <b>139,488</b>   |



## AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2011

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

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

As of 31 December 2010 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:

|   | EUR | USD                 | TL<br>Equivalent    |
|---|-----|---------------------|---------------------|
| <b>Current assets</b>   |     |                     |                     |
| Trade receivables   | -   | 418,916             | 647,643             |
| Monetary financial assets   | -   | 63,761              | 98,575              |
| <b>Total assets</b>   | -   | <b>482,677</b>      | <b>746,218</b>      |
| <b>Current liabilities</b>  |     |                     |                     |
| Financial liabilities   | -   | (17,173,741)        | (26,550,604)        |
| Other monetary financial liabilities  | -   | (175,958)           | (272,031)           |
| <b>Non-current liabilities</b>  | -   |                     |                     |
| Other non- monetary financial liabilities                                   | -   | (87,294)            | (134,957)           |
| <b>Total liabilities</b>  | -   | <b>(17,436,993)</b> | <b>(26,957,592)</b> |
| <b>Net Foreign Currency Asset / (Liability) Position</b>                    | -   | <b>(16,954,316)</b> | <b>(26,211,374)</b> |
| <b>Monetary Items Net Foreign Currency<br/>Asset / (Liability) Position</b> | -   | <b>(16,867,022)</b> | <b>(26,076,417)</b> |

#### NOTE 19 - OTHER ISSUES MATERIALLY AFFECTING THE FINANCIAL STATEMENTS AND REQUIRING DISCLOSURE FOR UNDERSTANDING OF THE FINANCIAL STATEMENTS

a) Insurance coverage on assets are as follows;

30 June 2011 : TL 207,306,013 (USD 127,166,000)  
31 December 2010 : TL 196,598,636 TL (USD127,166,000)

b) As per the Board resolutions taken in the years of 2010 and 2011, 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 35% and 25% discount over the dollar-denominated rental fees of the tenants of Akmerkez Ticaret Merkezi. This resolution comprises the period March 2009 - April 2011 and April - July 2011 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 - April 2011 and USD1 is not below TL1.2 for April - July 2011 and that the USD rate defined is not to be regarded as a reduction in rental fees and/or amendment of the rental contract.

## AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2011

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

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#### NOTE 20 - EVENTS AFTER THE REPORTING PERIOD

At the Ordinary General Meeting of the Company dated 03 May 2011, decision was taken to allocate bonus shares from the first and second dividend to be distributed to the shareholders from the profit of 2010 and as per the CMB Communiqué Serial I No. 40 referring "Registration of Shares to Board Records and Disposal of Shares" to apply to CMB in order to register the new issued bonus shares to the CMB Board records. As per the resolution of the general shareholder's meeting it was decided;

- 1- To increase the Company's issued and fully paid share capital amounting TL 13.700.000 within the registered capital limit of TL27,400,000 to TL37,264,000 from the dividend payable amounting TL23,564,000.
- 2- To issue new bonus shares without changing the allocation between the named (A), (B) and (C) class shares and (D) class shares written to bearer which of all the classes of shares have privilege to present candidate to Board of Directors,

The total amount of the new shares will be TL23,564,000 and comprises a total of 2,356,400 shares. The allocation will be as follows;

A total of 257,731,250 shares to named (A) class shares, a total of 179,675,500 shares to named (B) class shares, a total of 151,693,250 shares to named (C) class shares, and a total of 1,767,300,000 shares to (D) class shares written to bearer.

- 3- To apply CMB to register the named (A), (B) and (C) class shares and (D) class shares written to bearer , to apply İstanbul Stock Exchange to list the shares in stock exchange, to apply the Central Registry Agency to make the revision in the registered capital limit;
  - To transfer the profit of 2010 amounting TL23,564,000 to the issued and fully paid share capital amounting to TL13,700,000 within the registered capital limit of TL27,400,000 and to prepare the reports in accordance with CMB regulations and apply to CMB.
  - To start the process of registration in İstanbul Commercial Register within 10 days after receiving the certificate of registration the new issued capital to CMB board records.
  - To offer the new bonus shares,
- 4- To transit the new shares in Central Registry Agency for the shareholders whose registration of shares have already been done and for the ones the registration has not been done yet, to make transit in Central Registry Agency in return for Coupon No. 1 of the shares written to name and bears which preserves right to purchase new shares.

**AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**

**CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED  
FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED  
30 JUNE 2011**

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

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**NOTE 20 - EVENTS AFTER THE REPORTING PERIOD (Continued)**

- 5- It was agreed at the General Assembly that distribution of the new shares would end by 30 June 2011.

At 26 May 2011 the Company applied to CMB for registration of the new shares. The share capital amounting to TL13,700,000 within the registered capital limit of TL27,400,000 was increased to TL37,264,000 from the dividend to be distributed to the shareholders amounting TL23,564,000 of the profit from 2010 and as per the resolution issued by CMB Decision No. 20/626, dated 30 June 2011, the new issued shares were registered to the CMB records. Accordingly, on 08 July 2011 the increased capital was registered with the İstanbul Trade Registry, and as of the same date depending on the registration in commercial office a total of TL2,287,900 as second legal reserves transferred to restricted profit reserves and a total of TL3,384,188 as extraordinary reserves transferred to retained earnings.

The shareholders are entitled to purchases bonus shares from the nominal capital increase amounting TL23,564,000 at a rate of 172% of their shareholdings. The transaction for the purchases began at 18 July 2011 and the duration is not limited. According to CMB regulations the transaction of bonus shares will be done by Central Registry Agency. Before the purchase of the new issued shares the shareholders should complete registration with the Central Registry Agency.

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