

**AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĐI A.Ő.**

**CONVENIENCE TRANSLATION OF  
THE CONDENSED FINANCIAL STATEMENTS  
FOR THE PERIOD 1 JANUARY - 31 MARCH 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 31 March 2011 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).

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

A handwritten signature in blue ink, appearing to read "Cansen Başaran-Symes", is written over the text of the firm's name.

Cansen Başaran-Symes, SMMM  
Partner

Istanbul, 29 April 2011

# AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## FINANCIAL STATEMENTS AT 31 MARCH 2011

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**AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.****CONVENIENCE TRANSLATION OF THE CONDENSED BALANCE SHEETS  
AT 31 MARCH 2011 AND 31 DECEMBER 2010**

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

	Notes	31 March 2011	31 December 2010
<b>ASSETS</b>			
<b>Current assets</b>		<b>17.244.231</b>	<b>11.658.720</b>
Cash and cash equivalents	3	16.546.492	8.905.678
Trade receivables		578.767	1.230.945
Other current assets	8	118.972	1.522.097
<b>Non-current assets</b>		<b>141.989.696</b>	<b>137.966.308</b>
Investment property	5	132.606.143	131.965.987
Property and equipment	6	58.674	80.822
Intangible assets		8.033	8.514
Other non-current assets	8	9.316.846	5.910.985
<b>Total assets</b>		<b>159.233.927</b>	<b>149.625.028</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>31.199.699</b>	<b>30.289.069</b>
Borrowings	4	26.798.698	26.550.604
Trade payables			
-Due to related parties	17	1.148	58.931
-Other trade payables		164.453	109.714
Other payables		161.997	44.641
Debt provision	7	2.904.432	2.802.063
Other current liabilities	8	1.168.971	723.116
<b>Non-current liabilities</b>		<b>206.028</b>	<b>181.146</b>
Provision for employment termination benefit		70.871	46.189
Other liabilities	8	135.157	134.957
<b>Equity</b>		<b>127.828.200</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	8.673.387	29.236.088
<b>Total liabilities and equity</b>		<b>159.233.927</b>	<b>149.625.028</b>

These interim financial statements for the period ended 31 March 2011 have been approved by the Board of Directors held on 29 April 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 THREE MONTH INTERIM PERIODS  
ENDED 31 MARCH 2011 AND 2010**

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

	Notes	1 January - 31 March 2011	1 January - 31 March 2010
<b>CONTINUING OPERATIONS:</b>			
<b>OPERATING INCOME</b>			
Sales - net	10	14.101.743	13.198.717
Cost of sales (-)	10	(5.250.331)	(4.927.859)
<b>Gross profit</b>		<b>8.851.412</b>	<b>8.270.858</b>
General administrative expenses (-)		(964.746)	(1.216.101)
Other operating income - net	12	760.000	971.929
<b>Operating profit</b>		<b>8.646.666</b>	<b>8.026.686</b>
Financial income	13	1.017.579	811.708
Financial expenses (-)	14	(990.858)	(1.115.253)
<b>Continuing operations profit before tax</b>	16	<b>8.673.387</b>	<b>7.723.141</b>
Tax income/expenses on the continuing operations		-	-
<b>Continuing operations net profit for the period</b>	16	<b>8.673.387</b>	<b>7.723.141</b>
Other comprehensive income			
<b>Total comprehensive income</b>	16	<b>8.673.387</b>	<b>7.723.141</b>
<b>Earnings per share</b>	16	<b>0,63</b>	<b>0,56</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 THREE MONTH INTERIM PERIODS ENDED 31 MARCH 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 profit	Total equity
<b>1 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	-	-	-	37.992.828	(37.992.828)	-
Net profit for the period	9	-	-	-	7.723.141	7.723.141	7.723.141
<b>31 March 2010</b>		<b>13.700.000</b>	<b>27.745.263</b>	<b>30.361.215</b>	<b>48.526.247</b>	<b>7.723.141</b>	<b>128.055.866</b>
<b>1 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	9	-	-	-	29.236.088	(29.236.088)	-
Net profit for the period	9	-	-	-	8.673.387	8.673.387	8.673.387
<b>31 March 2011</b>		<b>13.700.000</b>	<b>27.745.263</b>	<b>33.334.115</b>	<b>44.375.435</b>	<b>8.673.387</b>	<b>127.828.200</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 THREE MONTH INTERIM  
PERIODS ENDED 31 MARCH 2011 AND 2010**

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

	Notes	1 January - 31 March 2011	1 January - 31 March 2010
<b>Cash flows from operating activities</b>			
Profit before tax		8.673.387	7.723.141
<b>Adjustments to reconcile net cash generated from operating activities to income before tax</b>			
Unrealized foreign exchange losses on borrowings		39.143	-
Depreciation	11	976.833	839.492
Employment termination benefit provision		24.682	2.243
Debt provisions	7	102.369	52.739
Provision for doubtful receivables	11	138.728	59.297
Rediscount on notes receivable and cheques		(2.323)	(1.319)
Interest income	13	(276.671)	(328.437)
Provision expenses		203.186	89.280
Interest expense	14	208.951	552.547
<b>Operating profit before changes in operating assets and liabilities</b>		<b>10.088.285</b>	<b>8.988.983</b>
Decrease in accounts receivable		515.773	435.173
Decrease in other assets		1.430.125	577.487
(Decrease)/increase in accounts payable		(3.044)	577.125
Increase in other payables		117.556	72.363
Increase in other liability		242.669	1.380
<b>Net cash generated from operating activities</b>		<b>12.364.364</b>	<b>10.652.511</b>
Interest received		277.488	300.158
(Increase)/decrease in advance given for non-current assets		(3.405.861)	240.192
Purchase of investment property	5	(1.594.360)	(5.025.000)
<b>Net cash used in investing activities</b>		<b>(4.722.733)</b>	<b>(4.484.650)</b>
Cash inflows from long-term and short-term borrowings		-	(10.021.356)
Interest paid		-	(953.519)
<b>Net cash used in financing activities</b>		<b>-</b>	<b>(10.974.875)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>7.641.631</b>	<b>(4.807.014)</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>16.537.132</b>	<b>12.061.169</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 THREE MONTH INTERIM PERIOD ENDED 31 MARCH 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 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 49% of these shares are publicly quoted shares.

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

	31 March 2011	31 December 2010
Akkök Sanayi Yatırım ve Geliştirme A.Ş.	13,12%	13,12%
Tekfen Holding A.Ş.	10,79%	10,79%
Quoted to İstanbul Stock Exchange	49,00%	49,00%
Other *	27,09%	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:

	31 March 2011	31 December 2010
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 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.

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.

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

#### **Functional and presentation currency**

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

## **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 2011**

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

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

##### **2.1.2 Going Concern**

The Company has prepared the condensed financial statements for the period 1 January - 31 March 2011 in accordance with the going concern principle. Although the Company's current liabilities exceeded the current assets by TL 13.955.468 (31 December 2010: TL 18.630.349), the management does not anticipate any difficulty on the repayment of the short-term liabilities and continuity of the Company by considering the cash generated from operations based the profitability and the ability to reach to the high quality borrowers.

##### **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 1 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 31 March 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 1 January - 31 March 2011 in comparison with 1 January - 31 March 2010. Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current period.

# 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 2011

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

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

#### 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 2010 and 2011 and in periods subsequent to 1 January 2010 and 2011. However, such standards, changes and comments are not related to the Company operations, hence they are not applied.

- IAS 27 (amendment), "Consolidated and separate financial statements" (effective on 1 July 2009 or for annual periods beginning after 1 July 2009)
- IFRS 3 (revised), 'Business combinations' (effective on 1 July 2009 or for annual periods beginning after 1 July 2009)
- IAS 38 (amendment), "Intangible assets" (effective on 1 July 2009 or for annual periods beginning after 1 July 2009)
- IFRS 5 (amendment), 'Measurement of non-current assets (or disposal groups) classified as held-for-sale'. (effective on 1 January 2010 or for annual periods beginning after 1 January 2010)
- IAS 1 (amendment), "Presentation of financial statements" (effective on 1 January 2010 or for annual periods beginning after 1 January 2010)
- IFRS 2 (amendment), 'Share-based payment' deals with vesting conditions and cancellations.(effective on 1 January 2010 or for annual periods beginning after 1 January 2010)
- IFRIC 17, "Distribution of non-cash assets to owners" (effective on 1 July 2009 or for annual periods beginning after 1 July 2009)
- IFRIC 18, "Transfer of assets from customers" (effective on 1 July 2009 or for annual periods beginning after 1 July 2009)
- IFRIC 16, "Hedges of a net investment in a foreign operation" (effective on 1 July 2009 or for annual periods beginning after 1 July 2009)
- IAS 32 (amendment), "Classification of rights issues" (effective on 1 February 2010 or for annual periods beginning after 1 February 2010)
- IFRIC,19 "Extinguishing financial liabilities with equity instruments" (effective on 1 July 2009 or for annual periods beginning after 1 July 2009)

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the periods beginning on or after 1 January 2011 or later periods but are not relevant for the Company's operations:

- IFRS 9, 'Financial instruments' (effective from 1 January 2013 or annual periods beginning after 1 January 2013).

Aforementioned amendments to the financial statements has 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 1 January - 31 March 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 THREE MONTH INTERIM PERIOD ENDED 31 MARCH 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 1 January 2009 "Borrowing Costs" IAS 23 (revised) requires an entity to capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset, removing the option of immediately expensing borrowing costs. For periods before 1 January 2009 in accordance with the previous IAS 23 "allowed alternative treatment" borrowing costs could be recognized as expense. The Company's financial obligations are consist of operational bank loans and borrowing cost are recognized 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 1 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 THREE MONTH INTERIM PERIOD ENDED 31 MARCH 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 recognized 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 are charged to the income statements during the financial period in which they were 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 1 January 2005 are stated at their nominal values. The financial expenses related to the loans used for acquisition of investment properties and incurred during the progress of the said investment properties are restated and included in the cost. Investment properties are depreciated over their inflation-adjusted values and the nominal values of additions made subsequent to 1 January 2005. The useful life of investment properties is estimated to be 50 years.

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

## 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 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 31 March 2011 and 31 December 2010 are as follows:

	31 March 2011	31 December 2010
Cash	3.619	4.442
Banks		
- TL time deposit	16.469.360	8.776.177
- Foreign currency denominated demand deposit	41.170	98.575
- TL demand deposit	32.343	26.484
<b>Total</b>	<b>16.546.492</b>	<b>8.905.678</b>

As of 31 March 2011, the interest rate on TL deposit accounts at banks varies between 7,35 % and 6 % and the accrued interest is TL 9.360. (31 December 2010: the interest rate on TL deposit accounts at banks is between 8,7 % and 6,4% and the accrued interest is TL 10.177). The maturity date of TL bank deposit is less than one month (31 December 2010: less than one month).

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

	31 March 2011	31 March 2010
Cash and cash equivalents	16.546.492	12.119.050
Less: accrued interest	(9.360)	(57.881)
	<b>16.537.132</b>	<b>12.061.169</b>

## 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 2011

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#### NOTE 4 - FINANCIAL LIABILITIES

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

	Original Currency		Weighted average interest rate (%)		Domestic Currency	
	31 March 2011	31 December 2010	31 March 2011	31 December 2010	31 March 2011	31 December 2010
USD	17.308.466	17.173.741	%3,2	%3,2	26.798.698	26.550.604
	<b>17.308.466</b>	<b>17.173.741</b>			<b>26.798.698</b>	<b>26.550.604</b>

As of 31 March 2011, the total interest accrued on the said loans are TL 709.843. (31 December 2010: TL 500.504).

#### NOTE 5 - INVESTMENT PROPERTY

The movements of the investment property for the three-month interim periods ended 31 March 2011 and 31 March 2010 are as follows:

	1 January 2011	Additions	Transfers	31 March 2011
<b>Cost</b>				
Buildings	172.387.423	-	2.016.758	174.404.181
Construction in Progress	422.398	1.594.360	(2.016.758)	-
	<b>172.809.821</b>	<b>1.594.360</b>	<b>-</b>	<b>174.404.181</b>
<b>Accumulated Amortization</b>				
Buildings	40.843.834	954.204	-	41.798.038
	<b>40.843.834</b>	<b>954.204</b>	<b>-</b>	<b>41.798.038</b>
<b>Net Book Value</b>	<b>131.965.987</b>			<b>132.606.143</b>



**AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.****CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED  
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**NOTE 5 - INVESTMENT PROPERTY (Continued)**

	<b>1 January 2010</b>	<b>Additions</b>	<b>Transfers</b>	<b>31 March 2010</b>
<b>Cost</b>				
Buildings	136.566.099	-	16.675.163	153.241.262
Construction in Progress	11.650.163	5.025.000	(16.675.163)	-
	<b>148.216.262</b>	<b>5.025.000</b>	-	<b>153.241.262</b>
<b>Accumulated Amortization</b>				
Buildings	37.246.546	805.351	-	38.051.897
	<b>37.246.546</b>	<b>805.351</b>	-	<b>38.051.897</b>
<b>Net Book Value</b>	<b>110.969.716</b>			<b>115.189.365</b>

As of 31 March 2011 and 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.

**NOTE 6 - PROPERTY AND EQUIPMENT**

	<b>1 January 2011</b>	<b>Additions</b>	<b>31 March 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>7.555.511</b>
<b>Accumulated Depreciation</b>			
Furniture and fixtures	7.374.987	22.148	7.397.135
Machinery and equipment	99.702	-	99.702
	<b>7.474.689</b>	<b>22.148</b>	<b>7.496.837</b>

**AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.****CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED  
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**NOTE 6 - PROPERTY AND EQUIPMENT (Continued)**

<b>Net book value</b>	<b>80.822</b>		<b>58.674</b>
	<b>1 January 2010</b>	<b>Additions</b>	<b>31 March 2010</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	7.259.795	33.710	7.293.505
Machinery and equipment	99.702	-	99.702
	<b>7.359.497</b>	<b>33.710</b>	<b>7.393.207</b>
<b>Net book value</b>	<b>196.014</b>		<b>162.304</b>

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

	<b>31 March 2011</b>	<b>31 December 2010</b>
<b>Commitments received</b>		
Guarantee notes and cheques received	4.625.042	5.680.528
Letters of guarantees received	3.245.456	3.189.340
<b>Total</b>	<b>7.870.498</b>	<b>8.869.868</b>

The commitments received are consist of letters of guarantees of received from shop tenants.

**Provision for lawsuits**

The provision for the lawsuits against the company as of 31 March 2011 is TL 2.904.431 (31 March 2010: TL 3.477.956). The movements of provision for lawsuits are as follows:

	<b>2011</b>	<b>2010</b>
<b>1 January</b>	<b>2.802.063</b>	<b>3.426.690</b>
Increase during the year	102.369	52.739
Charges during the period	-	(1.473)
<b>31 March</b>	<b>2.904.432</b>	<b>3.477.956</b>

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**NOTE 8 - OTHER ASSETS AND LIABILITIES**

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

	<b>31 March 2011</b>	<b>31 December 2010</b>
<b>Other current assets:</b>		
Prepaid expenses	67.083	5.051
Deferred VAT	-	1.517.046
Other	51.889	-
<b>Total</b>	<b>118.972</b>	<b>1.522.097</b>

**Other non-current assets**

Advances given (*)	9.315.908	5.910.054
Other	938	931
<b>Total</b>	<b>9.316.846</b>	<b>5.910.985</b>

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

**Other current liabilities**

	<b>31 March 2011</b>	<b>31 December 2010</b>
Deferred income	807.509	688.570
Expense accruals	203.186	15.581
Advances received	158.276	18.965
<b>Total</b>	<b>1.168.971</b>	<b>723.116</b>

**Other non-current liabilities**

	<b>31 March 2011</b>	<b>31 December 2010</b>
Deposits and guarantees received	135.157	134.957
<b>Total</b>	<b>135.157</b>	<b>134.957</b>

## 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 2011

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#### NOTE 9 - EQUITY

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

Shareholders	31 March 2011		31 December 2010	
	Pay (%)	Amount	Pay (%)	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	49,00	6.713.000	49,00	6.713.000
Other (*)	27,09	3.710.993	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 of less than 10%.

The Company's issued and fully paid share capital amounting to TL 13.700.000 within the registered capital limit of TL 27.400.000 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. Number of 671.300.000 Class D shares each of 1 KR amounting to TL 6.713.000 which stands for 49% of its issued capital are offered to the public.

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

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 with series: 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. Nevertheless, with regard to the joint stock partnerships, which have increased its capital without performing a dividend distribution as to the previous period and which separates its shares as "new shares" and "old shares", it has been made mandatory for those partnerships, which will distribute dividend out of the profit for the period generated from its operations in 2009, to distribute the initial dividend amount in cash.

## AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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#### NOTE 9 - EQUITY (Continued)

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:

	31 March 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	8.673.388	29.236.088
<b>Total</b>	<b>127.828.200</b>	<b>119.154.813</b>

Retained earnings consist of the following (TL) :

	31 March 2011	31 December 2010
Retained earnings	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>

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**NOTE 10 - OPERATING INCOME**

	<b>1 January - 31 March 2011</b>	<b>1 January - 31 March 2010</b>
<b>Sales</b>		
Shops and warehouse rent income	13.611.574	12.844.649
Apart hotel rent income	490.169	354.068
<b>Total rent income</b>	<b>14.101.743</b>	<b>13.198.717</b>
<b>Cost of sales</b>		
Cost of services	(4.296.127)	(4.122.508)
Depreciation expense	(954.204)	(805.351)
	<b>(5.250.331)</b>	<b>(4.927.859)</b>
<b>Gross Profit</b>	<b>8.851.412</b>	<b>8.270.858</b>

**NOTE 11 - EXPENSES BY NATURE**

	<b>1 January - 31 March 2011</b>	<b>1 January - 31 March 2010</b>
Cost of service	4.296.127	4.122.508
Depreciation and amortization expenses	976.833	839.492
Personnel expenses	274.059	246.014
Legal expenses	183.108	382.099
Insurance, duties, taxes and levies expenses	148.920	3.108
Provision for doubtful receivables	138.728	59.297
Provision for lawsuits	102.369	52.739
Consultancy expenses	32.823	51.291
Decoration expenses	-	315.664
Other	62.110	71.748
<b>Total</b>	<b>6.215.077</b>	<b>6.143.960</b>
<b>Depreciation and amortization expenses</b>		
Cost of sales	954.204	805.351
General administrative expenses	22.629	34.471
<b>Total</b>	<b>976.833</b>	<b>839.492</b>

**AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.****CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED  
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**NOTE 12 - OTHER INCOME/EXPENSES**

	<b>1 January - 31 March 2011</b>	<b>1 January - 31 March 2010</b>
<b>Other operating income</b>		
Rent income of the common areas	1.094.889	931.106
Infrastructure service income	186.431	-
Other income	48.521	40.823
	<b>1.329.841</b>	<b>971.929</b>
<b>Other operating expense</b>		
Compensation expense (*)	(569.841)	-
<b>Other operating income/(expense) - net</b>	<b>760.000</b>	<b>971.929</b>

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

**NOTE 13 - FINANCIAL INCOME**

	<b>1 January - 31 March 2011</b>	<b>1 January - 31 March 2010</b>
<b>Financial income</b>		
Foreign exchange income	738.515	481.334
Interest income	276.671	328.437
Rediscount interest income	2.393	1.937
<b>Total</b>	<b>1.017.579</b>	<b>811.708</b>

**NOTE 14 - FINANCIAL EXPENSES**

	<b>1 January - 31 March 2011</b>	<b>1 January - 31 March 2010</b>
<b>Financial expenses</b>		
Foreign exchange expense	781.837	552.547
Short-term borrowing expenses	208.951	562.088
Rediscount interest expenses	70	618
<b>Total</b>	<b>990.858</b>	<b>1.115.253</b>

## 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 2011

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#### NOTE 15 - TAX ASSETS AND LIABILITIES

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

#### NOTE 16 - EARNINGS PER SHARE

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

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

The 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 2011	1 January - 31 March 2010
Weighted average number of shares as of the reporting date (per share of TL 1 nominal value)	13.700.00	13.700.00
Net profit for the period	8.673.387	7.723.141
<b>Earnings per share</b>	<b>0,63</b>	<b>0,56</b>

#### NOTE 17 - RELATED PARTY DISCLOSURES

##### Related party disclosures

	31 March 2011	31 December 2010
Advances given to related parties	9.364.526	5.910.054
Due to related parties	1.148	58.931
	1 January - 31 March 2011	1 January - 31 March 2010
Purchases from related party	5.924.925	9.163.791
Sales to related parties	2.347.434	2.023.597

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 31 March 2011 and 31 December 2010 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 2011, remuneration provided to top executives management such as the CEO and Board of Directors members is TL 204.388 (1 January-31 March 2010: TL 200.836).



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

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

**Foreign Currency Risk**

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

	<b>31 March 2011</b>	<b>31 December 2010</b>
Assets	399.427	746.218
Liabilities	(27.220.112)	(26.957.592)
<b>Net position</b>	<b>(26.820.685)</b>	<b>(26.211.374)</b>

As of 31 March 2011, fluctuation of USD and Euro had been 10% higher/lower ceteris paribus, net income for the period would have been TL2.682.069 (2010: 2010: 864.577) lower/higher.

As of 31 March 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:

	<b>EURO</b>	<b>USD</b>	<b>TL equivalent</b>
<b>Current assets</b>			
Trade receivables	-	140.000	216.762
Monetary financial assets	13.223	48.194	103.466
<b>Non-current assets</b>			
Other monetary financial assets	36.303	-	79.199
<b>Total assets</b>	<b>49.526</b>	<b>188.194</b>	<b>399.427</b>
<b>Current liabilities</b>			
Financial liabilities	-	(17.308.466)	(26.798.698)
Other Monetary Liabilities	-	(184.885)	(286.257)
<b>Non-current Liabilities</b>			
Other non- monetary financial liabilities	-	(87.294)	(135.157)
<b>Total liabilities</b>	<b>-</b>	<b>(17.580.645)</b>	<b>(27.220.112)</b>
<b>Net Foreign Currency Asset / (Liability) Position</b>	<b>49.526</b>	<b>(17.392.451)</b>	<b>(26.820.685)</b>
<b>Monetary Items Net Foreign Currency Asset / (Liability) Position</b>	<b>49.526</b>	<b>(17.305.157)</b>	<b>(26.685.528)</b>

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**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:

	<b>Euro</b>	<b>USD</b>	<b>TL Equivalent</b>
<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 Asset / (Liability) Position</b>	-	<b>(16.867.022)</b>	<b>(26.076.417)</b>

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

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**NOTE 19 - 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 2011 :	127.166.000	USD
31 December 2010 :	127.166.000	USD

b) As per the Board resolutions taken in the years of 2008,2009,2010 and 2011 decisions are made upon evaluation of the effects on the real estate market of the unfavorable developments encountered in the financial markets, to make a %25 and 35% discount over the dollar-denominated rental fees of the tenants of Akmerkez Ticaret Merkezi. This resolution comprises the period November 2008 – February 2009 and March 2009 – March 2011 and only for the tenants selected by the Company among those who have been paying their rental fees in accordance with the conditions suggested in their rental contracts on regular basis and provided that 1 USD is not below TL 1,3 for November 2008 – February 2009, and 1 USD is not below TL 1,1 for March 2009 – March 2011 and in that the USD rate defined is not to be regarded as a reduction in rental fees and/or amendment of the rental contract.