



**AKMERKEZ GAYRİMENKUL
YATIRIM ORTAKLIĞI
ANONİM ŞİRKETİ**

**ACTIVITY REPORT
COVERING THE PERIOD OF
01.01.2018 – 31.03.2018**

(Convenience translation of a report originally issued in Turkish)

Review report on the interim report for the period January 1, 2018 – March 31, 2018

To the Shareholders of Akmerkez Gayrimenkul Yatırım Ortaklığı Anonim Şirketi;

We have been assigned for the review of consistency of the financial information in the interim report dated March 31, 2018 with the reviewed interim condensed financial statements. The management of the Company is responsible for the preparation of the interim report. Our responsibility is express a conclusion on whether the financial information provided in the interim report is presented consistent with the Company's reviewed interim condensed financial statements there on which review report dated May 3, 2018 has been issued.

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, "Limited Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by Public Oversight Accounting and Auditing Standards Authority of Turkey. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial reporting process, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an independent audit performed in accordance with the Turkish Independent Auditing Standards and the objective of which is to express an opinion on the financial statements. Consequently, a review on the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention which may cause us to believe that the accompanying interim report is not presented consistent with reviewed interim condensed financial statements and explanatory notes.

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



Seda Akkuş Tecer, SMMM
Partner

May 3, 2018
İstanbul, Turkey

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ
REPORT OF THE BOARD OF DIRECTORS ON THE ACTIVITIES IN THE PERIOD
OF
01.01.2018 - 31.03.2018

This Activity Report (the "Report") is issued pursuant to the provision of article 516 of the Turkish Commercial Code, the provisions of the 'Regulation on the Establishment of Minimum Content of Annual Reports of Companies' of the Ministry of Customs and Trade, which was published in the Official Gazette no. 28395 of 28.08.2012, and the provision of article 8 of the 'Communiqué on the Principles Applicable to Financial Reporting in Capital Market' (II-14.1), provisions of relevant articles of the 'Corporate Governance Communiqué' (II-17.1) and provisions of article 39 of the 'Communiqué on the Principles Applicable to Real Estate Investment Partnerships' (III-48.1), of the Capital Markets Board. The Report intends to evaluate, and provide information to our investors about, the business activities of Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş. (the "Company") during the period of 01.01.2018-31.03.2018.

1. GENERAL INFORMATION

Report Period:	01.01.2018 – 31.03.2018
Trade Name	AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ
Trade Registry Office:	İstanbul
Trade Registration Number:	260139
Stock Exchange where stocks of the Company are traded:	Borsa İstanbul A.Ş.
BIST Market where Company's Capital Market Instruments are Traded and BIST Indices that the Company is Included:	Collective and Structured Products Market BIST All/ BIST Financial/ BIST Corporate Governance/ BIST Dividend/ BIST All-100/ BIST Real Estate Investment Partnerships
Trading Symbol:	AKMGY
Portfolio Details:	Date of Incorporation: 08.12.1989 Date of Public Offering: 15.04.2005
Head Office Address:	Nispetiye Caddesi, Akmerkez Ticaret Merkezi, E-3 Blok, Kat: 1, Etiler, Beşiktaş/İstanbul
Website:	www.akmgyc.com
E-mail:	gyo@akmerkez.com.tr
Registered e-mail address:	akmerkez@akmerkez.hs02.kep.tr
Central Registration System:	7352333284923116
Tax Office:	Major Tax Payers Office
Tax Number:	837 003 1973
Phone Number:	+90 (212) 282 01 70
Fax Number:	+90 (212) 282 01 19

1.1. ORGANIZATION, CAPITAL AND SHAREHOLDING STRUCTURE OF THE COMPANY AND VARIATIONS PERFORMED DURING THE ACCOUNTING PERIOD

The rate of publicly held shares of stock pertaining to Akmerkez GYO A.Ş. is 50.82% as of 31.03.2018.

All shares representing the capital are listed in the İstanbul Stock Exchange (BIST).

The registered capital ceiling of Akmerkez GYO A.Ş. is TRL-75.000.000,00 and the paid-in capital is TRL-37.264.000,00. The paid-in capital of the company is divided into 3.726.400.000 shares at par value of 1 kurush each.

Shareholding Structure

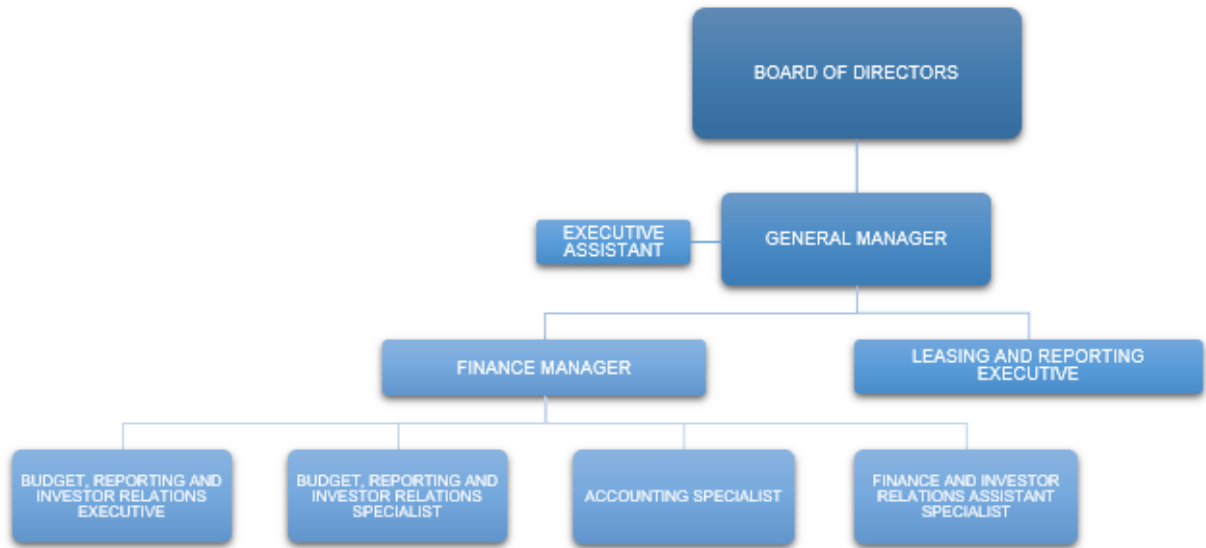
List of the shareholders who hold 5% and more of the capital of the Company as of 31.03.2018 is as follows:

Tradename/Name-Surname of the Shareholder	Nominal Value (TRL)	Capital Share (%)
Klepierre S.A.	11.747.397,12	31,52
Akkök Holding A.Ş.	4.890.900,00	13,12
Tekfen Holding A.Ş.	4.019.839,04	10,79
Corio Nederland Kantoren B.V.	2.932.840,00	7,87
Hoog Catharijne B.V.	2.794.800,00	7,50
Davit Braunştayn	2.601.380,82	6,98
Other	8.276.843,02	22,22
Total	37.264.000,00	100,00

Information about the Shares Representing the Capital

Class	Registered/Bearer	Total Nominal Value (TRL)	Capital Ratio (%)	Trading Status in Stock Exchange
A	Registered	4.075.750,00	10,93	Not Trading
B	Registered	2.841.380,00	7,63	Not Trading
C	Registered	2.398.870,00	6,44	Not Trading
D	Bearer	27.948.000,00	75,00	67,76% Trading
Total		37.264.000,00	100,00	

Organizational Chart



Any other change has not occurred in the shareholding structure, capital-stock and organizational structure of the Company in the period other than the purchase of shares by public shareholder and increase of the number of employees by two individuals as provided above in this section.

1.2. REMARKS ON THE PRIVILEGED SHARES AND VOTING RIGHTS OF THE SHARES

Class (A), (B), (C) and (D) shares of the Company have privilege to nominate candidates to the Board of Directors. 4 members of the Board of Directors of the Company are elected by the General Assembly Meeting among the candidates nominated by majority of the owners of the Class (A) registered shares, 3 members among the candidates nominated by majority of the owners of the Class (B) registered shares, 2 members among the candidates nominated by majority of the owners of the Class (C) registered shares and 1 member among the candidates nominated by majority of the owners of the Class (D) bearer shares offered to public, who attended the General Assembly Meeting.

If, however, the holders of the Class (D) bearer shares offered to public, who attended the General Assembly Meeting are not able to nominate a candidate and/or agree on a candidate by majority during the General Assembly Meeting, the Board of Directors of the Company is formed by 9 (nine) members elected by the General Assembly Meeting among the candidates 4 of whom were nominated by the majority of the owners of the Class (A) registered shares, 3 by the majority of the owners of the Class (B) registered shares, and 2 by the majority of the Class (C) registered shares.

Apart from the privilege of nominating candidates to the Board of Directors as described above, there is not any other privilege.

Each shareholder is entitled to cast one vote per share.

1.3. INFORMATION ABOUT BOARD OF DIRECTORS, SENIOR OFFICERS AND NUMBER OF EMPLOYEES

1.3.1. BOARD OF DIRECTORS

Chairman	:	RAİF ALİ DİNÇKÖK
Vice-Chairman	:	MURAT GİGİN
Member	:	SİNAN KEMAL UZAN
Member	:	DAVİT BRAUNŞTAYN
Member	:	ALİZE DİNÇKÖK EYÜBOĞLU
Member	:	AHMET CEMAL DÖRDÜNCÜ
Member	:	BENAT ORTEGA**
Member	:	LİNA FİLİBA
Member	:	ATİLLA ALTINORDU
Member	:	F. DİLEK BİL*

The Members of the Board of Directors that were elected at the Ordinary General Assembly Meeting held on 30.03.2016 for an office term of three years are RAİF ALİ DİNÇKÖK, AHMET CEMAL DÖRDÜNCÜ and ALİZE DİNÇKÖK EYÜBOĞLU who were proposed by majority of the Class (A) registered shares; MURAT GİGİN and SİNAN KEMAL UZAN who were proposed by majority of the Class (B) registered shares; DAVİT BRAUNŞTAYN who was proposed by majority of the Class (C) registered shares; REMZİYE ASLI KARADENİZ*, LİNA FİLİBA and ATİLLA ALTINORDU who were nominated and proposed to be elected based on the joint proposal of the shareholders of the Classes (A), (B) and (C) within the framework of the principles regarding the independency of the Board members as provided for in the Corporate Governance Principles of the Capital Market Board and FREDERIC YVES MARCEL FONTAINE** who was nominated by majority of the Class (D) bearer shares subject to public offering and participating in the Ordinary General Assembly Meeting.

* REMZİYE ASLI KARADENİZ, an Independent Director, resigned from the office on 22.04.2016 according to which FATMA DİLEK BİL, who was elected by the Board of Directors to substitute this position on 06.05.2016 subject to approval by the first General Assembly to be held as per article 363 of Turkish Commercial Code, was assigned as a Director during the General Assembly Meeting held on 27.04.2017.

** FREDERIC YVES MARCEL FONTAINE, a Director who was elected for a period of three years during the Ordinary General Assembly Meeting held on 30.03.2016, informed the company of his resignation as of 26.04.2017 according to which BENAT ORTEGA was substituted for the vacancy to be in office during the remaining term of office of the other directors during the General Assembly Meeting held on 27.04.2017.

F. DİLEK BİL, ATİLLA ALTINORDU and LİNA FİLİBA, are independent directors of the Board of Directors, who have been elected pursuant to the provisions of the ‘Corporate Governance Communiqué’ (II-7.1) of the Capital Market Board.

All members of the Board of Directors are eligible according to the requirements set forth in the Communiqué on the Real Estate Investment Partnerships (III-48.1) of the Capital Market Board. Apart of BENAT ORTEGA, a national of France, all members of the Board of Directors are citizens of Turkey.

General Manager of the Company is MURAT KAYMAN.

The Board of Directors made 10 resolutions during the relevant accounting period within 2018.

1.3.2. POWERS OF DIRECTORS

The resolution of the Board of Directors concerning distribution of tasks and internal directive dated 06.06.2017 was promulgated in the Turkish Trade Registry Gazette on 13.06.2017 with issue number 9346.

1.3.3. LIMITATIONS OF POWER

The Directors and General Manager of the Company retain the Powers indicated in the Capital Market Law, Turkish Commercial Code, articles of association and the relevant regulations. The duties and powers of the General Manager and Finance Manager of the Company have been determined in the Internal Directives of the Company.

1.3.4. SENIOR OFFICERS

The senior officer of the Company is General Manager MURAT KAYMAN.

1.3.5. NUMBER OF EMPLOYEES

The Company has eight employees including the General Manager.

2. FINANCIAL BENEFITS PROVIDED TO DIRECTORS AND SENIOR OFFICERS

a) Total sum of the financial benefits such as remuneration, salary, premium, bonus, profit share, etc.: Directors received financial benefit of net TRL-4.800,00 per person and making gross TRL-173.041,70 in total and the senior officer was paid gross TRL-177.428,29 in total during the accounting period.

b) Information about total sum of allowances, travel, accommodation and representation expenses and cash and non-cash facilities, insurances and similar securities: The sole senior officer in the Company is the General Manager. General Manager was provided with a health insurance amounting to TRL-5.675,00 during the accounting period.

3. RESEARCH AND DEVELOPMENT ACTIVITIES

The Company has not carried out any research and development activities during the accounting period.

4. CORPORATE ACTIVITIES AND IMPORTANT DEVELOPMENTS

The Board of Directors has resolved that as a result of the voluntary assessment made by the Company, it is resolved that among the existing tenants, those who pay exclusively the rental fees regularly without any delay within the duration and principles specified in their lease contracts and who do not have any legal conflict with our Company shall benefit from the fixed foreign exchange which shall be USD 1 = TRL 3,55 for the period from 01.01.2018 till 31.03.2018 provided that they agree to pay turnover rental fee in addition to the fixed rental fee for the period from 01.01.2018 till 31.03.2018 or else they consent to the application of increase on the ratio specified for the existing turnover rental payments, the rental fees shall be collected from the tenants based on the aforementioned exchange rate and a protocol shall be executed with our tenants so as to document the agreement to that end.

Besides, the Board of Directors has made a resolution to implement the discount applicable over USD 1 = TRL 3,55 during April-June 2018 based on the same terms and conditions.

The Company performed its activities in line with the Capital Market Regulations during the period from 01.01.2018–31.03.2018.

The Company doesn't have any subsidiary and affiliate.

There isn't any own share acquired by the Company.

There isn't any company with which the Company has reciprocal participation relationship.

There isn't any private audit and public audit conducted during the accounting period.

There isn't any administrative or judicial sanction imposed on the Company and any members of the Board of Directors due to their practices in violation of the laws and regulations.

The Company did not incur any expense as donations and social responsibility projects during the period from 01.01.2018–31.03.2018.

5. FINANCIAL STANDING

5.1. BALANCE SHEET

	Notes	Reviewed 31 March 2018	Audited 31 December 2017
ASSETS			
Current assets		50,858,476	28,149,342
Cash and cash equivalents	4	39,986,180	20,813,005
Trade receivables			
<i>Receivables from third parties</i>	5	4,561,242	3,050,677
Prepaid expenses	9	3,326,050	1,387,282
Prepaid taxes and funds		81,410	11,638
Other current assets	9	2,903,594	2,886,740
Non-current assets		211,365,604	212,392,557
Investment property	6	195,696,517	197,232,350
Property and equipment		867,420	927,670
Intangible assets		5,512	6,300
Prepaid expenses	9	2,046,366	2,196,049
Other non-current assets	9	12,749,789	12,030,188
Total assets		262,224,080	240,541,899
LIABILITIES			
Current liabilities		69,508,332	5,969,029
Trade payables			
<i>Due to related parties</i>	5, 18	250,614	207,932
<i>Due to third parties</i>	5	2,017,080	1,752,530
Other payables			
<i>Due to related parties</i>	5, 18	62,603,520	-
<i>Due to third parties</i>	5	1,495,180	1,017,607
Deferred income	9	2,257,681	844,995
Provisions			
<i>Other provisions</i>	7	147,000	1,522,074
<i>Provisions for unused vacations</i>	8	205,840	146,393
Other current liabilities	9	531,417	477,498
Non-current liabilities		1,718,663	1,580,164
Other payables			
<i>Other payables to third parties</i>	5	816,680	695,334
Long term provisions			
<i>Provisions for employment termination benefits</i>	8	901,983	884,830
Equity		190,997,085	232,992,706
Share capital	10, 17	37,264,000	37,264,000
Adjustment to share capital		27,745,263	27,745,263
Other comprehensive income/expense not to be reclassified to profit or loss			
<i>Actuarial losses arising from employee benefits</i>		249,541	164,383
Restricted reserves		79,117,323	73,043,290
Retained earnings	10	26,098,217	16,968,330
Net income for the period	17	20,522,741	77,807,440
Total liabilities and equity		262,224,080	240,541,899

5.2. PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Reviewed 1 January- 31 March 2018	Reviewed 1 January- 31 March 2017
PROFIT AND LOSSES			
Revenue	11	29,850,546	28,778,183
Cost of sales (-)	11	(9,851,734)	(8,839,356)
Gross profit		19,998,812	19,938,827
General administrative expenses (-)		(1,879,302)	(1,414,604)
Other operating income	13	1,345,096	171,399
Other operating expenses (-)	13	(258,636)	(374,093)
Operating profit		19,205,970	18,321,529
Financial income	14	1,376,138	1,030,570
Financial expenses (-)	15	(59,367)	(334,762)
Profit before tax from continuing operations	17	20,522,741	19,017,337
Tax income / (expenses) from continuing operations		-	-
Profit for the period from continuing operations		20,522,741	19,017,337
Earnings per share			
Earning per share from continuing operations	17	0.55	0.51
Earning per share from discontinuing operations		-	-
Diluted earnings per share			
Diluted earnings per share from continuing operations	17	0.55	0.51
Diluted earnings per share from discontinuing operations		-	-
OTHER COMPREHENSIVE INCOME			
Items not to be classified to profit or loss			
Actuarial gains/ (losses) arising from employee benefits	8	85,158	157,372
Total comprehensive income		20,607,899	19,174,709

5.3. RATIOS

Fundamental ratios for the period between 01.01.2018 and 31.03.2018:

	31.03.2018	31.12.2017
Current Ratio	0,73	4,72
Total Debt / Equity	37,29%	3,24%
Total Debt / Total Assets	27,16%	3,14%

	01.01.2018-31.03.2018	01.01.2017-31.03.2017
Net Sales	29.850.546	28.778.183
Net Period Profit	20.522.741	19.017.337
Gross Profit Margin	67,00%	69,28%
Net Profit Margin	68,75%	66,08%

The Company has not lost its capital or any situation of debt-choked is not in question.

5.4. FINANCE RESOURCES OF THE COMPANY

Finance resources of the Company generally consists of rental revenues.

6. RISKS AND ASSESSMENT OF BOARD OF DIRECTORS

Early Risk Identification Committee held one meeting for early risk detection purposes and issued one report during the relevant period.

Although increasing exchange rates may positively affect the rent revenues, it entails a financial risk for the Company given the fact that it may negatively affect the payment power of the tenants as well as consistency of payments. This risk is managed through discounts in exchange rates. In addition, new shopping mall investments in the vicinity, which have started and/or will start operation, may lead to facing with market share risk.

The Company has conducted a risk inventory activity for the anticipated risks and it is updated periodically.

7. MISCELLANEOUS

7.1. DEVELOPMENTS REGARDING CORPORATE POLICIES

7.1.1. DIVIDEND DISTRIBUTION POLICY

The Profit Distribution Policy of AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ seeks that the shareholders earn regular income from the shares. For the purpose to attain the goals set out in the mission and vision of the Company, our PROFIT DISTRIBUTION POLICY has been established within the framework of article 30, titled 'DISTRIBUTION OF THE PROFIT', of the Articles of Association of the Company, whose text is written below.

Article 30, titled 'DISTRIBUTION OF THE PROFIT', of the Articles of Association of the Company is as follows:

"Regarding the distribution of the profit, the Company complies with the regulations set out in the Turkish Commercial Code and the Capital Market Legislation.

Such amounts as overheads and miscellaneous depreciation costs which the Company is obliged to pay and set aside pursuant to the general accounting principles and such reserves which the Company is obliged to set aside for payment of taxes and other fiscal obligations payable by the Company as a legal entity are deducted from the incomes ascertained at the end of the accounting year. From the remaining amount, which is stated in the annual balance sheet as the net profit, any losses in previous years are deducted. From the remaining net profit:

General Statutory Reserve

a) 5% is set aside as general statutory reserve until it reaches 20% of the paid-in capital pursuant to the article 519 of the Turkish Commercial Code.

Primary Dividend

b) From the amount found by adding the amount of any donations made during the respective accounting year to the remaining amount, the primary dividend in the amount determined by the General Assembly Meeting in accordance with the profit distribution policy of the Company, provided that it is not less than the rate and amount as determined by the Capital Markets Board, is set aside.

c) From the remaining amount, an amount up to 5% of it can be set aside for distribution to the members of the Board of Directors.

Secondary Dividend

d) Minimum 80% of the amount remaining after deduction of the amounts set forth in the paragraphs (a), (b) and (c) above from the net profit is distributed as the secondary dividend.

e) If any amount remains after deduction of the amounts set forth in the paragraphs (a), (b), (c) and (d) from the net profit, the General Assembly Meeting is authorized to distribute that amount in part or whole as secondary dividend or to leave it in the balance sheet as the end-of-period profit, to add it to the statutory or the facultative reserve or to set aside it as the extraordinary reserve.

f) Any amounts occurred pursuant to the second paragraph of the article 519 of the Turkish Commercial Code are added to the general statutory reserve.

g) Unless the reserves which must be set aside pursuant to the law have been set aside and the dividend specified in the articles of association for payment to the shareholders has been set aside, no profit may be carried forward to the next year and no profit share may be paid to members of the Board of Directors and the employees of the Company and no profit share may be paid to these persons unless the determined dividend has been paid to the shareholders.

Advance dividend can be paid to the shareholders in accordance with the regulations of the Capital Markets Board.”

7.1.2.DIVIDEND PAYMENT

The General Assembly made a resolution to carry our dividend payment processes in the following manner through the majority of votes during the meeting held on 28.03.2018 which was disclosed on the Public Disclosure Platform. The first instalment will be paid on 28.05.2018 and the second instalment will be paid on 24.12.2018.

	Cash Dividend Payable per Share with a Nominal Value of 1 TRL - Gross=Net (TRL)	Cash Dividend Distribution Date
1. Instalment	0,68	28.05.2018
2. Instalment	1,00	24.12.2018
Total Cash Dividend	1,68	

7.2. NUMBER, STRUCTURE AND INDEPENDENCE OF COMMITTEES FORMED UNDER THE BOARD OF DIRECTORS

The Board of Directors revised the structure and activities of existing committees pursuant to the provisions of the Corporate Governance Communiqué issued by the Capital Market Board according to which it formed Audit Committee, Corporate Governance Committee and Early Risk Identification Committee. The duties and responsibilities of the Nomination Committee and Remuneration Committee provided in the Corporate Governance Communiqué are fulfilled by the Corporate Governance Committee.

Audit Committee

Name Surname	Title
Atilla ALTINORDU	President
F. Dilek BİL	Member

Early Risk Identification Committee

Name Surname	Title
F. Dilek BİL	President
Alize Dinçkök EYÜBOĞLU	Member
Sinan Kemal UZAN	Member

Corporate Governance Committee

Name Surname	Title
Atilla ALTINORDU	President
F. Dilek BİL	Member
Davit BRAUNŞTAYN	Member
Ayşegül CANBAZ	Member
Hilal KAYALAR	Member

The duties, working principles and members of the committees were determined by the Board of Directors and disclosed to the public via Public Disclosure Platform and corporate website of the Company.

7.3. APPOINTMENT OF INDEPENDENT AUDITOR

Pursuant to Turkish Commercial Code and Communiqué of Capital Market Board on Independent Audit Standards at the Capital Market as amended through the Communiqué with Serial X, No. 28, and as per the resolution of the Board of Directors on the subject matter, it was resolved by majority of votes at the Ordinary General Assembly Meeting held on 28.03.2018 that Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi, which was recommended by the Audit Committee, be elected as the independent audit firm to audit the financial statements and reports of the Company for the year 2018.

7.4. REAL ESTATE VALUATION REPORT SUMMARY

Lotus Gayrimenkul Değerleme ve Danışmanlık A.Ş. conducted a real estate valuation study, the summary of which is provided below:

Market valuation appraisal as of 30.12.2017 (Excluding 18% VAT): TRL-1.409.570.000.

7.5. RISK MANAGEMENT AND INTERNAL CONTROL MECHANISM

The Company updates the financial statements regularly and takes timely legal actions against the tenants who fail to fulfil their obligations arising from the rental contracts completely in a timely manner so as to ensure complete and regular collection of rental fees that constitute the main operational revenues of the Company. The f/x position of the Company is monitored so as to minimize f/x risks.

7.6. AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Articles of Association was not amended during the period.

7.7. REAL ESTATE APPRAISAL COMPANY

The Board of Directors made a resolution according to which Eva Gayrimenkul Değerleme ve Danışmanlık A.Ş. was assigned as the appraisal company to provide appraisal services for each asset included in the portfolio of the Company requiring appraisal as well as the assets which might be acquired by the Company in 2018 in a manner that would require appraisal pursuant to paragraph 2 of the Article 35 of the Communiqué Regarding Principles for Real Estate Investment Trusts (III-48.1) issued by the Capital Market Board.

7.8. CORPORATE GOVERNANCE PRINCIPLES HARMONIZATION RATING

The Company executed a Corporate Governance Principles Harmonization Rating Agreement with Saha Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş., a company which is licensed to perform rating services in line with the Corporate Governance Principles issued by the Capital Market Board in Turkey, on 10.03.2016 to be valid for three rating terms.

Our first Grade for Compliance with Corporate Governance Principles was announced in 2016 (9,22) while the periodical revision grade for 2017 was (9,37). The grading report and periodical revision report were disclosed to the investors by means of the Special Condition Disclosure dated 06.12.2016 and 06.12.2017 respectively.

7.9. THE BUSINESS SEGMENT AND THE POSITION OF THE ENTERPRISE WITHIN THE INDUSTRY:

Shopping Mall Index conducted by Association of Shopping Centers & Investors and Akademetre Research & Strategic Planning reveals that the turnover index increased by 13.9 percent in February 2018 when compared to February of the previous year, reaching 210 points. The turnover index decreased by 15.5 percent in February 2018 when compared to January 2018.

Turnovers per leasable space (m2) in shopping malls were recorded as TL 801 in February 2018. Productivity was TL 933 in İstanbul and TL 712 in Anatolia.

The category where the highest increase of the shopping mall index was observed was the technology with 38.6% increase. An increase of 20.3 percent in the hypermarket category turnovers, an increase of 13.6 percent in the clothing category turnovers, an increase of 12.9 percent in other areas¹ category turnovers, an increase of 7.9 percent in the food category turnovers and a decrease of 1.5 percent in the shoes category turnovers were observed in the Shopping Centers in February 2018 when compared to the same month of the previous year.

The footfall index was 93 points in February 2018, which marks a decrease of 6.1 percent to the same month of the previous year.

According to the data released by JLL Turkey, as of the first quarter of 2018, total leasable space (TLS) at shopping centers in Turkey reached 12.3 million m2 at 405 centers in total. It is estimated that İstanbul, which has a significant share in shopping center supply, owns 37 percent of the total leasable space (TLS). The retail market, which has been experienced a recession over the past years, has shown a tendency to recover thanks to investors' positive attitudes towards incentives and short-term solutions such as 'Pop-up' stores.

¹ The other areas category consists of such stores as construction market, furniture, home textile, souvenir, toy, cinema, personal care and cosmetics, jewelry, hobby, pet shop, tailor and shoe repair services, exchange office, dry cleaning, pharmacy, etc.

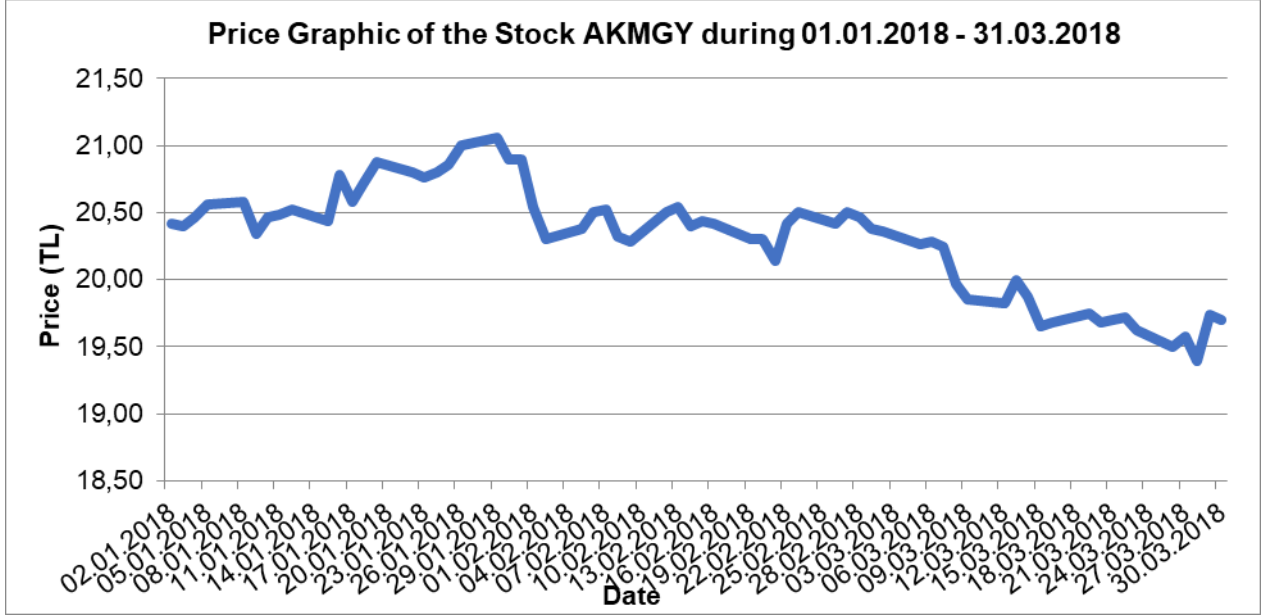
7.10. PENDING LITIGATIONS

LITIGATIONS FILED AGAINST AKMERKEZ GYO A.Ş.

No.	Court	Case No	Plaintiff	Defendant	Claim	Current Status
1	İSTANBUL CIVIL COURT OF PEACE NO. 2	2009/742 New Case No: 2011/124	BERKAY INCE INTERVO (B3 Tower Office Floor 1)	1- AKMERKEZ GYO A.Ş. 2- ÜÇGEN BAKIM	ACTION FOR DAMAGES Claim: 100.000 TL	The lawsuit was denied on procedural grounds in favor of the Company. The lawsuit was appealed by the Plaintiff and the file is pending before the Supreme Court of Appeals.
2	İSTANBUL CONSUMER COURT NO. 1	2007/753 New Case No: 2016/812	MEHMET BOZKURT	AKMERKEZ GYO A.Ş.	ACTION FOR DAMAGES Claim: 41.000 TL (Theft in Carpark)	The lawsuit was denied in favor of the company. The lawsuit was appealed by the Plaintiff upon which the Supreme Court reversed the judgment of the local court. The lawsuit was accepted partially against the company. The file is pending before the Supreme Court of Appeals.
3	İSTANBUL COMMERCIAL COURT OF FIRST INSTANCE NO. 8	2007/635	AKMERKEZ GYO A.Ş.	ANC GIDA	ACTION IN PERSONAM (144.656 USD In the Combined Action 57.226 USD + 47.456,04 TL)	The case was concluded partially in favor of the Company.
4	İSTANBUL COMMERCIAL COURT OF FIRST INSTANCE NO. 6	2014/1077	ÖMER DİNÇKÖK	AKMERKEZ GYO A.Ş.	ACTION FOR CANCELLATION OF THE RESOLUTIONS PASSED IN THE AGENDA ITEMS NO 2, 5, 7, 10, 11 AT THE ORDINARY GENERAL ASSEMBLY MEETING HELD FOR THE YEAR 2013	The action was concluded in favor of the Company. The judgment was appealed by the Plaintiff and the file is pending before the Supreme Court of Appeals.
5	İSTANBUL COMMERCIAL COURT OF FIRST INSTANCE NO. 18	2015/665	ÖMER DİNÇKÖK	AKMERKEZ GYO A.Ş.	ACTION FOR CANCELLATION OF THE RESOLUTIONS PASSED IN THE AGENDA ITEMS NO 2,3,4,9 AT THE ORDINARY GENERAL ASSEMBLY MEETING HELD FOR THE YEAR 2014	The case is pending before the court.
6	İSTANBUL COMMERCIAL COURT OF FIRST INSTANCE NO. 3	2015/673	ÖMER DİNÇKÖK	AKMERKEZ GYO A.Ş.	ACTION FOR APPOINTMENT OF A SPECIAL AUDITOR	The action was concluded in favor of the Company. The judgment was appealed by the Plaintiff and the file is pending before the Supreme Court of Appeals.
7	İSTANBUL CONSUMER COURT NO. 8	2015/1946	ULVIYE ARKUN	1- AKMERKEZ GYO A.Ş. 2- S.O.S INTERNATIONAL AMBULANS SERVİSİ	ACTION FOR DAMAGES Total Claim: 6.000 TL	The case is pending before the court.
8	İSTANBUL COMMERCIAL COURT OF FIRST INSTANCE NO. 7	2016/720	ÖMER DİNÇKÖK	AKMERKEZ GYO A.Ş.	ACTION FOR CANCELLATION OF THE RESOLUTIONS PASSED IN THE AGENDA ITEMS NO 5, 11 AT THE ORDINARY GENERAL ASSEMBLY MEETING HELD FOR THE YEAR 2015	The case is pending before the court.
9	İSTANBUL COMMERCIAL COURT OF FIRST INSTANCE NO. 4	2016/725	ÖMER DİNÇKÖK	AKMERKEZ GYO A.Ş.	ACTION FOR APPOINTMENT OF A SPECIAL AUDITOR	The action was concluded in favor of the Company.

7.11. OTHER MATTERS

7.11.1. Price Graphic of the Stock AKMGY



7.11.2. Information about the control of portfolio limitations which is set out in second paragraph of article 38 of the Communiqué on the Principles Applicable to Real Estate Investment Partnerships is provided in the 21th footnote to the financial statement.

7.11.3. Information regarding related party transactions and their account balances which is required to be disclosed to the shareholders pursuant to the legislation is provided in the 18th footnote to the financial statement.

Sincerely yours,

BOARD OF DIRECTORS