



**AKMERKEZ GAYRİMENKUL
YATIRIM ORTAKLIĞI
ANONİM ŞİRKETİ**

**ANNUAL REPORT
COVERING THE PERIOD OF
01.01.2016 - 31.03.2016**

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ
REPORT OF THE BOARD OF DIRECTORS ON THE ACTIVITIES IN THE
PERIOD OF
01.01.2016 - 31.03.2016

This Annual 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 the Company during the period of 01.01.2016-31.03.2016.

1. GENERAL INFORMATION

Report Period:	01.01.2016 – 31.03.2016
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.
Market where the Capital Market Instrument is Traded, and Indexes where the Company Takes Place:	Collective Investment Products and Structured Products Market BIST REAL ESTATE INVESTMENT PARTNERSHIPS/ BIST FINANCIAL / BIST DIVIDEND / BIST DIVIDEND 25/ BIST ALL/ BIST ALL-100
Trading Symbol:	AKMGY
Portfolio Details:	Date of Incorporation: 08.12.1989 Date of Public Offering: 15.04.2005
Head Office Address:	Nispetiye Caddesi, Akmerkez, E-3 Blok, Kat: 1, Etiler, Beşiktaş/İstanbul
Website:	www.akmgyo.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 31.12.2015.

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

The registered capital ceiling of Akmerkez GYO A.Ş. is TL 75.000.000,00 and the paid-in capital is TL 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

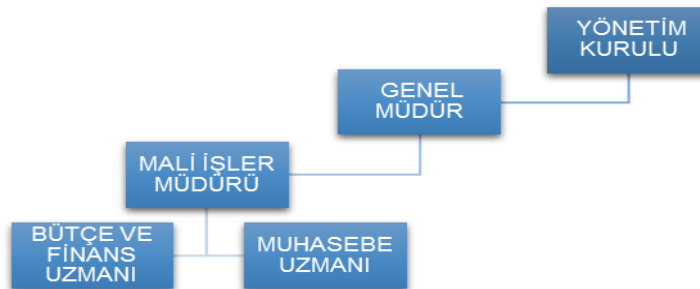
List of the shareholders who hold 5% and more of the capital of the Company as of 31.03.2016 is as follows:

Tradename/Name-Surname of the Shareholder	Nominal Value (TL)	Capital Share (%)
Klepierre S.A.	11.729.129,60	31,48
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	8.295.110,54	22,26
Total	37.264.000,00	100,00

Information about the Shares Representing the Capital

Class	Registere d/Bearer	Total Nominal Value (TL)	Capital Ratio (%)	Trading Status in Stock Exchange
A	Registered	4.075.750,00	10,93	
B	Registered	2.841.380,00	7,63	
C	Registered	2.398.870,00	6,44	
D	Bearer	27.948.000,00	75,00	50.82% is traded in the stock exchange.
Total		37.264.000,00	100,00	

Organizational Chart



There has not been any variation to the shareholding and structure and organizational chart of the company within the period.

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 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 meeting.

If, however, the holders of the Class (D) bearer shares offered to public, who attended the general meeting are not able to nominate a candidate and/or agree on a candidate by majority during the general meeting, the Board of Directors of the Company is formed by 9 (nine) members elected by the General 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

Director	:	RAİF ALİ DİNÇKÖK
Director	:	MURAT GİGİN
Director	:	SİNAN KEMAL UZAN
Director	:	DAVİT BRAUNŞTAYN
Director	:	ALİZE DİNÇKÖK EYÜBOĞLU
Director	:	AHMET CEMAL DÖRDÜNCÜ
Director	:	FREDERIC YVES MARCEL FONTAINE
Director	:	LİNA FİLİBA
Director	:	ATİLLA ALTINORDU
Director	:	F. DİLEK BİL*

The Members of the Board of Directors that were elected at the annual general 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 FILİBA 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 general assembly meeting.

* Remziye Aslı KARADENİZ, an Independent Director, resigned on 22.04.2016 as a result of which Fatma Dilek BİL was elected in substitution for her on 06.05.2016 till the first general assembly meeting to be organized under article 363 of Turkish Commercial Code.

Of the Members of the Board of Directors F. DİLEK BİL, ATİLLA ALTINORDU and LİNA FİLİBA, are independent 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 FREDERIC YVES MARCEL FONTAINE, 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 14 resolutions during the relevant accounting period within 2016.

The Members of the Board of Directors that were elected at the annual general meeting held on 31.03.2015 for an office term of one year were RAİF ALİ DİNÇKÖK, MEHMET ALİ BERKMAN 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; LÜTFÜ ÜNVER, SELÇUK YENER and ROBER FILİBA 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 general assembly meeting. The mentioned elected board members worked until the annual general meeting held on 30.03.2016

1.3.2. POWERS OF DIRECTORS

The resolution of the board of directors concerning distribution of tasks and internal directive dated 23.10.2015 was promulgated in the Turkish Trade Registry Gazette on 02.11.2015 with issue number 8937.

1.3.3. LIMITATIONS OF POWER

The Directors and General Manager of the Company retain the Powers indicated in the Capital Market Act, 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 four 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 4.100 TL per person making gross 147.272,30-TL¹ in total and the senior officer was paid gross 158.420,00-TL 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 3.750,00-TL during the accounting period.

¹ The monthly remuneration payable to Directors was net 4.100 TL according to the General Assembly Resolution dated 31.03.2015 (for April 2015-March 2016). The monthly remuneration payable to Directors is net 4.450 TL pursuant to the General Assembly Resolution dated 30.03.2016 tarihinde (for April 2016-March 2017).

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 the tenants of AKMERKEZ TRADE CENTRE who will be selected arbitrarily from among those paying the rental fees in due time in line with the provisions of the rental contracts will be entitled to benefit from a discount for January – March 2016 which shall be provided in the form of fixing the currency rate as 1 USD = 2,70 TL provided that this shall not be considered as a reduction of rental fees and/or amendment to the rental contracts and the rental fees have been collected in line with the relevant resolution.

Besides, the Board of Directors has made a resolution to implement the discount applicable over 1 USD = 2,70-TL during April 2016 and May 2016 based on the same terms and conditions.

The Company performed its activities in line with the Capital Market Regulations during the period from 01.01.2016 to 31.03.2016.

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 part of grants and benefits as well as social responsibility projects during the period from 01.01.2016 to 31.03.2016.

5. FINANCIAL STANDING

5.1. BALANCE SHEET

	Notes	<i>Reviewed</i> 31 March 2016	<i>Audited</i> 31 December 2015
ASSETS			
Current assets		66.141.113	44.819.057
Cash and cash equivalents	3	59.704.069	40.330.904
Trade receivables			
Receivables from third parties	4	2.428.333	2.751.341
Prepaid expenses	8	3.991.760	1.508.141
Other current assets	8	16.951	228.671
Non-current assets		187.796.024	189.605.195
Investment property	5	187.669.521	189.464.856
Property and equipment		112.719	123.944
Intangible assets		13.582	16.193
Other non-current assets	8	202	202
Total assets		253.937.137	234.424.252
LIABILITIES			
Current liabilities		86.578.770	8.168.076
Trade payable			
Due to related parties	4, 17	1.702.107	3.041.818
Other trade payables	4	1.341.516	150.423
Other payables			
Due to related parties	4, 17	76.763.840	-
Due to third parties	4	1.288.440	159.475
Deferred income	8	1.874.330	1.396.094
Provisions			
Other provisions	6	3.287.735	3.095.607
Other current liabilities	8	320.802	324.659
Non-current liabilities		1.449.990	1.450.202
Other payables			
Other payables to third parties	4	451.556	463.381
Provision for employment termination benefits	7	998.434	986.821
Equity		165.908.377	224.805.974
Share capital	9	37.264.000	37.264.000
Adjustment to share capital	9	27.745.263	27.745.263
Other comprehensive income/expense not to be reclassified to profit or loss			
- Actuarial losses arising from employee benefits	9	73.483	41.313
Restricted reserves	9	66.149.450	58.547.594
Retained earnings	9	16.842.108	27.882.759
Net income for the period	9	17.834.073	73.325.045
Total liabilities and equity		253.937.137	234.424.252

5.2. PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	<i>Reviewed</i> 1 January - 31 March 2016	<i>Reviewed</i> 1 January - 31 March 2015
CONTINUING OPERATIONS:			
OPERATING INCOME			
Revenue	10	27.083.579	24.785.144
Cost of sales (-)	10	(8.116.260)	(7.116.923)
Gross profit		18.967.319	17.668.221
General administrative expenses (-)		(1.668.562)	(1.048.733)
Other operating income	12	165.121	13.920
Other operating expense (-)	12	(602.363)	(114.722)
Operating profit		16.861.515	16.518.686
Financial income	13	1.671.566	1.447.435
Financial expenses (-)	14	(699.008)	(78.039)
Profit before tax from continuing operations		17.834.073	17.888.082
Tax expense from continuing operations		-	-
Profit for the period from continuing operations		17.834.073	17.888.082
Earnings per share	16		
Earning per share from continuing operations		0,48	0,48
Earning per share from discontinuing operations		-	-
Diluted earnings per share	16		
Diluted earnings per share from continuing operations		0,48	0,48
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		32.170	(109.594)
Total comprehensive income		17.866.243	17.778.488

5.3. RATIOS

Fundamental ratios for the period between 01.01.2016 and 31.03.2016:

	31.03.2016	31.12.2015
Current Ratio	0,76	5,49
Total Debt / Equity	53,06%	4,28%
Total Debt / Total Assets	34,67%	4,10%

	01.01.2016-31.03.2016	01.01.2015-31.03.2015
Net Sales	27.083.579	24.785.144
Net Period Profit	17.834.073	17.888.082
Gross Profit Margin	70,03%	71,29%
Net Profit Margin	65,85%	72,17%

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

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 positively affect the rent revenues, it may also entail a financial risk for the Company since it has the potential to negatively affect the payment power of the tenants. 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 BOARD OF DIRECTORS AND CORPORATE POLICIES

7.1.1. DIVIDEND DISTRIBUTION POLICY

Dividend Distribution Policy of AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ aims to ensure that the shareholders may regularly acquire revenues based on their profit shares. The DIVIDEND DISTRIBUTION POLICY has been drafted pursuant to article 30 concerning 'DIVIDEND DISTRIBUTION' of the articles of association provided below so as to achieve the objectives set forth in the corporate mission and vision.

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 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 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 30.03.2016.

“Financial statements prepared under the provisions of Communiqué on Principles of Financial Reporting in Capital Market no. II-14.1 issued by the Capital Market Board refer to a net period profit of TRY 73.325.045,00 for 2015 while the financial statements prepared according to the provisions of the Tax Procedure Code indicate a net period profit of TRY 73.321.756,82.

The Board of Directors hereby resolve, in relation to the net period profit of TRY 73.325.045,00 indicated in the financial statements prepared under the provisions of Communiqué on Principles of Financial Reporting in Capital Market no. II-14.1 issued by the Capital Market Board,:

- 1. Not to set aside 5% legal reserve from the profit as the legal reserve has reached to 20% of paid in capital pursuant to article 519 of Turkish Commercial Code,*
- 2. To set aside TRY 1.863.200,00 of TRY 73.325.045,00 to be distributed to the shareholders in cash as the first dividend,*
- 3. Not to set aside any share from the remaining profit to the Board of Directors according to article 30/c of Articles of Association of the Company,*
- 4. To set aside TRY 64.839.360,00 of the remaining profit to be distributed to the shareholders in cash as the second dividend,*
- 5. To set aside TRY 11.179.200,00 of the “Account for the Retained Earnings” arising from the financial statements of the Company under the provisions of Communiqué on Principles of Financial Reporting in Capital Market no. II-14.1 issued by the Capital Market Board to be distributed to the shareholders in cash,*
- 6. To set aside TRY 7.601.856,00, the one tenth of the amount remaining after 5% of the paid-in capital is subtracted over the dividend of TRY 77.881.760,00 in total to be distributed to the shareholders, as general legal reserve based on article 519. 2 of TCC,*
- 7. To set aside the remaining amount of 2015 profit as extraordinary reserves instead of distributing it to the shareholders and to determine the total amount of dividends to be distributed to the shareholders in the form of first and second dividends and dividend from the retained earnings as TRY 76.763.840,00 (dividend per share with a nominal value of TRY 1,00 being gross=net TRY 2,06, dividend ratio being gross=net 206 %),*
- 8. To distribute TRY 66.702.560,00, comprised of the first and second dividends, to the shareholders in cash on 25.05.2016,*
- 9. To distribute TRY 10.061.280,00, from the retained earnings, to the shareholders in cash on 24.08.2016,*
- 10. To present the dividend distribution proposal of the Board of Directors to the General Assembly for approval,*
- 11. To disclose the resolution for the dividend distribution proposal and 2015 Dividend Distribution Chart prepared under the resolutions of the Capital Market Board to the public and to present a copy of the dividend distribution chart to the Capital Market Board.”*

	Cash Dividend Payable per Share with a Nominal Value of 1 TL - Gross=Net (TL)	Cash Dividend Payment Date
1. Instalment	1,79	25.05.2016
2. Instalment	0,27	24.08.2016
Total Cash Dividend	2,06	

7.2. DISCLOSURE POLICY:

The Disclosure Policy of the Company was updated and presented to the shareholders during the ordinary general assembly meeting for 2015 which was held on 30.03.2016.

7.3. 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 Dinçök EYÜBOĞLU	Member
Sinan Kemal UZAN	Member

Corporate Governance Committee

Name Surname	Title
Atilla ALTINORDU	President
Davit BRAUNŞTAYN	Member
Zeynep YILDIRIM GÜNDOĞDU	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.

7.4. APPOINTMENT OF INDEPENDENT AUDITOR

Pursuant to the 'Communiqué on the Independent Audit Standards in the Capital Market' of the Capital Market Board and the Turkish Commercial Code, and as per the resolution of the board of directors on the subject matter, it was resolved by majority of votes at the annual general meeting held on 30.03.2016 that Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., which was recommended by the Committee in charge of audit, be elected as the independent audit firm for audit of the Capital pursuant to the "Communiqué on the Independent Audit Standards in the Capital Market" of the Capital Market Board and the Turkish Commercial Code during the accounting period of the activity year 2016.

7.5. REAL ESTATE VALUATION REPORT SUMMARY

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

Market valuation appraisal as of 31.12.2015 (Excluding 18% VAT): 1.537.950.000-TL.

7.6. 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.

7.7. AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The articles of association was not amended during the period.

7.8. REAL ESTATE APPRAISAL COMPANY

The Board of Directors made a resolution according to which Lotus Gayrimenkul Deęerleme 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 2016 in a manner that would require appraisal pursuant to article 35.2 of the Communiqué Regarding Principles for Real Estate Investment Trusts (III-48.1) issued by the Capital Market Board.

7.9. CORPORATE GOVERNANCE PRINCIPLES HARMONIZATION RATING

During the relevant period, 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.

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

Results of Shopping Mall Index for February issued jointly by the Association of Shopping Malls and Investors and Akademetre Research reveal that the turnover index has turned out to be 178 points with an increase of 14,8 percent in comparison to the same month of the previous year.

Turnovers per leasable space (m²) in shopping malls increased by 23 points in February 2016 in comparison to the same month of the previous year, with productivity per m² measured at TL 680. Productivity was 759,00-TL in Istanbul and 627,00-TL in Anatolia.

An increase was observed in all categories in the Shopping Center Index when the same is compared with the month February of previous year. The category where the highest increase was observed in the Index was the hypermarket category with an increase of 38 percent. An increase of 21 percent in the food category turnovers, an increase of 18 percent in the technology hypermarket category turnovers, an increase of 14 percent in the apparel category turnovers, and an increase of 12 percent in the shoe-bag and other² category turnovers were observed in the Shopping Malls in February 2016 when compared to the same month of the previous year.

Footfall numbers increased by 3,9% when compared to the same month of the previous year.

² The other area category consists of such stores as construction market, furniture, home textile, souvenir, toy, cinema, personal care and cosmetics, jewellery, hobby, petshop, tailor and shoe repair services, exchange office, dry cleaning, pharmacy, etc.

7.11. PENDING LITIGATIONS

LITIGATIONS FILED AGAINST AKMERKEZ GYO A.Ş.

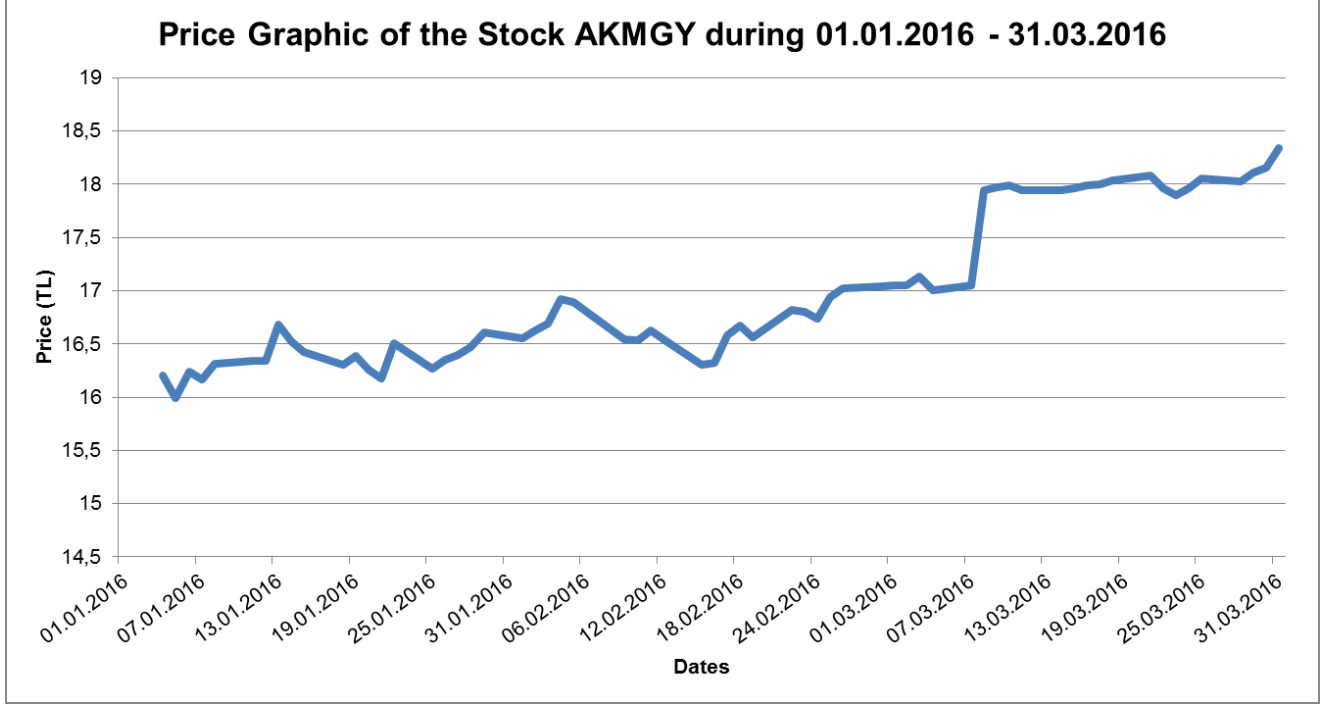
No.	Court	Case No	Plaintiff	Respondent	Claim	Current Status
1	İSTANBUL CIVIL COURT OF PEACE NO. 2	2009/742 New Case no: 2011/124	BERKAY İNCE İTERVO (B3 Kule 1. Ofisi katı)	1- AKMERKEZ GYO A.Ş. 2- ÜÇGEN BAKIM	ACTION FOR DAMAGES Claim: 100.000 TL	The lawsuit was denied on procedural grounds in favor of 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	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 and 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 main action was partially accepted. The counter action was also partially accepted. We expect to receive the justified decision.
4	İSTANBUL CIVIL COURT OF PEACE NO. 14	2013/956 New Case No: 2015/351	SEVİL PARFÜMERİ (STORE NO: 322-323)	AKMERKEZ GYO A.Ş.	RENT DECLARATORY ACTION (for reduction of the monthly rental fee to 55.000 TL)	The case is pending before the court.
5	İSTANBUL CIVIL COURT OF PEACE NO. 14	2013/957 New Case No: 2015/352	SEVİL PARFÜMERİ (STORE NO: 221)	AKMERKEZ GYO A.Ş.	RENT DECLARATORY ACTION (for reduction of the monthly rental fee to 25.000 TL)	The case is pending before the court.
6	İSTANBUL COMMERCIAL COURT OF FIRST INSTANCE NO. 3	2014/223	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 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.
8	İSTANBUL COMMERCIAL COURT OF FIRST INSTANCE NO. 14	2015/394	ÖMER DİNÇKÖK	AKMERKEZ GYO A.Ş.	DECLARATORY ACTION	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.
9	İSTANBUL CIVIL COURT OF PEACE NO. 10	2014/732	TUFAN SAAT	AKMERKEZ GYO A.Ş.	ACTION IN PERSONAM (400.000-TL)	The action was concluded in favor of the Company.
10	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.
11	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.
12	İSTANBUL CONSUMER COURT NO. 8	2015/1946	ULVİYE 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.

LITIGATIONS FILED BY AKMERKEZ GYO A.Ş.

No.	Court	Case No	Plaintiff	Respondent	Claim	Current Status
1	İSTANBUL CIVIL COURT OF PEACE NO. 12	2013/195	AKMERKEZ GYO A.Ş.	HOME STORE (STORE NO. 178)	ACTION FOR EVACUATION	Settlement was made.
2	İSTANBUL CIVIL COURT OF PEACE NO. 8	2015/392	AKMERKEZ GYO A.Ş.	HOME STORE (STORE NO. 178)	RENT DECLARATORY ACTION (Claim: 400.000 TL)	Settlement was made.
3	İSTANBUL ENFORCEMENT COURT OF PEACE NO. 21	2016/353	AKMERKEZ GYO A.Ş.	SİMURG (STORE NO. 132)	ACTION FOR CANCELLATION OF OBJECTION AND EVACUATION	The case is pending before the court.

7.12. OTHER MATTERS

7.12.1. Price Graphic of the Stock AKMGY



7.12.2. 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 20th footnote to the financial statement.

7.12.3. 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 17th footnote to the financial statement.

Sincerely yours,

BOARD OF DIRECTORS