Akfen Gayrimenkul Yatırım Ortaklığı
Anonim Şirketi

Convenience Translation to
English of
Consolidated Interim Financial Statements
As at and for the period Ended
31 March 2014
(Originally issued in Turkish)

This report contains 69 pages of consolidated financial statements and notes to the consolidated financial statements.

Akfen Gayrimenkul Yatırım Ortaklığı
Anonim Şirketi

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

ASSETS	**Notes**	***Not Reviewed*** **31 March 2014**	***Audited*** **31 December 2013**
CURRENT ASSETS		**42,454,629**	**43,602,611**
Cash and cash equivalents	*6*	25,924,959	30,326,239
Trade receivables	*8*	8,948,530	6,031,253
- Trade receivables from third parties	*8*	*8,948,530*	*6,031,253*
Other receivables	*9*	34,769	44,062
- Other receivables from third parties	*9*	*34,769*	*44,062*
Prepaid expenses	*17*	3,082,732	2,162,893
Other current assets	*18*	4,463,639	5,038,164
NON-CURRENT ASSETS		**1,468,635,504**	**1,474,923,421**
Other receivables	*9*	10,246,886	9,780,255
- Other receivables from third parties	*9*	*10,246,886*	*9,780,255*
Investment property	*10*	1,411,782,053	1,418,898,726
Property and equipment	*11*	104,592	98,357
Intangible assets	*12*	43,415	44,321
- Other intangible assets	*12*	*43,415*	*44,321*
Prepaid expenses	*17*	10,584,323	11,770,339
Deferred tax assets	*25*	1,487,739	1,133,551
Other non-current assets	*18*	34,386,496	33,197,872
TOTAL ASSETS		**1,511,090,133**	**1,518,526,032**

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

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

LIABILITIES	Notes	*Not Reviewed* 31 March 2014	*Audited* 31 December 2013
CURRENT LIABILITIES		**110,632,443**	**105,200,282**
Short term financial liabilities	*7*	22,256,417	8,504,390
Short term portion of long term financial liabilities	*7*	78,706,635	83,782,797
Trade payables	*8*	6,840,562	11,236,283
- *Trade payables to related parties*	*8*	*769,091*	*751,010*
- *Other trade payables to third parties*	*8*	*6,071,471*	*10,485,273*
Other payables	*9*	877,768	781,985
- *Other payables to third parties*	*9*	*877,768*	*781,985*
Deferred income	*17*	1,165,373	--
Short term provisions	*16*	340,273	360,243
- *Short term provisions for employee benefits*	*16*	*340,273*	*360,243*
Other current liabilities	*18*	445,415	534,584
NON-CURRENT LIABILITIES		**494,937,208**	**480,534,217**
Long term financial liabilities	*7*	424,706,797	408,511,424
Long term provisions	*16*	60,499	48,512
- *Long term provisions for employee benefits*	*16*	*60,499*	*48,512*
Deferred tax liability	*25*	66,545,398	68,474,722
Other non-current liabilities	*18*	3,624,514	3,499,559
EQUITY	*19*	**905,520,482**	**932,791,533**
Equity attributable to equity holders of parent		**871,604,856**	**897,881,682**
Paid in capital		184,000,000	184,000,000
Adjustment to share capital		317,344	317,344
Purchase of shareof entity under common control		53,748,727	53,748,727
Share premiums		58,880,000	58,880,000
Other comprehensive income to be reclassified to profit or loss		(7,826,982)	2,987,760
- *Currency translation differences*		*(7,826,982)*	*2,987,760*
Restricted reserves allocated from profit		4,147	4,147
Retained earnings		597,943,704	479,940,859
Net (loss)/profit for the period		(15,462,084)	118,002,845
Non-controlling interests		**33,915,626**	**34,909,851**
TOTAL EQUITY AND LIABILITIES		**1,511,090,133**	**1,518,526,032**

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

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHERCOMPRENSIVE INCOME

FOR THE PERIOD ENDED 31 MARCH 2014

(Amounts are expressed in Turkish Lira ("TL") unless otherwise stated)

	Notes	Not reviewed 1 January - 31 March 2014	Not reviewed 1 January - 31 March 2013
PROFIT OR LOSS			
Revenue	*20*	11,513,309	8,683,512
Cost of sales	*20*	(1,377,971)	(1,264,918)
GROSS PROFIT		**10,135,338**	**7,418,594**
General administrative expenses	*21*	(1,512,067)	(2,143,607)
Other operating income	*22*	773,039	1,295,607
Other operating expenses	*22*	(1,510,405)	(172,103)
OPERATING PROFIT		**7,885,905**	**6,398,491**
Financial income	*23*	215,388	4,011,570
Financial expenses	*24*	(25,185,511)	(5,627,800)
(LOSS)/PROFIT BEFORE TAX		**(17,084,218)**	**4,782,261**
Current tax income/(expense)	*25*	986,275	(767,214)
- Deferred tax income/(expense)	*25*	*986,275*	*(767,214)*
NET (LOSS)/PROFIT FOR THE PERIOD		**(16,097,943)**	**4,015,047**
Attribution of (expense)/income for the period			
Non-controlling interest		*(635,859)*	*(422,987)*
Attributable to equity holders of the parent		*(15,462,084)*	*4,438,034*
Net (loss)/profit for the period		**(16,097,943)**	**4,015,047**
Earnings per share (Full TL)	*26*	**(0.08)**	**0.02**
(LOSS)/PROFIT FOR THE PERIOD		**(16,097,943)**	**4,015,047**
OTHER COMPREHENSIVE LOSS		(10,814,742)	(1,363,223)
Items to be reclassified to profit or loss		(10,814,742)	(1,363,223)
Change in currency translation differences		(10,814,742)	(1,363,223)
TOTAL COMPREHENSIVE (LOSS)/INCOME		**(26,912,685)**	**2,651,824**
Attribution of total comprehensive (loss)/income:			
Non-controlling interest		*(635,859)*	*(422,987)*
Attributable to equity holders of the parent		*(26,276,826)*	*3,074,811*

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

Convenience Translation to English of Consolidated Financial Statements Originally Issued in Turkish

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 MARCH 2014

(*Amounts are expressed in Turkish Lira ("TL") unless otherwise stated.)*

					Other comprehensive income items to be reclassified to profit or loss		Retained earnings				
	Paid in Capital	Adjustment to share capital	Share premiums	Purchase of share of entity under common control	Foreign currency translation reserve	Restricted reserves allocated from profit	Retained earnings	Net (loss)/profit for the period	Equity attributable of equity holders of the parent	Non-controlling interests	Total Equity
Balance as at 1 January 2013	184,000,000	317,344	58,880,000	53,748,727	1,401,740	4,147	455,739,024	24,201,835	778,292,817	30,978,935	809,271,752
Transfers	--	--	--	--	--	--	24,201,835	(24,201,835)	--	--	--
Total comprehensive (loss)/income	--	--	--	--	(1,363,223)	--	--	4,438,034	3,074,811	(422,987)	2,651,824
Change in non-controlling interests	--	--	--	--	--	--	--	--	--	(67,900)	(67,900)
Balance as at 31 March 2013	**184,000,000**	**317,344**	**58,880,000**	**53,748,727**	**38,517**	**4,147**	**479,940,859**	**4,438,034**	**781,367,628**	**30,488,048**	**811,855,676**
Balance as at 1 January 2014	184,000,000	317,344	58,880,000	53,748,727	2,987,760	4,147	479,940,859	118,002,845	897,881,682	34,909,851	932,791,533
Transfers	--	--	--	--	--	--	118,002,845	(118,002,845)	--	--	--
Total comprehensive loss	--	--	--	--	(10,814,742)	--	--	(15,462,084)	(26,276,826)	(635,859)	(26,912,685)
Change in non-controlling interests	--	--	--	--	--	--	--	--	--	(358,366)	(358,366)
Balance as at 31 March 2014	**184,000,000**	**317,344**	**58,880,000**	**53,748,727**	**(7,826,982)**	**4,147**	**597,943,704**	**(15,462,084)**	**871,604,856**	**33,915,626**	**905,520,482**

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

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

	Notes	*Not reviewed* **31 March 2014**	*Not reviewed* **31 March 2013**
A. Cash flows from operating activities			
Net profit for the period		**(16,097,943)**	**4,015,047**
Adjustments to reconcile profit to cash provided by operating activities:			
Adjustments for depreciation and amortization expense	*11,12*	15,542	15,609
Adjustments for change in provisions for employee termination benefits and unused vacation	*16*	(7,983)	97,492
Adjustments for change in other provisions		(1,654,481)	831,064
Adjustments for interest income and expense	*23,24*	6,120,404	5,247,673
Adjustments for foreign currency exchange differences		19,509,190	(3,634,215)
Adjustments for rent expense accrual	*18*	35,786	(16,831)
Adjustments for tax (income)/expense	*25*	(986,275)	767,214
		6,934,240	**7,323,053**
Net working capital changes in:			
Trade receivables		(2,917,277)	(292,193)
Other receivables from operating activities		(457,338)	(105,680)
Change in other current and noncurrent assets		(347,923)	(1,626,712)
Trade payables		(2,751,464)	1,333,860
Other payables from operating activities		(25,855)	1,011,231
Cash provided from operating activities		**434,383**	**7,643,559**
Severance indemnity and vacation liability paid		--	(93,401)
Net cash provided from operating activities		**434,383**	**7,550,158**
B. Cash flows from investing activities			
Cash outflow from acquisition of property, equipment and intangible assets	*11,12*	(20,870)	--
Cash inflow from sale of property, equipment and intangible Assets		--	2,102
Acquisition of investment property	*10*	(12,369,071)	(17,036,721)
Interest received		88,938	186,925
Net cash used in investment activities		**(12,301,003)**	**(16,847,694)**
C. Cash flows from financing activities			
Proceeds from issuance of financial liabilities		55,722,810	65,770,099
Repayment of financial liabilities		(41,689,762)	(32,298,790)
Change in project, reserve accounts		1,358,118	(9,995,186)
Interest received		126,450	96,914
Interest paid		(6,335,792)	(5,531,512)
Other cash outflows		(358,366)	(67,900)
Net cash provided by financing activities		**8,823,458**	**17,973,625**
Net (decrease)/increase in cash and cash equivalents		**(3,043,162)**	**8,676,089**
Cash and cash equivalents at the beginning of the period		22,446,202	28,002,325
Cash and cash equivalents at the end of the period	*6*	**19,403,040**	**36,678,414**

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

1. REPORTING ENTITY

Akfen Gayrimenkul Yatırım Ortaklığı AŞ ("the Company" or "Akfen GYO") was restructured as a real estate investment trust by transforming Aksel Turizm Yatırımları ve İşletmecilik AŞ ("Aksel"). Aksel was originally established on 25 June 1997 for the purpose of undertaking investments in domestic tourism sector under the partnership of Hamdi Akın and Yüksel İnşaat A.Ş. Subsequently, Akfen Holding AŞ, ("Akfen Holding") purchased shares of Yüksel İnşaat A.Ş. in 2006 and the Company became a subsidiary of Akfen Holding. The restructuring was completed subsequent to the Board of Directors resolution dated 25 April 2006 and Capital Markets Board of Turkey's ("CMB") approval numbered 31/894 and dated 14 July 2006 with the result of the Company's conversion to "Real Estate Investment Trust" registered in 25 August 2006. The change of title and activities was published on Official Trade Gazette on 31 August 2006.

The Company's main operations and activities are investing in real estates, real estate projects and other capital markets instruments, as described on CMB Communiqué Series: III No: 48.1, Clause 23 and 25 regulating Real Estate Investment Trusts. Akfen Holding signed a Memorandum of Understanding ("MoU") with a 100% owned subsidiary of ACCOR S.A., one of the world's leading hotel groups. The Company is mainly developing hotels with Ibis Hotel and Novotel trademarks and leasing the hotels to Tamaris Turizm A.Ş. which is a 100% owned subsidiary of ACCOR S.A operating in Turkey.

The Company was enlisted on the stock exchange on 11 May 2011.

The Company acquired 100% of Akfen Gayrimenkul Ticareti ve İnşaat AŞ ("Akfen GT") on 21 February 2007 which was 100% owned by Akfen Holding. Akfen GT's main operations are also are investing in real estates, forming real estate portfolio and develop real estate projects.

The Company and Eastern European Property Investment Ltd. ("EEPI Ltd.") formed joint ventures in the Netherlands under the name of Russian Hotel Investment BV ("Russian Hotel" or "RHI") and Russion Property Investments BV ("Russion Property" or "RPI") on 21 September 2007 and 3 January 2008 respectively. EEPI Ltd assigned its 45% shares in RHI and RPI to Kasa Investments ("Kasa BV"), and 5% shares to Cüneyt Baltaoğlu in December 2010. On 29 July 2011, Akfen GT, has taken over 45% shares of RHI and RPI previously owned by Kasa Investments BV. The main objective of Russian Hotel is to develop hotels in Russia and Ukraine and lease them to ACCOR S.A while the main objective of Russion Property is to develop office projects in Russia. The capital structures of the joint ventures are both designated as 95% of participation for the Company and 5% participation of Cüneyt Baltaoğlu as at 31 March 2014.

The Company has set up a subsidiary in the Netherlands, Hotel Development and Investment BV ("HDI"), to develop hotel projects in Russia on 18 March 2011. According to emended agreement signed between Company and Horus International B.V. in 4 February 2011, HDI 100% subsidiary of the company obtained shares of Keramit Financial Company Limited ("Keramit") of which headoffice is loacted in British Virginia in amount of USD 1,000,000 on 24 November 2011.

The issue regarding the lease agreement for the usage right of 3,000 m^2 land in the center of Moscow of which belongs to HDI - subsidiary of the Company- acquired by aforesaid acquisition above on 24 November 2011, was brought to case and it has been decided to be paid Ruble 199,775,062,2 (Euro 4,560,000) in favor of the subsidiary of the Company by Moscow government. Appeal court upon the application of Moscow Ministry has approved the decision of first court in the same manner. Moscow government appealed the decision to State Council on 10 February 2014. On 31 March 2014, Chancery approved the decision given by the first court and appellate court and the valid decision has been published on 7 Nisan 2014. The Group has applied to Moscow Governmenet for collection of related compensation and the process still is continuing.

1. REPORTING ENTITY *(continued)*

Based on the share purchase agreement signed on 4 September 2013 between HDI - %100 subsidiary of the Company– and Beneta Limited , the shares of Severnyi Avtovokzal Limited Company ("Severny") of which central office is located in Russia has been takenover by HDI B.V. on 4 September 2013 with the amount of USD 12.975.000. Severny owns 2,010 m^2 land located in the center of Moscow and has construction permit on the land for a hotel project designed with 317 rooms.

The Company has set up a subsidiary, Akfen Karaköy Otel Yatırımları A.Ş. ("Akfen Karaköy"), to develop a hotel project in Istanbul Karaköy on 31 May 2011. The capital structure of Akfen Karaköy is designated as 70% of participation for the Company.

"The Group" phrase will be used for Akfen GYO and its subsidiaries in this report.

The Company is registered in Levent Loft, Büyükdere Caddesi, C Blok No: 201, Kat: 8, Daire: 150, Levent – İstanbul address.

The number of employees of Akfen GYO and its subsidiaries is 13 (31 December 2013:13) and 17 (31 December 2013:18) respectively as at 31 March 2014.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1. Basis of preparation

a Statement of compliance

The accompanying consolidated financial statements are prepared in accordance with the Communiqué serial II, No: 14.1 announcement of Capital Markets Board ("CMB") dated 13 June 2013 related to "Capital Market Communiqué on Principles Regarding Financial Reporting" ("Communiqué ") which is published in official gazette, no 28676.

The Company and its subsidiaries, Akfen GT and Akfen Karaköy head offices maintain its legal books of account and prepares its statutory financial statements in accordance with accounting principles set out in the Turkish Commercial Code ("TTC"), tax legislation and uniform chart of account. Akfen GT, is also operating in Turkish Republic of Northern Cyprus ("Northern Cyprus"), its branch has been registered by the decision of the Cabinet of Northern Cyprus as a foreign company under the limited liability companies Code Article 346, with the registry number YŞ00148, Chapter 113 of Northern Cyprus Corporate Registration Office. Akfen GT's branch operating in Northern Cyprus maintains its legal books of account and prepares its statutory financial statements in accordance with accounting principles set out in the Commercial Code accepted in Northern Cyprus.

The Group's foreign entities RHI, RPI and HDI maintain their records and prepare their statutory financial statements in accordance with the generally accepted accounting principles and the related legislation applicable in the countries they operate.

b Complience with TAS

According to the Communique of CMB, the accompanying consolidated financials are prepared in accordance with Turkish Accounting Standards ("TAS") issued by Public Oversight Accounting and Auditing standards Authority of Turkey("POA"). TAS is composed of Turkish Accounting Standards, Turkish Financial Reporting Standards, appendixes and interpretations.

The accompanying consolidated financial statements as of 31 March 2014 are approved by the Company's Board of Directors on 9 May 2014. General assembly and related legal institutions have right to correct related financial tables and financial tables according to legal statue.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS *(continued)*

2.1. Basis of preparation *(continued)*

c Functional and presentation currency

The presentation currency of the accompanying financial statements is TL. The table below shows the functional currency of each Company:

The Company	Functional Currency
Akfen GYO	TL
Akfen GT	TL
Akfen Karaköy	TL
Russian Hotel	Euro
Russian Property	Euro
HDI	Euro

All financial information presented in TL unless otherwise stated. All other currencies are stated full unless otherwise stated.

d Basis of consolidation

Subsidiaries

The consolidated financial statements of the Company include its subsidiaries, which it controls directly or indirectly. This control is normally evidenced when the Company owns control power, either directly or indirectly, over company's share capital and is able to govern the financial and operating policies of an enterprise so as to benefit from its activities. This control power is determined based on current and convertible voting rights. The financial statements of the subsidiaries are consolidated from the beginning of the control power over the affiliate to end of that power.

Financial statements of the subsidiaries are prepared in line with the financial statements of the Company in the same accounting period using uniform accounting policies. Financial statements of the subsidiaries are consolidated based on full consolidation method.

The table below shows Akfen GYO's ownership ratio in subsidiaries as at 31 March 2014 and 31 December 2013:

The Company	Direct or indirect shares of company (%)
Akfen GT	100
HDI	100
RHI	95
RPI	95
Akfen Karaköy	70

Jointly controlled entities

As at 31 March 2014, 31 December 2013 and 31 March 2013, the Group does not have jointly controlled entity.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with jointly controlled entities are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS *(continued)*

2.1. Basis of preparation *(continued)*

d Basis of consolidation *(continued)*

Foreign currency

Foreign currency transaction

Transactions in foreign currencies are translated to the functional currencies of the Group entities at the exchange rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at reporting date are translated to the functional currency at the exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognized in the consolidated statement of comprehensive income.

The Group entities use Euro or TL, as functional currency since these currencies are used to a significant extent in, or have a significant impact on, the operations of the related Group entities and reflect the economic substances of the underlying events and circumstances relevant to these entities.

All currencies other than the currency selected for measuring items in the financial statements are treated as foreign currencies.

Accordingly, transactions and balances not already measured in the functional currency have been re-measured to the related functional currencies in accordance with the relevant provisions of TAS 21, (*the effect of changes in foreign exchange rates)*. The Group uses TL as the reporting currency.

Assets and liabilities of the Group entities with a different functional currency than the reporting currency of the Group are translated into the reporting currency of the Group at the rate of exchange ruling at the reporting date. The income and expenses of the Group entities are translated into the reporting currency at the average exchange rates for the period. Equity items are presented at their historical costs. The foreign currency differences are recognized directly in equity, under "Foreign Currency Translation Reserve" (FCTR). When the related Group entity is disposed of, in part of in full, the relevant amount in the FCTR is transferred to profit or loss.

The Euro / TL and USD / TL exchange rate as at the end of each period are as follows:

	31 March 2014	31 December 2013
Euro / TL	3.0072	2.9365
USD / TL	2.1898	2.1343

The Euro / TL and USD / TL yearly average exchange rates are as follows:

	31 March 2014	31 March 2013
Euro / TL	3.0342	2.3508
USD / TL	2.2146	1.7803

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS *(continued)*

2.1. Basis of preparation *(continued)*

e Changes in accounting policies, comparative information and restatement of prior periods' financial statements

The accompanying consolidated financial statements are presented comparatively in order to identify the tendency of the Group's financial position, performance and its cash flows. The accounting policies applied in the preparation of the accompanying consolidated financial statements have been consistently applied to all periods presented by the Group.

Financial statements as at 31 March 2014 are presented comparatively to the financial statements as at 31 December 2013 and 31 March 2013.

Adjusments in financial statements for the year 2013

According to the decision taken in the meeting dated in 7 June 2013 and with numbered 20/670, for the capital market institutions in scope of Comminique of the Principals Related to Financial Reporting in Capital Market, financial statement models and guidance to be valid for the periods after 31 March 2013 was issued. In accordance with aforesaid models, various reclassifications was made in the financial statements of the Group.

The reclassifications in the Group's consolidated profit or loss and other comprehensive income for the three month period ended 31 March 2013 are shown as below;

- TL 10,110 of bank deposits interest income which was shown in "Financial income" for the three month period ended 31 March 2013, are reclassed to debt instrument income under "Revenue" line.
- TL 20,865 foreign currency exchange gain due from trade receivables as of 31 March 2013 is reclassed from "Finance income" to "Other operating income" in comperative financial tables,
- TL 17,828 foreign currency exchange loss due from trade payables as of 31 March 2013 is reclassed from "Finance expenses" to "Other operating expense" in comperative financial tables

The reclassifications in the Group's consolidated cash flow statement for the three month period ended 31 March 2013 are shown as below;

- In cash flow statement, retrospective reclassifications were made between the cash flows related to working capital and operating activities and the cash flows obtained from financing activities. During the three month period ended 31 March 2013, TL 5,531,512 of interest income in amount of and TL 96,914 TL derived from capital receivables of Akfen GT from other shareholders of Akfen Karaköy, RHI and RPI are shown in cash flows from financing activities.

The Group has started to implement the changes requiring recognisiton of actuarial losses and profits under other comprehensive income for the purpose of reflecting the accurate value of liabilities going on and recorded in accordance with TAS 19 (2011) which is valid after 1 January 2013. Therefore, the Group management calculated the effects of accounting policy change as TL 361 as at 31 March 2013, respectively and decided not to restate the financial statements of previous periods due to the immateriality of calculated effects after tax. There is no material changes in accounting policies of the Group except for implemetation of changes in TAS 19.

f Additional paragraph for convenience translation to English

The financial reporting standards(TAS) described in Note 2 to the consolidated financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting, presentation of the basic financial statements and also for certain disclosure requirements. Accordingly, the accompanying consolidated financial statements are not intended to present the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with IFRS.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (*continued)*

2.2 Accounting estimates

The preparation of the financial statements in conformity with Communiqué No: II-14.1 requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The estimates are used particularly in the following notes:

Note 2.4.4 – Useful lives of property, plant and equipment

Note 2.4.5 – Useful lives of intangible assets

Note 10 – Fair value measurement of investment property

Note 15 – Commitment and contingencies

Note 16 – Employee benefits

Note 25 – Deferred tax asset and liabilities

2.3 New standards and interpretations effective but not yet adopted as at 31 March 2014

2.3.1. New standards and interpretations implemented as at 31 March 2014

The Company has applied all the standards, POA interpretations and appendixes issued by POA which are effective as at 31 March 2014.

2.3.2. New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective as at 31 March 2014, and have not been applied in preparing these consolidated financial statements. As of 31 March 2014, new standarts not yet adopted are TFRS 9 and TAS 32.

Group has no plan for early application of these standarts and related possible effects have not been evaluated.

2.3.3. Resolutions promulgated by the POA

The POA has promulgated the following resolutions regarding the implementation of TAS for companies to set and issue financial statements in compliance with TAS in order to ensure relevance, transparency, reliability, ensure independency and impartiality of audit.

The details of the resolutions and the effects on the Group are as follows:

The POA promulgated Financial Statement Examples and User Guide (2013-1) on May 20, 2012 in order to ensure the uniformity of financial statements and facilitate their audit. The financial statement examples within this framework were published to serve as an example to financial statements to be prepared by companies obliged to apply TAS, excluding financial institutions established to engage in banking, insurance, private pensions or capital market. The Group made reclassifications stated in Note 2.1 in order to comply with the requirements of this regulation. The following resolutions are valid after reporting period beginning on 21 July 2013 issued for current annual reporting period after 31 December 2012. These resolutions did not have an impact on the financial statements of the Group.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS *(continued)*

2.3.3. Resolutions promulgated by the POA (continued)

In accordance with the Recognition of Mergers of Entities under Joint Control (2013-2) resolution it has been decided that combination of entities under common control should be recognized using the pooling of interest method and thus, goodwill should not be included in the financial statements while using the pooling of interest method, the financial statements should be prepared as if the combination has taken place as of the beginning of the reporting period in which the common control occurred.

Recognition of Dividend Right Certificates (2013-3), clarification has been provided on the conditions and circumstances where the redeemed share certificates and evaluation of measurements and recognization based on financial intrumentents.

Recognition of Cross Shareholding Investment (2013-4), if a subsidiary of a parent entity holds shares of the parent, then this is defined as cross shareholding investment and accounting of this cross investment is assessed based on the type and different recognition principles adopted. The subsidiary holding the equity based financial instruments of the parent, the associates or joint ventures holding the equity based financial instruments of the parent and equity based financial instruments are held by an entity which is accounted as an investment within the scope of TAS 39 and TFRS 9.

2.4 Summary of significant accounting policies

Significant accounting policies used in the preparation of the financial statements are summarized as follows:

2.4.1 Revenue

Revenue includes rental income and Akfen GYO's time deposit interest income.

Rental income

Rental income from investment property is recognized on accrual basis.

Revenue is measured at the fair value of the consideration received or receivable.

2.4.2 Inventories

Trading properties are valued at lower of net realisable value or cost. Lands that are held by the Group for new project developments, raw material and supply expenses, labour and other expenses are the cost elements that are included in the inventory. Cost of the inventory is calculated by using moving weighted average method.

2.4.3 Investment property

a **Operating investment properties**

Investment properties are those which are held either to earn income or for capital appreciation or for both. Investment properties are stated at fair value. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The fair value of the investment properties determined by discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease. Fair value models are designed by taking into consideration the type and the credibility of current or potential tenants, the allocation of maintenance and insurance expenses among lessor and lessee; and the remaining economic life of the property. Fair values of the Group's investment properties located in Turkey and the TRNC are calculated by a real estate appraisal company included in the list of authorized companies to offer appraisal services within the framework of the CMB legislation. Fair values of the Group's investment properties located in Russia are calculated jointly by a real estate appraisal company included in the list of authorized to offer appraisal services within the framework of the CMB legislation and the Group management.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS *(continued)*

2.4 Summary of significant accounting policies *(continued)*

a Operating investment properties *(continued)*

It has been assumed that all notices and where appropriate counter notices have been served validly and within the appropriate time.

Any gain or loss arising from a change in fair value is recognized in profit or loss. Rental income from investment property is accounted for as described in accounting policy in Note 2.4.1.

b **Investment property under development**

Investment properties under development are those which are held either to earn income or for capital appreciation or for both. Investment properties under development are stated at fair value as operating investment property. Fair values of the Group's investment properties located in Turkey and the TRNC are calculated by a real estate appraisal company included in the list of authorized companies to offer appraisal services within the framework of the CMB legislation. Fair values of the Group's investment properties located in Russia are calculated jointly by a real estate appraisal company included in the list of authorized to offer appraisal services within the framework of the CMB legislation and the Group management.

Borrowing costs are capitalized if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalization of borrowing costs may continue until the assets are substantially ready for their intended use.

The fair value of the investment properties under development are determined by discounted cash flow projections based on reliable estimates of future cash flows, using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows and also includes the expenditures required to complete the project except for the Moscow hotel project of HDI which is stated at costs incurred and Northern Cyprus-Bafra hotel project of Akfen GT which is determined with the precedent comparison method.

In terms of valuation techniques, the determination of fair value of investment properties are in level 3(Note 2.6). Movements in fair value changes on investment properties are presented in Note 10.

2.4.4. Property and equipment

Tangible assets acquired before 1 January 2005 are carried at restated cost for the effects of inflation in TL units current at the 31 December 2004 less accumulated depreciation and impairment losses, and tangible assets acquired after 1 January 2005 are carried at acquisition cost less accumulated depreciation and impairment losses.

Depreciation

Depreciation on the tangible assets is provided on straight-line method according to their useful lives from the date of recognition or assembly of the related assets.

The estimated useful lives of the related assets are as follows:

Equipment	6 years
Furniture and fixtures	3-10 years
Motor vehicles	5 years

Subsequent expenditure

Expenditures incurred to replace a component of tangible assets that is accounted for separately, including major inspection and overhaul costs, are capitalized. Other subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of tangible assets. All other expenditures are recognized in the income statement as expense as incurred.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS *(continued)*

2.4 Summary of significant accounting policies *(continued)*

2.4.4. Property and equipment (continued)

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

2.4.5. Intangible assets

Intangible assets include computer software. Intangible assets acquired before 1 January 2005 are carried at restated cost for the effects of inflation in TL units current at the 31 December 2004 less accumulated amortisation and impairment losses, and intangible assets acquired after 31 December 2005 are carried at acquisition cost less accumulated amortisation and impairment losses. Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of the related assets of 3 or 5 years.

2.4.6. Impairment of assets

At each balance sheet date, the carrying of Group's assets, other than investment property (see note 2.4.3) is reviewed to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

2.4.7. Financial instruments

The Group initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS *(continued)*

2.4 Summary of significant accounting policies *(continued)*

2.4.7. Financial instruments *(continued)*

i) Non-derivative financial assets

Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. The Group has the following non-derivative financial assets: financial assets recognized in profit/loss, financial assets held to maturity, loans and borrowings, receivables, financial assets available for sale.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss. The Group has no financial assets at fair value through profit or loss as at 31 March 2014, 31 December 2013 and 31 March 2013.

Held-to-maturity financial assets

If the Group has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held to maturity. Held-to-maturity financial assets are recognized initially at fair value plus any directly attributable transaction. As at 31 March 2014 and 31 December 2013, the Group has no held-to-maturity financial assets.

Receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables, including service concession receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of 3 months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management and project, reserve and fund accounts are also included as a component of cash and cash equivalents for the purpose of cash flows. The usage of project, reserve and fund accounts depend on willing of creditor based on financial agreements. The Group recognizes a financial asset arising from a service concession arrangement when it has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction or upgrade services provided. Such financial assets are measured at fair value upon initial recognition. Subsequent to initial recognition, the financial assets are measured at amortized cost.

If the Group is paid for the construction services partly by a financial asset and partly by an intangible asset, then each component of the consideration is accounted for separately and is recognized initially at the fair value of the consideration.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS *(continued)*

2.4 Summary of significant accounting policies *(continued)*

2.4.7. Financial instruments (continued)

i) Non-derivative financial assets *(continued)*

Other

Other non-derivative financial instruments are measured at amortized cost using the effective interest method, less any impairment losses.

ii) Non-derivative financial liabilities

The Group initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognized initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Group has the following non-derivative financial liabilities: loans and borrowings, and trade and other payables. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

Non-derivative financial liabilities of the Group are: loans and borrowings, bank overdrafts and trade and other liabilities. These kind of liabilities are measured by addition of transaction costs in inital recognition directly related to their fair value. After initial recognition, the liabilities are shown based on amortized values calculated by effective interest method.

iii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

2.4.8. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

2.4.9 Earnings per share

Earnings per share, which is stated income statement, is calculated by dividing net profit by the weighted average number of ordinary shares outstanding during the period. The number of common share available during the period is the sum of number of common share at the beginning of the period and the product of number of common shares exported during the period and a time weighted factor (Note 26).

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS *(continued)*

2.4 Summary of significant accounting policies *(continued)*

2.4.10 Subsequent events

Events after the balance sheet date are those events, favorable and unfavorable, that occur between the balance sheet date and the date when the financial statements are authorized for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed on the balance sheet date (adjusting events after the balance sheet date); and

- those that are indicative of conditions that arose after the balance sheet date (non-adjusting events after the balance sheet date).

If there is evidence of such events as of balance sheet date or if such events occur after balance sheet date and if adjustments are necessary, Group's financial statements are adjusted according to the new situation. The Group discloses the post-balance sheet events that are not adjusting events but material.

2.4.11 Provisions, contingent liabilities and contingent assets

A provision is recognized when the Group has a present implicit or legal obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the specified criteria are not met, the Group discloses the related issues in the accompanying notes. If the inflow of economic benefits is probable contingent assets have been disclosed in the notes to the financial statements. If the inflow of the economic benefit is more than likely to occur such asset and income statement effect has been recognized in the financial statements at the relevant period that income change effect occurs.

2.4.12 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

The Group as lessee

Rental payables under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

2.4.13 Related parties

For the purpose of the accompanying consolidated financial statements, shareholders, key management and board members, in each case together with companies controlled by or affiliated with them, and associated companies are considered and referred to as related parties. Transactions with the related parties consist of the transfer of the assets and liabilities between related parties by a price or free of charge.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS *(continued)*

2.4 Summary of significant accounting policies *(continued)*

2.4.14 Segment reporting

The Group has three reporting segments, which are the Group's strategic business units. The Group management evaluates the performance and determines allocation of resources based on these business units. The Group management reviews the business units based on resource allocation and performance results regularly, since they are affected from different economic conditions and geographical locations each of the strategic business units, although the strategic business units offer same services.

The Group's operating segments are in Turkey, Northern Cyprus and Russia in which the Group is operating in real estate investments.

2.4.15 Discontinued operations

None.

2.4.16 Government grants and incentives

According to the Investment Incentive Law numbered 47/2000, the Group has a 100% of investment incentive on capital expenditures made until 31 December 2008 in Northern Cyprus for an indefinite time.

2.4.17 Taxation

According to Article 5/1(d) (4) of the New Corporate Tax Law 5520, the income of Real Estate Investment Trusts ("REIT") is exempt from Corporate Income Tax in Turkey. This exemption is also applicable to Quarterly Advance Corporate Tax.

According to Article 15/ (3) the income of REITs is subject to 15% withholding tax irrespective of its distribution. The Council of Ministers has the authority to increase the withholding tax rate on REIT income to corporate income tax rate or reduce it to 0% or change it within the limits defined through Article 15/(34) of New Corporate Tax Law. In accordance with New Corporate Tax Law Article 15 / (2), income subject to corporate tax is also exempt from withholding tax.

According to temporary Article (1) of the New Corporate Tax Law, resolutions of the Council of Ministers related with Income Tax Law numbered 193 and Tax Law No: 5422 are valid up to new

Decrees published by the Council of Ministers. Determined rates cannot exceed statutory limits defined at New Corporate Tax Law.

Based on the resolution of the Council of Ministers numbered 2009/14594 related to the withholding tax rates which were determined as 15% according to the New Corporate Tax Law Article 15/ (3) published in the Official Gazette dated 3 February 2009 numbered 27130, the withholding tax rate is determined as 0% and this resolution is effective on the same date. According to Article 5/1(d) (4) the income of REITs is subject to 0% withholding tax irrespective of its distribution.

Akfen GT's head office operating in Turkey and Akfen Karaköy are subject to the 20% of taxation on its taxable income. Akfen GT's branch operating in Northern Cyprus is subject to a corporate tax rate of 23.5%. In Turkey, the transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law with the heading of "disguised profit distribution via transfer pricing". The General Communiqué on disguised profit distribution via Transfer Pricing, dated 18 November 2007 sets details about implementation.

If a taxpayer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS *(continued)*

2.4. Summary of significant accounting policies *(continued)*

2.4.17 Taxation (continued)

Deferred tax liability or asset is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts reported for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax liabilities and assets are recognized in the financial statements from the enacted or substantially enacted tax rates to the extent that the temporary differences in the subsequent periods will be reversed. Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deferred tax asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. The current tax rates are used in the computation of deferred tax.

Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income tax levied by the same taxation authority.

RHI, RPI and HDI are subject to 20% corporate tax income and are not subject to income tax for dividend yield according to regulations of the Netherlands.

2.4.18 Employee benefits / reserve for employee termination benefits

In accordance with the existing labor code in Turkey, the Group is required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct.

The Group calculated the severance pay liability for the retirement of its employees by discounting the future liabilities to their present values, by using actuarial method and reflected to the financials.

Reserve for severance payment is calculated according to the ceiling rate announced by the Government. As at 31 March 2014 and 31 December 2013 the ceiling rates are TL 3,438 and TL 3,254, respectively.

Provided that the effect of actuarial losses and gains on profit before tax is important, they are recognized as other comprehensive income.

2.4.19 Pension plans

None.

2.4.20 Agricultural operations

None.

2.4.21 Statement of cash flows

The Group presents statement of cash flows as an integral part of other financial statements to inform the users of financial statements about the changes in its net assets, its financial structure and its ability to manage the amount and timing of its cash flows under new conditions.

2.4.22 Expenses

Expenses are recognized in profit or loss on accrual basis.

2.4.23 Finance income and costs

Finance income and costs are recognized as it accrues, using the effective interest method or considering an appropriate variable interest rate. Finance income and costs comprise the difference between the value of interest bearing instrument at inception date and its value at the maturity date calculated using effective interest rate method or net present value of premium or dicounts.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS *(continued)*

2.5. Investment portfolio limitations on real estate investment trust

Supplementary information in the Appendix: “Compliance control on portfolio limitations” are derived from the financial statements, according to the article 16 Communiqué II No 14.1 of CMB, “Principles Regarding Financial Reporting on Capital Markets”, and prepared in accordance with the related articles of the Communiqué III, No: 48.1 of CMB related to the portfolio limitation compliance controls.

Since the information in the Appendix are unconsolidated, they may differ from the consolidated information in the financial statements.

2.6. Determination of fair values

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability. Fair value, according to valuation techniques used are classified into the following levels:

Level 1: For identical assets or liabilities in active markets (unadjusted) prices;

Level 2: 1st place other than quoted prices and asset or liability, either directly (as prices) or indirectly (ie derived from prices) observable data ;

Level 3: Asset or liability is not based on observable market data in relation to the data (non-observable data).

3. JOINTLY CONTROLLED ENTITIES

As at 31 March 2014, 31 December 2013 and 31 March 2013, the Group has no jointly controlled entities.

4. SEGMENT REPORTING

The Group has three reporting segments, which are the Group’s strategic business units. The Group management evaluates the performance and determines allocation of resources based on these business units. The Group management reviews the business units based on resource allocation and performance results regularly, since they are affected from different economic conditions and geographical locations each of the strategic business units, although the strategic business units offer same services. Since the Group operates only in real estate investments in Turkey, Northern Cyprus and Russia, operating segments are provided in geographical segment.

31 March 2014:

	Turkey	TRNC	Russia	Elimination	Total
Revenue	5,299,763	3,496,119	2,717,427	--	11,513,309
Cost of sales	(1,085,175)	(36,398)	(256,398)	--	(1,377,971)
GROSS PROFIT	**4,214,588**	**3,459,721**	**2,461,029**	**--**	**10,135,338**
General administrative expenses	(845,233)	(87,783)	(579,051)	--	(1,512,067)
Other operating income	17,280	--	755,759	--	773,039
Other operating expenses	(83,773)	(6,182)	(1,420,450)	--	(1,510,405)
OPERATING PROFIT	**3,302,862**	**3,365,756**	**1,217,287**	**--**	**7,885,905**
Financial income	188,975	--	26,413	--	215,388
Financial expenses	(11,533,269)	(763,024)	(12,889,218)	--	(25,185,511)
(LOSS)/PROFIT BEFORE TAX	**(8,041,432)**	**2,602,732**	**(11,645,518)**	**--**	**(17,084,218)**
Current tax income/(expense)	163,779	(613,358)	1,435,854	--	986,275
-Deferred tax income/(expense)/	*163,779*	*(613,358)*	*1,435,854*	--	*986,275*
(LOSS)/PROFIT FOR THE PERIOD	**(7,877,653)**	**1,989,374**	**(10,209,664)**	**--**	**(16,097,943)**
31 March 2014:					
Reportable segment assets	1,232,235,849	231,486,853	332,594,524	(285,227,093)	**1,511,090,133**
Reportable segment liabilities	405,045,399	79,502,768	179,461,802	(58,440,318)	**605,569,651**
Capital expenditures	6,130,876	18,242	6,240,823	--	**12,389,941**
Depreciation and amortization expenses	4,865	3,405	7,272	--	**15,542**

4. SEGMENT REPORTING *(continued)*

31 March 2013:

	Turkey	TRNC	Russia	Elimination	Total
Revenue	4,552,614	2,844,775	1,286,123	--	8,683,512
Cost of sales	(1,109,495)	(32,726)	(122,697)	--	(1,264,918)
GROSS PROFIT	**3,443,119**	**2,812,049**	**1,163,426**	**--**	**7,418,594**
General administrative expenses	(1,141,126)	(82,728)	(919,753)	--	(2,143,607)
Other operating income	26,159	2	1,269,446	--	1,295,607
Other operating expenses	(18,573)	(12,017)	(141,513)	--	(172,103)
OPERATING PROFIT	**2,309,579**	**2,717,306**	**1,371,606**	**--**	**6,398,491**
Financial income	2,783,239	408,312	820,019	--	4,011,570
Financial expenses	(3,772,262)	(582,745)	(1,272,793)	--	(5,627,800)
PROFIT BEFORE TAX	**1,320,556**	**2,542,873**	**918,832**	**--**	**4,782,261**
Current tax income/(expense)	156,642	(599,667)	(324,189)	--	(767,214)
-Deferred tax income/(expense)	*156,642*	*(599,667)*	*(324,189)*	--	*(767,214)*
PROFIT FOR THE PERIOD	**1,477,198**	**1,943,206**	**594,643**	**--**	**4,015,047**
31 December 2013:					
Reportable segment assets	1,226,100,990	231,513,616	348,305,102	(287,393,676)	**1,518,526,032**
Reportable segment liabilities	391,032,888	81,518,905	176,589,069	(63,406,364)	**585,734,498**
31 March 2013:					
Capital expenditures	8,882,747	2,893,203	5,260,771	--	**17,036,721**
Depreciation and amortization expenses	9,088	--	6,521	--	**15,609**

5. RELATED PARTY DISCLOSURES

5.1. Related party balances

Due from related parties (trade):

As at 31 March 2014 and 31 December 2014, the Company has no due from related parties (trade).

Due to related parties (trade):

As at 31 March 2014 and 31 December 2013, the Company has no due to related parties (trade).

	31 March 2014	**31 December 2013**
Akfen İnşaat Turizm ve Ticaret A.Ş.	769,091	751,010
	769,091	**751,010**

As at 31 March 2014 and 31 December 2013, all amount of due to related parties is comprised from the prices difference invoices obtained from Akfen İnşaat Turizm ve Ticaret A.Ş. related to progress payments of Esenyurt, İzmir ve Adana projects of the Company.

Due to related parties (other):

As at 31 March 2014 and 31 December 2013, the Company has no due to related parties (other).

Guarantees given to and provided from related parties is explained in Note 7.

5.2. Related party transactions

a) Operating investment purchases (Investment properties under development)

	1 January - 31 March 2014	**1 January - 31 March 2013**
Akfen İnşaat Turizm ve Ticaret A.Ş.	4,328,658	3,231,733
	4,328,658	**3,231,733**

b) Rent expenses

	1 January - 31 March 2014	**1 January - 31 March 2013**
Hamdi Akın	69,425	66,843
	69,425	**66,843**

c) Interest income

	1 January - 31 March 2014	**1 January - 31 March 2013**
Akfen İnşaat Turizm ve Ticaret A.Ş.	--	195
Akfen Holding	648	--
	648	**195**

5. RELATED PARTY DISCLOSURES *(continued)*
5.2. Related party transactions *(continued)*

d) Interest expenses

	1 January - 31 March 2014	**1 January - 31 March 2013**
Akfen Holding	--	77,483
Akfen İnşaat Turizm ve Ticaret A.Ş.	11	91
	11	**77,574**

e) Remuneration of top management

	1 January - 31 March 2014	**1 January - 31 March 2013**
Current portion of remuneration of top management	476,112	514,398
	476,112	**514,398**

6. CASH AND CASH EQUIVALENTS

	31 March 2014	**31 December 2013**
Cash on hand	17,888	12,831
Cash at banks	19,385,152	22,433,371
- *Demand deposits*	*2,196,092*	*4,829,194*
- *Time deposits*	*17,189,060*	*17,604,177*
Project, reserve accounts	6,521,919	7,880,037
Cash and cash equivalents	**25,924,959**	**30,326,239**
Project, reserve accounts	(6,521,919)	(7,880,037)
Cash and cash equivalents in cash flow statement	**19,403,040**	**22,446,202**

As at 31 March 2014, there is no blockage on cash and cash equivalents (31 December 2013: None).

Demand deposits

As at 31 March 2014 and 31 December 2013 demand deposits are comprised of the following currencies at TL equivalents:

	31 March 2014	**31 December 2013**
Euro	1,679,734	4,661,002
Russian Ruble	328,802	129,341
TL	182,008	26,049
USD	5,548	12,802
Total demand deposits	**2,196,092**	**4,829,194**

6. CASH AND CASH EQUIVALENTS *(continued)*

Time deposits

As at 31 March 2014 and 31 December 2013 time deposits are comprised of the following currencies and banks:

Bank	Currency	Maturity	Interest Rate	31 March 2014
Ziraat Bankası	TL	April 2014	8,50%	7,170,000
Ziraat Bankası	Euro	April 2014	%0,10%	5,833,968
Credit Europe Bank	Euro	June 2014	2,25% - 2,50%	3,535,092
Odeabank A.Ş.	TL	April 2014	7,00%	650,000
TOTAL				**17,189,060**

Bank	Currency	Maturity	Interest Rate	31 December 2013
Ziraat Bankası	TL	January 2014	5%	7,166,290
Ziraat Bankası	Euro	January 2014	2.75%	6,372,205
Credit Europe Bank	Ruble	January 2014	5.50% - 7.75%	3,715,682
Türkiye İş Bankası A.Ş.	TL	January 2014	5.50%	350,000
TOTAL				**17,604,177**

Project and Reserve Accounts

Within the framework of loan agreement signed in 17 January 2013 related to Karaköy Novotel Project of Akfen Karaköy, for funding the investment debt repayment expenditures, operational and managerial expenditures and cash surplus accounts of the project, the accounts are opened such as lease revenue account, foundation lease revenue reserve account, debt payment reserve account, investment expenditures and operational expenditures account, cash surplus account.

As of 31 March 2014 and 31 December 2013, the details of project, reserve accounts and interest rates are shown as below:

31 March 2014

Bank	Currency	Maturity	Interest Rate	31 March 2014
Türkiye İş Bankası A.Ş.	Euro	April 2014	0.50%	6,104,616
Türkiye İş Bankası A.Ş.	TL	April 2014	6.00%	390,000
				6,494,616
Demand deposits				27,303
TOPLAM				**6,521,919**

31 December 2013

Bank	Currency	Maturity	Interest Rate	31 March 2014
Türkiye İş Bankası A.Ş.	Euro	January 2014	0.50%	4,889,290
Türkiye İş Bankası A.Ş.	TL	January 2014	5.50%	2,900,000
				7,789,290
Demand deposits				90,747
TOPLAM				**7,880,037**

7. FINANCIAL LIABILITIES

As at 31 March 2014 and 31 December 2013 the details of loans and borrowings are as follows:

	31 March 2014	31 December 2013
Current financial liabilities:		
Short-term bank borrowings	22,256,417	8,504,390
Current portion of long-term bank borrowings	78,706,635	83,782,797
Non-current financial liabilities:		
Long-term bank borrowings	424,706,797	408,511,424
Total financial liabilities	**525,669,849**	**500,798,611**

The repayment schedule of financial liabilities is as follows:

	31 March 2014	31 December 2013
Less than one year	100,963,051	92,287,187
Between one and two years	73,798,688	62,613,210
Between two and three years	75,943,508	71,555,995
Between three and four years	78,824,260	75,525,166
Between four and five years	52,385,780	56,981,621
In five years and longer	143,754,562	141,835,432
Total financial liabilities	**525,669,849**	**500,798,611**

31 March 2014:

Currency	Interest rate (%)	Original currency	Current	Non-current	Total
Euro (1)	Euribor + 3.75%	54,728,867	27,806,700	136,773,950	164,580,650
Euro (1)	Euribor + 5.00%	7,294,132	541,504	21,393,411	21,934,915
Euro (2)	Euribor + 5.25%	15,391,300	1,176,717	45,108,000	46,284,717
Euro (3)	Euribor + 6,00%	7,006,550	7,036,496	14,033,600	21,070,096
Euro (4)	6.95%	3,476,804	10,455,446	--	10,455,446
Euro (5)	7.50%	4,082,849	12,277,944	--	12,277,944
TL (6)	15.80%	21,000,000	21,000,000	--	21,000,000
TL (7)	16.00%	1,256,417	1,256,417	--	1,256,417
Euro (8)	Euribor + 4.60%	12,005,265	9,037,432	27,064,800	36,102,232
Euro (9)	Euribor + 6.35%	13,435,048	556,475	39,845,400	40,401,875
Euro (10)	Euribor + 7.00%	7,577,904	1,890,995	20,897,279	22,788,274
Euro (11)	Euribor + 6.50%	11,774,602	3,413,380	31,995,202	35,408,582
Euro (12)	Euribor + 6.50%	6,943,996	2,439,365	18,442,619	20,881,984
Euro (13)	Euribor + 6.50%	8,803,261	2,074,181	24,398,985	26,473,166
Euro (14)	Euribor + 7.35%	14,882,134	--	44,753,551	44,753,551
			100,963,052	**424,706,797**	**525,669,849**

7. FINANCIAL LIABILITIES *(continued)*

(1) The Company signed a loan agreement amountinf of Euro 100 million on 30 July 2008 to finance the ongoing hotel projects based on the Memorandum of Understanding ("MoU") signed between the Company and ACCOR S.A. to develop hotel projects in Turkey. According to loan agreement signed in 02 November 2012, the interest rate of loans to be issued for Ankara Esenboğa Ibis Hotel project is Euribor + 5%. The interest rates of the loans issued for other projects under the loan agreement is not changed and it is Euribor + 3.75%. Bank borrowings obtained with this agreement is secured by the followings:

- Right of tenancy of the hotels in Gaziantep, Kayseri, Trabzon, Bursa, Zeytinburnu and Ankara Esenboğa land and the lands on which hotels are going to be built in Esenyurt and Adana are pledged in favor of the creditors in first degree,
- Rent revenue of these hotels is pledged to the creditors,
- Demand deposits in banks and financial institutions related with these projects are pledged in favor of the creditors,
- Sureties of Akfen Holding and Akfen İnşaat Turizm ve Ticaret A.Ş. ("Akfen İnşaat"), the shareholders' of the Company, are given for the completion guarantee of the related projects. As of 31 March 2014, this guarantee is valid for only Ankara Esenboğa Ibis Hotel project.

(2) On 22 October 2013, Euro 15,000,000 loan with 4 year maturity has been used. Bank borrowings obtained is secured by the followings:

- Merit Park Hotel which is in the portfolio of Akfen GT is pledged to in favor of creditors in second degree,
- Sureties of Akfen GT is given for the total outstanding loan amount.

(3) On 27 March 2014, Euro 7,000,000 loan with 2 year maturity has been used. Sureties of Akfen Holding are given for the total outstanding loan amount.

(4) On 29 November 2012, Euro 5,000,000 loan with 2 year maturity has been used. As of 31 March 2014, the loan balance is Euro 3,476,804 and sureties of Akfen Holding are given for the total outstanding loan amount.

(5) On 20 September 2013, Euro 6,000,000 loan with 2 year maturity has been used. As of 31 March 2014, the loan balance is Euro 4,082,849 and sureties of Akfen Holding are given for the total outstanding loan amount.

(6) On 20 March 2014, TL 21,000,000 revolving loan has been Sureties of Akfen Holding for the loan is given for the total outstanding loan amount.

(7) On 31 March 2014 TL 1,250,000 spot loan has been used. Sureties of Akfen Holding and Akfen İnşaat for the loan are given for the total outstanding loan amount.

(8) On 29 March 2013, Euro 15,000,000 loan with 5 year maturity has been used. As of 31 March 2014, the loan balance is Euro 12,000,000. Bank borrowings obtained is secured by the followings:

- Rent revenue of the casino in Merit Park Hotel is alienated in favor of the creditor,
- Rent revenue of Merit Park Hotel is alienated in favor of the creditor,
- Sureties of Akfen GYO is given for the total outstanding loan amount,
- Right of tenancy of Merit Park Hotel is pledged in favor of the creditor.

7. FINANCIAL LIABILITIES *(continued)*

(9) On 17 January 2013, a loan agreement with Euro 25,500,000 loan limit has been signed for financing the Karaköy Novotel project which is in the portfolio of the Company. Bank borrowings obtained with this agreement is secured by the followings:

- Rent revenue which occurs after Karaköy Novotel starts its operations is alienated in favor of the creditor,
- The deposit accounts opened in bank and financial corporations under Karaköy Novotel project are pledged to the favor of creditor,
- The total revenue that may be gained in the future under the insurance made for Karaköy Novotel project are pledged to the favor of the creditor,
- All receivables of principal shareholders from Akfen Karaköy due to principal shareholders' delivering capital amounts are pledged to the favor of the creditor,
- The shares and share certificates/securities belonging to shareholders of Akfen Karaköy are pledged to the favor of the creditor,
- The right of tenancy of the hotels in Esenyurt, Kayseri, Trabzon, Gaziantep, Bursa, Adana and Zeytinburnu and right of tenancy of lands in Adana and Ankara Esenboğa are pledged to the favor of the creditor as second-degree and first rank mortgage,

(10) It is loan used related to Samara Office in portfolio of Russian Property on 07 August 2013. Bank borrowings obtained with this agreement is secured by the followings:

- RPI has given its 100% share related to Volgostroykom as guarantee,
- Office building are pledged in favor of creditors in the first degree,
- Sureties of Akfen GYO and Akfen GT are given for the total amount of Euro10,044,444,
- Rent revenue is alienated in favor of the creditor.

(11) As of 31 March 2014, remaining balance of loan that has been used within the scope of agreement signed related to Samara Ibis Hotel on 26 February 2012. Bank borrowings obtained with this agreement is secured by the followings:

- Sureties of Akfen Holding are given for the total outstanding loan amount,
- Based upon the loans used related to Yaroslavl Ibis Hotel, Samara Ibis Hotel and Kaliningrad Ibis Hotel, the company pledged, the shares of RHI in Akfen GT and Cüneyt Baltaoğlu in ratio of 95% and 5%, respectively,
- The land and Samara Hotel building owned by the Group are pledged in favor of creditors,
- Rent revenue is alienated in favor of the creditor.

(12)As of 31 March 2014, remaining balance of loan that has been used within the scope of agreement signed related to Yaroslavl Ibis on 7 September 2012. Bank borrowings obtained with this agreement is secured by the followings:

- Sureties of Akfen Holding are given for the total outstanding loan amount,
- Based upon the loans used related to Yaroslavl Ibis Hotel, Samara Ibis Hotel and Kaliningrad Ibis Hotel, the company pledged, the shares of RHI in Akfen GT and Cüneyt Baltaoğlu in ratio of 95% and 5%, respectively,
- The land and Yaroslav Hotel building owned by the Group are pledged in favor of creditors,
- Rent revenue is alienated in favor of the creditor.

7. FINANCIAL LIABILITIES *(continued)*

(13) As of 31 March 2014, remaining balance of loan that has been used within the scope of agreement signed related to Kaliningrad Ibis Hotel project on 7 September 2012. Bank borrowings obtained with this agreement is secured by the followings:

- Sureties of Akfen Holding are given for the total outstanding loan amount,
- Based upon the loans used related to Yaroslavl Ibis Hotel, Samara Ibis Hotel and Kaliningrad Ibis Hotel, the company pledged, the shares of RHI in Akfen GT and Cüneyt Baltaoğlu in ratio of 95% and 5%, respectively,
- The land and Kaliningrad Hotel building owned by the Group are pledged in favor of creditors,
- Rent revenue is alienated in favor of the creditor.

(14) It is related to loan with Euro 25,500,000 limit obtained for financing the Moscow Novotel project which is in portfolio of HDI. Bank borrowings obtained with this agreement is secured by the followings:

- HDI has given its 100% share related to Severnyi Avtovokzal Limited company as guarantee,
- Land of the related project are pledged in favor of creditors in the first degree. After completion of the hotel, the hotel building will also be pledged in favor of creditors,
- Sureties of Akfen GYO and Akfen GT are given for the total amount of Euro 38,000,000,
- Rent revenue is alienated in favor of the creditor.

31 December 2013:

Currency	Interest rate (%)	Original currency	Current	Non-current	Total
Euro (1)	Euribor + 3.75%	57,122,889	27,469,262	140,272,110	167,741,372
Euro (1)	Euribor + 5.00%	6,061,930	181,858	17,619,000	17,800,858
Euro (2)	Euribor + 5.25%	15,171,194	502,710	44,047,500	44,047,500
Euro (3)	8.75%	5,118,365	15,030,079	--	--
Euro (4)	6.95%	3,414,219	10,025,855	--	--
Euro (5)	7.50%	6,128,036	12,232,893	5,762,085	5,762,085
TL (6)	12.00%	3,502,450	3,502,450	--	3,502,450
TL (6)	13.30%	5,001,940	5,001,940	--	5,001,940
Euro (7)	Euribor + 4.60%	13,678,952	9,334,991	30,833,250	30,833,250
Euro (8)	Euribor + 6.35%	12,918,738	495,498	37,440,375	37,440,375
Euro (9)	Euribor + 7.00%	7,576,373	1,309,713	20,938,307	20,938,307
Euro (10)	Euribor + 6.50%	11,988,039	3,173,878	32,028,998	32,028,998
Euro (11)	Euribor + 6.50%	7,100,312	2,262,726	18,587,339	18,587,339
Euro (12)	Euribor + 6.50%	8,881,716	1,763,334	24,317,823	24,317,823
Euro (13)	Euribor + 7.35%	12,485,829	--	36,664,637	36,664,637
			92,287,187	**408,511,424**	**500,798,611**

(1) The Company signed a loan agreement amountinf of Euro 100 million on 30 July 2008 to finance the ongoing hotel projects based on the Memorandum of Understanding ("MoU") signed between the Company and ACCOR S.A. to develop hotel projects in Turkey. According to loan agreement signed in 02 November 2012, the interest rate of loans to be issued for Ankara Esenboğa Ibis Hotel project is Euribor + 5%. The interest rates of the loans issued for other projects under the loan agreement is not changed and it is Euribor + 3.75%. Bank borrowings obtained with this agreement is secured by the followings:

- Right of tenancy of the hotels in Gaziantep, Kayseri, Trabzon, Bursa, Zeytinburnu and Ankara Esenboğa land and the lands on which hotels are going to be built in Esenyurt and Adana are pledged in favor of the creditors in first degree,

7. FINANCIAL LIABILITIES *(continued)*

- Rent revenue of these hotels is pledged to the creditors,
- Demand deposits in banks and financial institutions related with these projects are pledged in favor of the creditors,
- Sureties of Akfen Holding and Akfen İnşaat Turizm ve Ticaret A.Ş. ("Akfen İnşaat"), the shareholders' of the Company, are given for the completion guarantee of the related projects. As of 31 March 2014, this guarantee is valid for Ankara Esenboğa Ibis Hotel project.

(2) On 22 October 2013, Euro 15,000,000 loan with 4 year maturity has been used. Bank borrowings obtained is secured by the followings:

- Merit Park Hotel which is in the portfolio of Akfen GT is pledged to in favor of creditors in second degree,
- Sureties of Akfen GT is given for the total outstanding loan amount.

(3) On 29 March 2012, Euro 10,000,000 loan with 2 year maturity has been used. As of 31 March 2014, the loan balance is Euro 5.000.000 and sureties of Akfen Holding are given for the total outstanding loan amount.

(4) On 29 November 2012, Euro 5,000,000 loan with 2 year maturity has been used. As of 31 March 2014, the loan balance is Euro 3,414,219 and sureties of Akfen Holding are given for the total outstanding loan amount.

(5) On 20 September 2013, Euro 6,000,000 loan with 2 year maturity has been used. Sureties of Akfen Holding are given for the total outstanding loan amount.

(6) On 30 December 2013, TL 3,500,000 revolving loan has been used. Sureties of Akfen Holding for the loan is given for the total outstanding loan amount.

(7) On 31 December 2013, TL 5,000,000 spot loan has been used. Sureties of Akfen Holding and Akfen İnşaat for the loan is given for the total outstanding loan amount.

(8) On 29 March 2013, Euro 15,000,000 loan with 5 year maturity has been used from Ziraat Bankası. As of 31 March 2014, the loan balance is Euro 13,500,000. Bank borrowings obtained is secured by the followings:

- Rent revenue of the casino in Merit Park Hotel is alienated in favor of the creditors,
- Rent revenue of Merit Park Hotel is alienated in favor of the creditor,
- Sureties of Akfen GYO is given for the total outstanding loan amount,
- Right of tenancy of Merit Park Hotel is pledged in favor of the creditor.

(9) On 17 January 2013, a loan agreement with Euro 25,500,000 loan limit has been signed with Türkiye İş Bankası for financing the Karaköy Novotel project which is in the portfolio of the Company. Bank borrowings obtained with this agreement is secured by the followings:

- Rent revenue which occurs after Karaköy Novotel starts its operations is alienated in favor of the creditor,
- The deposit accounts opened in bank and financial corporations under Karaköy Novotel project are pledged to the favor of creditor,
- The total revenue that may be gained in the future under the insurance made for Karaköy Novotel project are pledged to the favor of the creditor,
- All receivables of principal shareholders from Akfen Karaköy due to principal shareholders' delivering capital amounts are pledged to the favor of the creditor,
- The shares and share certificates/securities belonging to shareholders of Akfen Karaköy are pledged to the favor of the creditor,

7. FINANCIAL LIABILITIES *(continued)*

- The right of tenancy of the hotels in Esenyurt, Kayseri, Trabzon, Gaziantep, Bursa, Adana and Zeytinburnu and right of tenancy of lands in Adana and Ankara Esenboğa are pledged to the favor of the creditor as second-degree and first rank mortgage,

(10) It is loan used related to Samara Office in portfolio of Russian Property on 07 August 2013. Bank borrowings obtained with this agreement is secured by the followings:

- RPI has given its 100% share related to Volgostroykom as guarantee,
- Office building are pledged in favor of creditors in the first degree,
- Sureties of Akfen GYO and Akfen GT are given for the total amount of Euro10,044,444,
- Rent revenue is alienated in favor of the creditor.

(11) As of 31 March 2014, remaining balance of loan that has been used within the scope of agreement signed related to Samara Ibis Hotel on 26 February 2012. Bank borrowings obtained with this agreement is secured by the followings:

- Sureties of Akfen Holding are given for the total outstanding loan amount,
- Based upon the loans used Banks related to Yaroslavl Ibis Hotel, Samara Ibis Hotel and Kaliningrad Ibis Hotel, the company pledged, the shares of RHI in Akfen GT and Cüneyt Baltaoğlu in ratio of 95% and 5%, respectively,
- The land and Samara Hotel building owned by the Group are pledged in favor of creditors,
- Rent revenue is alienated in favor of the creditor.

(12)As of 31 March 2014, remaining balance of loan that has been used within the scope of agreement signed related to Yaroslavl Ibis on 7 September 2012. Bank borrowings obtained with this agreement is secured by the followings:

- Sureties of Akfen Holding are given for the total outstanding loan amount,
- Based upon the loans used related to Yaroslavl Ibis Hotel, Samara Ibis Hotel and Kaliningrad Ibis Hotel, the company pledged, the shares of RHI in Akfen GT and Cüneyt Baltaoğlu in ratio of 95% and 5%, respectively,
- The land and Yaroslav Hotel building owned by the Group are pledged in favor of creditors,
- Rent revenue is alienated in favor of the creditor.

(12) As of 31 March 2014, remaining balance of loan that has been used within the scope of agreement signed related to Kaliningrad Ibis Hotel project on 7 September 2012. Bank borrowings obtained with this agreement is secured by the followings:

- Sureties of Akfen Holding are given for the total outstanding loan amount,
- Based upon the loans used related to Yaroslavl Ibis Hotel, Samara Ibis Hotel and Kaliningrad Ibis Hotel, the company pledged, the shares of RHI in Akfen GT and Cüneyt Baltaoğlu in ratio of 95% and 5%, respectively,
- The land and Kaliningrad Hotel building owned by the Group are pledged in favor of creditors,
- Rent revenue is alienated in favor of the creditor.

(13)) It is related to loan with Euro 25,500,000 limit obtained for financing the Moscow Novotel project which is in portfolio of HDI. Bank borrowings obtained with this agreement is secured by the followings:

- HDI has given its 100% share related to Severnyi Avtovokzal Limited company as guarantee,
- Land of the related project are pledged in favor of creditors in the first degree. After completion of the hotel, the hotel building will also be pledged in favor of creditors,
- Sureties of Akfen GYO and Akfen GT are given for the total amount of Euro 38,000,000,
- Rent revenue is alienated in favor of the creditor.

8. TRADE RECEIVABLES AND PAYABLES

a) Short-term trade receivables

As at 31 March 2014 and 31 December 2013, short-term trade receivables comprised the followings:

	31 March 2014	31 December 2013
Trade receivables from third parties	8,948,530	6,031,253
	8,948,530	**6,031,253**

As at 31 March 2014, TL 6,113,624 (31 December 2013: TL 3,498,886) and TL 2,655,181 (31 December 2013: TL 2,322,541) portions of total trade receivables are comprised of receivables of the Company from Tamaris Turizm A.Ş. – operator of the hotels in Turkey and Russian Hotel Management Company – operator of the hotels in Russia - related to hotel rental revenue.

b) Short-term trade payables

As at 31 March 2014 and 31 December 2013, short-term trade payables comprise the followings:

	31 March 2014	31 December 2013
Trade payables to related parties(1)	769,091	751,010
Trade payables to third parties	6,071,471	10,485,273
- Other trade payables(2)	*2,995,945*	*5,765,490*
-Accruals for consruction cost(3)	*2,012,658*	*4,245,285*
-Other expense accruals	*1,062,868*	*474,498*
	6,840,562	**11,236,283**

(1) As at 31 March 2014 and 31 December 2013, all amount of trade payables due to related parties is comprised of the price differences of invoices obtained from Akfen İnşaat related to progress payments of Esenyurt, İzmir ve Adana projects of the Company. Related amount is shown in related party footnote (Note 5).

(2) As at 31 March 2014, TL 1,295,255 (31 December 2013: TL 1,741,461), TL 653,719 (31 December 2013: TL 1,225,507) portions of other trade payables comprise the payables to Kasa Story and for constructions work in Russia, respectively.

(3) As at 31 March 2014 and 31 December 2013 accruals for construction costs are comprised of the progress invoices related with the ongoing projects of Ankara Esenboğa and Karaköy.

(4) As of 31 March 2014, TL 371.238 of other expense accruals is composed of provision of loan usage commission based on loan agreement Akfen GYO signed and TL TL 454.151 of remaining amount is composed of expense provision related to lawsuit process of Moscow project that the Group plans to develop in Russia.

9. OTHER RECEIVABLES AND PAYABLES

a) Other current receivables

As at 31 March 2014 and 31 December 2013, other current receivables are comprised of the followings:

	31 March 2014	31 December 2013
Other receivables from third parties	34,769	44,062
	34,769	**44,062**

9. OTHER RECEIVABLES AND PAYABLES *(continued)*

b) Other non-current receivables

As at 31 March 2014 and 31 December 2013 other non-current receivables are comprised of the followings:

	31 March 2014	31 December 2013
Other receivables from third parties	10,070,704	9,668,011
Deposits and guarantees given	176,182	112,244
	10,246,886	**9,780,255**

As at 31 March 2014, other non- current receivables are mainly comprised of capital receivables of Akfen GT related to capital paid on behalf other shareholders of Akfen Karaköy and other shareholders of RHI and RPI, amounting to TL 7,932,274 (31 December 2013: TL 7,599,827) and TL 2,138,430 (31 December 2013: TL 2,067,929), respectively.

c) Other current payables

As at 31 March 2014 and 31 December 2013 other current payables comprised the followings:

	31 March 2014	31 December 2013
Taxes and funds payable	485,588	466,802
Loan commission accrual(1)	65,708	75,933
Social security premiums payable	8,909	8,818
Other payables	317,563	230,432
	877,768	**781,985**

(1) Loan commission accrual is arising from the loan agreement of Company which was signed for Ankara Esenboğa Ibis Otel and Karaköy Novotel project. The Company pays commitment commission which is calculated as an annual rate of on the unused portion of the loan at each quarter from the agreement dates until the maturity dates (Note 7).

10. INVESTMENT PROPERTY AND INVESTMENT PROPERTY UNDER DEVELOPMENT

As at 31 March 2014 and 31 December 2013 details of investment property and investment property under development are as follows:

	31 March 2014	31 December 2013
Operating investment properties	1,115,736,853	1,129,195,631
Investment properties under development	296,045,200	289,703,095
Total	**1,411,782,053**	**1,418,898,726**

Operating investment properties:

As at 31 March 2014 and 31 December 2013 movements in operating investment property are as follows:

	31 March 2014	31 December 2013
Opening balance	1,129,195,631	872,850,482
Additions	145,309	4,653,059
Transfer from development projects	--	106,160,792
Foreign currency translation difference	(13,604,087)	16,435,481
Fair value gain/(loss), net	--	129,095,817
Carrying amount	**1,115,736,853**	**1,129,195,631**

10. INVESTMENT PROPERTY AND INVESTMENT PROPERTY UNDER DEVELOPMENT *(continued)*

Operating investment properties: *(continued)*

As at 31 December 2013, the transfer from development projects composed of İzmir Ibis Hotel and Kaliningrad Ibis Hotel which were completed during the period.

As at 31 December 2013, the fair value adjustment on investment property is recognized based on the fair values of the investment property. Fair values of the Group's investment properties located in Turkey and the TRNC are calculated by a real estate appraisal company included in the list of authorized companies to offer appraisal services within the framework of the CMB legislation. Fair values of the Group's investment properties located in Russia are calculated jointly by a real estate appraisal company included in the list of authorized to offer appraisal services within the framework of the CMB legislation and the Group management. The fair values of the investment properties of which right of buildings are held, are determined as the present value of aggregate of the estimated cash flows expected to be received from renting out the property and the fair values of the investment properties which the company owns, are determined as the present value of aggregate of the estimated cash flows for the period of lease agreement made with ACCOR S.A. In the valuation process, a projection period which covers the lease term for right of tenancy of each hotel is taken into consideration. The fair value is calculated by discounting the estimated cash flows at a rate which is appropriate for the risk level of the economy, market and the business to determine its present value.

As at 31 March 2014 and 31 December 2013, the fair values of operating investment properties in Turkey and Northern Cyprus are as follows:

	31 March 2014			31 December 2013		
	Date of appraisal report	**Appraisal report value**	**Fair value**	**Date of appraisal report**	**Appraisal report value**	**Fair value**
Zeytinburnu Novotel and Ibis Hotel	31 December 2013	247,380,000	247,380,000	31 December 2013	247,380,000	247,380,000
Merit Park Hotel	31 December 2013	218,946,000	218,946,000	31 December 2013	218,946,000	218,946,000
Trabzon Novotel	31 December 2013	96,770,000	96,770,000	31 December 2013	96,770,000	96,770,000
Gaziantep Novotel and Ibis Hotel	31 December 2013	65,317,000	65,338,647	31 December 2013	65,317,000	65,317,000
Kayseri Novotel and Ibis Hotel	31 December 2013	60,817,000	60,817,000	31 December 2013	60,817,000	60,817,000
Esenyurt Ibis Hotel	31 December 2013	57,700,000	57,710,755	31 December 2013	57,700,000	57,700,000
Bursa Ibis Hotel	31 December 2013	54,440,000	54,440,000	31 December 2013	54,440,000	54,440,000
İzmir Ibis Hotel	31 December 2013	46.833.000	46,837,387	31 December 2013	46.833.000	46,833,000
Adana Ibis Hotel	31 December 2013	39,500,000	39,500,000	31 December 2013	39,500,000	39,500,000
Eskişehir Ibis Hotel and Fitness Center	31 December 2013	16,948,000	16,948,000	31 December 2013	16,948,000	16,948,000
Total		**904,651,000**	**904,687,789**		**904,651,000**	**904,651,000**

As at 31 March 2014, fair values of operating investment properties in Turkey are composed of appraisal values of related projects as at 31 December 2013 and expenditures at amount of TL 36,789 for investment properties incurred from appraisal date to 31 March 2014.

The investment properties of RHI and RPI located in Russia, of which Akfen GT has 95% shares, are recorded with fair values which are calculated on the basis of a valuation carried out jointly by a certified company that is included in the approved list of CMB for "Property Appraisal Companies" and the Company's management. Yaroslavl Ibis Hotel, Samara Ibis Hotel and Kaliningrad Ibis Hotel, operating in Russia, owned by RHI have fair values at amounts of TL 65,052,387, TL 69,450,161 and TL 51,578,306 (31 December 2013: Yaroslavl İbis Hotel TL 69,225,660, Samara İbis Hotel TL 73,905,562 and Kaliningrad Ibis Hotel TL 54,880,701) and discount rate used for fair value calculation of operating investment properties as of 31 December 2013 is 12.5%. Samara office project, owned by RPI which has started to operate as at 31 March 2014, has fair value amount of TL 24,968,210 (31 December 2013: TL 26,532,708) and discount rate used for fair value calculation of operating investment properrty as of 31 December 2013 is 12.5%.

10. INVESTMENT PROPERTY AND INVESTMENT PROPERTY UNDER DEVELOPMENT *(continued)*

Operating investment properties: *(continued)*

As at 31 March 2014, total insurance amount on operating investment properties is TL 1,113,141,249 (31 December 2013: TL 1,086,971,028).

As at 31 March 2014 the pledge amount on operating investment property is TL 666,846,600 (31 December 2013: TL 651,168,875). According to the situations that ACCOR S.A. is the operator of the hotels and the Company is the operator of the hotels, discount rates used for fair value calculation of operating investment properties in Turkey and Northern Cyprus, are shown as below, respectively:

Name of investment property	Discount Rates 31 December 2013
Zeytinburnu Novotel and Ibis Hotel	6.75% and 9.25%
Merit Park Hotel	8.25% and 9.75%
Trabzon Novotel	6.75% and 9.25%
Kayseri Novotel ve Ibis Hotel	6.75% and 9.25%
Gaziantep Novotel ve Ibis Hotel	6.50% and 9.50%
Bursa Ibis Hotel	6.75% and 9.25%
Eskişehir Ibis Hotel and Fitness Center	6.75% and 9.25%
Adana Ibis Hotel	7.75% and 9.50%
Esenyurt Ibis Hotel	7.50% and 9.50%
İzmir Ibis Otel Projesi	7.50% and 9.75%

Investment properties under development:

As at 31 March 2014 and 31 December 2013 details of investment property under development are as follows:

	31 March 2014	31 December 2013
Opening balance	289,703,095	217,494,468
Additions	12,223,762	91,137,741
Currency translation difference	(5,881,657)	10,720,193
Fair value gain	--	76,511,485
Transfer to operating investment properties	--	(106,160,792)
Carrying amount	**296,045,200**	**289,703,095**

As at 31 March 2014 and 31 December 2013, the fair values of investment properties under development in Turkey and Northern Cyprus are as follows:

	31 March 2014			31 December 2013		
Investment property	**Date of appraisal report**	**Appraisal report value**	**Fair value**	**Date of appraisal report**	**Appraisal report value**	**Fair value**
Karaköy Hotel Project	31 December 2013	132,000,000	134,285,940	31 December 2013	132,000,000	132.000.000
Ankara Ibis Hotel Project	31 December 2013	35,270,000	38,570,073	31 December 2013	16,470,000	16.470.000
Tuzla Ibis Hotel Project	31 December 2013	16,470,000	16,957,205	31 December 2013	8,399,000	8.399.000
Northern Cyprus Bafra Hotel Project	31 December 2013	8,399,000	8,417,242	31 December 2013	132,000,000	132.000.000
Total		**192,139,000**	**198,230,460**		**192,139,000**	**192,139,000**

10. INVESTMENT PROPERTY AND INVESTMENT PROPERTY UNDER DEVELOPMENT *(continued)*

Investment properties under development: *(continued)*

As at 31 March 2014, fair values of investment properties under constructions in Turkey are composed of appraisal values of related projects as at 31 December 2013 and expenditures at amount of TL 6,091,460 for investment properties incurred from appraisal date to 31 March 2014.

Fair values of the Group's investment properties under development of RHI and RPI firms, located in Russia are calculated jointly by a real estate appraisal company included in the list of authorized valuation firms to offer appraisal services within the framework of the CMB legislation for "Property Appraisal Companies" and the Company's management.

Investment property under development of HDI corporated in Holland in 2011 of which Akfen GYO has 100% of shares are comprised of costs incurred for the planned project in Moscow and Moscow Ibis Hotel project of which construction has started in 2 September 2013. Their fair values are calculated jointly by a real estate appraisal company included in the list of authorized valuation firms to offer appraisal services within the framework of the CMB legislation for "Property Appraisal Companies" and the Company's management and expenditures for investment properties incurred from appraisal date which is 31 December 2013 to 31 March 2014. The fair value of related project as of 31 March 2014 is TL 94,406,596 (31 December 2013: TL 94,155,951). The discount rate used for fair value calculation of operating investment properties as of 31 December 2014 is 15.5%.

The fair value of other hotel project of HDI which is planned to be developped in Moscow, is composed of the expenditures related to the project and the fair value is TL 3,408,144 as of 31 March 2014 (31 December 2013: TL 3,408,144).

According to the situations that Accor S.A. is the operator of hotels and the Company is the operator of the hotels, discount rates used for fair value calculation of investment properties under development are shown as below, respectively:

Name of Investment Property	Discount Rates 31 December 2013
Karaköy Hotel Project	7.75% and 9.50%
Ankara Ibis Hotel Project	7.75% and 10.25%
Tuzla Ibis Hotel Project	10.50%
Northern Cyprus Bafra Hotel Project	Peer comparision

As at 31 March 2014, total insurance amount on investment properties under development is TL 118,213,032 (31 December 2013: TL 115,433,815).

As at 31 March 2014 the pledge amount on investment property under development is TL 148,104,600 (31 December 2013: TL 144,622,625).

As at 31 March 2014, directly attributable operating costs incurred for operating investment properties and investment properties under development are TL 898,779 and TL 479,192, respectively (31 March 2013: TL 720,316 and TL 544,602). Directly attributable operating costs mainly comprise operating lease, insurance, maintenance, tax and duties expenses.

11. PROPERTY AND EQUIPMENT

As at 31 March 2014 and 31 December 2013, the movement of property and equipment is as follows:

	Equipments	Fumiture and fixtures	Motor vehicles	Total
Cost value				
Balance at 1 January 2013	4,688	263,436	129,583	397,707
Acquisitions	--	7,050	--	7,050
Balance at 31 December 2013	**4,688**	**270,486**	**129,583**	**404,757**
Cost value				
Balance at 1 January 2014	4,688	270,486	129,583	404,757
Acquisitions	--	20,870	--	20,870
Balance at 31 March 2014	**4,688**	**291,356**	**129,583**	**425,627**
Accumulated depreciation				
Balance at 1 January 2013	(1,763)	(198,619)	(58,482)	(258,864)
Depreciation charge for the period	(384)	(24,394)	(22,758)	(47,536)
Balance at 31 December 2013	**(2,147)**	**(223,013)**	**(81,240)**	**(306,400)**
Balance at 1 January 2014	(2,147)	(223,013)	(81,240)	(306,400)
Depreciation charge for the period	(95)	(6,526)	(8,014)	(14,635)
Balance at 31 March 2014	**(2,242)**	**(229,539)**	**(89,254)**	**(321,035)**
Net carrying amount				
1 January 2013	2,925	64,817	71,101	138,843
31 December 2013	2,541	47,473	48,343	98,357
1 January 2014	2,541	47,473	48,343	98,357
31 March 2014	2,446	61,817	40,329	104,592

As at 31 March 2014 there is no pledge on property and equipment (31 December 2013: None). As of 31 March 2014, depreciation expenses amounting to TL 14,635 are recognized in general administrative expenses (31 December 2013: TL 47,536).

12. INTANGIBLE ASSETS

As at 31 March 2014 and 31 December 2013, the movement of intangible assets is as follows:

	Softwares
Cost value	
Balance at 1 January 2013	41,551
Additions	44,615
Balance at 31 December 2013	**86,166**
Balance at 1 January 2014	86,166
Additions	--
Balance at 31 March 2014	**86,166**
Accumulated amortization	
Balance at 1 January 2013	(37,474)
Charge for the period	(4,371)
Balance at 31 December 2013	**(41,845)**
Balance at 1 January 2014	(41,845)
Charge for the period	(906)
Balance at 31 March 2014	**(42,751)**
Net carrying amounts	
1 January 2013	4,077
31 December 2013	44,321
1 January 2014	44,321
31 March 2014	43,415

As of 31 March 2014, amortization expenses amounting to TL 906 are recognized in administrative expenses (31 December 2013: TL 4,371).

13. GOVERNMENT GRANTS AND INCENTIVES

According to the Investment Incentive Law numbered 47/2000, the Group has a 100% of investment allowance on capital expenditures made until 31 December 2008 in TRNC.

14. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

There are no ongoing or finalized significant lawsuits against the Group as at 31 March 2014 and 31 December 2013.

15. COMMITMENT AND CONTINGENCIES

As at 31 March 2014 and 31 December 2013, Group's position related to commitments, pledges and mortgages ("CPM") were as follows:

CPM are given by the Group	31 March 2014	31 December 2013
A. Total amount of CPM is given on behalf of own legal personality	784,364,889	726,295,739
B. Total amount of CPM is given in favour of subsidiaries which are fully consolidated	196,930,440	200,529,971
C. Total amount of CPM is given for assurance of third party's debts in order to conduct of usual business activities	--	--
D. Total Amount of other CPM	--	--
i. Total amount of CPM is given in favour of parent company	--	--
ii. Total amount of CPM is given in favour of other group companies, which B and C doesn't include	--	--
iii. The amount of CPM is given in favour of third party which C doesn't include	--	--
	981,295,329	**926,825,710**

Total original amount of foreign currency denominated CPM given on behalf of the Group's own legal personality are Euro 260,000,000 and USD 800,000 as at 31 March 2014 (31 December 2013: Euro 246,500,000 and USD 800,000). Total original amount of foreign currency denominated other CPM is Euro 48,095,744 as at 31 March 2014 (31 December 2013: Euro 48,095,744). As at 31 March 2014, total amount of other CPM given by the group is 0% of the Group's equity (31 December 2013: 0%).

The Company pledged 2,000,000 units of shares of Akfen GT – equal to 41.32% of Akfen GT's capital - amounting TL 50,000,000 as a surety for the letter of guarantees issued by Türkiye Vakıflar Bankası T.A.O. and returned as at 31 March 2014. Other sureties given by the shareholders and the alienation of rent revenue which will be generated from the hotels are presented at Note 7.

Based upon the loans used from EBRD and IFC Banks related to Yaroslavl Ibis Hotel, Samara Ibis Hotel and Kaliningrad Ibis Hotel, the company pledged, the shares of RHI in Akfen GT and Cüneyt Baltaoğlu in ratio of 95% and 5%, respectively.

The Group, has given sureties in amount of Euro 10,044,444 for the loan used by Russian Property from Credit Europe Bank.

The Group, has given sureties in amount of Euro 38,000,00 for the loan used by HDI in 2013 from Credit Europe Bank.

15.1. The Group as lessee

Operating lease arrangements

As at 31 March 2014, the Group has undergone 12 operating lease arrangements as lessee;

- The Group signed a rent agreement with Finance Ministry of Turkish Republic of Northern Cyprus to lease a land for constructing a hotel in Girne and establishing right of tenancy on 15 July 2003. The lease payments started in 2003 and the payments are made annually. The lease term is 49 years starting from agreement date. Rent amount for the year 2014 is USD 11,033 and it will increase by 3% every year. Rents are paid annually.

15. COMMITMENT AND CONTINGENCIES *(continued)*

15.1. The Group as lessee *(continued)*

Operating lease arrangements (continued)

- The Group signed a rent agreement with the Ministry of Treasury and Finance, on 4 December 2003 to lease a land and for constructing a hotel in Zeytinburnu, Istanbul. The lease term is 49 years starting from 18 November 2012. The lease payment composed of yearly fixed lease payments determined by Ministry of Treasury and Finance and 1% of the total annualy revenue generated by the hotel constructed on the land.

- The Group signed a rent agreement with Municipality of Eskişehir on 8 August 2005 to lease an incomplete hotel construction site located at Eskişehir for 22 years starting from 30 March 2007. Related lease agreement is expounded in land registry office. The hotel started to be operated in 2007 after the construction was completed. The lease payment is the annually fixed lease amount determined by the agreement and 5% of the total annualy revenue generated by the hotel constructed on the land.

- The Group signed a rent agreement with Trabzon Dünya Ticaret Merkezi A.Ş. on 30 October 2006 to lease a land and to construct a hotel in Trabzon. The lease term is 49 years starting from 19 September 2008. The lease payments will start after a five year rent free period subsequent to acquisition of the operational permissions from the Ministry of Culture and Tourism. The Group has priority over the companies which submit equivalent proposals for the extension of the lease term.

- The Group signed a rent agreement with Kayseri Chamber of Industry on 4 November 2006 to lease a land and to construct a hotel in Kayseri. The term of the servitude right obtained with this agreement is 49 years starting from 3 March 2010. Lease payments will start after a five year rent free period. The Group has priority over the companies which submit equivalent proposals for the extension of the lease term.

- The Group signed a rent agreement with Municipality of Gaziantep on 31 May 2007 to lease a land and to construct a hotel in Gaziantep. The term of the servitude right obtained with this agreement is 30 years starting from 3 December 2009. The lease payment for the first 5 years is paid in advance after obtaining building permit.

- The Group signed a rent agreement with Bursa International Textile Trading Centre Business Cooperative on 9 May 2008 to lease a land and to construct a hotel in Bursa. The lease term is 30 years starting from 6 October 2010. Lease payments will start after a five year rent free period.

- The Group signed lease agreement on 18 February 2009 for land of Kaliningrad projects with Kaliningrad Municipality amounting to TL 38,781 per year. The Group has right to purchase the land over a percentage to be specified on its cadastral value or to extend the lease period for utmost 49 years. On 11 November 2013, lease agreement for 49 years has been signed with Kaliningrad Municipality and the Group plans to use its right to purchase the land in third quarter of 2014.

- The Group signed a rent agreement with Prime Ministry General Directorate of Foundations on 16 September 2010 to lease a land and to construct a hotel in İzmir for 49 years starting from the agreement date. The lease payments made for the first three years are TL 2,340 per month and TL 25,155 for the fourth year per month. After the fourth year, the previous year rent increases at the beginning of the period as the average of annual Producer Price Index ("PPI").

- The Group took over the 224,524 m^2, tourism zoning land in Bafra, Northern Cyprus which is owned by Northern Cyprus Ministry of Agriculture and Natural Resources and assigned to Akfen İnşaat for 49 years with the approval of Northern Cyprus Cabinet on 23 February 2011. Annual rent amount for 2014 is USD 56,872 and it will increase by 3% every year.

15. COMMITMENT AND CONTINGENCIES *(continued)*

15.1. The Group as lessee *(continued)*

Operating lease arrangements (continued)

- The Group took over the lease agreement for a period of 49 years starting from the agreement date on 22 June 2011, which was signed between the 1. Regional Directorate of Foundations and Hakan Madencilik ve Elektrik Üretim Sanayi Ticaret A.Ş. for the land in Beyoglu district of Istanbul under the build-operate-transfer model at 1 September 2009. Monthly rent amount is TL 115,000 starting 3rd year of transfer of the agreement by yearly increase in ratio of PPI and shall continue till the end of 49th year.
- Severny Company, which the Group purchased all shares on 15 August 2013, signed a lease agreement with Moscow City Administration on 20 April 2010 valid till 24 September 2056 related to land on which Moscow Ibis Hotel will be constructed and all object is projected as hotel. An additional lease agreement has been signed on 02 June 2011 related to aforesaid lease agreement. Rent amount is approximately 113,924 TL in 2014. The Group has right to purchase the land over a percentage to be specified on its cadastral value or to extend the lease period for utmost 49 years.

Most of operating lease contracts contain clauses on review of market conditions in the event that the Group exercises its option to renew.

Payments recognized as an expense

	31 March 2014	31 March 2013
Lease payments	1,098,334	983,204
	1,098,334	**983,204**

Non-cancellable operating lease commitments

	31 March 2014	31 December 2013
Less than one year	1,631,974	1,474,303
Between one and five years	12,021,285	11,466,736
More than five years	129,167,705	127,521,755
	142,820,964	**140,462,794**

In respect of non-cancellable operating leases the following liabilities have been recognized:

	31 March 2014	31 December 2013
Accrued rent expense		
Current (Note 18)	445,415	534,584
Non-current (Note 18)	3,624,514	3,499,559
	4,069,929	**4,034,143**

15.2. The Group as lessor

Operating lease arrangements

As at 31 March 2014, the Group has undergone 24 operating lease arrangements as;

- The Group has signed a rent agreement with ACCOR S.A. on 18 November 2005 to lease a hotel which was completed in 2007 and started operations in Eskişehir.

15. COMMITMENT AND CONTINGENCIES *(continued)*

15.2. The Group as lessor *(continued)*

Operating lease arrangements (continued)

- The Group has signed a rent agreement with ACCOR S.A. on 12 December 2005 to lease two hotels which were completed in 2007 and started operations in Istanbul.
- The Group has signed a rent agreement with ACCOR S.A. on 26 July 2006 to lease a hotel which was completed and started operations in 2008 in Trabzon.
- The Group has signed a rent agreement with ACCOR S.A. on 24 March 2008 to lease two hotels which was completed and started operations in 2010 in Kayseri.
- The Group has signed a rent agreement with ACCOR S.A. on 24 March 2008 to lease two hotels which was completed and started operations in 2010 in Gaziantep.
- The Group has signed a rent agreement with ACCOR S.A. on 31 July 2009 to lease a hotel which is completed and started operations in 2010 in Bursa.
- The Group has signed a rent agreement with ACCOR S.A. on 7 September 2010 to lease a hotel which is completed and start its operations in 2012 in Adana.
- The Group has signed a rent agreement with ACCOR S.A. on 16 August 2010 to lease a hotel which was completed at the end of 2012 and starts its operations in beginning of 2013 in Esenyurt.
- The Group has signed a rent agreement with ACCOR S.A. on 2 February 2011 to lease a hotel which was completed and starts its operations in 2013 in Izmir.
- The Group has signed a rent agreement with ACCOR S.A. on 19 December 2012 to lease a hotel which is planned to complete and starts its operations in 2015 in Karaköy.
- The Group has signed a rent agreement with ACCOR S.A. on 28 March 2013 to lease a hotel which is planned to complete and starts its operations in 2014 in Ankara Esenboğa.
- The Group has signed a rent agreement with ACCOR S.A. on 1 March 2014 to lease a hotel which is planned to complete and starts its operations in 2015 in Tuzla.

All of the twelve agreements have similar clauses described below;

The agreements are signed with Tamaris Turizm operating in Turkey and owned 100% by ACCOR S.A. and ACCOR S.A. has 100% guarantee over these agreements.

The lease term is sum of the period between the opening date of the hotel and the end of that calendar year plus, twenty five full calendar years with an optional extension of ten years. ACCOR S.A. has the right to terminate the agreement at the end of the fifteenth full fiscal year upon by their mutual agreement. ACCOR S.A. has the right to terminate the agreement, if the Company fails to meet the defined completion date (after 6 months additional period over the completion date). In this case, the parties shall be freed of all mutual obligations, and ACCOR S.A. will receive immediate payment of any due amounts upon the date of termination and liquidated damages up to Euro 750,000.

As of 1 January 2013;

- In Zeytinburnu Ibis, Eskişehir Ibis, Kayseri Ibis, Gaziantep Ibis, Bursa Ibis, Adana Ibis, Esenyurt Ibis and Izmir Ibis, 25% of gross revenue or the higher of 70% of the Adjusted Gross Operating Profit ("AGOP") pays from Tamaris Turizm A.Ş. to Akfen GYO as a rent.
- In Zeytinburnu Novotel, Trabzon Novotel, Kayseri Novotel ve Gaziantep Novotel, 22% of gross revenue or the higher of 70% of the Adjusted Gross Operating Profit ("AGOP") pays from Tamaris Turizm A.Ş. to Akfen GYO as a rent.

15. COMMITMENT AND CONTINGENCIES *(continued)*

15.2. The Group as lessor *(continued)*

Operating lease arrangements (continued)

- In Karaköy Novotel, 22% of gross revenue or the higher of 85% of the Adjusted Gross Operating Profit ("AGOP") pays from Tamaris Turizm A.Ş. to Akfen GYO as a rent.
- In Ankara Esenboğa Ibis Otel, 25% of gross revenue or the higher of 85% of the Adjusted Gross Operating Profit ("AGOP") pays from Tamaris Turizm A.Ş. to Akfen GYO as a rent.
- In Tuzla Ibis Otel, 25% of gross revenue or the higher of 85% of the Adjusted Gross Operating Profit ("AGOP") pays from Tamaris Turizm A.Ş. to Akfen GYO as a rent.

AGOP is calculated as deduction of 4% of the Gross Operating Profit ("GOP") corresponding to operational costs borne by ACCOR S.A. and 4% of GOP corresponding to furniture, fixture and equipment (FF&E) reserve fund from GOP.

Each time that a total of new 500 rooms in Turkey, Russia and Ukraine will be open to the public by Akfen GYO, AGOP ratios in agreements of the hotels in Turkey, except Karaköy and Ankara shall be increased by 2,5%. In any case, rent to be calculated based on AGOP for these hotels shall not exceed 80%.

Annual rent is paid quarterly (January, April, July and October) based on the higher of AGOP ratio or gross revenue ratio actualized in related quarter.

The Group has additional eleven operating lease arrangements as lessor other than operating lease agreements signed with ACCOR S.A. in Turkey:

- The Group has signed a rent agreement with Serenas Turizm Kongre ve Organizasyon Hizmetleri Limited Şirketi ("Serenas Turizm") to lease Merit Park Hotel for five full calendar years started from 1 January 2008 with an optional extension of 5 years. Annual rent amount is Euro 1,500,000 for 2011 and Euro 2,000,000 for 2012. Letter of guarantees amounting Euro 3,000,000 is provided by Serenas Turizm. An annual rent is paid quarterly (February, May, August and November). The agreement with Serenas Turizm has been terminated on 1 October 2012.
- Voyager has operating the casino of 5 star Merit Park Hotel placed in Kyrenia, Norhern Cyprus within the portfolio of Akfen GT since 2007. An agreement related to rental of Merit Park Hotel with its casino and all equipment for 20 years has been signed between the parties in 15 May 2012 and first year rent amount is Euro 4,750,000. The start date of the agreement is set as January 2013. In first 5 year, the rent amount will not increase, from 6th year, the rent will increase if yearly Euribor is less than 2%, in ratio of Euribor, if yearly Euribor is higher than 2%, in ratio of 2%, additional to previous year's rent amount. The name of the hotel has changed as "Merit Park Hotel" as at 6 October 2012.
- The Group has signed rent agreement with Sportif Makine A.Ş. for Eskişehir İbis Hotel Fitness Center on 1 September 2006. The rent payments begin after two months from 1 January 2007 which the fitness center is delivered. VAT excluded monthly rent amount for the year 2014 is TL 15,000.
- The Group has signed rent agreement with Seven Turizm İnşaat ve Reklam Sanayi Ticaret Limited Şirketi for the bar/café in Eskişehir İbis Hotel on at 11 May 2007. The rent payments begin after two months after the bar/café is delivered. The monthly rent is TL 3,000 and the rent term is 10 years. The rent increases at the beginning of the period as the average of annual PPI and CPI. VAT excluded monthly rent amount for the year 2014 is TL 5,550.

15. COMMITMENT AND CONTINGENCIES *(continued)*

15.2. The Group as lessor *(continued)*

Operating lease arrangements (continued)

- Russian Hotel through its subsidiary Samstroykom signed a lease agreement for IBIS Hotel building located in Samara, Russia, with Russian Management Hotel Company, a company which ACCOR S.A. operates in Russia. It was signed on 11 July 2008 in Moscow. Hotel has been delivered to ACCOR S.A. in 1st quarter of 2012. The operation of the hotel has been started in March 2012. In addition to first agreement related to Samara Hotel, the Company has signed a long term agreement with ACCOR S.A. in 10 January 2012. The lease term is 25 years with right of 10 years’ of prolongation of ACCOR S.A. The rent shall be equal to 75% of the Adjusted Gross Operating Revenue. The Parties agreed that the Minimum Annual Guaranteed Rent for first year is Euro 2,500 per a room, for second year Euro 5,000 per a room, from third year Euro 6,000 per room and from fourth year to fifteenth year Euro 7,000 per a room. The parties agreed that the Minimum Annual Guaranteed Rent the highest price is Euro 14,000 per a room. ACCOR S.A. has the right to cancel the lease agreement at the end of fifteenth year of the lease agreement
- HDI through its subsidiary Severny signed a lease agreement for 317 room IBIS Hotel building under construction in Moscow, Russia, with Russian Management Hotel Company, a company which ACCOR S.A. operates in Russia on 29 January 2014. The lease term is 25 years with right of 10 years’ of prolongtion of ACCOR S.A. The rent shall be equal to 25% of gross revenue or the higher of 85% of the Adjusted Gross Operating Profit (“AGOP”).
- Russian Hotel through its subsidiary LLC YaroslavlOtelInvest signed a lease agreement for IBIS Hotel building located in Yaroslavl, Russia, with Russian Management Hotel Company, a company which ACCOR S.A. operates in Russia. It was signed on 15 October 2009 in Moscow. The building has been delivered to ACCOR S.A. in the third quarter of 2011. The operation of hotel has been started in September 2012. In addition to first agreement related to Yaroslavl Hotel, the Company has signed a long term agreement with ACCOR S.A. in 1 July 2011. The lease term is 25 years with right of 10 years’ of prolongtion of ACCOR S.A. The rent shall be equal to 75% of the Adjusted Gross Operating Revenue. The Parties agreed that the Minimum Annual Guaranteed Rent for first year is Euro 2,500 per a room, for second year Euro 5,000 per a room, for third year 6,000 Euro per a room and from fourth year to fifteenth year Euro 7,000 per a room. The Minimum Annual Guaranteed Rent the highest price is Euro14,000 per a room. ACCOR S.A. has the right to cancel the lease agreement at the end of fifteenth year of the lease agreement
- Russian Hotel through its subsidiary LLC KaliningradInvest signed a lease agreement for IBIS Hotel building located in Kaliningrad, Russia Russian Management Hotel Company, a company which ACCOR S.A. operates in Russia. It was signed on 8 September 2010 in Moscow. The building is delivered to ACCOR S.A. in the third quarter of 2013. The lease term is 25 years with right of 10 years’ of prolongtion of ACCOR S.A. The rent shall be equal to 75% of the Adjusted Gross Operating Revenue. The Parties agreed that the Minimum Annual Guaranteed Rent for first year is Euro 4,000 per a room, for second year Euro 5,000 per a room, from third year to fifteenth year Euro 6,000 per a room. The parties agreed that the Minimum Annual Guaranteed Rent the highest price is Euro 12,000 per a room. ACCOR S.A. has the right to cancel the lease agreement at the end of fifteenth year of the lease agreement.
- Russian Property leased 1,562 squaremeter area of total rentable 4,637 squaremeter area of Samara Office in portfolio of Russian Property through its subsidiary Volgastroykom, to OAO Bank VTB with an agreement signed on 1 March 2013. The duration of the agreement is 6 years and monthly rent amount is approximately TL 123,469. The delivery of the rented offices was made in 15 March 2013. According to lease agreement, there will be no increase to the rent for the first year and for the upcoming year, the rent increase will be 10% with the condition of proving the rent increase in the market with an expertise report.

15. COMMITMENT AND CONTINGENCIES *(continued)*

15.2. The Group as lessor *(continued)*

Operating lease arrangements (continued)

- Russian Hotel signed an lease agreement for a store including in Yaroslavl Ibis Hotel Project through its subsidiary LLC YaroslavlOtelInvest. The maturity of the rent is 22 June 2014 and the monthly rent revenue for 2014 is approximately TL 9,140, including VAT.
- On 2 September 2013, Russian Hotel signed an lease agreement for a fitness center including in Yaroslavl Ibis Hotel Project through its subsidiary LLC YaroslavlOtelInvest. The maturity of the rent is 01 August 2014 and the monthly rent revenue for 2013 is approximately TL 5,484, including VAT.
- Russian Property leased 1,869 squaremeter area of total rentable 4,637 squaremeter area of Samara Office in portfolio of Russian Property through its subsidiary Volgastroykom, to Rosneft Oil Company with an agreement signed in 2 December 2013 with duration of 24 months. Monthly rent amount is approximately TL 73,923, including VAT and rent payment will start on 1 April 2014.

- Russian Property leased 746 squaremeter area of total rentable 4,637 squaremeter area of Samara Office in portfolio of Russian Property through its subsidiary Volgastroykom, to Samarasnabpodshipnik Company which is established by Samara Podshibnik company –one of the biggest roller producers- for sale of its productions with an agreement signed in 19 February 2014. Monthly rent amount is approximately TL 29,559, including VAT and rent payment will start on 15 April 2014.

Non-cancellable operating lease receivables

	31 March 2014	31 December 2013
Less than one year	27,351,139	26,171,049
Between one and five years	104,537,966	102,746,266
More than five years	285,846,980	285,625,417
	417,736,085	**414,542,732**

Memorandum of understanding signed between Akfen Holding and ACCOR S.A.

Each time that a total of new 500 rooms in Turkey, Russia and Ukraine will be open to the public by Akfen GYO, AGOP ratios in agreements of the hotels in Turkey, except Karaköy and Ankara shall be increased by 2,5%. In any case, rent to be calculated based on AGOP for these hotels shall not exceed 80%.

All of the operating lease arrangements that the Company is lessor are based on MoU.

According to MoU:

- Any sale of a controlling shareholding of the Company by Akfen Holding to a third party, not a member of its shareholder's and/or family group shall be submitted to a first refusal right agreement of ACCOR S.A. under the same terms and conditions proposed by the third party offer or, except in case that the Company becomes a publicly listed entity.
- For securitisation of further investments, Akfen Holding and ACCOR S.A. agree that the share capital of the Company could be increased by the entry of new shareholders but at all times while ACCOR S.A. and Akfen Holding are partners, Akfen Holding should directly or indirectly keep control of the shareholding and the outside investor permitted by the above mention terms will not be another national or international hotel operator.

- ACCOR S.A. can terminate the agreement if ACCOR S.A. does not use its refusal right or this right is not the case and does not want to continue with the new shareholder under the same terms and conditions. If the agreement is terminated by ACCOR S.A., the ongoing lease agreements will continue until their maturity terms.

According to MoU amendment signed in December 2012 which will be valid as of 1 January 2013, the issues related to exclusivity and first right of refusal are stated as below:

15. COMMITMENT AND CONTINGENCIES *(continued)*

15.2. The Group as lessor *(continued)*

Operating lease arrangements (continued)

Memorandum of understanding signed between Akfen Holding and ACCOR S.A. *(continued)*

- As from the 1 January 2013 to 31 December 2017, ACCOR S.A. will consent to Akfen GYO a right of refusal for hotel projects which ACCOR S.A. or any of its subsidiaries may develop and so long as the proposal is not refused, ACCOR S.A. will not be free to achieve the aforesaid project with any investors.During the term of present agreement period, Akfen GYO will offer the hotel projects to develop in Turkey, Moscow and Russia to ACCOR S.A. at first.
- Till 31 December 2014, in cities in which projects exists except İstanbul, ACCOR S.A. shall not make any lease agreement and besides any agreement related to operate, manage or franchise hotels under the existing brand with third parties. During the term of present agreement, ACCOR S.A. shall not make lease agreements with third parties offering conditions of rent better than those proposed to Akfen GYO.

16. EMPLOYEE BENEFITS

	31 March 2014	31 December 2013
Provision for vacation pay liability-short term	340,273	360,243
Provision for employee termination indemnity-long term	60,499	48,512
	400,772	**408,755**

In accordance with the existing laws, the Group is required to make a lump-sum payment for employee termination to each employee whose employment is terminated for reasons other than resignation or misconduct as stipulated in the Labour Law. As at 31 March 2014, this requirement is calculated using the sum of gross salary and other rights, up to a ceiling amount of TL 3,438 (31 December 2013: TL 3,254) per each year of employment. The ceiling amount is adjusted every six months in parallel with inflation.

The liability is not funded, as funding is not mandatory. In accordance with TAS 19 "Employee Benefits", it is required to use actuarial valuation methods in estimating the liability related with current retirement plans of the Group. The Group has calculated the provision for employee termination indemnity using the "Projected Unit Cost Method" in accordance with TAS 19 and based on its experience in the personnel service period completion and obtaining the termination indemnity right and reflected in the financial statements. Provision for employee termination indemnity is calculated by taking into account the net present value of the total amount of the liability arising due to retirement of all employees.

As at 31 March 2014 and 31 December 2013 the liability is calculated using the following assumptions:

	31 March 2014	31 December 2013
Wage increase rate	5.10%	5.10%
Discount rate	10.00%	10.00%
Net discount rate	4.66%	4.66%
Anticipated retirement turnover rate	85.00%	85.00%

16. EMPLOYEE BENEFITS *(continued)*

Reserve for employee termination indemnity is calculated according to the net present value of liability to occur in the future due to retirement of all employees and it is reflected in related financial statements.

Movement of provision for employee termination benefits is as follows:

	31 March 2014	31 December 2013
Opening balance	48,512	18,312
Interest cost	1,841	1,811
Service cost	9,404	37,887
Payment during the period	--	(10,943)
Actuarial difference	742	1,445
Closing balance	**60,499**	**48,512**

Movement of vacation pay liability is as follows:

	31 March 2014	31 December 2013
Opening balance	360,243	195,836
Payment during the period	--	(2,232)
(Disposals)/Additions during the period (Note 21)	(19,970)	166,639
Closing balance	**340,273**	**360,243**

17. PREPAID EXPENSES AND DEFERRED REVENUE

a) Short term prepaid expenses

	31 March 2014	31 December 2013
Prepaid expenses[1]	2,431,359	1,916,084
Advances given to suppliers	616,623	209,641
Job advances	34,750	37,168
	3,082,732	**2,162,893**

b) Long term prepaid expenses

	31 March 2014	31 December 2013
Advances given [2]	7,560,288	8,350,271
Prepaid expenses[1]	3,024,035	3,420,068
	10,584,323	**11,770,339**

17. PREPAID EXPENSES AND DEFERRED REVENUE *(continued)*

(1) Akfen Karaköy took over the "Conditional Construction Lease Agreement" on 22 June 2011, that was signed between 1. Regional Directorate of Foundations and 'Hakan Madencilik ve Elektrik Üretim Sanayi Ticaret A.Ş ("Hakan Madencilik") under the build-operate-transfer model for a period of 49 years on 01 September 2009 for the land in Istanbul, Beyoglu, Kemankes district, Rıhtım Street, 121-77 map section, 28-60 parcels. Transfer payment which also includes the 5 years of rent prepaid by Hakan Madencilik, is recognized under the prepaid expenses and recorded as profit or loss by the straight-line basis over the lease term. As at 31 March 2014 the amount of expenses paid in advance for short and long-term is TL 1,562,136 (31 December 2013: TL 1,562,136) and TL 3,009,747 (31 December 2013: TL 3,404,608), respectively.

(2) As at 31 March 2014 and 31 December 2013 advances given to subcontractors comprised of advances given to Akfen İnşaat for the construction of Ankara Esenboğa Ibis Hotel and Karaköy Novotel projects.

c) Deferred revenue

As of 31 March 2014 deferred revenue in amount of 1,165,373 TL is rent revenue to be accrued in upcoming months which was collected in advance related to the rental of Merit Park Hotel in Northern Cyprus to Voyager.

18. OTHER CURRENT / NON-CURRENT ASSETS AND LIABILITIES

a) Other current assets

	31 March 2014	31 December 2013
VAT carried forward	4,198,114	4,841,810
Prepaid taxes and funds	167,811	168,416
Other	97,714	27,938
	4,463,639	**5,038,164**

b) Other non-current assets

	31 March 2014	31 December 2013
VAT carried forward	34,386,496	33,197,872
	34,386,496	**33,197,872**

c) Other current liabilities

	31 March 2014	31 December 2013
Rent expense accrual (Note 15)	445,415	534,584
	445,415	**534,584**

d) Other non-current liabilities

	31 March 2014	31 December 2013
Rent expense accrual (Note 15)	3,624,514	3,499,559
	3,624,514	**3,499,559**

19. EQUITY

19.1. Paid in capital

The capital structure as at 31 March 2014 and 31 December 2013 is as follows:

Shareholders	**(%)**	**31 March 2014**	**(%)**	**31 December 2013**
Akfen Holding	51.72	95,156,384	51.72	95,156,384
Publicly Listed[1]	29.60	54,462,880	29.60	54,462,880
Hamdi Akın	16.41	30,196,838	16.41	30,196,838
İbrahim Süha Güçsav	2.25	4,140,380	2.25	4,140,380
Akınısı Makina Sanayi ve Tic. AŞ	0.02	43,513	0.02	43,513
Akfen İnşaat	0.00	2	0.00	2
Mehmet Semih Çiçek	0.00	1	0.00	1
Mustafa Dursun Akın	0.00	1	0.00	1
Ahmet Seyfi Usluoğlu	0.00	1	0.00	1
Total		**184,000,000**		**184,000,000**
Restatement effect		317,344		317,344
Restated capital		**184,317,344**		**184,317,344**

[1] As of 31 March 2014, TL 9,400,447 – equal to 5.16% of total capital - publicly offered shares are included in Akfen Holding's portion. (31.12.2013 : TL 9,370,515 – equal to 5.09 % of total capital).

As at 31 March 2014, the issued capital of the Company is TL 184,000,000 (31 December 2013: TL 184,000,000). As at 31 March 2014, the issued capital of the Company comprises of 184,000,000 registered units with a nominal value of TL 1 each (31 December 2013: TL 1, units, 184,000,000 units). The share group of A, C, D owning 1,000 unit share for each,has the privilege to select 2 nominees for each for the board of directors member selection.

Equal to 5.09% of total capital include TL 9,500,447 portion of which TL 8,040,787 in 2011, TL 1,329,728 in 2013 and TL 129,932 in 2014 were purchased from the publicly available shares in amount of TL 54,117,500 traded on the Istanbul Stock Exchange on 11 May 2011.

19.2. Purchase of share of entity under common control

100% of Akfen GT and 50% of RHI and RPI were acquired with the nominal value from parents of the Company in 2007 and 2009, respectively. The acquired subsidiary, Akfen GT could be treated as an integrated operation of Akfen GYO by nature or by transfer of knowledge, were under common control with Akfen GYO since the beginning of their operations. The acquisition of this entity being under common control is accounted for using book values, where in its consolidated financial statements the acquirer, is permitted, but not required, to restate its comparatives as if the combination had been in existence throughout the reporting periods presented. Management decided not to restate its comparative information. The acquisition of this entity being under common control is recognized with cost method, since this treatment is the best way to present the economic substance of the transaction since the transaction is moving the shares of one party from one part of the group to another, there is no independent third party involvement and in particular the purchase price is not determined on an arm's length basis. Excess of net assets over cash paid at the acquisition date is recognized in "Business combination under common control" directly in equity.

19.3. Foreign currency translation reserves

The translation reserve comprise of foreign exchange difference arising from the translation of the financial statements of RHI, RPI and HDI from their functional currency to the presentation currency TL which is recognized in equity.

19.4. Share Premiums

The surplus of sales price over the nominal value of the shares amounted to TL 58,800,000 during the initial public offering of the shares at 11 May 2011 were accounted as share premium.

19. EQUITY *(continued)*

19.5. Restricted reserves allocated from profit

Profit reserves comprised of the legal reserves as at 31 March 2014 and 31 December 2013.

	31 March 2014	31 December 2013
Legal reserves	4,147	4,147
Closing balance	**4,147**	**4,147**

The legal reserves consist of first and second legal reserves, according to the Turkish Commercial Code "TCC"). The TCC stipulates that the first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Group's historical paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the historical paid-in share capital. Under TCC, the legal reserves are not available for distribution unless they exceed 50% of the historical paid-in share capital but may be used to offset losses in the event that historical general reserve is exhausted.

Accordingly the inflation adjustments provided for within the framework of TAS/TFRS, for paid-in capital has been presented under inflation adjustment on capital, where as for share premium and legal reserves and special reserves under restricted reserves inflation effects has been presented under retained earnings. Other equity items have been presented with their TAS/TFRS values.

20. REVENUE AND COST OF SALES

For the three month periods ended 31 March 2014 and 2013, sales and cost of sales are as follows:

	1 January - 31 March 2014	1 January - 31 March 2013
Rent income	11,502,048	8,673,402
Total income from property rentals	**11,502,048**	**8,673,402**
Income from bank deposits	11,261	10,110
Total income from debt instruments	**11,261**	**10,110**
Total revenue	**11,513,309**	**8,683,512**
Operating lease expenses[1]	(964,064)	(874,030)
Insurance expenses	(256,271)	(213,738)
Outsourced service expenses	(88,967)	--
Taxes and duties expenses	(45,235)	(169,185)
Others	(23,434)	(7,965)
Total cost of sales	**(1,377,971)**	**(1,264,918)**

[1] Operational lease expenses includes rent expense accruals in the period belonging to rented lands of the hotels and the projects in the Company's portfolio.

21. GENERAL ADMINISTRATIVE EXPENSES

For the three month periods ended 31 March 2014 and 2013, administrative expenses are as follows:

	1 January - 31 March 2014	1 January - 31 March 2013
Personnel expenses	876,060	998,937
Consultancy expenses	269,547	481,812
Operating lease expenses	134,270	109,174
Outsourced service expenses	87,178	148,264
Travel and hosting expenses	37,065	30,279
Tax and duties expenses	26,042	87,914
Advertising expenses	20,960	224,274
Depreciation expense	14,635	14,767
Amortisation expense	906	842
Other	45,404	47,344
Total	**1,512,067**	**2,143,607**

Personnel expenses

	1 January - 31 March 2014	1 January - 31 March 2013
Wages and salaries	771,554	806,838
Social security premiums	86,583	80,697
Change in termination benefit (Note 16)	11,987	88,416
Change in vacation pay liability (Note 16)	(19,970)	9,077
Other	25,906	13,909
Total	**876,060**	**998,937**

22. OTHER OPERATING INCOME/EXPENSES

a) Other operating income

For the three month periods ended 31 March 2014 and 2013, other operating income are as follows:

Other income	1 January - 31 March 2014	1 January - 31 March 2013
Foreign exchange gain (Note 2)	13,614	20,865
Other income(1)	759,425	1,274,742
Total	**773,039**	**1,295,607**

(1) As at 31 March 2014, TL 463,565 is composed of income resulting from the payable to Kasa Stroy in aforesaid amount related to the Group's construction works in Russia becoming not to be paid dealing with the counter party and TL 59,403 of remaining balance comprises the invoice amount of RHI for Accor S.A.'s contribution related to purchase of furnitures and fixtures of hotels in Russia.

b) Other operating expenses

For the three month periods ended 31 March 2014 and 2013, other operating expenses are as follows:

	1 January - 31 March 2014	1 January - 31 March 2013
Foreign exchange loss (Note 2)	15,403	17,828
Other expense(1)	1,495,002	154,275
Total	**1,510,405**	**172,103**

(1) As at 31 March 2014, TL 1,420,364 of other expense is related to advocacy expenses of the ongoing case of Moscow project which the Group is planning to develop in Russia.

23. FINANCIAL INCOME

For the three month periods ended 31 March 2014 and 2013, financial income are as follows:

	1 January - 31 March 2014	1 January - 31 March 2013
Foreign exchange gain	--	3,737,841
Interest income	215,388	273,729
Total	**215,388**	**4,011,570**

24. FINANCIAL EXPENSES

For the three month periods ended 31 March 2014 and 2013, financial expenses are as follows:

	1 January - 31 March 2014	1 January - 31 March 2013
Foreign exchange loss	18,849,719	106,398
Interest expenses	5,545,910	3,953,988
Commission expenses	775,949	1,264,339
Expenses for letter of guarantees	11,012	27,005
Other	2,921	276,070
Total	**25,185,511**	**5,627,800**

For the three month periods ended 31 March 2014, the Group has capitalised interest expenses amounting to TL 1,639,282 on investment properties under development (31 December 2013: TL 3,299,289).

25. DEFERRED TAX ASSETS AND LIABILITIES

According to Article 5/1(d) (4) of the New Corporate Tax Law 5520, the income of real estate investment trusts is exempt from Corporate Income Tax in Turkey. This exemption is also applicable to Quarterly Advance Corporate Tax. Therefore, deferred tax is not recognized for the income of the Company from the operations as a real estate investment trust since those are exempt from income tax.

Deferred tax has been recognized for the temporary differences of Akfen GT and its branch operating in Northern Cyprus arising between its financial statements as reported in compliance with CMB standards and its statutory financial statements. The corporate tax rate is 23.5% in Northern Cyprus.

For the three month periods ended 31 March 2014 and 2013, the main components of tax expenses are as follows:

	1 January - 31 March 2014	1 January - 31 March 2013
Deferred tax income/(expense)	986,275	(767,214)
Total taxation income/(expense)	**986,275**	**(767,214)**

25. DEFERRED TAX ASSETS AND LIABILITIES *(continued)*

The reported taxation charge for the three month periods ended 31 March 2014 and 2013 are different than the amounts computed by applying the statutory tax rate to income before tax as shown in the following:

	%	1 January – 31 March 2014	%	1 January – 31 March 2013
(Loss)/profit for the period		**(16,097,943)**		**4,015,047**
Tax income/(expense)		986,275		(767,214)
(Loss)/profit before tax		**(17,084,218)**		**4,782,261**
Income tax using the domestic tax income/(expense) rate	(20)	3,416,844	(20)	(956,452)
Tax-exempt (loss)/income [1]	7.97	(1,360,859)	12.66	605,404
Non-deductible expenses	0.05	(8,037)	(0.14)	(6,674)
Effect of different tax rates in foreign Jurisdictions	0.86	(147,073)	(0.66)	(31,689)
Current year loss for which no deferred tax was recognized	0.19	(32,154)	(4.37)	(208,811)
Other	5.16	(882,446)	(3.53)	(168,992)
Taxation income/(expense)	**(5.77)**	**986,275**	**(16.04)**	**(767,214)**

[1] Akfen GYO is exempt from Corporate Tax.

Unrecognized deferred tax assets

As at 31 March 2014, Akfen GT and Akfen Karaköy have accumulated statutory tax losses that can be netted from future fiscal profits amounting to TL 10,670,483 (31 December 2013: TL 9,935,118). Since there is not any possible and reliable taxable profit projection regarding the utilization of accumulated losses, the deferred tax asset amounting to TL 2,134,097 (31 December 2013: TL 1,987,118) has not been recognized. The expiry dates of the unrecognized accumulated losses are as follows:

	31 March 2014	31 December 2013	Year of expiry
2009	1,364,714	1,364,714	31 December 2014
2010	102,967	102,967	31 December 2015
2011	3,280,640	3,280,640	31 December 2016
2012	3,497,969	3,497,969	31 December 2017
2013	1,688,828	1,688,828	31 December 2018
2014	735,365	--	31 December 2019
	10,670,483	**8,246,290**	

25. DEFERRED TAX ASSETS AND LIABILITIES *(continued)*

Recognized deferred tax assets and liabilities

Deferred tax assets and deferred tax liabilities as at 31 March 2014 and 31 December 2013 were attributable to the items detailed in the table below:

	Deferred tax Assets		Deferred tax Liabilities		Net	
	31 March 2014	**31 December 2013**	**31 March 2014**	**31 December 2013**	**31 March 2014**	**31 December 2013**
Investment incentive [1]	14,239,441	14,638,372	--	--	14,239,441	14,638,372
Fair value gain on investment property	--	--	(80,367,358)	(82,103,714)	(80,367,358)	(82,103,714)
Financial liabilities	46	3,143	--	--	46	3,143
Tax losses carried forward	1,487,739	1,133,551	--	--	1,487,739	1,133,551
Intangible assets	930,620	948,833	(1,348,147)	(1,955,233)	(417,527)	(1,006,400)
Other	--	--	--	(6,123)	--	(6,123)
Deferred tax asset/(liability)	**16,657,846**	**16,723,899**	**(81,715,505)**	**(84,065,070)**	**(65,057,659)**	**(67,341,171)**
Net off tax	(15,170,107)	(15,590,348)	15,170,107	15,590,348	--	--
Net deferred tax asset / (liability)	**1,487,739**	**1,133,551**	**(66,545,398)**	**(68,474,722)**	**(65,057,659)**	**(67,341,171)**

[1] The Group has recognized deferred tax assets on the capital expenditures subject to 100% of investment allowance completed until 31 December 2008 in Northern Cyprus.

26. EARNINGS PER SHARE

Earnings per share are calculated by dividing net income for the three month periods ended by the weighted average number of shares of the Company during the period. For the year ended 31 March 2014 and 2013, the earnings per share computation are as follows:

	1 January - 31 March 2014	**1 January - 31 March 2013**
Number of shares in circulation		
1 January	184,000,000	184,000,000
The shares issued for cash	--	--
Closing balance	**184,000,000**	**184,000,000**
Weighted average number of shares	184,000,000	184,000,000
Net profit for the period	**(15,462,084)**	**4,438,034**
Earnings per share (Full TL)	(0.08)	0.02

The company has no diluted earnings.

27. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS

(i) General

The Group exposed to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk
- operational risk

This note presents information about the Group's exposure to each of the above risks and explains the Group's objectives, policies and processes for measuring and managing risks, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Group's risk management vision is defined as, identifying variables and uncertainties that will impact the Group's objectives, conducting proactively and managing through the most appropriate steps, supervising the implementation of steps in line with the shareholders' risk preference.

Corporate Risk Management activities are executed within the Group as a whole in the following fields:

- Determining risk management standards and policies,
- Developing a uniform risk management oriented work culture and capabilities,
- Conducting risk analysis of existing and potential investments,
- Creating a senior administration vehicle reporting on the risks of new investments of a company, sector or group
- Determining risk limitations and action plans,
- Supporting the implementation of these action plans ,
- Supporting strategic processes with a risk management approach.

The Board of Directors ("BOD") has overall responsibility for the establishment and oversight of Akfen GYO's risk management framework.

Board of Directors states the risk options and ensures performing of the risk management implementations. Akfen GYO's BOD has the ultimate responsibility for Corporate Risk Management.

(ii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country in which customers operate has an influence on credit risk. Since the Group operates in real estate businesses geographically the concentration of credit risk for the Group's entities operating in the mentioned businesses are mainly in Turkey.

The companies operating under these segments have set a credit policy under which each new customer is analysed individually for the creditworthiness before each company's standard payment and delivery terms and conditions are offered.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, geographic location, industry, ageing profile, maturity and existence of previous financial difficulties.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of accounts receivable. The allowance is provided for receivables that are legally insolvent.

27. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS *(continued)*

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, and interest rates, will affect the Group's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is exposed to currency risk on various foreign currency denominated income and expenses and resulting receivables, payables and borrowings that are denominated in a currency other than the respective functional currencies of Group entities.

In respect of monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

To minimize risk arising from foreign currency denominated balance sheet items, the Group keeps part of its idle cash in foreign currencies.

As at 31 March 2014, the companies in the Group have foreign currency balances other than their functional currencies, such as Euro, as mentioned in the related notes of the consolidated financial statements.

The Group keeps cash in USD, Euro, GBP and TL to manage the foreign currency risk.

The Group realizes the medium and long term bank borrowings in the currency of project revenues. Additionally, the Group realizes short term bank borrowings in TL, Euro and USD in balance by pooling/ portfolio model.

Interest rate risk

As at 31 March 2014, the Group's operations are subject to the risk of interest rate fluctuations to the extent that 91.4% of the Group's bank borrowings are obtained by floating interest rates.

The Group is also exposed to basis risk for its floating rate borrowings, which is the difference in repricing characteristics of the various floating rate indices. Risk management activities are aimed at optimizing net interest income, given market interest rate levels consistent with the Group's business strategies.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically, the Group's entities ensure that they have sufficient cash on demand to meet expected operational expenses in terms of the relevant characteristics of the businesses they operate, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

For the Group entities, risk of funding current and potential requirements is mitigated by ensuring the availability of adequate number of creditworthy lending parties. The Group entities, in order to minimize liquidity risk, hold adequate cash and available line of credit.

(v) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Group's operations.

27. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS *(continued)*

(v) ***Operational risk*** *(continued)*

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective

Capital management

The Board's policy is to maintain a strong capital base so as to maintain creditor and market confidence and to sustain future development of the business.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

27. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS *(continued)*

27.1. Credit risk disclosures

The ownership of the financial assets brings the risk of not meeting the obligations of the agreement of the counter party.

The maximum exposure to credit risk as at 31 March 2014 and 31 December 2013 is as follows:

		Receivables					
		Trade receivables		Other receivables			
	31 March 2014	**Related party**	**Third party**	**Related party**	**Third party**	**Deposits on banks**	**Other**
	Exposure to maximum credit risk as of reporting date (A+B+C+D)	**--**	**8,948,530**	**--**	**10,281,655**	**25,907,071**	**--**
	- The portion of maximum risk covered by guarantee	--	--	--	--	--	--
A.	Net carrying value of financial assets which are neither impaired nor overdue	--	8,948,530	--	10,281,655	25,907,071	--
B.	Net carrying value of financial assets which are overdue but not impaired	--	--	--	--	--	--
C.	Net carrying value of impaired assets	--	--	--	--	--	--
	- Overdue (gross book value)	--	--	--	--	--	--
	- Impairment (-)	--	--	--	--	--	--
	- Covered portion of net book value (with letter of guarantee etc)	--	--	--	--	--	--
	- Undue (gross book value)	--	--	--	--	--	--
	- Impairment (-)	--	--	--	--	--	--
	- Covered portion of net book value (with letter of guarantee etc)	--	--	--	--	--	--
D.	Off balance sheet items with credit risks	--	--	--	--	--	--

27. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS *(continued)*

27.1. Credit risk disclosures *(continued)*

		Receivables					
		Trade receivables		Other receivables			
	31 December 2013	**Related party**	**Third party**	**Related party**	**Third party**	**Deposits on banks**	**Other**
	Exposure to maximum credit risk as of reporting date (A+B+C+D)	**--**	**6,031,253**	**--**	**9,824,317**	**30,313,408**	**--**
	- The portion of maximum risk covered by guarantee	--	--	--	--	--	--
A.	Net carrying value of financial assets which are neither impaired nor overdue	--	6,031,253	--	9,824,317	30,313,408	--
B.	Net carrying value of financial assets which are overdue but not impaired	--	--	--	--	--	--
C.	Net carrying value of impaired assets	--	--	--	--	--	--
	- Overdue (gross book value)	--	--	--	--	--	--
	- Impairment (-)	--	--	--	--	--	--
	- Covered portion of net book value (with letter of guarantee etc)	--	--	--	--	--	--
	- Undue (gross book value)	--	--	--	--	--	--
	- Impairment (-)	--	--	--	--	--	--
	- Covered portion of net book value (with letter of guarantee etc)	--	--	--	--	--	--
D.	Off balance sheet items with credit risks	--	--	--	--	--	--

As at 31 March 2014 and 31 December 2013, the Group does not have any financial assets which are overdue but not impaired

27. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS *(continued)*

27.2. Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements. The table analyses the financial liabilities of the Group by grouping the terms. The contractual cash flow is not discounted:

31 March 2014:

Contractual maturities	Carrying amount	Contractual cash flows	3 months or less	3-12 months	1-5 years	More than 5 years
		(I)+(II)+(III)+(IV)	(I)	(II)	(III)	(IV)
Non-derivative financial liabilities						
Financial liabilities	525,669,849	638,183,105	41,019,283	81,422,637	353,647,471	162,093,714
Trade payables	6,840,562	6,840,562	6,840,562	--	--	--
Other payables (other liabilities included)	6,113,070	6,113,070	2,488,556	--	3,624,514	--

31 December 2013:

Contractual maturities	Carrying amount	Contractual cash flows	3 months or less	3-12 months	1-5 years	More than 5 years
		(I)+(II)+(III)+(IV)	(I)	(II)	(III)	(IV)
Non-derivative financial liabilities						
Financial liabilities	500,798,611	608,769,206	48,557,706	62,928,330	336,620,565	160,662,605
Trade payables	11,236,283	11,236,283	11,236,283	--	--	--
Other payables (other liabilities included)	4,816,128	4,816,128	1,316,569	--	3,499,559	--

The Group does not have any derivative financial liabilities as at 31 March 2014 and 31 December 2013. Since taxes and funds payable and social security premiums payable are non-financial liabilities, they are not included in other payables.

27. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS *(continued)*

27.3. Market risk

a) Foreign currency position table and sensitivity analysis

31 March 2014		**TL Equivalent**	**USD**	**EURO**	**GBP**	**Other**
Foreign currency position		**(Functional currency)**				
1	Trade receivables	--	--	--	--	--
2a	Monetary financial assets (cash and bank accounts included)	13,647,540	1,663	4,537,078	--	--
2b	Non-monetary financial assets	--	--	--	--	--
3	Other	175,286	--	58,289	--	--
4	**Current assets (1+2+3)**	**13,822,826**	**1,663**	**4,595,367**	**--**	**--**
5	Trade receivables	--	--	--	--	--
6a	Monetary financial assets	--	--	--	--	--
6b	Non-monetary financial assets	--	--	--	--	--
7	Other	7,941,173	--	2,637,761	2,449	--
8	**Non-current assets (5+6+7)**	**7,941,173**	**--**	**2,637,761**	**2,449**	**--**
9	**Total assets (4+8)**	**21,763,999**	**1,663**	**7,233,128**	**2,449**	**--**
10	Trade payables	1,373,299	--	456,670	--	--
11	Financial liabilities	78,706,635	--	26,172,731	--	--
12a	Other monetary financial liabilities	--	--	--	--	--
12b	Other non-monetary financial liabilities	123,665	--	41,123	--	--
13	**Short-term liabilities (10+11+12)**	**80,203,599**	**--**	**26,670,524**	**--**	**--**
14	Trade payables	--	--	--	--	--
15	Financial liabilities	424,706,797	--	141,229,980	--	--
16a	Other monetary financial liabilities	--	--	--	--	--
16b	Other non-monetary financial liabilities	2,894,733	1,321,916	--	--	--
17	**Long-term liabilities (14+15+16)**	**427,601,530**	**1,321,916**	**141,229,980**	**--**	**--**
18	**Total liabilities (13+17)**	**507,805,129**	**1,321,916**	**167,900,504**	**--**	**--**
19	**Net asset / (liability) position of off-balance sheet items (19a-19b)**	**--**	**--**	**--**	**--**	**--**
19a	**Amount of derivative off-balance sheet items in foreign currency in asset characteristics**	**--**	**--**	**--**	**--**	**--**
19b	**Amount of off derivative-balance sheet items in foreign currency in liability characteristics**	**--**	**--**	**--**	**--**	**--**
20	**Net foreign currency position (9-18+19)**	**(486,041,130)**	**(1,320,253)**	**(160,667,376)**	**2,449**	**--**
21	**Net foreign currency position of monetary assets / (liabilities) (1+2a+5+6a-10-11-12a-14-15-16a)**	**(491,139,191)**	**1,663**	**(163,322,303)**	**--**	**--**
22	**Fair value of the financial instruments used in foreign currency hedging**	**--**	**--**	**--**	**--**	**--**
23	**Amount of foreign currency assets hedged**	**--**	**--**	**--**	**--**	**--**
24	**Amount of foreign currency liabilities hedged**	**--**	**--**	**--**	**--**	**--**

27. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS *(continued)*

27.3. Market risk *(continued)*

a) Foreign currency position table and sensitivity analysis *(continued)*

31 December 2013		**TL Equivalent**	**USD**	**EURO**	**GBP**	**Other**
Foreign currency position		**(Functional currency**				
1	Trade receivables	--	--	--	--	--
2a	Monetary financial assets (cash and bank accounts included)	16,005,214	6,031	5,446,056	--	--
2b	Non-monetary financial assets	--	--	--	--	--
3	Other	865,439	--	294,718	--	--
4	**Current assets (1+2+3)**	**16,870,653**	**6,031**	**5,740,774**	**--**	**--**
5	Trade receivables	--	--	--	--	--
6a	Monetary financial assets	--	--	--	--	--
6b	Non-monetary financial assets	--	--	--	--	--
7	Other	7,608,565	--	2,588,143	2,416	--
8	**Non-current assets (5+6+7)**	**7,608,565**	**--**	**2,588,143**	**2,416**	**--**
9	**Total assets (4+8)**	**24,479,218**	**6,031**	**8,328,917**	**2,416**	**--**
10	Trade payables	1,178,946	--	401,480	--	--
11	Financial liabilities	83,782,797	--	28,531,516	--	--
12a	Other monetary financial liabilities	--	--	--	--	--
12b	Other non-monetary financial liabilities	123,664	--	42,113	--	--
13	**Short-term liabilities (10+11+12)**	**85,085,407**	**--**	**28,975,109**	**--**	**--**
14	Trade payables	--	--	--	--	--
15	Financial liabilities	408,511,424	--	139,115,077	--	--
16a	Other monetary financial liabilities	--	--	--	--	--
16b	Other non-monetary financial liabilities	2,705,144	1,267,462	--	--	--
17	**Long-term liabilities (14+15+16)**	**411,216,568**	**1,267,462**	**139,115,077**	**--**	**--**
18	**Total liabilities (13+17)**	**496,301,975**	**1,267,462**	**168,090,186**	**--**	**--**
19	**Net asset / (liability) position of off-balance sheet items (19a-19b)**	**--**	**--**	**--**	**--**	**--**
19a	**Amount of derivative off-balance sheet items in foreign currency in asset characteristics**	**--**	**--**	**--**	**--**	**--**
19b	**Amount of off derivative-balance sheet items in foreign currency in liability characteristics**	**--**	**--**	**--**	**--**	**--**
20	**Net foreign currency position (9-18+19)**	**(471,822,757)**	**(1,261,431)**	**(159,761,269)**	**2,416**	**--**
21	**Net foreign currency position of monetary assets / (liabilities) (1+2a+5+6a-10-11-12a-14-15-16a)**	**(477,467,953)**	**6,031**	**(162,602,017)**	**--**	**--**
22	**Fair value of the financial instruments used in foreign currency hedging**	**--**	**--**	**--**	**--**	**--**
23	**Amount of foreign currency assets hedged**	**--**	**--**	**--**	**--**	**--**
24	**Amount of foreign currency liabilities hedged**	**--**	**--**	**--**	**--**	**--**

27. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS *(continued)*

27.3. Market risk *(continued)*

a) Foreign currency position table and sensitivity analysis *(continued)*

Foreign currency sensitivity analysis

	Profit or (loss)	
	Appreciation of foreign currency	**Devaluation of foreign currency**
10% change of the USD against TL		
1- Net USD denominated asset/liability	(289,109)	289,109
2- Hedged portion of TL against USD risk (-)	--	--
3- Net effect of USD (1+ 2)	**(289,109)**	**289,109**
4- Net Euro denominated asset/liability	(48,315,894)	48,315,894
5- Hedged portion of TL against Euro risk (-)	--	--
6- Net effect of Euro (4+5)	**(48,315,894)**	**48,315,894**
10% change of other foreign currencies against TL		
7- Net other foreign currencies denominated asset/liability	890	(890)
8- Hedged portion of TL against other currencies risk (-)	--	--
9- Net effect of other foreign currencies (7+8)	**890**	**(890)**
TOTAL(3+6+9)	**(48,604,113)**	**48,604,113**

As at 31 March 2014, the Group has undiscounted non-cancellable lease receivables amounting TL 417,736,085 in equivalent of Euro 136,441,000 and Ruble 126,402,125 and non-cancellable undiscounted lease liabilities amounting TL 34,743,415 in equivalent of total of Euro 1,335,077 and USD 14,032,593 which are not included in the table above and to be recognized in the following periods.

27. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS *(continued))*

27.3. Market risk *(continued)*

a) Foreign currency position table and sensitivity analysis *(continued)*

Foreign currency sensitivity analysis *(continued)*

	Profit or (loss)	
	Appreciation of foreign currency	**Devaluation of foreign currency**
10% change of the USD against TL		
1- Net USD denominated asset/liability	(269,227)	269,227
2- Hedged portion of TL against USD risk (-)	--	--
3- Net effect of USD (1+ 2)	**(269,227)**	**269,227**
4- Net Euro denominated asset/liability	(46,913,897)	46,913,897
5- Hedged portion of TL against Euro risk (-)	--	--
6- Net effect of Euro (4+5)	**(46,913,897)**	**46,913,897**
10% change of other foreign currencies against TL		
7- Net other foreign currencies denominated asset/liability	848	(848)
8- Hedged portion of TL against other currencies risk (-)		--
9- Net effect of other foreign currencies (7+8)	**848**	**(848)**
TOTAL (3+6+9)	**(47,182,276)**	**47,182,276**

As at 31 December 2013, the Group has undiscounted non-cancellable lease receivables amounting TL 414,542,732 in equivalent of Euro 138,369,000 and Ruble 129,924,412 and non-cancellable undiscounted lease liabilities amounting TL 35,044,279 in equivalent of total of Euro 1,461,575 and USD 14,408,642 which are not included in the table above and to be recognized in the following periods.

27. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS *(continued)*

27.3. Market risk *(continued)*

a) Foreign currency position table and sensitivity analysis *(continued)*

The following significant exchange rates applied as at 31 March 2014, 31 December 2013 and 31 March 2013:

	Average		As at reporting date	
TL	**31 March 2014**	**31 March 20143**	**31 March 2014**	**31 December 2013**
USD	2.2146	1.7803	2.1898	2.1343
Euro	3.0342	2.3508	3.0072	2.9365

b) Interest rate risk table and sensitivity analysis

The interest rate profile of the Group's interest-bearing financial instruments is as follows:

	31 March 2014	31 December 2013
Fixed rate instruments		
Financial assets	23,683,676	25,393,467
Financial liabilities	44,989,806	51,555,302
Variable rate instruments		
Financial assets	--	--
Financial liabilities	480,680,043	449,243,309

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore; a change in interest rates at the reporting date would not affect profit or loss.

Additionally, the Group does not account for any fixed rate financial assets and liabilities as available-for-sale. Therefore; a change in interest rates at the reporting date would not directly affect equity.

Cash flow sensitivity analysis for variable rate instruments

As at 31 March 2014, a change of 100 basis points in interest rates at the reporting date would have increased/ (decreased) equity and profit or loss before tax by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 31 December 2013.

	Profit or (loss)		Equity(*)	
	100 bp increase	**100 bp decrease**	**100 bp increase**	**100 bp decrease**
31 March 2014				
Variable rate instruments	(4,806,800)	4,806,800	(4,806,800)	4,806,800
31 December 2013				
Variable rate instruments	(4,492,433)	4,492,433	(4,492,433)	4,492,433

(*) Profit / loss effect is included.

28. FINANCIAL INSTRUMENTS

28.1. Fair value risk

The fair value of an asset is the amount at which that asset could be bought or sold in a current transaction between willing parties.

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities.

Following assumptions and methods are used to estimate fair value of financial instruments, if fair values are applicable. The assumptions used in determining the fair value of the related assets and liabilities are disclosed in the related notes.

Financial assets

The Company assumes that the carrying value of cash equivalents are close to their fair value because of their short-term nature and insignificant amount of impairment risk. Trade receivables after netting the allowance for doubtful receivables are close to their fair value due to short-term nature.

Financial liabilities

The Company assumes that the carrying value of the trade payables and other liabilities are close to their fair value because of their short-term nature. Bank borrowings are measured with their amortized cost value and transaction costs are added to their acquisition costs. It is assumed that the borrowings' fair values are equal to their carrying values since interest rates of variable rate instruments are updated with changing market conditions and the maturities of fixed rate instruments are short term.

29. SUBSEQUENT EVENTS

Lease agreement with the date of 20 March 2014 and EUR 10,000,000 loan limit has been signed for financing of Tuzla Ibis Hotel Project having 200 rooms and the first loan usage amount which is EUR 4,000,000 has been retrieved. Based on the loan agreement, the aforesaid property has been pledged to in favor of the creditor in first degree on 10 April 2014.

2013 Ordinary General Assembly Meeting of the company was held in the headquarters of the Company located at Levent Loft Binası, Büyükdere Caddesi, No:201 C Blok Kat:8 Levent Istanbul on 06.05.2014 at 02.00 p.m. under supervision of Mr. M. Zafer Karakoç, the Ministry Representative appointed upon 12334 numbered and 05.05.2014 dated letter of the Provincial Directorate of Commerce, Istanbul Governorship, Republic of Turkey. 8- Pursuant to eighth agenda topic; the fact that TL 118.002.845.- "Consolidated Net Profit for the Period" achieved according to the consolidated financial statements for 2013 fiscal period prepared pursuant to the Capital Markets Board legislation and the Company's dividend distribution policy and audited by the KPMG-Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. but no distributable profit was generated submitted to approval of the General Assembly. No refusal votes received virtually or physically.

30. OTHER ISSUES THAT SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OR REQUIRED FOR UNDERSTANDING OF THE FINANCIAL STATEMENTS

None.

31. STATEMENT OF CASH FLOWS DISCLOSURES

As at and for three month period ended 31 March 2014, cash flows from operating activities TL 434,383 (31 March 2013: TL 7,550,158), cash flows from investing activities TL 12,301,003 (31 March 2013: TL 16,847,694), cash flows from financing activities TL 8,823,458 (31 March 2013: TL 17,973,625).

32. STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY DISCLOSURES

As at and for three month period ended 31 March 2014, equity attributable of equity holders of the parent is TL 871,604,856 (31 March 2013: TL 781,367,628) and non-controlling interest is TL 33,915,626 (31 March 2013: TL 30,488,048). As total, equity is TL 905,520,482 (31 March 2013: TL 811,855,676).

APPENDIX: COMPLIANCE CONTROL ON PORTFOLIO LIMITATIONS

The Company's control of compliance of the portfolio limits according to the CMB Communiqué Serial: III, No. 48.1 "Communiqué on Principles Regarding Real Estate Investment Trusts" is as follows:

	Unconsolidated (separate) financial statement main account items	Related Regulation	31 March 2014	31 December 2013
A	Cash and capital market instruments	III-48.1. S/N 24 / (b)	917,042	409,421
B	Investment properties, investment property-based projects, investment property-based rights	III-48.1. S/N 24 / (a)	741,269,066	737,444,999
C	Participations	III-48.1. S/N 24 / (b)	513,970,607	511,336,900
	Due from related parties (non-trade)	III-48.1. S/N 23 / (f)	--	--
	Other assets		31,409,026	28,922,193
D	**Total assets**	III-48.1. S/N 3 / (k)	**1,287,565,741**	**1,278,113,513**
E	Financial liabilities	III-48.1. S/N 31	298,860,183	281,647,741
F	Other financial liabilities	III-48.1. S/N 31	7,357,205	8,296,370
G	Finance lease liabilities	III-48.1. S/N 31	--	--
H	Due to related parties (non-trade)	III-48.1. S/N 23 / (f)	--	--
I	Shareholders' equity (net asset value)	III-48.1. S/N 31	981,348,353	988,169,402
	Other liabilities		--	--
D	**Total liabilities and equity**	III-48.1. S/N 3 / (k)	**1,287,565,741**	**1,278,113,513**

	Unconsolidated (separate) other financial information	Related Regulation	31 March 2014	31 December 2013
A1	Cash and capital market instruments held for payments of investment properties for 3 years	III-48.1. S/N 24 / (b)	--	--
A2	Time / demand TL / foreign currency	III-48.1. S/N 24 / (b)	909,081	398,565
A3	Foreign capital market instruments	III-48.1. S/N 24 / (d)	--	--
B1	Foreign investment property, investment property-based projects, investment property-based rights	III-48.1. S/N 24 / (d)	--	--
B2	Idle lands	III-48.1. S/N 24 / (c)	--	--
C1	Foreign subsidiaries	III-48.1. S/N 24 / (d)	98,369,794	95,736,087
C2	Participation to the operator company	III-48.1. S/N 28	--	--
J	Non-cash loans	III-48.1. S/N 31	818,736,260	763,683,318
K	Pledges on land not owned by the Investment Trust which will be used for project developments	III-48.1. S/N 22 / (e)	--	--

APPENDIX: COMPLIANCE CONTROL ON PORTFOLIO LIMITATIONS *(continued)*

	Portfolio Constraints Related Regulation	**Portfolio Constraints Related Regulation**	**Current Period**	**Previous Period**	**Minimum/Maximum Ratio**
1	Pledges on Land not Owned by the Investment Trust which will be Used for Project Developments	III-48.1. S/N 22 / (e)	0.00%	0.00%	<10%
2	Investment Property, Investment Property Based Projects, Investment Property Based Rights	III-48.1. S/N 24 / (a). (b)	57.57%	57.70%	>50%
3	Cash and Capital Market Instruments and Participations	III-48.1. S/N 24 / (a). (b)	39.99%	44.04%	<50%
4	Foreign Investment Property, Investment Property based Projects, Investment Property Based Rights, Participations, Capital Market Instruments		39.92%	40.01%	<49%
5	Idle Lands	III-48.1. S/N 24 / (b)	0.00%	0.00%	<20%
6	Participation to the Operator Company		0.00%	0.00%	<10%
7	Borrowing Limit	III-48.1. S/N 24 / (d)	114.63%	106.62%	<500%
8	Time / Demand TL / Foreign Currency	III-48.1. S/N 24 / (c)	0.07%	0.03%	<10%

The figures shown in the table are summarized and prepared in accordance with the 16. Article of the comminuque with II-14.1 no related to "Financial Reporting Principals in Capital Markets" and portfolio limitation regulations of the comminuque with III-48.1 no related to " Principals of Real Estate Investments". Additionally, since the information in the table is unconsolidated, they may differ from the consolidated information in the financial statements.