

**AKFEN GAYRİMENKUL YATIRIM
ORTAKLIĞI ANONİM ŞİRKETİ**

**CONVENIENCE TRANSLATION INTO ENGLISH OF
STANDALONE FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITORS' REPORT
FOR THE PERIOD 1 JANUARY 2016 – 30 JUNE 2016
(ORIGINALLY ISSUED IN TURKISH)**

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ**CONVENIENCE TRANSLATION INTO ENGLISH OF STATEMENT OF FINANCIAL POSITION ORIGINALLY ISSUED IN TURKISH****STANDALONE FINANCIAL POSITION AS AT 30 JUNE 2016**

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

ASSETS	Notes	<i>Reviewed</i> 30 June 2016	<i>Audited</i> 31 December 2015
CURRENT ASSETS		3,331,999	16,676,833
Cash and cash equivalents	4	1,555,778	10,149,201
Trade receivables		754,025	5,689,764
- <i>Due from third parties</i>	6	754,025	5,689,764
Other receivables		-	90,905
- <i>Due from third parties</i>	7	-	90,905
Prepaid expenses	16	951,031	515,759
Other current assets	17	71,165	231,204
NON-CURRENT ASSETS		956,200,331	945,413,471
Financial investments		168,194,091	168,194,091
- <i>Subsidiaries</i>	8	168,194,091	168,194,091
Other receivables		104,528	104,281
- <i>Due from third parties</i>	7	104,528	104,281
Investment property	9	763,821,134	751,851,000
Property and equipment	10	43,344	32,982
Intangible assets		17,550	16,816
- <i>Other intangible assets</i>	11	17,550	16,816
Prepaid expenses	16	2,944,602	4,324,823
Other non-current assets	17	21,075,082	20,889,478
TOTAL ASSETS		959,532,330	962,090,304

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

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

CONVENIENCE TRANSLATION INTO ENGLISH OF STATEMENT OF FINANCIAL POSITION ORIGINALLY ISSUED IN TURKISH

STANDALONE FINANCIAL POSITION AS AT 30 JUNE 2016

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

LIABILITIES	Notes	Reviewed 30 June 2016	Audited 31 December 2015
CURRENT LIABILITIES		40,876,283	31,581,607
Short term financial liabilities	5	5,023,180	-
Short term portion of long term financial liabilities	5	31,523,694	25,820,555
Trade payables		2,530,590	3,457,574
- Due to related parties	6	2,211,101	2,811,915
- Due payables to third parties	3,6	319,489	645,659
Other payables		189,467	698,348
- Due to third parties	7	189,467	698,348
Short term provisions		344,401	328,404
- Short term provisions for employee benefits	15	344,401	328,404
Other current liabilities	17	1,264,951	1,276,726
NON-CURRENT LIABILITIES		345,930,269	349,831,040
Long term financial liabilities	5	342,309,137	346,149,733
Long term provisions		100,704	80,773
- Long term provisions for employee benefits	15	100,704	80,773
Other non-current liabilities	17	3,520,428	3,600,534
EQUITY		572,725,778	580,677,657
Paid in capital	18	184,000,000	184,000,000
Adjustment to share capital	18	317,344	317,344
Share premiums	18	58,880,000	58,880,000
Restricted reserves allocated from profit	18	4,147	4,147
Retained earnings		337,476,166	366,287,136
Net loss for the period		(7,951,879)	(28,810,970)
TOTAL LIABILITIES		959,532,330	962,090,304

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

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

CONVENIENCE TRANSLATION INTO ENGLISH OF STATEMENT OF FINANCIAL POSITION ORIGINALLY ISSUED IN TURKISH

STANDALONE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2016

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

	Notes	Reviewed 1 January - 30 June 2016	Not reviewed 1 April - 30 June 2016	Reviewed 1 January - 30 June 2015	Not reviewed 1 April - 30 June 2015
PROFIT OR LOSS					
Revenue	19	9,850,781	4,911,709	11,706,974	6,787,281
Cost of sales	19	(1,641,817)	(820,372)	(1,542,093)	(839,077)
GROSS PROFIT		8,208,964	4,091,337	10,164,881	5,948,204
General administrative expenses	20	(1,790,051)	(810,324)	(1,786,019)	(831,546)
Other operating income	21	30,969	23,390	106,322	24,214
Other operating expenses	21	(42,998)	(30,836)	(41,272)	(26,000)
OPERATING PROFIT		6,406,884	3,273,567	8,443,912	5,114,872
Financial income	22	434,962	427,827	21,919	2,445
Financial expenses	23	(14,793,725)	(5,671,687)	(29,890,478)	(17,219,280)
LOSS BEFORE TAX		(7,951,879)	(1,970,293)	(21,424,647)	(12,101,963)
Current tax expense		-	-	-	-
NET LOSS FOR THE PERIOD		(7,951,879)	(1,970,293)	(21,424,647)	(12,101,963)
Loss per share (Full TL)	25	(0.04)	(0.01)	(0.12)	(0.07)
LOSS FOR THE PERIOD		(7,951,879)	(1,970,293)	(21,424,647)	(12,101,963)
OTHER COMPREHENSIVE INCOME		-	-	-	-
Items to be reclassified to profit or loss		-	-	-	-
Change in currency translation differences		-	-	-	-
TOTAL COMPREHENSIVE LOSS		(7,951,879)	(1,970,293)	(21,424,647)	(12,101,963)
Attribution of total comprehensive loss:					
Non-controlling interest		-	-	-	-
Attributable to equity holders of the parent		(7,951,879)	(1,970,293)	(21,424,647)	(12,101,963)

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

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

**CONVENIENCE TRANSLATION INTO ENGLISH OF STATEMENT OF FINANCIAL POSITION ORIGINALLY ISSUED IN
TURKISH**

STANDALONE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 30 JUNE 2016

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

	Paid in Capital	Adjustment to share capital	Share premiums	Restricted reserves allocated from profit	Retained earnings		Equity Total
					Retained earnings	Net loss for the period	
Balance as at 1 January 2015	184,000,000	317,344	58,880,000	4,147	381,578,873	(15,291,737)	609,488,627
Transfers	-	-	-	-	(15,291,737)	15,291,737	-
Total comprehensive loss	-	-	-	-	-	(21,424,647)	(21,424,647)
Balance as at 30 June 2015	184,000,000	317,344	58,880,000	4,147	366,287,136	(21,424,647)	588,063,980
Balance as at 1 January 2016	184,000,000	317,344	58,880,000	4,147	366,287,136	(28,810,970)	580,677,657
Transfers	-	-	-	-	(28,810,970)	28,810,970	-
Total comprehensive loss	-	-	-	-	-	(7,951,879)	(7,951,879)
Balance as at 30 June 2016	184,000,000	317,344	58,880,000	4,147	337,476,166	(7,951,879)	572,725,778

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

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

CONVENIENCE TRANSLATION INTO ENGLISH OF STATEMENT OF FINANCIAL POSITION ORIGINALLY ISSUED IN TURKISH

STANDALONE STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2016

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

PROFIT OR LOSS	Notes	Reviewed 30 June 2016	Reviewed 30 June 2015
A. Cash flows from operating activities			
Net loss for the period		(7,951,879)	(21,424,647)
Adjustments to reconcile loss to cash provided by operating activities:			
Adjustments for depreciation and amortization expense	10, 11	10,221	8,601
Adjustments for change in provisions for employee termination benefits and unused vacation	15	35,928	99,694
Adjustments for interest income and expense		11,119,415	12,065,458
Adjustments for foreign currency exchange differences		1,885,723	21,740,833
Other adjustments to reconcile loss to cash provided by operating activities		(91,881)	98,419
		5,007,527	12,588,358
Net working capital changes in:			
Trade receivables		4,935,739	(4,104,753)
Other receivables from operating activities		90,658	-
Trade payables		(926,984)	912,919
Other payables from operating activities		(508,881)	60,745
Other adjustments for net working capital changes		919,384	(2,585,025)
Cash provided from operating activities		9,517,443	6,872,244
Payments for provisions for employee termination benefits and unused vacation		-	(28,800)
Net cash provided from operating activities		9,517,443	6,843,444
B. Cash flows from investing activities			
Cash outflow from acquisition of property, equipment and intangible assets	10, 11	(23,198)	(3,647)
Cash inflow from sale of property, equipment and intangible assets	10	1,881	-
Acquisition of investment property	9	(11,970,134)	(8,100,152)
Net cash used in investment activities		(11,991,451)	(8,103,799)
C. Cash flows from financing activities			
Proceeds from borrowings		5,000,000	323,045,600
Repayment of financial liabilities		-	(278,245,303)
Interest paid		(10,900,774)	(8,670,069)
Interest received		17,590	21,919
Repayment of other financial liabilities		(236,231)	(7,241,903)
Net cash (used)/provided by financing activities		(6,119,415)	28,910,244
Net (decrease)/increase in cash and cash equivalents		(8,593,423)	27,649,889
Cash and cash equivalents at the beginning of the period		10,149,201	232,262
Cash and cash equivalents at the end of the period	4	1,555,778	27,882,151

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