AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

CONVENIENCE TRANSLATION INTO ENGLISH OF STANDALONE FINANCIAL STATEMENTS WITH INDEPENDET AUDITORS' REPORT FOR THE PERIOD 1 JANUARY 2017 – 30 JUNE 2017 (ORIGINALLY ISSUED IN TURKISH)

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

STANDALONE FINANCIAL POSITION AS AT 30 JUNE 2017
(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

ASSETS	**Notes**	***Reviewed*** **30 June 2017**	***Audited*** **31 December 2016**
CURRENT ASSETS		**10,611,864**	**10,725,153**
Cash and cash equivalents	4	233,881	851,716
Trade receivables		5,582,195	4.744.216
- Trade receivables from related parties	*6*	*32,572*	-
- Trade receivables from third parties	*6*	*5,549,623*	*4,744,216*
Prepaid expenses	16	919,632	289,854
Other current assets	17	3,876,156	4,839,367
NON CURRENT ASSETS		**856,270,242**	**827,683,775**
Financial investments		145,079,312	168,194,091
- Subsidiaries	8	*145,079,312*	*168,194,091*
Trade receivables		49,092,491	**-**
- Trade receivables from related parties	*3,6*	*49,092,491*	-
Other receivables		116,560	162,623
- Other receivables from third parties	*7*	*116,560*	*162,623*
Investment property	*9*	646,889,554	643,531,637
Property and equipment	10	59,290	40,192
Intangible assets		12,184	14,845
- Other intangible assets	*11*	*12,184*	*14,845*
Prepaid expenses	16	717,951	910,948
Other non current assets	17	14,302,900	14,829,439
TOTAL ASSETS		**866,882,106**	**838,408,928**

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 2017
(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

LIABILITIES	**Notes**	***Reviewed*** **30 June 2017**	***Audited*** **31 December 2016**
CURRENT LIABILITIES		**86,711,249**	**71,889,859**
Cuurent borrowings	5	12,640,127	5,174,329
Current portion of non-current borrowings	5	70,100,303	62,239,489
Trade payables	6	295,417	545,797
- Trade payables to third parties	*6*	*295,417*	*545,797*
Other payables		2,055,355	2,236,109
- Other payables to third parties	*7*	*2,055,355*	*2,236,109*
Current provisions		90,505	137,119
- Current provisions for employee benefits	*15*	*90,505*	*137,119*
Other current liabilities	14,17	1,529,542	1,557,016
NON CURRENT LIABILITIES		**425,061,630**	**406,580,413**
Non current borrowings	5	403,158,621	385,562,664
Other payables		17,958,190	17,405,050
- Other payables to third parties	*7*	*17,958,190*	*17,405,050*
Non current provisions		141,677	109,136
- Non current provisions for employee benefits	*15*	*141,677*	*109,136*
Other non current liabilities	14,17	3,803,142	3,503,563
EQUITY		**355,109,227**	**359,938,656**
Issued capital	18	184,000,000	184,000,000
Inflation adjustments on capital	18	317,344	317,344
Treasury shares (-)	18	(5,605,354)	(3,338,783)
Share premium	18	58,880,000	58,880,000
Restricted reserves appropriated from profits		5,609,501	3,342,930
- Legal reserves	*18*	*4,147*	*4,147*
- Legal reserves for treasury shares	*18*	*5,605,354*	*3,338,783*
Prior years' profits		114,470,594	334,137,383
Net loss for the period		(2,562,858)	(217,400,218)
TOTAL LIABILITIES		**866,882,106**	**838,408,928**

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 2017
(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated)

PROFIT OR LOSS	Notes	***Reviewed*** **1 January - 30 June 2017**	***Unreviewed*** **1 April - 30 June 2017**	***Reviewed*** **1 January - 30 June 2016**	Un***reviewed*** **1 April - 30 June 2016**
Revenue	*19*	9,284,627	4,831,034	9,826,041	4,898,175
Cost of sales (-)	*19*	(2,051,190)	(1,054,742)	(1,641,817)	(820,372)
GROSS PROFIT		**7,233,437**	**3,776,292**	**8,184,224**	**4,077,803**
General administrative expenses (-)	*20*	(1,305,067)	(573,183)	(1,790,051)	(810,324)
Other operating income from operating activities	*21*	75,339	5,691	30,969	23,390
Other operating expenses from operating activities(-)	*21*	(33,452)	(20,117)	(42,998)	(30,36)
PROFIT FROM OPERATING ACTIVITIES		**5,970,257**	**3,188,683**	**6,382,144**	**3,260,033**
Income from investing activities	22	39,509,865	-	-	-
Financial income	*23*	680,158	669,287	459,702	441,361
Financiak expenses (-)	*24*	(48,723,138)	(17,450,689)	(14,793,72)	(5,671,687)
LOSS FROM CONTINUING OPERATIONS, BEFORE TAX		**(2,562,858)**	**(13,592,719)**	**(7,951,879)**	**(1,970,293)**
Tax expenses (-)		-	-	-	-
LOSS FROM CONTINUING OPERATIONS		**(2,562,858)**	**(13,592,719)**	**(7,951,879)**	**(1,970,293)**
Earnings per share	*26*	(0.01)	(0.07)	(0.04)	(0.01)
LOSS FROM CONTINUING OPERATIONS		**(2,562,858)**	**(13,592,719)**	**(7,951,879)**	**(1,970,293)**
OTHER COMPREHENSIVE INCOME		-	-	-	-
Other comprehensive income that will be reclassified to profit or loss		-	-	-	-
Exchange differences on translation		-	-	-	-
TOTAL COMPREHENSIVE LOSS		**(2,562,858)**	**(13,592,719)**	**(7,951,879)**	**(1,970,293)**
Total Comprehensive Income Attributable to					
Non-controlling interest		-	-	-	-
Owners of parent		(2,562,858)	(13,592,719)	(7,951,879)	(1,970,293)

STANDALONE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2017
(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated)

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 2017

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

						Accumulated profits		
	Issued capital	Inflation adjustment to share capital	Treasury shares(-)	Share premium	Restricted reserves allocated from profits	Retained earnings	Net loss for the period	Total equity
Balance as at 1 Janury 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 income	**-**	**-**	**-**	**-**	-	-	(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**
Balance as at 1 Janury 2017	**184,000,000**	**317,344**	**(3,338,783)**	**58,880,000**	**3,342,930**	**334,137,383**	**(217,400,218)**	**359.938.656**
Transfers	**-**	**-**	-	**-**	**-**	(217,400,218)	217,400,218	**-**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	-	(2,562,858)	(2.562.858)
(Decrease) / increase arising from treasury shares transactions (*)	**-**	**-**	(2,266,571)	**-**	**2,266,571**	**(2,266,571)**	**-**	(2.266.571)
Balance as at 30 June 2017	**184,000,000**	**317,344**	**(5,605,354)**	**58,880,000**	**5,609,501**	**114,470,594**	**(2,562,858)**	**355.109.227**

(*) Explained in Note 18.

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.)

	Notes	*Reviewed* 30 Haziran 2017	*Reviewed* 30 Haziran 2016
A. Cash flows from operating activities			
Loss from continuing operations		**(2,562,858)**	**(7,951,879)**
Adjustments to reconcile loss:			
Adjustments for depreciation and amortisation expense	10, 11	11,062	10,221
Adjustments for provisions related with employee benefits	15	65,281	35,928
Adjustments for interest income and expense		14,48,362	11,094,675
Adjustments for unrealised foreign exchange losses		33,747,933	1,885,723
Adjustments for gains /(loss) arising from sale of subsidiaries or joint operations	22	(39,509,865)	-
Other adjustments to reconcile loss		272,105	(91,881)
		6,272,020	**4,982,787**
Changes in working capital:			
Adjustments for trade accounts receivable		1,939,250	4,935,739
Adjustments for other receivables related with operations		46,063	90,658
Adjustments for trade accounts payable		(250,380)	(926,984)
Adjustments for other payable		(203,638)	(508,881)
Other adjustments for working capital		1,052,969	919,384
Cash flows provided by operations		**8,856,2824**	**9,492,703**
Payments related with provisions for employee benefits	15	(79,354)	-
Net cash flows from operating activities		**8,776,930**	**9,492,703**
B. Cash flows used in investing activities			
Cash inflows from sale of subsidiary subsidiary resulting in loss of control		10,754,925	-
Payments for purchase of property, plant and equipment and intangible assets	10,11	(27,499)	(23,198)
Proceeds from sale of property, plant and equipment and intangible assets	10	-	1,881
Payments for purchase of investment property	9	(2,781,896)	(11,970,134)
Cash flows provided by / (used in) investing activities		**7,945,530**	**(11,991,451)**
C. Cash flows from financing activities			
Proceeds from loans		7,267,625	5,000,000
Loan repayments		(8,092,986)	-
Interest paid		(14,928,521)	(10,900,774)
Interest received		680,158	42,330
Cash outflows for the acquisition of own shares and other equity instruments		(2,266,571)	-
Other cash outflows		-	(236,231)
Cash flows used in financing activities		**(17,340,295)**	**(6,094,675)**
Net decrease in cash and cash equivalents		**(617,835)**	**(8,593,423)**
Cash and cash equivalents at the beginning of the year		851,716	10,149,201
Cash and cash equivalents at the end of the period	**4**	**233,881**	**1,555,778**

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

1. ORGANIZATION AND OPERATIONS OF THE GROUP

Akfen Gayrimenkul Yatırım Ortaklığı AŞ ("the Group" 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 Group became a subsidiary of Akfen Holding. All of the shares of the Akfen GYO which are in the assets of the main shareholders Akfen Holding, are transferred to Akfen Mühendislik A.Ş. (Akfen Mühendislik) with partial division and relevant division was completed on 16 February 2017.

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 Group'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 Group'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 Group 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 Group was enlisted on Istanbul Stock Exchange (ISE) on 11 May 2011.

The Group 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. Akfen GT which is 100% owned subsidiary of Akfen GYO has 286 rooms Merit Park Hotel operating in the Turkish Republic of Northern Cyprus (TRNC).

The main objective of Russian Hotel – subsidiary of Akfen GT - is to develop hotels in Russia and Ukraine and lease them to ACCOR S.A while the main objective of Russian Property – subsidiary of Akfen GT - is to develop office projects in Russia. The capital structures of RHI and RPI are designated as 97.72% and 95% of participation for the Group, 2.28% and 5% participation of Cüneyt Baltaoğlu as at 30 June 2017, respectively.

The Group has set up a subsidiary in the Netherlands, Hotel Development and Investment BV ("HDI"), to develop hotel projects in Russia on 18 March 2011. In portfolio of HDI - %100 subsidiary of the Group –, there is an Ibis Hotel with 317 rooms completed in Moscow Russia. The hotel has started its operations as of 16 July 2015. All of the HDI shares owned by the Company were sold to Akfen GT which was wholly owned by th Company on 27 March 2017 amounting to EUR 16,936,630 (TRY 62,624,644).

The Group has established 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 Group.

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

As at 30 June 2017, the number of employees of the group is 9 (31 December 2016:10).

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

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1. Basis of preparation

a Statement of compliance

The attached standalonee financial statements are issued as complying with the provisions of the Capital Markets Board's ("CMB") Communique Serial: II, No: 14.1 "Principles Regarding Financial Reporting in Capital Markets" ("the Communique") which was published in the Official Gazette dated 13 June 2013 and numbered 28676. Pursuant to the relevant communique, the investment trusts that have to issue consolidated financial statements are also obliged to issue standalone financial statements together with consolidated financial statements.

The Company keeps its accounting records pursuant to Turkish Commercial Code and ("TCC") and Turkish Taxation Legislation within the framework of "the Uniform Chart of Accounts" published by the Ministry of Finance.

b. Compliance with TAS

According to the Communique of CMB, the accompanying standalone 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 individual financial statements as of 31 December 2016 have been approved by the Company's Board of Directors on 4 May 2016. General assembly and related legal institutions have right to correct related financial tables and financial tables according to legal statue.

c. Functional and presentation currency

The presentation currency of the accompanying financial statements is TRY and all financial information presented in TRY unless otherwise stated. All other currencies are stated full unless otherwise stated.

d Subsidiaries

The Company, in the standalone financial statements, recognizes its investments in subsidiaries at their cost value by discounting impairment value, if any.

The table below shows Akfen GYO's ownership ratio in subsidiaries as at 30 June 2017 and 31 December 2016:

The Company	**Direct or indirect shares of company (%)**
Akfen GT	100
HDI	100
RHI	97,72
RPI	95
Akfen Karaköy	70

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont'd)

2.1. Basis of preparation (cont'd)

e Foreign currency

Foreign currency transaction

Transactions in foreign currencies are translated to the functional currencies of the Company 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 statement of comprehensive income.

Except for the currency used for measuring the items in the standalone financial statement, all currency units used are named as foreign currency.

f. C omparative 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 30 June 2017 are presented comparatively to the financial statements as at 31 December 2016 and 30 June 2016.

Adjustments in financial statements for the prior period

"Time deposit interest income" amount of TRY 24,739 under the heading of "Revenue" was classified within the "Interest income" under the heading of "Financial income" in the consolidated financial statement as of June 30,2016.

The Group realized amounting to TRY 3,338,783 treasury shares are disclosed in restricted reserves appropriated from profits and retained earnings the Group's consolidated statement of financial position and consolidated statement of change in equity as of 31 December 2016.

2.2. Accounting estimates

The preperation of consolidated financial statement requires the use of assumptions and estimates that affect the reported amount sof of assets and liabilites, and disclosure of contingent assets and liabilities at the date of financial statements and reported amounts of revenues, expenses which are reported throughout the period. Even though, these assumptions and estimates rely on the best estimates of the Group management, the actual may differ from them. The estimates are used particularly in the following notes:

Note 9 - Fair value measurement of investment property

The fair value of the investment real estate of the Group as of the balance sheet date has been obtained according to the valuation carried out by a real estate valuation company which is not related with the Group. The evaluation made according to the International Valuation Standards has been identified with the revenue reduction methods and various estimations and assumptions (discount rates, occupancy rates, etc.) are being used in these calculations. Any possible future changes in these estimations and assumptions may lead to significant impact on the Group financial statements.

Note 17 Long Term VAT receivables

The Group classifies its VAT receivables which will be recovered more than one year based on its current operations, to non-current asset (Note 17).

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont'd)

2.3 Changes in accounting policies

The Company, for the current period, applied amendments and interpretations among the new and revised TAS (Turkish Accounting Standards) /TFRS (Turkish Financial Reporting Standards) amendments and interpretations published by the Turkish Accounting Standards Authority (TASB) and TASB's Turkish Financial Reporting Interpretations Committee (TFRIC), effective for as of 31 December 2016 and 30 June 2016 that affected the Company's financial statements.

1 Ocak 2017 tarihinden itibaren geçerli olan yeni standart, değişiklik ve yorumlar:

- TFRS 11 - Müşterek Faaliyetlerde Hisse Edinimi (Değişiklikler)
- TMS 16 ve TMS 38 - Kabul edilebilir Amortisman ve İtfa Yöntemlerinin Açıklığa Kavuşturulması (TMS 16 ve TMS 38'deki Değişiklikler)
- TMS 16 - Maddi Duran Varlıklar ve TMS 41 - Tarımsal Faaliyetler: Taşıyıcı Bitkiler (Değişiklikler)
- TMS 27 - Bireysel Mali Tablolarda Özkaynak Yöntemi (TMS 27'de Değişiklik)
- TFRS 10 ve TMS 28 - Yatırımcı İşletmenin İştirak veya İş Ortaklığına Yaptığı Varlık Satışları veya Katkıları - Değişiklikler
- TFRS 10, TFRS 12 ve TMS 28 - Yatırım İşletmeleri: Konsolidasyon İstisnasının Uygulanması (TFRS 10 ve TMS 28'de Değişiklik)
- TMS 1 - Açıklama İnisiyatifi (TMS 1'de Değişiklik)
- TFRS Yıllık İyileştirmeler - 2012 - 2014 Dönemi

Söz konusu değişikliklerin Şirket'in finansal durumu ve performansı üzerinde herhangi bir etkisi olmamıştır.

Yayımlanan ancak yürürlüğe henüz girmemiş ve erken uygulamaya konulmayan standartlar, değişiklikler ve iyileştirmeler:

- TFRS 15 - Müşterilerle Yapılan Sözleşmelerden Doğan Hasılat
- TFRS 9 - Finansal Araçlar
- TMS 7 - Nakit akış tabloları'ndaki değişiklikler
- TMS 12 - Gelir vergileri'deki değişiklikler
- TFRS 2 - Hisse bazlı ödemeler'deki değişiklikler
- TFRS 16 - Kiralama işlemleri
- TFRS 4 - Sigorta Sözleşmeleri'ndeki değişiklikler
- TMS 40 - Yatırım amaçlı gayrimenkuller standardındaki değişiklikler
- TFRS Yorum 22 - Yabancı para cinsinden yapılan işlemler ve avanslar ödemeleri
- TFRS Yıllık İyileştirmeler - 2014-2016 Dönemi
- TFRS 17- Yeni Sigorta Sözleşmeleri Standardı
- UFRYK- Gelir Vergisi Muameleleri Konusundaki Belirsizlikler

Söz konusu standart, değişiklik ve iyileştirmelerin Şirket'in finansal durumu ve performansı üzerindeki muhtemel etkileri değerlendirilmektedir.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont'd)

2.4 Summary of significant accounting policies

Significant accounting policies used in the preparation of the standalone 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. Income is realized when the economic benefits obtained by the Company and amount of the related income is measured confidingly.

2.4.2 Offsetting

Every item that has importance due to its nature an amount is reflected in the financial statements separately even if they are similar. Insignificant amounts are reflected by adding to each other based on their principles and functions. As a result of a requirement for offsetting due to nature of the transactions and events, reflection of such transactions and events from their net values or following up from their amount after deducting impaired value shall not be considered as violation of the rule of no offset.

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 Company'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 once a year.

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.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont'd)

2.4 Summary of significant accounting policies (cont'd)

2.4.3 Investment property (cont'd)

a **Operating investment properties (cont'd)**

Şirket, yatırım amaçlı gayrimenkul geliştirmek için kiraladığı arazilere ilişkin haklarını yatırım amaçlı gayrimenkul olarak sınıflandırmaktadır. Böyle bir durumda, ilgili araziye ilişkin hak, finansal kiralamada olduğu şekilde muhasebeleştirilir ve buna ek olarak, muhasebeleştirilen söz konusu arazi için gerçeğe uygun değer yöntemi kullanılır. Şirket'in kiralık arazilerin üstünde geliştirilen yatırım amaçlı gayrimenkullerinin gerçeğe uygun değer tespitlerinin bu araziler için ödenecek kira bedellerinin tahmini nakit akışlarından düşülmesi suretiyle yapılmış olmasından ötürü, ilgili araziler ile alakalı ödenecek kira bedellerinin indirgenmiş değerleri yatırım amaçlı gayrimenkuller ve diğer borçlar hesaplarında karşılıklı olarak muhasebeleştirilmektedir.

b **Investment property under development**

Interest costs among the borrowing costs directly related to investment property under construction is included to the cost of the relevant asset. Exchange gains/losses recognise under income statement.

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. 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.

2.4.4. Property and equipment

Tangible assets acquired before 1 January 2005 are carried at restated cost for the effects of inflation in TRY 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 fixture	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.

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. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont'd)

2.4 Summary of significant accounting policies (cont'd)

2.4.5 Intangible assets

Intangible assets consists the software programmes. 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

Classification

The Group's financial assets are consisted of trade receivables besides cash and cash equivalents. The Management makes classification of the financial assets as of their acquisition date.

i) Loans and receivables

Loans and receivables are financial assets having a fixed or certain amount of payment, which are not traded on an active market and not being derivate instruments. If their due date is shorter than 12 months as of the balance sheet date, they are classified as current assets, but if their due date is longer than 12 months, then they are classified as fixed assets.

Trade receivables mainly consisted of receivables arisen from lease transactions based on lease contracts of real estates.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont'd)

2.4 Summary of significant accounting policies (cont'd)

2.4.7. Financial instruments (cont'd)

Recognition and Measurement

Financial assets are recorded on the date of sales/purchase. The date of sales/purchase is the day that the management has promised to realize such sales/purchase. Except for financial assets of which fair value differences related to the income statement, other investments are initially recorded to the book from their fair value plus transaction cost. The financial assets, measured at their fair value and related to the income statement, are appraised from fair value and transaction costs are recognized as expense in the comprehensive income statement. Once the cash flow rights arisen from financial assets are expired or transferred and the Group has transferred all risks and returns, financial assets are removed from books. The financial assets, measured at their fair value and related to the income statement, are recognized at their fair value in successive periods. Loans and receivables are recognized at a value discounted using effective interest rate.

Trade receivables and liabilities

Trade receivables arisen from supply of a product or service to a customer by the Group are reflected by netting against unrealized financing income. Trade receivables after unrealized financing income is calculated by discounting future amounts to be obtained in successive periods from the receivables recorded at their original invoice value by use of effective interest rate method. Short-term receivables not having a determined interest rate are reflected from their cost value if the original effective interest rate has no substantial effect.

The Group sets aside provision for doubtful trade receivables in case of objective evidence that there is no possibility for collection. The amount of such provision is the recorded value of the receivable less the collectible amount. The collectible amount is the discounted amount of the trade receivable arisen, all cash flows including amounts likely to be collected guarantees and collaterals, based on the original effective interest rate.

Subsequent to setting aside provision for doubtful trade receivables, if whole or a part of the doubtful trade receivables are paid, the amount paid is deducted from the provision for doubtful trade receivables and recorded under the other income account.

Trade liabilities are liabilities arisen from direct purchase of product and service from suppliers. Trade liabilities and other liabilities are reflected by netting against unrealized financing expenses. Trade liabilities and other liabilities after unrealized financing expenses is calculated by discounting future amounts to be paid in successive periods from the liabilities recorded at their original invoice value by use of effective interest rate method. Short-term liabilities not having a determined interest rate are reflected from their cost value if the original effective interest rate has no substantial effect.

Financial liabilities and borrowing cost

Financial liabilities are initially recognised at the value received by deducting transaction costs from the amount of financial liability on the borrowing date. Financial liabilities are measured in the consolidated financial statements from their amortised cost using effective interest rate on subsequent dates.

Cash and cash equivalents

Cash and cash equivalents are consisted of cash on hand, demand deposits and time deposits having a maturity date less than 3 months.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont'd)

2.4 Summary of significant accounting policies (cont'd)

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 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 25).

2.4.9 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 financial position date (adjusting events after the balance sheet date); and
- those that are indicative of conditions that arose after the financial position 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.

2.4.10 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.

3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont'd)

2.4 Summary of significant accounting policies (cont'd)

2.4.11 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.

2.4.12 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.

2.4.13 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.

2.4.14 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. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont'd)

2.4 Summary of significant accounting policies (cont'd)

2.4.15 Taxation

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

Deferred income taxes are provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements.

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%.

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.

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.

2.4.16 Employee termination benefits

Retirement pay provision

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.

Tanımlanan katkı planları:

Şirket, Sosyal Sigortalar Kurumu'na zorunlu olarak sosyal sigortalar primi ödemektedir. Şirket'in bu primleri ödediği sürece başka yükümlülüğü kalmamaktadır. Bu primler tahakkuk ettikleri dönemde personel giderlerine yansıtılmaktadır.

Kullanılmamış izin hakları

Finansal tablolarda tahakkuk etmiş olan kullanılmamış izin hakları, bilanço tarihi itibariyle çalışanların kullanmadıkları hak edilmiş izin günleri ile ilgili gelecekteki olası yükümlülüklerin tahmini toplam karşılığını ifade eder.

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

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont'd)

2.4 Summary of significant accounting policies (cont'd)

2.4.15. Nakit akış tablosu

Nakit akış tablosunda, döneme ilişkin nakit akış tabloları işletme, yatırım ve finansman faaliyetlerine dayalı bir biçimde sınıflandırılarak raporlanır. İşletme faaliyetlerinden kaynaklanan nakit akışları Şirket'in faaliyetlerinden kaynaklanan nakit akışlarını gösterir. Yatırım faaliyetleri ile ilgili nakit akışları, Şirket'in yatırım faaliyetlerinde (sabit yatırımlar ve finansal yatırımlar) kullandığı ve elde ettiği nakit akışlarını gösterir. Finansman faaliyetlerine ilişkin nakit akışları, Şirket'in finansman faaliyetlerinde kullandığı kaynakları ve bu kaynakların geri ödemelerini gösterir.

2.4.16. Menkul kıymet satış karı

Şirket'in sahip olduğu HDI hisselerinin tamamı, Şirket'in %100 bağlı ortaklıklarından Akfen GT'ye 27 Mart 2017 tarihinde 16.036.630 Avro (62.624.644 TL) bedel ile satılmıştır. Söz konusu satış bedeli HDI'nın değerleme raporuna göre belirlenen gerçeğe uygun değeri üzerinden hesaplanmıştır. Şirket, satış tarihi itibarıyla mali tablosunda taşıdığı HDI'nın defter değeri ile gerçeğe uygun değeri arasındaki olumlu farkı menkul kıymet satış karı olarak bireysel kar veya zarar ve diğer kapsamlı gelir tablosunda yatırımlar faaliyetlerinden gelirler altında muhasebeleştirmiştir (Dipnot 22). Söz konusu satış bedelinin bir kısmı nakit olarak tahsil edilmiş olup kalan alacak tutarı için adat faizi uygulanacaktır.

Satış tarihi itibarıyla HDI'nın defter değeri	23,114,779
Satış tarihi itibarıyla HDI'nın gerçeğe uygun değeri (Satış bedeli)	62,624,644
Gain on sale of marketable securites (*)	**39,509,865**

* Bireysel finansal tablolarda gelir olarak kaydedilen bu tutar, Şirket'e ait konsolide finansal tablosunda satışın gerçekleştiği Şirket'in %100 bağlı ortaklıklarından Akfen GT'nin tam konsolide edilmesinden dolayı elimine edilmekte olup konsolide finansal tablolara yansımamaktadır.

2.5. 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 is 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 (i.e. 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).

The fair value of the investment real estates is at Level 3 according to the revenue reduction method that is one of the valuation techniques. The movement table for amendment in the fair values is given in the Note 9.

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

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont'd)

2.4 Summary of significant accounting policies (cont'd)

2.6. Investment portfolio limitations on real estate investment trust

Presented information as of 30 June 2017 and 31 December 2016, in accordance with Capital Markets Board's Communiqué Serial: II, No: 14.1 "Financial Reporting in Capital Markets" Amendment No: 16 comprised condensed information and prepared in accordance with Capital Markets Board's Communiqué Serial: III, No: 48.1"Real Estate Investment Company" published in the Official Gazette dated 28 May 2013 numbered 28660.

In addition since the information given "Restrictions on the Investment Portfolio of Real Estate Investment" comprise unconsolidated data; such information may not match with the information disclosed in the consolidated financial statements.

3 RELATED PARTY DISCLOSURES

3.1. Due from related parties

Due from related parties (trade):

	30 June 2017	31 DEcember 2016
Akfensu	32,572	-
	32,572	**-**

Due from related parties (non current-trade):

	30 June 2017	31 December 2016
Akfen GT	49,092,491	-
	49,092,491	**-**

27 Mart 2016 tarihinde Akfen GYO'nun %100 bağlı ortaklığı olan HDI'nın hisselerinin tamamını gerçeğe uygun değer üzerinden Akfen GT'ye satmasından dolayı oluşan alacak tutarıdır (Dipnot 2.4.16) . İlişkili taraflardan sağlanan ve verilen önemli teminatlar hakkındaki bilgiler Not 5'te verilmiştir.

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

4 RELATED PARTY DISCLOSURES

3.2. Related party transactions

a) Operating investment purchases (Investment properties under development)

	1 January - 30 June 2017	1 April - 30 June 2017	1 January - 30 June 2016	1 April - 30 June 2016
Akfen İnşaat Turizm ve Ticaret A.Ş.	-	-	9,998,601	6,005,646
	-	**-**	**9,998,601**	**6,005,646**

b) Rent expenses

	1 January - 30 June 2017	1 April - 30 June 2017	1 January - 30 June 2016	1 April - 30 June 2016
Hamdi Akın	166,050	73,800	212,024	106,001
	166,050	**73,800**	**212,024**	**106,001**

c) Interest income

	1 January - 30 June 2017	1 April - 30 June 2017	1 January - 30 June 2016	1 April - 30 June 2016
Akfen Gayrimenkul Ticareti ve İnşaat A.Ş.	657,381	657,381	-	-
Akfen Karaköy Gayrimenkul Yatırımları ve İnşaat A.Ş.	19,581	15,187	15,400	9,969
Akfen Holding	-	-	1,632	487
	676,962	**672,568**	**17,032**	**10,456**

d) Interest expenses

	1 January - 30 June 2017	1 April - 30 June 2017	1 January - 30 June 2016	1 April - 30 June 2016
Akfen Gayrimenkul Ticareti ve İnşaat A.Ş.	75,608	3,584	49,926	48,120
	75,608	**3,584**	**49,926**	**48,120**

e) Remuneration of top management

	1 January - 30 June 2017	1 April - 30 June 2017	1 January - 30 June 2016	1 April - 30 June 2016
Remuneration of top management	587,149	269,587	850,465	334,979
	587,149	**269,587**	**850,465**	**334,979**

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

4. CASH AND CASH EQUIVALENTS

	30 June 2017	31 December 2016
Cash on hand	8,420	13,747
Banks	225,461	723,897
- Demand deposits	*225,461*	*123,897*
- Time deposits	-	*600,000*
Investment funds	-	114,072
Cash and cash equivalents in cash flow statement	**233,881**	**851,716**

Demand deposits

As at 30 June 2017 and 31 December 2016 demand deposits are comprised of the following currencies:

	30 June 2017	31 Decemebr 2016
Euro	163,235	2,652
TRY	62,193	120,410
US Dollar	33	835
Total demand deposits	**225,461**	**123,897**

Time deposits

As at 31 December 2016 time deposits are comprised of the following currencies:

31 December 2016

Currency	Maturity	Interest rate	31 December 2016
TRY	January 2017	7.50%	600,000
Total			**600,000**

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

5. FINANCIAL LIABILITIES

As at 30 June 2017 and 31 December 2016 demand deposits are comprised of the following currencies:

	30 June 2017	31 Decemebr 2016
Short term financial liabilities:		
Short term financial liabilities	12,640,127	5,174,329
Current portion of long term financial liabilities	70,100,303	62,239,489
Long term financial liabilities:		
Long term financial liabilities	403,158,621	385,562,664
Total financial liabilities	**485,899,051**	**452,976,482**

The repayment schedule of financial liabilities is as follows:

	30 June 2017	31 December 2016
Less than 1 year	82,740,430	67,413,818
1 - 2 years	51,660,292	46,695,508
2 - 3 years	45,985,420	44,702,137
3 - 4 years	41,514,372	39,336,881
4 - 5 years	43,319,348	35,476,055
5 years and longer	220,679,189	219,352,083
Total financial liabilities	**485,899,051**	**452,976,482**

30 June 2017:

Currency	Nominal interest rate	Original amount	Short term	Long term	Total
Euro (1) (*)	6.80%	113,208,560	50,015,245	403,158,621	453,173,866
Euro (2)	6.125%	5,017,502	20,085,059	-	20,085,059
TRY (3)	14.35%	5,372,501	5,372,501	-	5,372,501
TRY (4)	16.00%	5,000,000	5,000,000	-	5,000,000
TRY (5)	11.00% - 16.00%	2,267,625	2,267,625	-	2,267,625
			82,740,430	**403,158,621**	**485,899,051**

31 December 2016:

Currency	Nominal interest rate	Original amount	Short term	Long term	Total
Euro (1) (*)	7.20%	115,686,295	43,621,923	385,562,664	429,184,587
Euro (2)	6.125%	5,018,347	18,617,566	-	18,617,566
TRY (3)	13.90%	5,174,329	5,174,329	-	5,174,329
			67,413,818	**385,562,664**	**452,976,482**

(*) Interest rates of the loans are 7,20% for the first 2 years, 6,80% for upcoming 2 years and 6,00% + Euribor (3 months) for upcoming years.

(1) The loan agreement in amount of Euro 116.000.000 with 10 year maturity having 2 year grace period has been signed for refinancing of Akfen GYO's current loans and financing the investments of ongoing projects. The loans has been used on 18 March 2015 and all loans of Akfen GYO has been refinanced.

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

5. FINANCIAL LIABILITIES (cont'd)

Bank borrowings obtained with this agreement is secured by the followings:

- Right of tenancy of the hotels in Gaziantep, Kayseri, Trabzon, Bursa and Zeytinburnu and land, building and equipments of Ankara Esenboğa, Esenyurt and Adana and the land on which hotel is being built in Tuzla are pledged in favor of the creditors,
- Rent revenue of related hotels is alienated in favor of the creditor,
- The bank accounts opened in bank and financial corporations under related projects are pledged to the favor of creditor,
- Sureties of Akfen İnşaat Turizm ve Ticaret A.Ş. ("Akfen İnşaat"),is given for the completion guarantee of Ibis Hotel Tuzla project.
- Some portion of the shares of Akfen GYO which are not publicly open, of Akfen Mühendislik – shareholder of the Group has been pledged to the favor of creditor.

(2) On September 20, 2016 a 1-year term credit amounted to EUR 5.000.000 was used. Senior usage rights of the hotels in Zeytinburnu for the credit used have been subordinately mortgaged as much as the credit amount in favor of the creditor

(3) Spot loan in amount of TRY 5,000,000 has been used in October 2016. Akfen Holding has corporate guarantee for the loan used.

(4) Spot loan in amount of TRY 5,000,000 has been used in April 2017. Akfen Mühendislik has corporate guarantee for the loan used.

(5) Shares loan are used to take back the Company's own shares on 2017. The treasury shares were pleged to lenders equal to the loan.

6. TRADE RECEIVABLES AND PAYABLES

a) Short term trade receivables

As at 30 June 2017 and 31 December 2016, short-term trade receivables comprised the followings:

	30 June 2017	**31 December 2016**
Trade receivables from third parties	5,549,623	4,744,216
Trade receivables from related parties (Note 3)	32,572	-
	5,582,195	**4,744,216**

As at 30 June 2017, TRY 5,523,111(31 December 2016: TRY 4,744,216) portion of total trade receivables is comprised of receivables of the Group from Tamaris Turizm A.Ş. - operator of the hotels in Turkey - related to hotel rental revenue.

b) Long term trade receivables

As at 30 June 2017 and 31 December 2016, long-term trade receivables comprise the followings:

	30 June 2017	**31 December 2016**
Trade receivables from related parties (Note 3)	49,092,491	-
	49,092,491	**-**

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

6. TRADE RECEIVABLES AND PAYABLES

c) Short term trade payables

As at 30 June 2017 and 31 December 2016, short-term trade payables comprise the followings:

	30 June 2017	31 December 2016
Trade payables to related parties	295,417	545,797
- Other expense accruals	*174,117*	*116,251*
- Other trade payables	*121,300*	*429,546*
	295,417	**545,797**

7. OTHER RECEIVABLES AND PAYABLES

a) Other current receivables

As at 30 June 2017 and 31 December 2016, other current receivables comprise the followings:

	30 June 2017	31 December 2016
Deposits and guarantees given	116,560	162,623
	116,560	**162,623**

b) Other current payables

As at 30 June 2017 and 31 December 2016, other current payables comprise the followings:

	30 June 2017	31 December 2016
Landlease payables (Note 9)	1,985,468	1,962,587
Taxes and funds payable	40,990	78,130
Social security premiums payable	28,897	54,782
Other	-	140,610
	2,055,355	**2,236,109**

c) Uzun vadeli diğer borçlar

	30 June 2017	31 December 2016
Landlease payables (Note 9)	17,958,190	17,405,050
	17,958,190	**17,405,050**

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

8. FINANCIAL INVESTMENTS

Subsidiaries

As of 30 June 2017 and 31 December 2016, nominal values of the Company's subsidiaries in balance sheet are as below:

	Ownership ratio (%)	30 June 2017	Ownership ratio (%)	31 December 2016
Akfen GT	100	121,000,000	100	121,000,000
HDI (*)		-	100	23,114,779
Akfen Karaköy	70	24,079,312	70	24,079,312
Total		**145,079,312**		**168,194,091**

(*) Note 2.4.16.

As of 30 June 2017 and 2016, the movement of the subsidiaries are as below:

	Akfen GT	HDI	Akfen Karaköy	Total
Opening balance as at 1 January 2016	121,000,000	23,114,779	24,079,312	168,194,091
Capital payments	-	-	-	-
Closing balance as at 30 June 2016	**121,000,000**	**23,114,779**	**24,079,312**	**168,194,091**
Opening balance as at 1 January 2017	121,000,000	23,114,779	24,079,312	168,194,091
Capital payments	-	-	-	-
Disposal (*)	-	(23,114,779)	-	(23,114,779)
Closing balance as at 30 June 2017	**121,000,000**	**-**	**24,079,312**	**145,079,312**

(*) Note 2.4.16.

9. INVESTMENT PROPERTY AND INVESTMENT PROPERTY UNDER DEVELOPMENT

As at 30 June 2017 and 31 December 2016 details of investment property and investment property under development are as follows:

	30 June 2017	31 December 2016
Operating investment properties	626,945,896	574,394,000
Investment properties under development	-	49,770,000
Land lease	19,943,658	19,367,637
Total	**646,889,554**	**643,531,637**

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

9. INVESTMENT PROPERTY AND INVESTMENT PROPERTY UNDER DEVELOPMENT (cont'd)

Operating investment properties:

As at 30 June 2017 and 2016 movements in operating investment property are as follows:

	2017	2016
January 1	574,394,000	709,057,000
Additions	456,724	232,172
Transfers from investment property under development	52,095,172	-
30 Haziran	**626,945,896**	**709,289,172**

Fair values of the Company's investment properties 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. 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.

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 Group 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 fits to the lease term for right of tenancy of each hotels 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 30 June 2017 and 31 December 2016, the fair values of operating investment properties is as follows:

	30 June 2017		31 December 2016	
Name of investment property	**Date of appraisal report**	**Fair value**	**Date of appraisal report**	**Fair value**
Ibis Hotel ve Novotel Zeytinburnu	31 December 2016	170,135,647	31 December 2016	170,118,000
Novotel Trabzon	31 December 2016	109,472,087	31 December 2016	109,210,000
Ibis Hotel Tuzla	31 December 2016	52,095,170	31 December 2016	-
Ibis Hotel Alsancak İzmir	31 December 2016	45,048,000	31 December 2016	45,048,000
Ibis Hotel Adana	31 December 2016	43,574,204	31 December 2016	43,520,000
Ibis Hotel ve Novotel Kayseri	31 December 2016	42,096,000	31 December 2016	42,096,000
Ibis Hotel Esenyurt	31 December 2016	40,974,950	31 December 2016	40,952,000
Ibis Hotel ve Novotel Gaziantep	31 December 2016	40,236,138	31 December 2016	40,178,000
Ibis Hotel Bursa	31 December 2016	37,338,992	31 December 2016	37,320,000
Ibis Hotel Ankara Airport	31 December 2016	34,500,708	31 December 2016	34,478,000
Ibis Hotel Eskişehir	31 December 2016	11,474,000	31 December 2016	11,474,000
Total		**626,945,896**		**574,394,000**

As at 30 June 2017, the fair value of operating investment properties comprise of value of appraisal report dated 31 December 2016 and expenditures at the balance sheet date.

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

9. INVESTMENT PROPERTY AND INVESTMENT PROPERTY UNDER DEVELOPMENT (cont'd)

As at 30 June 2017, total insurance amount on operating investment properties is TRY 811,583,892 (31 December 2016: TRY 669.176.885).

As at 30 June 2017 the pledge amount on operating investment property is TRY 712.742.897 (31 December 2016:TRY 541.741.901).

Discount rates used for fair value calculations of operating investment properties as of 31 December 2016, are as below:

Name of investment property	Discount rate 31 December 2016
Ibis Hotel ve Novotel Zeytinburnu	10,09% and 11,18%
Novotel Trabzon	10,09% and 11,18%
Ibis Hotel ve Novotel Kayseri	10,45% and 11,54%
Ibis Hotel ve Novotel Gaziantep	10,09% and 11,18%
Ibis Hotel Bursa	10,09% and 11,18%
Ibis Hotel Eskişehir	10,09% and 11,18%
Ibis Hotel Adana	10,09% and 11,18%
Ibis Hotel Esenyurt	10,45% and 11,54%
Ibis Hotel Alsancak İzmir	10,09% and 11,18%
Ibis Hotel Ankara Airport	10,09% and 11,18%
Novotel İstanbul Bosphorus, Karaköy	9,73% and 10,82%
Ibis Hotel Tuzla(*)	10,45% and 11,54%

*** *Since the hotel started its operations as of 30 June 2017, it has been transferred to operating investment properties from investment properties under development.***

Investment properties under development:

As at 30 June 2017 and 2016, the details of investment property under development are as follows:

	2017	2016
January 1	49,770,000	42,794,000
Additions	2,325,172	11,737,962
Transfer to operating investment properties	(52,095,172)	-
June 30	**-**	**54,531,962**

As at 30 June 2017 and 31 December 2016, the fair values of investment properties under development in Turkey is as follows:

	30 June 2017		31 December 2016	
Name of investment property	**Date of appraisal report**	**Fair value**	**Date of appraisal report**	**Fair value**
Ibis Hotel Tuzla Project	-	-	31 December 2016	49,770,000
Total		**-**		**49,770,000**

As at 31 December 2016, total insurance amount on investment properties under development is TRY 45,075,285.

As at 31 December 2016 the pledge amount on investment property under development is TRY 118,813,900. The Group has no investment property under development as at 30 June 2017.

9. INVESTMENT PROPERTY AND INVESTMENT PROPERTY UNDER DEVELOPMENT (cont'd)

Discount rates used for fair value calculations of operating investment property under development as of 31 December 2016, are as below:

Name of investment property under development	Discount rate 31 December 2016
Ibis Hotel Tuzla Project (*)	10.45% and 11.54%

***** *Since the hotel started its operations as of 30 June 2017, it has been transferred to operating investment properties from investment properties under development.*

Land Leases

The Group classifies its rights for the lands that are rented to develop investment real estate as investment real estates. In such a case, the rights to the related land are recognized as if it were a financial lease and in addition, the fair value model is used for the related land that is accounted for. The fair values of the investment properties developed on the leased land have been deducted from the estimated cash flows to be paid for the rents and therefore the discounted values of rentable rentals related to the related land are accounted for in the investment property and other liabilities accounts.

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

10. PROPERTY AND EQUIPMENT

As at 30 June 2017 and 2016, the movement of property and equipment is as follows:

	Equipments	Furniture& fixture	Total
Cost value			
Balance at 1 January 2016	4,688	252,349	257,037
Additions	-	19,798	19,798
Disposals	-	(3,013)	(3,013)
Balance at 30 June 2016	**4,688**	**269,134**	**273,822**
Cost value			
Balance at 1 January 2017	4,688	273,595	278,283
Additions	-	27,499	27,499
Balance at 30 June 2017	**4,688**	**301,094**	**305,782**
Accumulated depreciation			
Balance at 1 January 2016	(2,915)	(221,140)	(224,055)
Charge for the period	(192)	(7,363)	(7,555)
Disposals	-	1.132	1,132
Balance at 30 June 2016	**(3,107)**	**(227,371)**	**(230,478)**
Balance at 1 January 2017	(3,300)	(234,791)	(238,091)
Charge for the period	(191)	(8,210)	(8,401)
Balance at 30 June 2017	**(3,491)**	**(243,001)**	**(246,492)**
Net carrying value			
1 January 2016	1,773	31,209	32,982
30 June 2016	1,581	41,763	43,344
1 January 2017	1,388	38,804	40,192
30 June 2017	1,197	58,093	59,290

As at 30 June 2017 there is no pledge on property and equipment (31 December 2016: None).

As of 30 June 2017, depreciation expenses amounting to TRY 8,401 has been recognized in general administrative expenses (30 June 2016: TRY 7,555).

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

11. INTANGIBLE ASSETS

As at 30 June 2017 and 2016, the movement of intangible assets is as follows:

	Software
Cost value	
Balance at 1 January 2016	65,192
Additions	3,400
Balance at 30 June 2016	**68,592**
Balance at 1 January 2017	68,592
Additions	-
Balance at 30 June 2017	**68,592**
Accumulated amortization	
Balance at 1 January 2016	(48,376)
Charge for the period	(2,666)
Balance at 30 June 2016	**(51,042)**
Balance at 1 January 2017	(53,747)
Charge for the period	(2,661)
Balance at 30 June 2017	**(56,408)**
Net carrying value	
1 January 2016	16,816
30 June 2016	17,550
1 January 2017	14,845
30 June 2017	12,184

As of 30 June 2017, amortization expenses amounting to TRY 2,661 has been recognized in administrative expenses (30 June 2016: TRY 2,666).

12. GOVERNMENT GRANTS AND INCENTIVES

None

13. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

There is no ongoing or finalized significant lawsuit against the Group as at 30 June 2017 and 31 December 2016.

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

14. COMMITMENT AND CONTINGENCIES

14.1. CPM are given by the Group

As at 30 June 2017 and 31 December 2016, Group's position related to commitments, pledges and mortgages ("CPM") are as follows:

CPM are given by the Group	**30 June 2017**	**31 December 2016**
A. Total amount of CPM is given on behalf of own legal personality	718,540,197	664,596,211
B. Total amount of CPM is given in favor of subsidiaries which are fully consolidated	336,419,960	322,409,780
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 favor of parent company	-	-
ii. Total amount of CPM is given in favor of other group companies, which B and C doesn't include	-	-
iii. The amount of CPM is given in favor of third party which C doesn't include	-	-
	1,054,960,157	**987,005,991**

Total original amount of foreign currency denominated CPM given on behalf of the Group's own legal personality are Euro 178.052.185 and USD 800,000 as at 30 June 2017 (31 December 2016: Euro 178.052.185 and USD 800,000). Total original amount of foreign currency denominated other CPM is Euro 47.800.000 as at 30 June 2017 (31 December 2016: Euro 47.800.000).

As of 30 June 2017 and 31 December 2016, total amount of CPM is given in favor of subsidiaries which are fully consolidated of the Company includes CPMs given only for the subsidiaries owned by 100%.

As of 30 June 2017 and 31 December 2016, total amount of CPM is given in favor of subsidiaries which are fully consolidated of the Company includes secrutities of Akfen GYO in amount of Euro 30,000,000 and Euro 17,800,000 given for respectively Akfen GT and HDI which are 100% subsidiaries of Akfen GYO as a result of loans used by the companies, share pledges of Akfen GYO in amount of TL 145,076,560 given for Akfen GT as a result of the loan used by Akfen GT. The CPMs given by the Company are related to the the loans for project financing.

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

14. COMMITMENT AND CONTINGENCIES (cont'd)

14.2. The Group as lessee

Operating lease arrangements

[4]
As at 30 June 2017, the Group has undergone 7 operating lease arrangements as lessee;

- 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 2002. The lease payment composed of yearly fixed lease payments determined by Ministry of Treasury and Finance and 1% of the total annually 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 8 February 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 annually 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 27 August 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 lease payment for the first 5 years is paid in advance and annual rent amount for year 2017 is USD Dollar 50,000.
- 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 lease payment for the first 5 years is paid in advance and annual rent amount for year 2017 is USD Dollar 50,000.
- 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 and annual rent amount for year 2017 is USD Dollar 87,518.
- 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 and annual rent amount for year 2017 is USD Dollar 106,200.
- 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 TRY 2,340 per month and TRY 25,155 for the fourth year per Junemonth. After the fourth year, the previous year rent increases at the beginning of the period as the average of annual Producer Price Index ("PPI"). Monthly rent amount as of 30 June 2017 is TRY 30,840 and 30% percent deduction has been existence.

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

Payments recognized as an expense

	30 June 2017	**30 June 2016**
Rent expenses	1,614,355	1,458,655
	1,614,355	**1,458,655**

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

14. COMMITMENT AND CONTINGENCIES (cont'd)

14.2. The Group as lessee

Payments recognized as an expense (cont'd)

As of 30 June 2017 and 31 December 2016, the Company's minimum amount of estimated rental expenses to be paid for operating lease in total is given below by taking into account terms of existing contracts:

	30 June 2017	**31 December 2016**
Less than 1 year	2,435,326	2,143,509
Between 1-5 years	10,356,369	8,561,784
More than 5 years	87,909,97	79,316,660
	100,701,192	**90,021,953**

Accrued rent expenses are as follows:

	30 June 2017	**31 December 2016**
Accrued rent expenses(*)		
Short term (Note 17)	1,529,542	1,557,016
Long term (Note 17)	3,803,142	3,503,563
	5,332,684	**5,060,579**

(*) The related amounts arise from the lease expenses accounting on a straight-line basis.

14.3. The Group as lessor

Operating lease arrangements

As at 30 June 2017, the Group has undergone 25 operating lease arrangements as;

- The Group 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.
- The Group 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 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 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 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 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 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 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 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 signed a rent agreement with ACCOR S.A. on 28 March 2013 to lease a hotel which was completed and starts its operations in 2014 in Ankara Esenboğa.
- The Group 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 on 1 April 2016 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% guarantees over these agreements.

14. COMMITMENT AND CONTINGENCIES (cont'd)

14.3. The Group as lessor (cont'd)

Operating lease arrangements(cont'd)

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 Group 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.

According to Agreement of Nature signed in December 2012, yearly rent amount to be paid by lessee to lessor:

Valid starting from 1 January 2013;

- In Ibis Hotel Zeytinburnu, Ibis Hotel Eskişehir, Ibis Hotel Kayseri, Ibis Hotel Gaziantep, Ibis Hotel Bursa, Ibis Hotel Adana, Ibis Hotel Esenyurt and Ibis Hotel Alsancak İzmir, 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 Novotel Zeytinburnu, Novotel Trabzon, Novotel Kayseri ve Novotel Gaziantep, 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.
- In Ibis Hotel Ankara Airport, 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 the Gross Operating Profit ("GOP") corresponds to operational costs borne by ACCOR S.A. and costs 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%. Currently, the AGOP rent ratio which is 70% in Turkey, increased to %72.5.

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 Company has additional two operating lease arrangements as lessor other than operating lease agreements signed with ACCOR S.A. in Turkey:

- The Company signed rent agreement with Algök Gıda Turizm İnşaat Ticaret ve Sanayi Ltd. Şti. for Eskişehir project as at 29 April 2016. The rent payments begin as of 1 July 2016 which the rentable area is delivered. Agreement period includes three periods having 7 years and after each period the agreement may be terminated in cased of informing before 6 months. VAT included monthly rent amount for the year 2017 is TRY 19,352 and the rent amount will be increased by inflation rate at the beginning of each year.

- The Company signed rent agreement with Seven Turizm İnşaat ve Reklam Sanayi Ticaret Limited Şirketi for the bar/café in Eskişehir project on at 11 May 2007. The rent payments begin after two months after the bar/café is delivered. The monthly rent is TRY 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 included monthly rent amount for the year 2017 is TRY7,160.

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

15. EMPLOYEE TERMINATION BENEFITS

	30 June 2017	31 December 2016
Provision for vacation pay liability-short term	90,505	137,119
Provision for employee termination benefits-long term	141,677	109,136
	232,182	**246,255**

The provision for employee termination benefits reflects the present value of future liabilities likely to be arisen due to retirement of employees of the Group and calculated according to Labor Act of Turkey. The provision for employee termination benefits are calculated based on accrual principle as soon as the employees deserve such right and reflected to the financial statements. The ceiling for calculation of the provision for employee termination benefits are the ceiling stipulated by the government for employee termination benefits. The ceilings for employee terminitaion benefits as of 30 June 2017 are TRY 4,426 (31 December 2016: TRY 4,297), respectively.

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 30 June 2017 and 31 December 2016 the liability is calculated using the following assumptions:

	30 June 2017	31 December 2016
Net discount rate	4.50%	4.50%
Anticipated retirement turnover rate	99.99%	90.00%

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:

	2017	2016
January 1	109,136	80,773
Interst cost	11,754	9,063
Service cost	11,771	11,433
Payments during the period	(52,007)	-
Actuarial loss	61,023	(565)
30 June	**141,677**	**100,704**

Movement of vacation pay liability is as follows:

	2017	2016
January 1	137,119	328,404
Payments during the period	(27,347)	-
(Decrease)/increase in current period	(19,267)	15,997
30 June	**90,505**	**344,401**

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

16. PREPAID EXPENSES AND DEFERRED REVENUE

a) Short term prepaid expenses

	30 June 2017	31 December 2016
Prepaid expenses	848,384	204,007
Advances given to suppliers	53,148	48,189
Business advances	18,100	37,658
	919,632	**289,854**

b) Long term prepaid expenses

	30 June 2017	31 December 2016
Prepaid expenses	717,951	910,948
	717,951	**910,948**

17. OTHER CURRENT / NON-CURRENT ASSETS AND LIABILITIES

a) Other current assets

	30 June 2017	31 December 2016
VAT carryfoward	3,792,452	4,755,829
Prepaid taxes and funds	83,704	83,169
Other	-	369
	3,876,156	**4,839,367**

b) Other non-current assets

	30 June 2017	31 December 2016
VAT carryforward	14,302,900	14,829,439
	14,302,900	**14,829,439**

c) Other current liabilities

	30 June 2017	31 December 2016
Rent expense accrual (Note 14)	1,529,542	1,557,016
	1,529,542	**1,557,016**

d) Other non-current liabilities

	30 June 2017	31 December 2016
Rent expense accrual (Note 14)	3,803,142	3,503,563
	3,803,142	**3,503,563**

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

18. EQUITY

18.1. Paid in capital

The capital structure as at 30 June 2017 and 31 December 2016 is as follows:

Shoreholders	(%)	30 June 2017	(%)	31 December 2016
Akfen Mühendislik(1)	51.72	95,156,384	-	-
Akfen Holding(1)	5.16	9,500,447	56.88	104,656,831
Publicly trade(2)	24.43	44,962,433	24.43	44,962,433
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. A.Ş.	0.02	43,513	0.02	43,513
Akfen İnşaat	<0.001	2	<0.001	2
Mehmet Semih Çiçek	<0.001	1	<0.001	1
Mustafa Dursun Akın	<0.001	1	<0.001	1
Ahmet Seyfi Usluoğlu	<0.001	1	<0.001	1
Toplam		**184,000,000**		**184,000,000**
Enflasyon düzeltmesi		317,344		317,344
Düzeltilmiş sermaye		**184,317,344**		**184,317,344**

(1) All of the shares of the Akfen GYO which are in the assets of the main shareholders Akfen Holding, are transferred to Akfen Mühendislik A.Ş. (Akfen Mühendislik) with partial division and relevant division was completed on 16 February 2017.

(2) There are publicly traded shares that are not included in the shares of other shareholders. Additionally, shares of Akfen GYO amounting to TRY 4,218,000 (31 December 2016: 2,409,000 shares) have been purchased by Akfen GYO as of June 30, 2017 within the scope of "Repurchase Program" according to a decree taken in the Ordinary General Assembly which was held on May 24, 2016, ratio of Akfen GYO shares which have been received back as of December 31, 2016 is 2.29%(31 Decemebr 2016: 2.29%).

As at 30 June 2017, the issued capital of the Company is TRY 184,000,000 (31 December 2016: TRY 184,000,000). As at 30 June 2017, the issued capital of the Company comprises of 184,000,000 registered units with a nominal value of TRY 1 each (31 December 2016: TRY 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.

18. EQUITY (cont'd)

18.2. Share Premiums

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

18.3. Restricted reserves allocated from profit

As of 30 June 2017 and 31 December 2016, the legal reserve of the Group is TRY 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.

18.4 Treasury shares

The amount that is paid when the shares that are registered as paid capital are received again, the paid amount shall be deducted from the equities covering the amount remaining after the tax effect of the costs are deducted. The shares that are received back are shown as decrease in the equities.

Şirket'in 24 Mayıs 2016 tarihinde yapılan Olağan Genel Kurulu'nda kararı alınan, "Geri Alım Programı" çerçevesinde 30 Haziran 2017 tarihi itibarıyla Akfen GYO tarafından 5.605.354 TL (31 Aralık 2016: 3.338.783 TL) tutarında, 4.218.000 adet (31 Aralık 2016: 2.409.000 adet) Akfen GYO hissesi satın alınmıştır. 30 Haziran 2017 tarihi itibarıyla geri alınan Akfen GYO hisselerinin sermayeye oranı %2,29'dur (31 Aralık 2016: %1,31).

SPK'nın 7 Haziran 2014 tarih ve 20/670 sayılı toplantısında alınan karar uyarınca Sermaye Piyasasında Finansal Raporlamaya İlişkin Esaslar Tebliği kapsamına giren sermaye piyasası kurumları için 31 Mart 2013 tarihinden sonra sona eren ara dönemlerden itibaren yürürlüğe giren finansal tablo örnekleri ve kullanım rehberine göre "Ödenmiş Sermaye", "Kardan Ayrılan Kısıtlanmış Yedekler" ve "Hisse Senedi İhraç Primleri"'nin yasal kayıtlardaki tutarları üzerinden gösterilmesi gerekmektedir. Söz konusu kalemlerin değerlemelerinde çıkan farklılıklar (enflasyon düzeltmesinden kaynaklanan farlılıklar gibi):

- "Ödenmiş Sermaye"den kaynaklanmaktaysa ve henüz sermayeye ilave edilmemişse, "Ödenmiş Sermaye" kaleminden sonra gelmek üzere açılacak "Sermaye Düzeltmesi Farkları" kalemiyle;

- "Kardan Ayrılan Kısıtlanmış Yedekler" ve "Hisse Senedi İhraç Primleri"'nden kaynaklanmakta ve henüz kar dağıtımı veya sermaye artırımına konu olmamışsa "Geçmiş Yıllar Kar/Zararıyla",

ilişkilendirilmiştir. Diğer özkaynak kalemleri ise Türkiye Finansal Raporlama Standartları çerçevesinde değerlenen tutarları ile gösterilmektedir.

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

19. REVENUE AND COST OF SALES

For the periods ended 30 June 2017 and 2016, sales and cost of sales are as follows:

	1 January - 30 June 2017	1 April - 30 June 2017	1 January - 30 June 2016	1 April - 30 June 2016
Rent income	9,284,627	4,831,034	9,826,041	4,898,175
Total revenue	**9,284,627**	**4,831,034**	**9,826,041**	**4,898,175**
Operating lease expenses[1]	(1,399,835)	(728,543)	(1,181,290)	(589,703)
Taxes and duties expenses	(223,215)	(113,226)	(138,526)	(70,063)
Outsourced service expenses	(17,500)	-	(231)	(231)
Other	(2,320)	(1,450)	(1,348)	(524)
Total cost of sales	**(2,051,190)**	**(1,054,742)**	**(1,641,817)**	**(820,372)**

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

20. GENERAL ADMINISTRATIVE EXPENSES

For the periods ended 30 June 2017 and 2016, administrative expenses are as follows:

	1 January - 30 June 2017	1 April - 30 June 2017	1 January - 30 June 2016	1 April - 30 June 2016
Personnel expenses	710,946	274,545	1,081,216	442,027
Operating lease expenses	214,520	95,386	277,365	142,055
Outsourced service expenses	154,734	76,212	178,674	91,698
Consultancy expenses	80,735	37,650	114,927	56,102
Travel and hosting expenses	42,314	23,942	67,778	37,463
Tax and duties expenses	12,015	9,107	11,440	8,921
Depreciation expense	8,401	4,752	7,555	3,898
Amortisation expense	2,661	1,337	2,666	1,338
Advertising expenses	-	-	-	-
Other	78,741	50,252	48,430	26,822
Total	**1,305,067**	**573,183**	**1,790,051**	**810,324**

Personnel expenses

	1 January - 30 June 2017	1 April - 30 June 2017	1 January - 30 June 2016	1 April - 30 June 2016
Wages and salaries	572,177	247,085	932,871	360,240
Social security premiums	50,921	21,245	81,906	40,384
Change in termination benefit	84,548	6,215	19,931	2,280
Other	3,300	-	46,508	39,123
Total	**710,946**	**274,545**	**1,081,216**	**442,027**

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

21. OTHER OPERATING INCOME/EXPENSES

a) Other operating income

For the periods ended 30 June 2017 and 2016, other operating incomes are as follows:

	1 January - 30 June 2017	1 April - 30 June 2017	1 January - 30 June 2016	1 April - 30 June 2016
Foreign exchange gain	24,982	-	13,798	6,482
Other income	50,357	5,691	17,171	16,908
Total	**75,339**	**5,691**	**30,969**	**23,390**

b) Other operating expenses

For the periods ended 30 June 2017 and 2016, other operating expenses are as follows:

	1 January - 30 June 2017	1 April - 30 June 2017	1 January - 30 June 2016	1 April - 30 June 2016
Foreign exchange loss	33,180	20,117	27,799	17,159
Other expenses	272	-	15,199	13,677
Total	**33,452**	**20,117**	**42,998**	**30,836**

22. INCOME FROM INVESTING ACTIVITIES

For the periods ended 30 June 2017 and 2016, income from investing activities are as follows:

	1 January – 30 June 2017	1 April- 30 June 2017	1 Janaury- 30 June 2016	1 April- 30 June 2016
Gain on sale of marketable securities[1]	39,509,865	-	-	-
Toplam	**39,509,865**	**-**	**-**	**-**

[1] 27 Mart 2017 tarihinde Şirket'in %100 bağlı ortaklığı olan HDI'ya ait sahip olduğu hisselerin tamamının Akfen GT'ye satılmasından dolayı ortaya çıkan kar rakamıdır (Dipnot 2.4.16).s

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

23. FINANCIAL INCOME

For the periods ended 30 June 2017 and 2016, financial expenses are as follows:

	1 January - 30 June 2017	1 April - 30 June 2017	1 January - 30 June 2016	1 April - 30 June 2016
Interest income	680,158	669,287	42,330	23,989
Foreign exchange gain	-	-	417,372	417,372
Total	**680,158**	**669,287**	**459,702**	**441,361**

24. FINANCIAL EXPENSES

For the periods ended 30 June 2017 and 2016, financial expenses are as follows:

	1 January - 30 June 2017	1 April - 30 June 2017	1 January - 30 June 2016	1 April - 30 June 2016	
Foreign exchange loss	33,492,017		9,693,415	3,656,720	-
Interest expenses	14,928,520	7,578,998	10,900,774	5,536,338	
Commission expenses	-	-	128,416	64,208	
Expenses for letter of guarantees	42,499	33,619	14,274	7,692	
Other	260,102	144,657	93,541	63,449	
Total	**48,723,138**	**17,450,689**	**14,793,725**	**5,671,687**	

For the period ended 30 June 2017, the Group has capitalized interest expenses amounting to TRY 1,713,229 on investment properties under development (30 June 2016: TRY 1,408,990).

25. DEFERRED TAX ASSETS AND LIABILITIES

The Company is exempted of corporate income tax pursuant to subparagraph d-4 of article 5 of the Corporate Tax Law. Even if the revenues of real estate investment trusts are subject to withholding tax pursuant to subparagraph 6-a of article 94 of the Income Tax Law, the withholding rate was determined as "0" in the decision of the Council of Ministers numbered 93/5148. Therefore, the Company has no tax liability related to its revenues in the relevant period.

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

26. EARNINGS PER SHARE

Earnings per share are calculated by dividing net income for the years ended by the weighted average number of shares of the Group during the year. For the periods ended 30 June 2017 and 2016, the earnings per share computation are as follows:

	1 January - 30 June 2017	**1 April - 30 June 2017**	**1 January - 30 June 2016**	**1 April - 30 June 2016**
Number of shares in circulation				
January 1	184,000,000	184,000,000	184,000,000	184,000,000
Closing balance	**184,000,000**	**184,000,000**	**184,000,000**	**184,000,000**
Weighted average number of shares	184,000,000	184,000,000	184,000,000	184,000,000
Net loss for the period	**(2,562,858)**	**(13,592,719)**	**(7,951,879)**	**(1,970,293)**
Loss per share	(0.01)	(0.07)	(0.04)	(0.01)

27. THE FAIR VALUE EXPLANATIONS

The fair value is described as a price that will be obtained from sales of an asset or paid on transfer of a debt, in an ordinary transaction on the date of calculation among the market attendants.

Financial Instruments

The Group has determined the estimated fair values of the financial instruments by employing current market information and appropriate valuation methods. However, interpretation and reasoning are required to estimate the fair values by evaluating the market information. As a result, the estimations presented herein may not be indicative of the amounts that the Group can obtain in a current market transaction.

The following methods and assumptions have been used to estimate the fair value of the financial instruments for which estimation of the fair values in practice is possible:

Financial Assets

It is foreseen that book values of the cash and cash equivalents are close to their fair values since they are short term cash assets.

It is also foreseen that their book values reflect the fair value since the trade receivables are short-term.

It is foreseen that the fair values of the balances in foreign currency that are converted with the period-end rates are close to their book values.

Financial Liabilities

It is considered that fair values of the trade payables and other monetary liabilities approach to the values that they bear due to the fact that they are short-term.

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

27. THE FAIR VALUE EXPLANATIONS (cont'd)

The bank credits are expressed with their amortized cost values and transactional costs are added into the first cost of the credits. As the floating rate bank credits of the Company have been repriced in the recent history, it is considered that its fair values reflect the value that they bear.

Classes and fair values of financial instuments

30 June 2017	**Credits and receivables (including cash and cash equivalents)**	**Financial liabilities increasing in value with the effective interest method**	**Book value**	**Fair Value**	**Note**
Financial Assets					
Cash and cash equivalents	**233,881**	**-**	**233,881**	**233,881**	**-**
Trade receivables from non-related parties	**5,582,195**	**-**	**5,582,195**	**5,582,195**	**-**
Trade receivables from the related parties	**32,572**	**-**	**32,572**	**32,572**	**-**
Financial Liabilities					
Financial liabilities	**485,899,051**	**-**	**485,899,051**	**485,899,051**	**-**
Trade payables	**295,417**	**-**	**295,417**	**295,417**	**-**

31 December 2016	**Credits and receivables (including cash and cash equivalents)**	**Financial liabilities increasing in value with the effective interest method**	**Book value**	**Fair Value**	**Note**
Financial Assets					
Cash and cash equivalents	851,716	-	851,716	851,716	-
Trade receivables from non-related parties	4,744,216	-	4,744,216	4,744,216	-
Trade receivables from the related parties	-	-	-	-	-
Financial Liabilities					
Financial liabilities	452,976,482	-	452,976,482	452,976,482	-
Trade payables	545,797	-	545,797	545,797	-

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

27. THE FAIR VALUE EXPLANATIONS (cont'd)

Non-Financial Assets

The real estate appraisal reports that are prepared by the real estate valuation company authorized by the CMB are based on while determining the fair values of the investment real estates which are measured with their fair values in the consolidated financial statements (Note9).

The fair value classifications of the non-financial assets which are calculated with their fair values are as follows:

30 June 2017			**Fair Value Level**
	Level 1	**Level 2**	**Level 3**
	TL	**TL**	**TL**
Operating investment properties	**-**	**-**	**626,945,896**
Investment properties under development	**-**	**-**	**-**

31 December 2016			**Fair Value Level**
	Level 1	**Level 2**	**Level 3**
	TL	**TL**	**TL**
Operating investment properties	-	-	574,394,000
Investment properties under development	-	-	49,770,000

The fair value of the assets and liabilities are determined as follows:

- First level: It increases in value from the stock exchange prices that are traded on the active market in terms of the identical assets and liabilities.
- Second level: It increases in value from the inputs which are used in order to find the price that can be directly or indirectly observed other than the stock exchange rate of the related asset or liability which is specified in the first level.
- Third Level: It increases in value from the inputs which are used in order to find the fair value of the asset or liability and which do not depend on any observable data in the market.

The fair values of the investment real estates on the sector basis, and the methods that are used to identify the fair values and significant unobservable assumptions are as follows:

					30 June 2017	31 December 2016
	30 June 2017	31 December 2016	**Valuation method**	**Unobservable significant inputs**	**Weighted average amount**	Weighted average amount
Hotel Level 3	**624,164,000**	624,164,000	Discounted cash flows	* Room price (per day) – Euro * Occupancy rate	**81** **%78**	81 %78

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

27. THE FAIR VALUE EXPLANATIONS (cont'd)

Discounted cash flows (DCF)

The fair value of an asset under the discounted cash flows is estimated by referring to the net assumptions on the benefits and liabilities of the property including the output and final value. This estimation includes estimation of a series of cash flow and a discount rate depending on an appropriate market is applied in order to create the current value of the income flow.

Period of the cash flow and certain schedule of the inputs and outputs are determined by events such as review of the rents, renewal of the lease contracts and relative rental periods, rent again, re-development and renewal.

The costs incurred during the development of the assets and constructional costs, development costs and anticipated sales revenue will be estimated in order to reach a series of net cash flow which is discounted over the additional development and marketing expenditures that are foreseen for duration of the rent. Certain development risks such as planning, licenses, zoning permits should be separately evaluated.

İskonto oranı:

Analiz dönemi boyunca kira faaliyetlerinden sağlanan (40 yıla kadar tahmin edilen) net nakit akışlarını indirgemek için kullanılan orandır.

Seviye 3 gerçeğe uygun değer hesaplamalarında kullanılan gözlemlenemeyen girdilere ilişkin önemli değişikliklerin duyarlılık analizi

Şirket'in tamamlanmış yatırım amaçlı gayrimenkullerine ilişkin gerçeğe uygun değerlerinin belirlenmesinde ölçüm esasları açısından 3.seviye olarak değerlendirilen ve değerleme çalışmasında kullanılan önemli gözlemlenemeyen girdiler aşağıdaki gibidir:

- Kiralanabilir alan(m2)(Ofis)
- İskonto oranı
- Oda ücreti yıllık artış oranı
- Doluluk oranı (yıllık)

Level 3 Sensitivity analysis of significant changes in unobserved inputs that are used in the fair value calculations

The sensitivity analysis for the unobservable inputs which are used in measurement of the fair values of the active and ongoing investment real estates of the Group is as follows:

		If it increases	If it decreases
30 June 2017	**Sensitivity Analysis**	**Profit/(loss) effect on the fair value (TRY)**	**Profit/(loss) effect on the fair value (TRY)**
Hotel			
Discount rate	**0.50%**	**(27,415,500)**	**30,416,000**
Room price ramping rate	**1%**	**7,082,007**	**(7,972,000)**
Occupancy rate	**1%**	**10,092,638**	**(9,354,285)**

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

27. GERÇEĞE UYGUN DEĞER AÇIKLAMALARI (Devamı)

		If it increases	If it decreases
31 December 2016	Sensitivity Analysis	Profit/(loss) effect on the fair value (TRY)	Profit/(loss) effect on the fair value (TRY)
Hotel			
Discount rate	0.50%	(27,415.,,500)	30,416,000
Room price ramping rate	1%	7,082,007	(7,972,000)
Occupancy rate	1%	10,092,638	(9,354,285)

28. 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.

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

28. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

(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 and Russia.

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.

(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 optimizing 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 30 June 2017, 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 TRY 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 TRY and Euro in balance by pooling/ portfolio model.

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

	30 June 2017	**31 December 2016**
Euro/TRY	4.0030	3.7099
US Dollar / TRY	3.5071	3.5192
Ruble/TRY	0.0591	0.0586

28. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

(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.

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 authorization 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

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

28. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Capital management

The Group manages its capital by minimizing the investment risk through portfolio diversification. The Group's objective; is to ensure its continuity as an income-generating business, look after interests of shareholders and corporate members besides to ensure sustainability of its efficient capital structure by reducing cost of capital and continuing net debt-to-equity rate at market averages.

The Group's goals for capital management are to provide return to its members and benefit to other stakeholders besides to have the Group to protect its ability for conducting its activity for preserving the most suitable capital structure to reduce the cost of capital.

For preserving its capital structure or reorganizing it, the Group determines dividend amounts to be paid to members, may issue new shares and may sell assets to restrict borrowings.

As of 30 June 2017 and 31 December 2016, the net debt-to-invested capital rate is given below:

	30 June 2017	**31 December 2016**
Total liabilities	511,772,879	478,470,272
Cash and cash equivalents	(233,881)	851,716)
Net liabilities	511,538,998	477,618,556
Equity	355,109,227	359,938,656
Total capital	**866,648,225**	**837,557,212**
Net liabilities/total sources rate	**%59**	**%57**

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

28. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

28.1. 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 30 June 2017 and 31 December 2016 is as follows:

	Receivables					
	Trade receivables		**Other receivables**			
30 June 2017	**Related party**	**Third party**	**Related party**	**Third party**	**Deposits on bank**	**Other**
Exposure to maximum credit risk as of reporting date (A+B+C+D)	**49,125,063**	**5,549,623**	**-**	**116,560**	**225,461**	**-**
- The portion of maximum risk covered by guarantee	-	-	-	-	-	-
A. Net carrying value of financial assets which are neither impaired nor overdue	49,125,063	5,549,623	-	116,560	225,461	-
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	-	-	-	-	-	-

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

28. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

28.1. Credit risk disclosures

	Receivables					
	Trade receivables		Other receivables			
31 December 2016	**Related party**	**Third party**	**Related party**	**Related party**	**Deposits on bank**	**Other**
Exposure to maximum credit risk as of reporting date (A+B+C+D)	**-**	**4,744,216**	**-**	**162,623**	**837,969**	**-**
- The portion of maximum risk covered by guarantee	-	-	-	-	-	-
A. Net carrying value of financial assets which are neither impaired nor overdue	-	4,744,216	-	162,623	837,969	-
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 30 June 2017 and 31 December 2016, the Group does not have any financial assets which are overdue but not impaired

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

28. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

28.2. 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:

30 June 2017:

Contractual maturities		**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	485,899,051	655,562,683	45,147,502	40,025,674	222,762,092	347,627,415
Trade payables	295,417	295,417	295,417	-	-	-
Other payables (other liabilities included)	25,346,230	109,985,782	11,337,674	1,716,171	13,828,428	83,103,509

31 December 2016:

Contractual maturities		**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	452,976,482	624,521,474	17,161,528	52,699,589	201,856,719	352,803,638
Trade payables	545,797	545,797	545,797	-	-	-
Other payables (other liabilities included)	24,701,738	107,944,843	10,341,917	1,604,627	13,145,232	82,853,067

The Group does not have any derivative financial liabilities as at 30 June 2017 and 31 December 2016. Since taxes and funds payable and social security premiums payable are non-financial liabilities, they are not included in other payables.

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

28. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

28.3. Market risk

a) Foreign currency position table and sensitivity analysis

30 June 2017 **Foreign currency position**		**TRY Equivalent (Functional currency)**	**US Dollar**	**Euro**	**GBP**	**RUB**
1	Trade receivables	25,698	7,328	-	-	-
2a	Monetary financial assets (cash and bank accounts included)	169,736	659	41,773	45	-
2b	Non-monetary financial assets	-	-	-	-	-
3	Other	40,986	10,033	1,448	-	-
4	**Current assets (1+2+3)**	**236,420**	**18,020**	**43,221**	**45**	**-**
5	Trade receivables	-	-	-	-	-
6a	Monetary financial assets	-	-	-	-	-
6b	Non-monetary financial assets	-	-	-	-	-
7	Other	-	-	-	-	-
8	**Non-current assets (5+6+7)**	**-**	**-**	**-**	**-**	**-**
9	**Total assets (4+8)**	**236,420**	**18,020**	**43,221**	**45**	**-**
10	Trade payables	(335,385)	(126.566)	27,103	-	-
11	Financial liabilities	70,100,303	-	17,511,942		
12a	Other monetary financial liabilities	-	-	-	-	-
12b	Other non-monetary financial liabilities	(42,064)	-	(10,508)	-	-
13	**Short-term liabilities (10+11+12)**	**69,722,854**	**(126,566)**	**17,528,537**	**-**	**-**
14	Trade payables	-	-	-	-	-
15	Financial liabilities	403,158,621	-	100,714,120	-	-
16a	Other monetary financial liabilities	-	-	-	-	-
16b	Other non-monetary financial liabilities	4,201,038	1,197,867	-	-	-
17	**Long-term liabilities (14+15+16)**	**407,359,659**	**1,197,867**	**100,714,120**	**-**	**-**
18	**Total liabilities (13+17)**	**477,082,513**	**1,071,301**	**118,242,657**	**-**	**-**
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)**	**(476,846,093)**	**(1,053,281)**	**(118,199,436)**	**45**	**-**
21	**Net foreign currency position of monetary assets / (liabilities) (1+2a+5+6a-10-11-12a-14-15-16a)**	**(472,728,106)**	**134,553**	**(118,211,392)**	**45**	**-**
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**	**-**	**-**	**-**	**-**	**-**

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

28. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

28.3. Market risk

a) Foreign currency position table and sensitivity analysis (cont')

31 December 2016 **Foreign currency position**		**TRY Equivalent (Functional currency)**	**US Dollar**	**Euro**	**GBP**	**RUB**
1	Trade receivables	-	-	-	-	-
2a	Monetary financial assets (cash and bank accounts included)	9,659	887	1,710	45	-
2b	Non-monetary financial assets	-	-	-	-	-
3	Other	3,929	-	1,059	-	-
4	**Current assets (1+2+3)**	**13,588**	**887**	**2,769**	**45**	**-**
5	Trade receivables	-	-	-	-	-
6a	Monetary financial assets	-	-	-	-	-
6b	Non-monetary financial assets	-	-	-	-	-
7	Other	-	-	-	-	-
8	**Non-current assets (5+6+7)**	**-**	**-**	**-**	**-**	**-**
9	**Total assets (4+8)**	**13,588**	**887**	**2,769**	**45**	**-**
10	Trade payables	-	-	-	-	-
11	Financial liabilities	62,239,488		16,776,595		
12a	Other monetary financial liabilities	-	-	-	-	-
12b	Other non-monetary financial liabilities	225,710	-	60,840	-	-
13	**Short-term liabilities (10+11+12)**	**62.465.198**	**-**	**16,837,435**	**-**	**-**
14	Trade payables	-	-	-	-	-
15	Financial liabilities	385,562,664		103,928,048		
16a	Other monetary financial liabilities	3,939,696	1,119,486	-	-	-
16b	Other non-monetary financial liabilities	-	-	-	-	-
17	**Long-term liabilities (14+15+16)**	**389,502,360**	**1,119,486**	**103,928,048**	**-**	**-**
18	**Total liabilities (13+17)**	**451,967,558**	**1,119,486**	**120,765,483**	**-**	**-**
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)**	**(451,953,970)**	**(1,118,599)**	**(120,762,714)**	**45**	**-**
21	**Net foreign currency position of monetary assets / (liabilities) (1+2a+5+6a-10-11-12a-14-15-16a)**	**(451,732,189)**	**(1,118,599)**	**(120,702,933)**	**45**	**-**
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**	**-**	**-**	**-**	**-**	**-**

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

28. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

28.3. Market risk

a) Foreign currency position table and sensitivity analysis (cont')

Foreign currency sensitivity analysis

30 June 2017:

	Profit / (Loss)	
	Appreciation of foreign currency	**Depreciation of foreign currency**
10% change of the USD against TRY		
1- Net USD denominated asset/liability	(369,396)	369,396
2- Hedged portion of TRY against USD risk (-)	-	-
3- Net effect of USD (1+ 2)	**(369,396)**	**369,396**
4- Net Euro denominated asset/liability	(47,815,233)	47,315,234
5- Hedged portion of TRY against Euro risk (-)	-	-
6- Net effect of Euro (4+5)	**(47,315,233)**	**47,315,234**
10% change of other foreign currencies against TRY		
7- Net other foreign currencies denominated asset/liability	20	(20)
8- Hedged portion of TRY against other currencies risk (-)	-	-
9- Net effect of other foreign currencies (7+8)	**20**	**(20)**
TOTAL (3+6+9)	**(47,684,609)**	**47,684,609**

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

28. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

28.3. Market risk

a) Foreign currency position table and sensitivity analysis (cont')

Foreign currency sensitivity analysis

31 December 2016:

	Profit / (Loss)	
	Appreciation of ferign currency	**Depreciation of foreign currency**
10% change of the USD against TRY		
1- Net USD denominated asset/liability	(393,657)	393,657
2- Hedged portion of TRY against USD risk (-)	-	-
3- Net effect of USD (1+ 2)	**(393,657)**	**393,657**
4- Net Euro denominated asset/liability	(44,779,581)	44,779,581
5- Hedged portion of TRY against Euro risk (-)	-	-
6- Net effect of Euro (4+5)	**(44,779,581)**	**44,779,581**
10% change of other foreign currencies against TRY		
7- Net other foreign currencies denominated asset/liability	19	(19)
8- Hedged portion of TRY against other currencies risk (-)	-	-
9- Net effect of other foreign currencies (7+8)	**19**	**(19)**
TOTAL (3+6+9)	**(45,173,219)**	**45,173,219**

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

28. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

28.3. Market risk

b) Interest rate risk table and sensitivity analysis

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

	30 June 2017	31 December 2016
Fixed rate instruments		
Financial assets	-	600,000
Financial instruments	485,899,051	452,976,482

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.

29. FINANCIAL INSTRUMENTS

29.1. 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.

30. SUBSEQUENT EVENTS

None.

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

APPENDIX: COMPLIANCE CONTROL ON PORTFOLIO LIMITATIONS

The Group'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**	**30 June 2017**	**31 December 2016**
A	Cash and capital market instruments	III-48.1. S/N 24 / (b)	233,881	851,716
B	Investment properties, investment property-based projects, investment property-based rights	III-48.1. S/N 24 / (a)	646,889,554	643,531,638
C	Participations	III-48.1. S/N 24 / (b)	381,817,200	427,864,488
	Due from related parties (non-trade)	III-48.1. S/N 23 / (f)	-	-
	Other assets		**74,679,359**	**25,831,483**
D	**Total assets**	**III-48.1. S/N 3 / (p)**	**1,103,619,994**	**1,098,079,325**
E	Financial liabilities	III-48.1. S/N 31	485,899,052	452,976,482
F	Other financial liabilities	III-48.1. S/N 31	25,873,827	25,493,790
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	591,847,115	619,609,053
	Other liabilities		**-**	**-**
D	**Total liabilities and equity**	**III-48.1. S/N 3 / (p)**	**1,103,619,994**	**1,098,079,325**

	Unconsolidated (separate) other financial information	**Related Regulation**	**30 June 2017**	**31 December 2016**
	Cash and capital market instruments held for payments of investment properties for 3 years	III-48.1. S/N 24 / (b)		
A1	Time / demand TRY / foreign currency	III-48.1. S/N 24 / (b)	-	-
A2	Foreign capital market instruments	III-48.1. S/N 24 / (d)	225,461	837,969
A3	Foreign investment property, investment property-based projects, investment property-based rights	III-48.1. S/N 24 / (d)	-	-
B1	Idle lands	III-48.1. S/N 24 / (c)	-	-
B2	Foreign subsidiaries	III-48.1. S/N 24 / (d)	-	-
C1	Participation to the operator company	III-48.1. S/N 28/1(a)	-	59,579,441
C2	Non-cash loans	III-48.1. S/N 31	-	-
J	Pledges on land not owned by the Investment Trust which will be used for project developments	III-48.1. S/N 22 / (e)	1,054,960,157	987,005,991
K	Cash and capital market instrument Investments held on One Unique Company	III-48.1. S/N 22 / (I)	-	-
L	Cash and capital market instruments	III-48.1. S/N 24 / (b)	-	-

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

APPENDIX: COMPLIANCE CONTROL ON PORTFOLIO LIMITATIONS (cont'd)

	Portfolio Constraints Related Regulation	Portfolio Constraints Related Regulation	Current Period	Previous Year	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	Cash and Capital Market Instruments and Participations	III-48.1. S/N 24 / (b)	%58.62	%58.61	>%51
3	Idle Lands	III-48.1. S/N 24 / (c)	%34.62	%39.04	<%50
4	Borrowing Limit	III-48.1. S/N 31	%34.60	%38.96	<%50
5	Time / Demand TRY / Foreign Currency	III-48.1. S/N 22 / (e)	%0.00	%0.00	<%20
6	Cash and capital market instrument Investments held on One Unique Company	III-48.1. S/N 22 / (I)	%0.00	%0.00	<%10
7	Pledges on Land not Owned by the Investment Trust which will be Used for Project Developments	III-48.1. S/N 22 / (e)	%264.72	%236.52	<%500
8	Investment Property, Investment Property Based Projects, Investment Property Based Rights	III-48.1. S/N 24 / (a). (b)	%0.02	%0.08	<%10
9	Cash and Capital Market Instruments and Participations	III-48.1. S/N 24 / (b)	%0.00	%0.00	<%10

Presented information in the footnote of "Compliance Control on Portfolio Limitations" as at 30 June 2017, in accordance with Capital Markets Board's Communiqué Serial: II, No: 14.1 "Financial Reporting in Capital Markets" Amendment No: 16 comprised condensed information and prepared in accordance with Capital Markets Board's Communiqué Serial: III, No: 48.1"Real Estate Investment Company" published in the Official Gazette dated 28 May 2013 numbered 28660. In addition since the information given "Restrictions on the Investment Portfolio of Real Estate Investment" comprise unconsolidated data; such information may not match with the information disclosed in the consolidated financial statements.

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