

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY 2016 – 31 MARCH 2016
(ORIGINALLY ISSUED IN TURKISH)**

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
STATEMENT OF FINANCIAL POSITION ORIGINALLY ISSUED IN TURKISH****CONSOLIDATED FINANCIAL POSITION AS AT 31 MARCH 2016**

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

ASSETS	Notes	<i>Not reviewed</i> 31 March 2016	<i>Audited</i> 31 December 2015
CURRENT ASSETS		78,199,867	84,202,078
Cash and cash equivalents	5	53,138,848	63,902,637
Trade receivables		20,465,029	17,179,374
- <i>Due from third parties</i>	7	20,465,029	17,179,374
Other receivables		50,291	147,465
- <i>Due from third parties</i>	8	50,291	147,465
Prepaid expenses	16	3,203,203	1,413,980
Other current assets	17	1,342,496	1,558,622
NON-CURRENT ASSETS		1,520,337,936	1,501,655,879
Other receivables		17,516,143	17,074,766
- <i>Due from third parties</i>	8	17,516,143	17,074,766
Investment property	9	1,449,368,156	1,428,360,875
Property and equipment	10	151,756	134,379
Intangible assets	11	55,390	53,318
- <i>Other intangible assets</i>	11	55,390	53,318
Prepaid expenses	16	12,301,490	12,995,995
Deferred tax assets	24	3,480,395	5,745,079
Other non-current assets	17	37,464,606	37,291,467
TOTAL ASSETS		1,598,537,803	1,585,857,957

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

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

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

CONSOLIDATED FINANCIAL POSITION AS AT 31 MARCH 2016

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

LIABILITIES	Notes	Not reviewed 31 March 2016	Audited 31 December 2015
CURRENT LIABILITIES		52,705,450	54,872,283
Short term portion of long term financial liabilities	6	41,364,756	44,730,329
Trade payables		7,053,450	5,923,557
- Due to related parties	4,7	3,254,468	3,742,189
- Due to third parties	7	3,798,982	2,181,368
Other payables		1,446,088	2,490,694
- Due to third parties	8	1,446,088	2,490,694
Deferred income	16	1,274,069	-
Short term provisions		443,952	450,977
- Short term provisions for employee benefits	15	443,952	450,977
Other current liabilities	17	1,123,135	1,276,726
NON-CURRENT LIABILITIES		738,363,583	726,879,148
Long term financial liabilities	6	669,095,406	659,286,603
Long term provisions		98,424	80,773
- Long term provisions for employee benefits	15	98,424	80,773
Deferred tax liability	24	65,469,067	63,911,239
Other non-current liabilities	17	3,700,686	3,600,533
EQUITY	18	807,468,770	804,106,526
Equity attributable to equity holders of parent		777,133,903	773,453,673
Paid in capital		184,000,000	184,000,000
Adjustment to share capital		317,344	317,344
Purchase of share of entity under common control		53,748,727	53,748,727
Share premiums		58,880,000	58,880,000
Other comprehensive income to be reclassified to profit or loss		(66,925,191)	(72,009,383)
- Currency translation differences		(66,925,191)	(72,009,383)
Restricted reserves allocated from profit		4,147	4,147
Retained earnings		548,512,838	595,495,917
Net loss for the period		(1,403,962)	(46,983,079)
Non-controlling interests		30,334,867	30,652,853
TOTAL LIABILITIES		1,598,537,803	1,585,857,957

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

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
STATEMENT OF FINANCIAL POSITION ORIGINALLY ISSUED IN TURKISH****CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2016**

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

	Notes	<i>Not reviewed</i> 31 March 2016	<i>Not reviewed</i> 31 March 2015
PROFIT OR LOSS			
Revenue	19	12,608,191	10,765,232
Cost of sales (-)	19	(1,995,278)	(1,518,734)
GROSS PROFIT		10,612,913	9,246,498
General administrative expenses (-)	20	(1,823,314)	(1,484,603)
Other operating income	21	28,557	127,517
Other operating expenses (-)	21	(96,907)	(358,125)
OPERATING PROFIT		8,721,249	7,531,287
Financial income	22	6,692,600	10,644,518
Financial expenses (-)	23	(13,906,099)	(14,556,617)
PROFIT BEFORE TAX		1,507,750	3,619,188
Current tax expense		(3,229,698)	(3,152,927)
- <i>Deferred tax expense</i>	24	(3,229,698)	(3,152,927)
NET (LOSS)/PROFIT FOR THE PERIOD		(1,721,948)	466,261
Attribution of (expense)/profit for the period			
Non-controlling interest		(317,986)	(81,296)
Attributable to equity holders of the parent		(1,403,962)	547,557
Net (loss)/profit for the period		(1,721,948)	466,261
(Loss)/earnings per share	25	(0.008)	0.003
(LOSS)/PROFIT FOR THE PERIOD		(1,721,948)	466,261
OTHER COMPREHENSIVE INCOME		5,084,192	12,549,871
Items to be reclassified to			
Profit or loss		5,084,192	12,549,871
Change in currency translation differences		5,084,192	12,549,871
TOTAL COMPREHENSIVE INCOME		3,362,244	13,016,132
Attribution of total comprehensive income:			
Non-controlling interest		(317,986)	(81,296)
Attributable to equity holders of the parent		3,680,230	13,097,428

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

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

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

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 MARCH 2016

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

	Paid-in Capital	Adjustment to Share Capital	Share Premium	Purchase of share of under entity common control	Other Comprehensive Income and items to be reclassified to Profit or Loss		Restricted reserves allocated	Retained Earnings		Equity attributable of equity holders of the parent	Non controlling interests	Total Equity
					Foreign currency translation reserve	Restricted from profit		Retained earnings	Net profit/(loss) for the period			
Balance as at 1 January 2015	184,000,000	317,344	58,880,000	53,748,727	(68,636,240)		4,147	597,943,704	(2,447,787)	823,809,895	32,410,271	856,220,166
Transfers	-	-	-	-	-		-	(2,447,787)	2,447,787	-	-	-
Total comprehensive income/(loss)	-	-	-	-	12,549,871		-	-	547,557	13,097,428	(81,296)	13,016,132
Balance as at 31 March 2015	184,000,000	317,344	58,880,000	53,748,727	(56,086,369)		4,147	595,495,917	547,557	836,907,323	32,328,975	869,236,298
Balance as at 1 January 2016	184,000,000	317,344	58,880,000	53,748,727	(72,009,383)		4,147	595,495,917	(46,983,079)	773,453,673	30,652,853	804,106,526
Transfers	-	-	-	-	-		-	(46,983,079)	46,983,079	-	-	-
Total comprehensive Income/(loss)	-	-	-	-	5,084,192		-	-	(1,403,962)	3,680,230	(317,986)	3,362,244
Balance as at 31 March 2016	184,000,000	317,344	58,880,000	53,748,727	(66,925,191)		4,147	548,512,838	(1,403,962)	777,133,903	30,334,867	807,468,770

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

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2016

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

	Notes	Not reviewed 31 March 2016	Not reviewed 31 March 2015
A. Cash flows from operating activities			
Net (loss)/profit for the period		(1,721,948)	466,261
<i>Adjustments to reconcile loss to cash provided by operating activities:</i>			
Adjustments for depreciation and amortization expense	10,11	7,360	12,267
Adjustments for change in provisions for employee termination benefits and unused vacation	15	10,626	40,571
Adjustments for interest income and expense		9,005,255	12,256,879
Adjustments for foreign currency exchange differences		(1,375,128)	(8,716,618)
Adjustments for rent expense accrual		(53,438)	68,554
Adjustments for tax expense	24	3,229,698	3,152,927
		9,102,425	7,280,841
Net working capital changes in:			
Trade receivables		(3,285,655)	(4,409,735)
Other receivables from operating activities		(344,203)	(180,296)
Change in other current and noncurrent assets		(1,051,731)	(610,655)
Trade payables		1,129,893	6,130,272
Other payables from operating activities		822,277	2,571,395
Cash provided from operating activities		6,373,006	10,781,822
Interest received		20,019	20,060
Net cash provided from operating activities		6,393,025	10,801,882
B. Cash flows from investing activities			
Cash outflow from acquisition of property, equipment and intangible assets		(26,809)	(3,116)
Acquisition of investment property		(8,104,731)	(25,546,075)
Net cash used in investment activities		(8,131,540)	(25,549,191)
C. Cash flows from financing activities			
Proceeds from borrowings		-	338,341,590
Repayment of financial liabilities		-	(284,822,478)
Change in project, reserve accounts		-	(99,192)
Interest received		265,542	122,309
Interest paid		(9,290,816)	(12,399,249)
Net cash provided by financing activities		(9,025,274)	41,142,980
Net (decrease)/increase in cash and cash equivalents		(10,763,789)	26,395,671
Cash and cash equivalents at the beginning of the period		63,902,637	24,072,498
Cash and cash equivalents at the end of the period	5	53,138,848	50,468,169