

Akfen Gayrimenkul Yatırım Ortaklığı
Anonim Şirketi

Convenience Translation to
English of
Consolidated Financial Statements
As at 31 December 2014
With Independent Auditors' Report on
Audit of Consolidated Financial Statements
(Originally issued in Turkish)

Convenience Translation to English of Consolidated Financial Statements Originally Issued in Turkish
AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ
 CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2014
 (Amounts are expressed in Turkish Lira ("TL") unless otherwise stated.)

ASSETS	Notes	<i>Audited</i>	<i>Audited</i>
		31 December 2014	31 December 2013
CURRENT ASSETS		39,058,426	43,602,611
Cash and cash equivalents	5	24,097,271	30,326,239
Trade receivables	7	10,939,041	6,031,253
- <i>Trade receivables from third parties</i>	7	<i>10,939,041</i>	<i>6,031,253</i>
Other receivables	8	26,155	44,062
- <i>Other receivables from third parties</i>	8	<i>26,155</i>	<i>44,062</i>
Prepaid expenses	16	752,976	2,162,893
Other current assets	17	3,242,983	5,038,164
NON-CURRENT ASSETS		1,406,891,433	1,474,923,421
Other receivables	8	9,985,108	9,780,255
- <i>Other receivables from third parties</i>	8	<i>9,985,108</i>	<i>9,780,255</i>
Investment property	9	1,351,891,377	1,418,898,726
Property and equipment	10	80,630	98,357
Intangible assets	11	42,046	44,321
- <i>Other intangible assets</i>	11	<i>42,046</i>	<i>44,321</i>
Prepaid expenses	16	12,925,807	11,770,339
Deferred tax assets	24	388,778	1,133,551
Other non-current assets	17	31,577,687	33,197,872
TOTAL ASSETS		1,445,949,859	1,518,526,032

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

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2014

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

LIABILITIES		<i>Audited</i>	<i>Audited</i>
	Notes	31 December 2014	31 December 2013
CURRENT LIABILITIES		124,677,322	105,200,282
Short term financial liabilities	6	31,808,759	8,504,390
Short term portion of long term financial liabilities	6	85,805,896	83,782,797
Trade payables	7	4,136,311	11,236,283
- Trade payables to related parties	7	721,394	751,010
- Other trade payables to third parties	7	3,414,917	10,485,273
Other payables	8	1,379,813	781,985
- Other payables to third parties	8	1,379,813	781,985
Short term provisions	15	356,194	360,243
- Short term provisions for employee benefits	15	356,194	360,243
Other current liabilities	17	1,190,349	534,584
NON-CURRENT LIABILITIES		465,052,371	480,534,217
Long term financial liabilities	6	400,234,298	408,511,424
Long term provisions	15	59,832	48,512
- Long term provisions for employee benefits	15	59,832	48,512
Deferred tax liability	24	61,526,518	68,474,722
Other non-current liabilities	17	3,231,723	3,499,559
EQUITY	18	856,220,166	932,791,533
Equity attributable to equity holders of parent		823,809,895	897,881,682
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		(68,636,240)	2,987,760
- Currency translation differences		(68,636,240)	2,987,760
Restricted reserves allocated from profit		4,147	4,147
Retained earnings		597,943,704	479,940,859
Net (loss)/profit for the period		(2,447,787)	118,002,845
Non-controlling interests		32,410,271	34,909,851
TOTAL EQUITY AND LIABILITIES		1,445,949,859	1,518,526,032

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

	Notes	Audited 1 January - 31 December 2014	Audited 1 January- 31 December 2014
PROFIT OR LOSS			
Revenue	19	51,011,677	41,262,185
Cost of sales	19	(5,729,946)	(5,338,972)
GROSS PROFIT		45,281,731	35,923,213
General administrative expenses	20	(5,842,691)	(6,977,188)
Fair value gain on operating investment property, net	21	16,778,970	205,607,302
Other operating income	21	17,498,643	2,720,670
Other operating expenses	21	(2,931,109)	(4,106,114)
OPERATING PROFIT		70,785,544	233,167,883
Financial income	22	30,262,898	6,145,332
Financial expenses	23	(103,478,309)	(96,697,163)
(LOSS)/PROFIT BEFORE TAX		(2,429,867)	142,616,052
Current tax expense	24	(2,517,500)	(21,266,153)
- Deferred tax expense	24	(2,517,500)	(21,266,153)
NET (LOSS)/PROFIT FOR THE YEAR		(4,947,367)	121,349,899
Attribution of (expense)/income for the year			
Non-controlling interest		(2,499,580)	3,347,054
Attributable to equity holders of the parent		(2,447,787)	118,002,845
Net (loss)/profit for the year		(4,947,367)	121,349,899
Earnings per share (Full TL)	25	(0.01)	0.64
(LOSS)/PROFIT FOR THE YEAR		(4,947,367)	121,349,899
OTHER COMPREHENSIVE (EXPENSE)/INCOME			
Items to be reclassified to profit or loss		(71,624,000)	1,586,020
Change in currency translation differences		(71,624,000)	1,586,020
TOTAL COMPREHENSIVE (EXPENSE)/INCOME		(76,571,367)	122,935,919
Attribution of total comprehensive (expense)/income:			
Non-controlling interest		(2,499,580)	3,347,054
Attributable to equity holders of the parent		(74,071,787)	119,588,865

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

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014

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

	Paid in Capital			Adjustment to share capital		Share premiums	Purchase of share of entity under common control	Other comprehensive income items to be reclassified to profit or loss		Retained earnings			Equity attributable of equity holders of the parent	Non-controlling interests	Total Equity
	Paid in Capital	Adjustment to share capital	Share premiums	Foreign currency translation reserve	Restricted reserves allocated from profit			Retained earnings	Net profit/(loss) for the year						
Balance as at 1 January 2013	184,000,000	317,344	58,880,000	1,401,740	4,147	455,739,024	24,201,835	778,292,817	30,978,935	809,271,752					
Transfers	--	--	--	--	--	24,201,835	(24,201,835)	--	--	--	--	--	--	--	--
Total comprehensive income	--	--	--	1,586,020	--	--	118,002,845	119,588,865	3,347,054	122,935,919					
Change in non-controlling interests	--	--	--	--	--	--	--	--	583,862	583,862					
Balance as at 31 December 2013	184,000,000	317,344	58,880,000	2,987,760	4,147	479,940,859	118,002,845	897,881,682	34,909,851	932,791,533					
Balance as at 1 January 2014	184,000,000	317,344	58,880,000	2,987,760	4,147	479,940,859	118,002,845	897,881,682	34,909,851	932,791,533					
Transfers	-	-	-	-	-	118,002,845	(118,002,845)	-	-	-					
Total comprehensive loss	-	-	-	(71,624,000)	-	-	(2,447,787)	(74,071,787)	(2,499,580)	(76,571,367)					
Balance as at 31 December 2014	184,000,000	317,344	58,880,000	(68,636,240)	4,147	597,943,704	(2,447,787)	823,809,895	32,410,271	856,220,166					

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

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2014

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

	<i>Notes</i>	<i>Audited</i> 31 December 2014	<i>Audited</i> 31 December 2013
A. Cash flows from operating activities			
Net profit for the period		(4,947,367)	121,349,899
<i>Adjustments to reconcile profit to cash provided by operating activities:</i>			
Adjustments for depreciation and amortization expense	10,11	46,439	51,907
Adjustments for change in provisions for employee termination benefits and unused vacation	15	7,271	207,782
Fair value gain on operating investment property, net	21	(16,778,970)	(205,607,302)
Adjustments for interest income and expense		22,680,694	22,361,210
Adjustments for foreign currency exchange differences		53,117,690	66,211,412
Adjustments for rent expense accrual		387,929	540,962
Adjustments for tax expense/(income)		2,517,500	21,266,153
		57,031,186	26,382,023
Net working capital changes in:			
Trade receivables		(4,907,788)	289,913
Other receivables from operating activities		(186,946)	(2,367,367)
Change in other current and noncurrent assets		3,669,815	(6,427,322)
Trade payables		(7,099,972)	5,997,736
Other payables from operating activities		(8,123,102)	4,994,599
Cash provided from operating activities		40,383,193	28,869,582
Interest received		241,021	492,118
Severance indemnity and vacation liability paid		-	(13,175)
Net cash provided from operating activities		40,624,214	29,348,525
B. Cash flows from investing activities			
Cash outflow from acquisition of property, equipment and intangible assets		(26,437)	(51,666)
Acquisition of investment property		(61,584,827)	(95,790,800)
Net cash used in investment activities		(61,611,264)	(95,842,466)
C. Cash flows from financing activities			
Proceeds from issuance of financial liabilities		179,235,939	234,786,154
Repayment of financial liabilities		(141,556,142)	(143,698,833)
Change in project, reserve accounts		7,855,264	(7,880,037)
Interest received		477,268	353,077
Interest paid		(23,398,983)	(23,206,405)
Change in non-controlling interests		-	583,862
Net cash provided by financing activities		22,613,346	60,937,818
Net increase in cash and cash equivalents		1,626,296	(5,556,123)
Cash and cash equivalents at the beginning of the period		22,446,202	28,002,325
Cash and cash equivalents at the end of the period	5	24,072,498	22,446,202

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