

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY 2015 – 31 DECEMBER 2015 TOGETHER WITH
AUDITOR'S REVIEW REPORT
(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 DECEMBER 2015**

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

ASSETS	Notes	Audited 31 December 2015	Audited 31 December 2014
CURRENT ASSETS		84,202,078	39,058,426
Cash and cash equivalents	5	63,902,637	24,097,271
Trade receivables		17,179,374	10,939,041
- <i>Due from third parties</i>	7	<i>17,179,374</i>	<i>10,939,041</i>
Other receivables		147,465	26,155
- <i>Due from third parties</i>	8	<i>147,465</i>	<i>26,155</i>
Prepaid expenses	16	1,413,980	752,976
Other current assets	17	1,558,622	3,242,983
NON-CURRENT ASSETS		1,501,655,879	1,406,891,433
Other receivables		17,074,766	9,985,108
- <i>Due from third parties</i>	8	<i>17,074,766</i>	<i>9,985,108</i>
Investment property	9	1,428,360,875	1,351,891,377
Property and equipment	10	134,379	80,630
Intangible assets	11	53,318	42,046
- <i>Other intangible assets</i>	11	<i>53,318</i>	<i>42,046</i>
Prepaid expenses	16	12,995,995	12,925,807
Deferred tax assets	24	5,745,079	388,778
Other non-current assets	17	37,291,467	31,577,687
TOTAL ASSETS		1,585,857,957	1,445,949,859

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 DECEMBER 2015

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

LIABILITIES	Notes	Audited 31 December 2015	Audited 31 December 2014
CURRENT LIABILITIES		54,872,283	124,677,322
Short term financial liabilities	6	-	31,808,759
Short term portion of long term financial liabilities	6	44,730,329	85,805,896
Trade payables		5,923,557	4,136,311
- Due to related parties	4,7	3,742,189	721,394
- Due to third parties	7	2,181,368	3,414,917
Other payables		2,490,694	1,379,813
- Due to third parties	8	2,490,694	1,379,813
Short term provisions		450,977	356,194
- Short term provisions for employee benefits	15	450,977	356,194
Other current liabilities	17	1,276,726	1,190,349
NON-CURRENT LIABILITIES		726,879,148	465,052,371
Long term financial liabilities	6	659,286,603	400,234,298
Long term provisions		80,773	59,832
- Long term provisions for employee benefits	15	80,773	59,832
Deferred tax liability	24	63,911,239	61,526,518
Other non-current liabilities	17	3,600,533	3,231,723
EQUITY	18	804,106,526	856,220,166
Equity attributable to equity holders of parent		773,453,673	823,809,895
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		(72,009,383)	(68,636,240)
- Currency translation differences		(72,009,383)	(68,636,240)
Restricted reserves allocated from profit		4,147	4,147
Retained earnings		595,495,917	597,943,704
Net loss for the year		(46,983,079)	(2,447,787)
Non-controlling interests		30,652,853	32,410,271
TOTAL LIABILITIES		1,585,857,957	1,445,949,859

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 YEAR ENDED
31 DECEMBER 2015**

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

	Notes	<i>Audited</i> 31 December 2015	<i>Audited</i> 31 December 2014
PROFIT OR LOSS			
Revenue	19	53,979,617	51,011,677
Cost of sales (-)	19	(7,468,913)	(5,729,946)
GROSS PROFIT		46,510,704	45,281,731
General administrative expenses (-)	20	(6,921,242)	(5,842,691)
Fair value gain on Investment property, net	21	12,880,028	16,778,970
Other operating income	21	424,266	17,498,643
Other operating expenses (-)	21	(154,530)	(2,931,109)
OPERATING PROFIT		52,739,226	70,785,544
Financial income	22	57,200,230	30,262,898
Financial expenses (-)	23	(167,090,724)	(103,478,309)
LOSS BEFORE TAX		(57,151,268)	(2,429,867)
Current tax expense		3,250,599	(2,517,500)
- <i>Deferred tax expense</i>	24	3,250,599	(2,517,500)
NET LOSS FOR THE YEAR		(53,900,669)	(4,947,367)
Attribution of expense for the year			
Non-controlling interest		(6,917,590)	(2,499,580)
Attributable to equity holders of the parent		(46,983,079)	(2,447,787)
Net loss for the year		(53,900,669)	(4,947,367)
Earnings per share	25	(0.26)	(0.01)
LOSS FOR THE YEAR		(53,900,669)	(4,947,367)
OTHER COMPREHENSIVE EXPENSE		(3,373,143)	(71,624,000)
Items to be reclassified to			
Profit or loss		(3,373,143)	(71,624,000)
Change in currency translation differences		(3,373,143)	(71,624,000)
TOTAL COMPREHENSIVE EXPENSE		(57,273,812)	(76,571,367)
Attribution of total comprehensive expense:			
Non-controlling interest		(6,917,590)	(2,499,580)
Attributable to equity holders of the parent		(50,356,222)	(74,071,787)

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 YEAR ENDED 31 DECEMBER 2015

(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 from profit	Retained Earnings		Equity attributable of equity holders of the parent	Non controlling interests	Total Equity
					Foreign currency translation reserve	Restricted		Retained earnings	Net loss for the period			
Balance as at 1 January 2014	184,000,000	317,344	58,880,000	53,748,727	2,987,760	4,147	479,940,859	118,002,845	897,881,682	34,909,851	932,791,533	
Transfers	-	-	-	-	-	-	118,002,845	(118,002,845)	-	-	-	
Total comprehensive loss	-	-	-	-	(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	53,748,727	(68,636,240)	4,147	597,943,704	(2,447,787)	823,809,895	32,410,271	856,220,166	
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	-	-	-	
Change in non-controlling Interests	-	-	-	-	-	-	-	-	-	5,160,172	5,160,172	
Total comprehensive loss	-	-	-	-	(3,373,143)	-	-	(46,983,079)	(50,356,222)	(6,917,590)	(57,273,812)	
Balance as at 31 December 2015	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	

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

CONVENIENCE TRANSLATION TO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015**

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

	Notes	<i>Audited</i> 31 December 2015	<i>Audited</i> 31 December 2014
A. Cash flows from operating activities			
Net loss for the year		(53,900,669)	(4,947,367)
<i>Adjustments to reconcile loss to cash provided by operating activities:</i>			
Adjustments for depreciation and amortization expense	10,11	39,423	46,439
Adjustments for change in provisions for employee termination benefits and unused vacation	15	144,524	7,271
Fair value gain on operating investment property, net	21	(12,880,028)	(16,778,970)
Adjustments for interest income and expense		39,025,597	22,680,694
Adjustments for foreign currency exchange differences		79,121,286	53,117,690
Adjustments for rent expense accrual		455,187	387,929
Adjustments for tax expense	24	(3,250,599)	2,517,500
		48,754,721	57,031,186
Net working capital changes in:			
Trade receivables		(6,240,333)	(4,907,788)
Other receivables from operating activities		(2,050,795)	(186,946)
Change in other current and noncurrent assets		(1,573,041)	3,669,815
Trade payables		1,787,246	(7,099,972)
Other payables from operating activities		1,389,900	(8,123,102)
		42,067,698	40,383,193
Interest received		117,755	241,021
Severance indemnity paid		(28,800)	-
		42,156,653	40,624,214
B. Cash flows from investing activities			
Cash outflow from acquisition of property, equipment and intangible assets		(104,444)	(26,437)
Acquisition of investment property		(71,467,689)	(61,584,827)
		(71,572,133)	(61,611,264)
C. Cash flows from financing activities			
Proceeds from borrowings		656,194,100	179,235,939
Repayment of financial liabilities		(544,642,332)	(141,556,142)
Change in project, reserve accounts		24,773	7,855,264
Interest received		570,882	477,268
Interest paid		(30,684,822)	(23,398,983)
Commissions and bank charges paid for loan usage		(12,216,982)	-
		69,245,619	22,613,346
		39,830,139	1,626,296
Cash and cash equivalents at the beginning of the year		24,072,498	22,446,202
Cash and cash equivalents at the end of the year	5	63,902,637	24,072,498

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