

**AKFEN GAYRİMENKUL YATIRIM
ORTAKLIĞI ANONİM ŞİRKETİ**

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

STANDALONE FINANCIAL POSITION AS AT 31 DECEMBER 2015

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

ASSETS	Notes	<i>Audited</i> 31 December 2015	<i>Audited</i> 31 December 2014
CURRENT ASSETS		16,676,833	4,320,117
Cash and cash equivalents	4	10,149,201	232,262
Trade receivables		5,689,764	3,934,495
- <i>Due from third parties</i>	6	<i>5,689,764</i>	<i>3,934,495</i>
Other receivables		90,905	-
- <i>Due from third parties</i>	7	<i>90,905</i>	-
Prepaid expenses	16	515,759	62,455
Other current assets	17	231,204	90,905
NON-CURRENT ASSETS		945,413,471	894,577,549
Financial investments		168,194,091	156,154,435
- <i>Subsidiaries</i>	8	<i>168,194,091</i>	<i>156,154,435</i>
Other receivables		104,281	101,737
- <i>Due from third parties</i>	7	<i>104,281</i>	<i>101,737</i>
Investment property	9	751,851,000	716,292,000
Property and equipment	10	32,982	44,149
Intangible assets		16,816	4,267
- <i>Other intangible assets</i>	11	<i>16,816</i>	<i>4,267</i>
Prepaid expenses	16	4,324,823	10,687
Other non-current assets	17	20,889,478	21,970,274
TOTAL ASSETS		962,090,304	898,897,666

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 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		31,581,607	99,630,961
Short term financial liabilities	5	-	31,808,759
Short term portion of long term financial liabilities	5	25,820,555	65,336,695
Trade payables		3,457,574	953,935
- Due to related parties	6	2,811,915	721,394
- Due payables to third parties	3,6	645,659	232,541
Other payables		698,348	110,319
- Due to third parties	7	698,348	110,319
Short term provisions		328,404	230,904
- Short term provisions for employee benefits	15	328,404	230,904
Other current liabilities	17	1,276,726	1,190,349
NON-CURRENT LIABILITIES		349,831,040	189,778,078
Long term financial liabilities	5	346,149,733	186,486,522
Long term provisions		80,773	59,832
- Long term provisions for employee benefits	15	80,773	59,832
Other non-current liabilities	17	3,600,534	3,231,724
EQUITY	18	580,677,657	609,488,627
Paid in capital		184,000,000	184,000,000
Adjustment to share capital		317,344	317,344
Share premiums		58,880,000	58,880,000
Restricted reserves allocated from profit		4,147	4,147
Retained earnings		366,287,136	381,578,873
Net loss for the year		(28,810,970)	(15,291,737)
TOTAL LIABILITIES		962,090,304	898,897,666

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 YEAR ENDED 31 DECEMBER 2015

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

PROFIT OR LOSS	Notes	Audited	Audited
		31 December 2015	31 December 2014
Revenue	19	24,426,297	23,774,412
Cost of sales (-)	19	(3,152,098)	(2,766,270)
GROSS PROFIT		21,274,199	21,008,142
General administrative expenses (-)	20	(3,560,856)	(2,930,031)
Fair value gain on operating investment property, net	21	15,305,078	(27,647,588)
Other operating income	21	169,464	126,743
Other operating expenses (-)	21	(78,083)	(273,296)
OPERATING PROFIT/(LOSS)		33,109,802	(9,716,030)
Financial income	22	26,818,334	17,140,547
Financial expenses (-)	23	(88,739,106)	(22,716,254)
LOSS BEFORE TAX		(28,810,970)	(15,291,737)
Current tax expense		-	-
LOSS FOR THE YEAR		(28,810,970)	(15,291,737)
Loss per share	25	(0.16)	(0.08)

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**

STAND ALONE 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 premiums	Restricted reserves allocated from profit	Retained earnings		Equity Total
					Retained earnings	Net loss for the year	
Balance as at 1 January 2014	184,000,000	317,344	58,880,000	4,147	338,686,361	42,892,512	624,780,364
Transfers	-	-	-	-	42,892,512	(42,892,512)	-
Total comprehensive income	-	-	-	-	-	(15,291,737)	(15,291,737)
Balance as at 31 December 2014	184,000,000	317,344	58,880,000	4,147	381,578,873	(15,291,737)	609,488,627
Balance as at 1 January 2015	184,000,000	317,344	58,880,000	4,147	381,578,873	(15,291,737)	609,488,627
Transfers	-	-	-	-	(15,291,737)	15,291,737	-
Total comprehensive loss	-	-	-	-	-	(28,810,970)	(28,810,970)
Balance as at 31 December 2015	184,000,000	317,344	58,880,000	4,147	366,287,136	(28,810,970)	580,677,657

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

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

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

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

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

PROFIT OR LOSS	Notes	<i>Audited</i> 31 December 2015	<i>Audited</i> 31 December 2014
A. Cash flows from operating activities			
Net loss for the year		(28,810,970)	(15,291,737)
<i>Adjustments to reconcile loss to cash provided by operating activities:</i>			
Adjustments for depreciation and amortization expense	10, 11	17,265	19,682
Adjustments for change in provisions for employee termination benefits and unused vacation	15	147,241	7,270
Fair value (gain)/loss on operating investment property, net	21	(15,305,078)	27,647,588
Adjustments for interest income and expense		22,528,507	16,090,991
Adjustments for foreign currency exchange differences		43,538,015	(11,014,890)
Adjustments for rent expense accrual		455,187	387,930
		22,570,167	17,846,834
Net working capital changes in:			
Trade receivables		(1,755,269)	(329,045)
Other receivables from operating activities		(93,449)	(26,339)
Change in other current and non-current assets		(639,374)	3,065,839
Trade payables		2,503,639	(3,008,664)
Other payables from operating activities		588,029	94,158
Cash provided from operating activities		23,173,743	17,642,783
Severance indemnity paid		(28,800)	-
Net cash provided from operating activities		23,144,943	17,642,783
B. Cash flows from investing activities			
Capital and capital in advance increase of subsidiary	8	(12,039,656)	(8,208,471)
Cash outflow from acquisition of property, equipment and intangible assets	10, 11	(18,647)	(25,017)
Acquisition of investment property	9	(20,253,922)	(6,494,588)
Net cash used in investment activities		(32,312,225)	(14,728,076)
C. Cash flows from financing activities			
Proceeds from borrowings		323,045,600	138,431,325
Repayment of financial liabilities		(278,245,303)	(125,432,200)
Interest paid		(19,092,604)	(16,121,257)
Commissions and bank charges paid for loan usage		(6,787,921)	-
Interest received		164,449	30,266
Net cash provided by financing activities		19,084,221	(3,091,866)
Net increase/(decrease) in cash and cash equivalents		9,916,939	(177,159)
Cash and cash equivalents at the beginning of the year		232,262	409,421
Cash and cash equivalents at the end of the year	4	10,149,201	232,262

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