(Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1)

TSKB Gayrimenkul Yatırım Ortaklığı Anonim Şirketi

Financial Statements
As At and For the Year Ended
31 December 2014
With Independent Auditors' Report Thereon

29 January 2015

This report contains 2 pages of independent auditors' report and 51 pages of financial statements and notes to the financial statements.

TSKB Gayrimenkul Yatırım Ortaklığı
Anonim Şirketi

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Convenience Translation of the Independent Auditors' Report Originally Prepared and Issued in Turkish to English

To the Board of Directors of TSKB Gayrimenkul Yatırım Ortaklığı Anonim Şirketi,

Report on the Financial Statements

We have audited the accompanying financial statements of TSKB Gayrimenkul Yatırım Ortaklığı A.Ş ("the Company") which comprise the statement of financial position as at 31 December 2014, the statements of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

The Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Turkish Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with standards on auditing issued by the Capital Markets Board of Turkey ("CMB") and Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POAASA"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained during our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the TSKB Gayrimenkul Yatırım Ortaklığı Anonim Şirketi as at 31 December 2014, and its financial performance and its cash flows for the year then ended in accordance with Turkish Accounting Standards.

Emphasis of matter

Without qualifying our opinion, we draw attention to the fact below;

As explained in Note 11, there are legal cases relating to Pendorya Mall that take a significant portion of the Company's investment properties. As at the reporting period, although there is uncertainties on the final results of the legal cases, the Company's management does not expect any result that could significantly affect the Company's financial statements and therefore, the accompanying financial statements do not include the possible effects of these legal cases.

Report on Other Legal and Regulatory Requirements

1) Pursuant to the fourth paragraph of Article 398 of Turkish Commercial Code ("TCC") no. 6102; Auditors' Report on System and Committee of Early Identification of Risks is presented to the Board of Directors of the Company on 29 January 2015.

2) Pursuant to the fourth paragraph of Article 402 of the TCC; no significant matter has come to our attention that causes us to believe that for the period 1 January - 31 December 2014, the Company's bookkeeping activities and financial statements are not in compliance with TCC and provisions of the Company's articles of association in relation to financial reporting.

3) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ
A member of KPMG International Cooperative

Alper Güvenç, SMMM
Partner

29 January 2015
İstanbul, Türkiye

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TSKB GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ
STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)
AS AT 31 DECEMBER 2014

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

		Audited	**Audited**
ASSETS	***Notes***	**31 December 2014**	**31 December 2013**
CURRENT ASSETS		**11,709,191**	**32,913,653**
Cash and cash equivalents	*4*	7,600,591	28,793,801
Trade receivables	*7*	1,129,284	900,324
Due from related parties	*22*	-	*84*
Other trade receivables	*7*	*1,129,284*	*900,240*
Other current assets	*13*	2,979,316	3,219,528
NON-CURRENT ASSETS		**355,083,024**	**343,274,629**
Investment property	*8*	348,665,000	335,460,000
Tangible assets	*9*	14,016	17,662
Intangible assets	*10*	14,504	5,989
Other non-current assets	*13*	6,389,504	7,790,978
TOTAL ASSETS		**366,792,215**	**376,188,282**
LIABILITIES			
SHORT-TERM LIABILITIES		**37,350,688**	**17,466,146**
Funds borrowed	*6*	35,740,537	16,195,106
Due to related parties	*22*	*15,982,006*	*15,287,619*
Other funds borrowed	*6*	*19,758,531*	*907,487*
Trade payables	*7*	990,357	716,339
Due to related parties	*22*	*298,658*	*219,666*
Other trade payables	*7*	*691,699*	*496,673*
Short-term provisions	*12*	195,249	228,968
Employee benefits	*12*	*195,249*	*228,968*
Other short-term liabilities	*13*	424,545	325,733
LONG-TERM LIABILITIES		**118,928,539**	**149,726,815**
Funds borrowed	*6*	118,239,214	149,405,772
Due to related parties	*22*	*118,239,214*	*129,739,967*
Other funds borrowed		-	*19,665,805*
Long-term provisions	*12*	66,410	68,451
Employee benefits	*12*	*66,410*	*68,451*
Other long-term liabilities	*13*	622,915	252,592
EQUITY		**210,512,988**	**208,995,321**
Paid in capital	*14*	150,000,000	150,000,000
Share premium	*14*	593,140	593,140
Restricted reserves	*14*	152,670	152,670
Other comprehensive income non- reclassified to profit or loss	*12*	(7,444)	18,032
Defined benefit plan actuarial gains / (losses)		*(7,444)*	*18,032*
Retained earnings		58,231,479	84,398,329
Net profit / (loss) for the period		1,543,143	(26,166,850)
TOTAL LIABILITIES		**366,792,215**	**376,188,282**

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

TSKB GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2014

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

		Audited	**Audited**
	Notes	**1 January - 31 December 2014**	**1 January - 31 December 2013**
Sales	*15*	16,634,093	17,476,184
Cost of sales	*15*	(5,793,326)	(5,234,547)
Gross profit		**10,840,767**	**12,241,637**
Administrative expenses	*16*	(2,790,680)	(2,452,970)
Marketing expenses	*17*	(689,836)	(856,462)
Other operating income	*18*	446,813	468,418
Other operating expense	*18*	(540,345)	(5,967,925)
Operating profit		**7,266,719**	**3,432,698**
Share of loss of equity-accounted investees	*5*	(306,831)	(59,238)
Finance income	*19*	312,336	42,983
Finance costs	*19*	(5,729,081)	(29,583,293)
Profit / (loss) from continuing operations before tax		**1,543,143**	**(26,166,850)**
Tax income / (expense) on continuing operations			
- Current tax income / (expense)	*20*	-	-
- Deferred tax income / (expense)	*20*	-	-
Net profit / (loss) from continuing operations		**1,543,143**	**(26,166,850)**
Net profit for the period from discontinued operations, net of tax		**-**	**-**
NET PROFIT / (LOSS) FOR THE PERIOD		**1,543,143**	**(26,166,850)**
Basic earnings / (loss) per share (par value of TL 1)	*21*	**0.0103**	**(0.1744)**
Diluted earnings / (loss) per share (par value of TL 1)	*21*	**0.0103**	**(0.1744)**

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

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

	Audited	**Audited**
	1 January - 31 December 2014	**1 January - 31 December 2013**
NET PROFIT / (LOSS) FOR THE PERIOD	**1,543,143**	**(26,166,850)**
Non-reclassified to profit or loss		
Defined benefit plan actuarial gains / (losses)	(25,476)	18,032
OTHER COMPREHENSIVE INCOME	**(25,476)**	**18,032**
TOTAL COMPREHENSIVE INCOME	**1,517,667**	**(26,148,818)**

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

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

(Amounts expressed in Turkish Lira (“TL”) unless otherwise stated.)

				Other comprehensive income non-reclassified to profit or loss		Accumulated profits		
	Notes	Share capital	Share premium	Defined benefit plan actuarial gains (losses)	Restricted reserves	Retained earnings	Net profit / (loss) for the period	Total
Balance at 1 January 2013		**150,000,000**	**593,140**	**-**	**152,670**	**67,350,391**	**17,047,938**	**235,144,139**
Total comprehensive income		-	-	18,032	-	-	(26,166,850)	(26,148,818)
Transfers		-	-	-	-	17,047,938	(17,047,938)	-
Balance at 31 December 2013		**150,000,000**	**593,140**	**18,032**	**152,670**	**84,398,329**	**(26,166,850)**	**208,995,321**
Balances at 1 January 2014		**150,000,000**	**593,140**	**18,032**	**152,670**	**84,398,329**	**(26,166,850)**	**208,995,321**
Total comprehensive income		-	-	(25,476)	-	-	1,543,143	1,517,667
Transfers		-	-	-	-	(26,166,850)	26,166,850	-
Balance at 31 December 2014	*14*	**150,000,000**	**593,140**	**(7,444)**	**152,670**	**58,231,479**	**1,543,143**	**210,512,988**

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

TSKB GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014

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

	Notes	Audited 1 January - 31 December 2014	Audited 1 January - 31 December 2013
A. Cash flows from operating activities			
Net profit / (loss) for the period		**1,543,143**	**(26,166,850)**
Adjustments related to profit / (loss)			
Decrease / (increase) in fair value of investment property	*8,18*	486,074	5,927,073
Adjustments related to finance and interest income	*15,19*	(1,386,737)	(1,117,384)
Adjustments related to finance costs	*19*	5,729,081	29,583,293
Change in income accruals	*13*	(64,250)	23,250
Share of loss from equity-accounted investees	*5*	306,831	59,238
Depreciation expenses	*9*	15,847	33,788
Amortisation expenses	*10*	3,051	3,610
Adjustments related to provisions			
Change in expense accruals	*13*	(2,676)	(167)
Allowance for doubtful receivables	*16*	725,667	273,489
Provision for unused vacation pay liability	*16*	(13,719)	20,084
Provision for personnel bonus	*16*	160,000	180,000
Provision for employee severance indemnity	*12*	22,840	20,593
Cash flows provided by operating activities before the changes in working capital		**7,525,152**	**8,840,017**
Interest received		1,411,786	1,110,682
Change in trade receivables		(954,627)	164,006
Change in other assets		1,733,297	1,627,654
Change in trade payables		274,018	(16,474)
Personnel bonuses paid during the period		(129,500)	(150,973)
Employee benefits paid during the period	*12*	(50,357)	-
Change in other liabilities		114,480	(815,333)
Net cash provided by operating activities		**9,924,249**	**10,759,579**
B.Cash flows from investing activities			
Acquisition of equity-accounted investees		(12,231,577)	(11,331,803)
Acquisition of tangible assets	*9*	(12,201)	(8,507)
Acquisition of intangible assets	*10*	(11,566)	(7,285)
Net cash used in investing activities		**(12,255,344)**	**(11,347,595)**
C.Cash flows from financing activities			
Acquisition of funds borrowed		-	19,950,000
Repayment of funds borrowed		(12,890,615)	(9,996,778)
Interest paid		(5,919,089)	(2,827,952)
Net cash (provided from) / used in financing activities		**(18,809,704)**	**7,125,270**
Effect of exchange rate fluctuations on cash and cash equivalents		(27,362)	177,274
Net (decrease) / increase in cash and cash equivalents		**(21,168,161)**	**6,714,528**
Cash and cash equivalents at 1 January	*4*	28,739,646	22,025,118
Cash and cash equivalents at 31 December	*4*	**7,571,485**	**28,739,646**

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

1. ORGANISATION AND OPERATIONS OF THE COMPANY

TSKB Gayrimenkul Yatırım Ortaklığı AŞ's (the "Company") main activity is to invest in properties, property projects and property related capital market instruments. The Company was established on 3 February 2006.

The headquarter of the Company is registered in Meclisi Mebusan Cad. Molla Bayırı Sok. No: 1 34427 Fındıklı - Istanbul, Turkey. The number of personnel employed in the Company as at 31 December 2014 is 12 (31 December 2013: 11).

The Company is a subsidiary of Türkiye Sınai Kalkınma Bankası AŞ ("TSKB") and was registered on 3 February 2006. In accordance with the relevant article of the Capital Markets Board of Turkey ("CMB") Communiqué on the Principles of Real Estate Investment Trusts, which was in force at that date, as real estate investment trusts have to apply to the CMB with the request that the share certificates representing at least 49% of the paid-in capital that will be offered to the public are registered in the time periods changing according to the capital amounts, and as the period expires on 3 February 2007 for the Company, the Company applied to the CMB on 30 January 2007 for the extension of the public offering for one year, considering the risk perceptions regarding the existing and expected market conditions, and received the extension approval on 12 March 2007. It was stated in the letter sent by the CMB to the Company on 17 December 2007, relating to the permission application for the increase of the Company's paid-in capital in 2007 from TL 10,000,000 to TL 75,000,000, that the deadline for board registry application for the public offering of the Company shares was extended to 3 February 2009 as the capital of the Company was increased to TL 75,000,000, in accordance with the CMB decision dated 19 April 2007.

The Company decided that its paid-in capital, which was TL 75,000,000, would be increased by TL 25,000,000 to TL 100,000,000, with the registered capital ceiling of TL 100,000,000, and that the increased capital would be paid by the shareholders in proportion to their shares, in its extraordinary general assembly dated 24 November 2008. The capital increase was registered on 28 November 2008 and was published in the Turkish Trade Registry Gazette No. 7202, dated 3 December 2008. Again, in accordance with the Communiqué article which was in force at that date, as it was foreseen that the public offering of the real estate investment trusts whose paid in capital is TL 100,000,000 or more, is to be made within five years of either the establishment of the investment trust or the related amendment to the articles of association being registered with the Trade Registry, the CMB informed the Company with the letter dated 10 November 2008 that the deadline for the public offering of the Company shares is 3 February 2011.

On the other hand, with the amendment dated 31 December 2009 made by the CMB to the Communiqué on the Principles of Real Estate Investment Trusts, the application that a time is granted for trusts which are established instantaneously or which become real estate investment trusts by amendment of articles of association with regards to a public offering, is cancelled and it is made obligatory that the shares of trusts representing a minimum 25% of their capital be issued within three months of either the establishment of the investment trust or the related amendment to the articles of association being registered with the Trade Registry, are offered to public and that they apply to the CMB with the request that all shares be registered. In addition, in the temporary article prepared to clarify the status of the existing real estate investment trusts whose shares are not offered to the public, against the amendment in the Communiqué, it is foreseen that companies with the status of real estate investment trust by establishment or transformation before the publishing date of the Communiqué amendment, would apply to the CMB with the request that minimum 25% of their issued capital be offered to the public.

As per the Board of Directors resolution dated 2 February 2010 numbered 96, it has been decided to increase the paid in capital of the Company by TL 50,000,000 to TL 150,000,000 and the increased shares to be offered to the public through the restriction of the pre-emptive rights of the existing shareholders. With the capital increase by 50%, nominal value of C group shares amounting to TL 50,000,000 (with additional sales TL 57,500,000) which will be offered to the public for the first time were registered by the CMB with the record number GYO 60/250 on 25 March 2010. Public offering of the shares was realised on 1 and 2 April 2010 and the Company shares are being traded on the Istanbul Stock Exchange since 9 April 2010.

1. ORGANISATION AND OPERATIONS OF THE COMPANY *(continued)*

The Company established a joint venture with Bilici Yatırım Sanayi ve Ticaret AŞ in Adana under the name of Bilici Yatırım-TSKB GYO Adana Otel Projesi Adi Ortaklığı ("Adana Otel Projesi Adi Ortaklığı") on 26 May 2011. The capital structure of the joint venture is designated as 50% of participation for Bilici Yatırım Sanayi ve Ticaret AŞ and 50% of participation for the Company. The main operations of Adana Otel Projesi Adi Ortaklığı is to start, execute and complete the hotel project which will be operated by Divan Turizm İşletmeleri AŞ (formerly known as Palmira Turizm Ticaret AŞ).

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1. Basis of presentation

2.1.1. Statement of compliance

The financial statements have been prepared in accordance with the communiqué No: II, 14.1 "Communiqué on Financial Reporting Standards in Capital Markets" ("Communiqué") promulgated by CMB, which is published at 13 June 2013 in the Official Gazette numbered 28676 and in accordance with the Turkish Accounting Standards ("TAS"), issued by the Public Oversight Accounting and Auditing Standards Authority ("POAASA"). TAS; Turkish Accounting Standards is composed of Turkish Financial Reporting Standards with related additions and interpretations.

The statement of financial position as at 31 December 2014, and statement of profit or loss, statement of other comprehensive income have been approved for issue by the Board of Directors on 28 January 2015. The General Assembly and the legal authorities have the authority to amend the statutory financial statements and these financial statements.

Additional paragraph for convenience translation to English

The differences between accounting principles, as described in the preceding paragraphs, and the accounting principles generally accepted in countries, in which the accompanying financial statements are to be distributed, may have significant influence on the accompanying financial statements. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles generally accepted in such countries.

2.1.2. Basis of presentation of financial statements

The accompanying financial statements of Capital Markets Board (CMB) dated 13 June 2013 and 28676 numbered Official Gazette has been prepared in accordance with the provisions of the Communiqué No.II ,14.1.

2.1.3. Functional and presentation currency

These financial statements are presented in Turkish Lira ("TL"), which is the Company's functional currency. All financial information is presented in TL unless otherwise stated.

2.1.4. Comparative information

The accompanying financial statements are presented comparatively in order to identify trends in the Company's financial position, performance and cash flows. Where necessary, in order to meet the consistency with the presentation of the financial statements in the current period, comparative figures are reclassified and material changes are disclosed in the related notes. There is no reclassification in the comparative financial statements in the current period.

2.2. Changes in accounting policies

The accounting policies set out below have been applied consistently by the Company to all periods presented in the financial statements.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS *(continued)*

2.3. Changes in accounting estimates and errors

The preparation of the financial statements in conformity with Communiqué No: II-14.1 requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are audited on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The significant estimates and judgments used by the Company are included in the following note:

Note 8 – Fair value measurement of investment property

Note 12 - Provisions for employee benefits

Measurement of fair values

A number of Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorised into different levels based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Classification require the use of observable market data if available.

Fair value measurement is used in the note below:

Note 8 – Fair value measurement of investment property

2.4. New standards and interpretations implemented and not yet adopted as at 31 December 2014

2.4.1. New standards and interpretations implemented at 2014

The Company has applied all the standards issued by POAASA which are effective as at 31 December 2014.

New standards and interpretations not yet adopted as of 31 December 2014

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2014, and have not been applied in preparing these financial statements. None of these standards and interpretations is expected to have significant effects on the financial statements of the Company.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS *(continued)*

2.5 Summary of significant accounting policies

Significant accounting policies applied during the preparation of the financial statements are summarised as follows.

2.5.1. Accounting of income and expense

Revenue

Revenue includes, rental income and income from allocation of expenses related with investment property to tenants, interest income from the banks.

Rental income from investment property is recognised in profit or loss on an accrual basis.

Rental income from investment property leased out under operating lease is recognised in the income statement on a straight line basis over the term of the lease.

Revenue is measured at the fair value of the consideration received or receivable.

Interest income and expense

Interest income is recognised through profit or loss on accrual basis by using the effective interest method.

If borrowing costs are totally related with an investment property in progress, these borrowing costs are included in the cost of mentioned investment property. Other borrowing costs are recognised through profit or loss by using the effective interest rate.

Other income and expenses

Foreign exchange gains/losses except totally related with an investment property in progress, are recognised in profit or loss on a net basis. Other income and expenses are recognised through profit or loss on accrual basis

2.5.2. Investment property

(i) Operating investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property.

Valuations reflect, where appropriate; the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting of vacant accommodation and the market's general perception of their credit-worthiness; the allocation of maintenance and insurance responsibilities between lessor and lessee; and the remaining economic life of the property.

It has been assumed, all notices have been served validly and within the appropriate time.

Accounting of rental income which is arising from investment property is mentioned at Note 2.5.1.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS *(continued)*

2.5 Summary of significant accounting policies *(continued)*

2.5.2. Investment property (continued)

ii) Investment property under construction

Investment property under construction are those which are held either to earn income or for capital appreciation or for both, in the future. Investment property is measured initially at cost and after initial recognition, investment property is carried at fair value and related changes are recognised in profit or loss. When the fair values of such properties cannot be determined reliably until the construction is completed, the Company accounts for such investment property under construction using the cost model until the date the construction is completed.

The cost of investment properties constructed by the Company includes, material costs, direct labor costs, all costs directly associated with the development of an investment property, and capitalised borrowing costs.

Borrowing costs are capitalised if they are directly attributable to the investment property under construction. Capitalisation of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalisation of borrowing costs may continue until the assets are substantially ready for their intended use.

2.5.3. Tangible assets

All tangible assets are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and if any borrowing cost.

When parts of a tangible asset have different useful lives, they are accounted for as separate items (major components) of tangible assets.

Depreciation

Depreciation is recognised on a straight-line basis over the useful lives of the tangible assets from the date of acquisition. The estimated useful lives of tangible assets are as follows:

Fixtures and fittings	5 years
Vehicles	5 years

Subsequent costs

Expenditures incurred to replace a component of tangible assets that is accounted for separately, including major inspection and overhaul costs, are capitalised. Other subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of tangible assets. All other expenditures are recognised in profit or loss as expense as incurred. The gain or loss arising on the disposal or retirement of an item of tangible assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2. BASIS OF PRESENTATIONS OF FINANCIAL STATEMENTS *(continued)*

2.5. Summary of significant accounting policies *(continued)*

2.5.4. Intangible assets

Intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation of intangible assets is calculated on a straight-line basis over the inflation adjusted values of the useful life of the related assets. The expected useful lives of intangible assets are 2-3 years.

2.5.5. Jointly controlled entities

Jointly controlled entities are those entities over whose activities one or more entities has joint control, established by contractual agreement and requiring unanimous consent for economic benefits.

Jointly controlled entity which is constituted as Adana Otel Projesi Adi Ortaklığı is accounted for using the equity method in the accompanying financial statements. Under the equity method, investments in the jointly controlled entities are carried in the statement of financial position at cost plus post acquisition changes in the Company's share of net assets of the jointly controlled entity and the comprehensive income reflects the share of the results of operations of the jointly controlled entities. Where there has been a change recognised directly in the equity of the jointly controlled entities, the Company recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity.

Financial statements of the jointly controlled entity are prepared in line with the financial statements of the Company in the same accounting period using uniform accounting policies.

2.5.6. Impairment of assets

The Company determines whether there are any indicators for impairment at every reporting period ended. In the case of an indicator, the recoverable value of that asset is estimated. Where it is not possible to estimate the recoverable amount of an individual asset, the Company 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. In this case, the impairment loss is recognised immediately in profit or loss.

2.5.7. Financial instruments

The Company has the following financial assets: cash and cash equivalents and trade receivables; and has the following financial liabilities: loans and borrowings, finance lease liabilities and trade payables.

i) Non derivative financial instruments

The Company initially recognises the financial assets on the date they are originated.

Financial instruments are recognised initially at fair value plus any directly attributable transactions costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below:

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS *(continued)*

2.5. Summary of significant accounting policies *(continued)*

2.5.7. Financial instruments *(continued)*

i) Non derivative financial instruments *(continued)*

Cash and cash equivalents

Cash and cash equivalents are comprised of cash, bank balances with maturity periods of less than three-months and other highly liquid short-term investments which are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value. The carrying values of these assets are close to their fair values.

Due from / Due to related parties

The shareholders, key management personnel and the Board members, and in each case, together with their families and companies controlled by/affiliated with them; and investments are considered and referred to as the related parties. The carrying amounts of due from and due to related parties are close to their fair values.

Trade receivables

Trade receivables are initially recognised at fair value. Subsequent to initial recognition, those assets are measured at amortised cost using the effective interest method, less any impaired losses at each reporting dates. If there is an objective evidence of uncollectibility, the Company books a provision for the doubtful receivables and losses are recognised in profit or loss. Provision is the difference between the carrying value of the receivables and probable amount of the collection. The Company management believes that the carrying amounts of trade receivables approximate to their fair values.

ii) Non-derivative financial liabilities

The Company initially recognises non-derivative financial liabilities on the date that they are originated. All financial liabilities are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities: funds borrowed and trade payables.

Financial liabilities are recognized at fair value plus any directly attributable transaction costs are recognized initially. Subsequent to initial recognition, financial liabilities are measured at amortized cost of by discounting future principal and interest cash flows with effective interest rate.

iii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as deduction from equity, net of any tax effects.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS *(continued)*

2.5. Summary of significant accounting policies *(continued)*

2.5.8. Foreign currency transactions

The financial statements of the Company are presented in the currency of the primary economic environment in which the entity operates. The results and financial position of the Company are expressed in TL, which are the functional currency of the Company and the presentation currency for the financial statements.

Transactions in foreign currencies are translated into functional currency at Central Bank's exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to functional currency at the exchange rate at that date. Gains or losses on translation of foreign currency denominated transactions to TL or presentation of foreign currency denominated monetary assets are recognised in profit of loss.

2.5.9. Earnings per share

Earnings per share is calculated by dividing profit or loss by the weighted average number of ordinary shares outstanding during the period. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held (see Note 21).

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings and inflation adjustments on equity items. Such kind of bonus shares are taken into consideration in the computation of earnings per share as issued share certificates.

2.5.10. Events after the reporting period

Events after the reporting period represent the events that occur against or on behalf of the Company between the reporting date and the date when statement of financial position was authorised for the issue. There are two types of events after the reporting period:

- those that provide evidence of conditions that existed as at reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If there is evidence of such events as of reporting date or if such events occur after reporting date and if adjustments are necessary, the Company's financial statements are adjusted according to the new situation. The Company discloses the post-balance sheet events that are not adjusting events but material.

2.5.11. Provisions, contingent assets and contingent liabilities

A provision is recognised when the Company 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 Company discloses the related issues in the notes.

If the inflow of economic benefits is probable, contingent assets are 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 are recognised in the financial statements at the relevant period that income change effect occurs.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS *(continued)*

2.5. Summary of significant accounting policies *(continued)*

2.5.12. 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 Company as lessor in the operating lease transactions

Operating lease income is recognised in profit or loss with straight-line method through the term of the lease.

2.5.13. Related parties

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.

2.5.14. Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, whose operating results are reviewed regularly by the authorised body of the Company (being chief operating decision maker) to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available.

2.5.15. Government grants and incentives

As explained below in 2.5.16, the Company is exempted from the corporation tax because of its real estate investment trust company status.

2.5.16. Taxation

Corporate income tax

According to Article 5/1(d) (4) of the New Corporate Tax Law No: 5220, the income of Real Estate Investment Trusts ("REIT") is exempt from Corporate Income Tax in Turkey. This exemption is also applicable to Quarterly Advance Corporate Tax.

According to New Corporate Tax Law Article 15/(3), the income of REITs is subject to 15% withholding tax irrespective of its distribution. The Council of Ministers has the authority to increase the withholding tax rate on REIT income to corporate income tax rate or reduce it to 0% or change it within the limits defined through publication of a Decree based on the Corporate Tax Law Article 15/(34). In accordance with New Corporate Tax Law Article 15/(2), income subject to corporate tax is also exempt from withholding tax.

According to temporary Article (1) of the New Corporate Tax Law, resolutions of the Council of Ministers related with Income Tax Law numbered 193 and Tax Law No: 5422 are valid up to new Decrees published by the Council of Ministers and determined rates cannot exceed statutory limits defined at New Corporate Tax Law.

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS *(continued)*

2.5. Summary of significant accounting policies *(continued)*

2.5.16. Taxation (continued)

Corporate income tax *(continued)*

Based on the resolution of the Council of Ministers numbered 2009/14594 related to the withholding tax rates which were determined as 15% according to the New Corporate Tax Law Article 15/(3) published in the Official Gazette dated 3 February 2009 numbered 27130, the withholding tax rate is determined as 0% and this resolution is effective on the same date. Thereof, in accordance with the Article 5/1(d) (4) of the New Corporate Tax Law, real estate investment company earnings, regardless of the fact they are distributed or not, will be subject to 0% withholding.

Deferred tax

According to IAS 12 – *Income Taxes,* deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Since the Company is exempt from Corporate Income Tax in Turkey in accordance with Article 5 of the Corporate Tax Law, deferred tax is not recognised.

2.5.17. Employee benefits / reserve for employee severance indemnity

The Company recognizes obligations related to employee severance indemnity in accordance with TAS 19 (2011) *Employee Benefits.*

The Company reflected obligations regarding to employee severance indemnity in the accompanying financial statements. The most important change in the TAS 19 (2011) is about the recognition of defined benefit obligations, effective for the periods ended after 31 December 2012. The Company recognize actuarial gains and losses under equity initially.

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Company.

The provision for employee severance indemnity has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees. Reserve for employee severance indemnity is calculated based on the ceiling rate announced by the Government.

2.5.18. Statement of cash flows

The Company presents statement of cash flows as an integral part of other financial statements to inform the users of financial statements about the changes in its net assets, its financial structure and its ability to manage the amount and timing of its cash flows under new conditions. For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand, receivables from reverse repos and bank balances having maturities shorter than 3 months.

2.5.19. Restrictions on the investment portfolio of real estate investment

The information in "Control of compliance with restrictions on the investment portfolio" note are summary information prepared from financial statements which are presented within the framework Communiqué II.14.1 in accordance with the accounting and reporting principles accepted by the CMB and published in the Official Gazette dated 28 May 2013 numbered 28660, numbered III-48.1 "Communiqué on Real Estate Investment Basis" related to control of compliance with restrictions on the investment portfolio. The financial information presented in additional note may not match financial statements attached since it does not contain the equity-accounted joint venture amount.

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

3. SEGMENT REPORTING

Segment reporting is monitored on the project basis by the Company management. Also, each segment's information is used for the evaluation and allocation of the resources separately by the management.

The accounting policies which are applied for segment reporting are the same as used in the Company's financial statements.

	Pendorya Mall	Fındıklı Building 1	Fındıklı Building 2	Tahir Building	Adana Hotel Project(*)	Total
31 December 2014						
Rental income	6,741,217	2,745,711	3,956,049	25,402	-	13,468,379
Pendorya Mall service and management charges	2,198,896	-	-	-	-	2,198,896
Sales	**8,940,113**	**2,745,711**	**3,956,049**	**25,402**	**-**	**15,667,275**
Cost of sales	(5,350,987)	(158,322)	(228,112)	(55,905)	-	(5,793,326)
Gross profit	**3,589,126**	**2,587,389**	**3,727,937**	**(30,503)**	**-**	**9,873,949**
Valuation gain / (loss) on investment property	(11,485,908)	5,572,200	5,832,750	1,140,000	(1,545,116)	(486,074)
Other operating income / (expense)	**(11,485,908)**	**5,572,200**	**5,832,750**	**1,140,000**	**(1,545,116)**	**(486,074)**
Equity-accounted investees	**-**	**-**	**-**	**-**	**(306,831)**	**(306,831)**
Capital expenditure	**685,908**	**2,800**	**2,250**	**-**	**23,346,176**	**24,037,134**

(*) At 27 September 2011, the license of construction work for a 5-star hotel project of the Company that has been built up in Adana province, Seyhan town, Çınarlı District, Map 1653 and Plot 143, has been completed and relevant license is obtained from Municipality of Seyhan Town.

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

3. SEGMENT REPORTING *(continued)*

	Pendorya Mall	Fındıklı Building 1	Fındıklı Building 2	Tahir Building	Adana Hotel Project	Total
31 December 2013						
Rental income	7,416,318	2,446,018	3,738,144	26,660	-	13,627,140
Pendorya Mall service and management charges	2,774,643	-	-	-	-	2,774,643
Sales	**10,190,961**	**2,446,018**	**3,738,144**	**26,660**	**-**	**16,401,783**
Cost of sales	(4,796,866)	(152,293)	(232,744)	(52,644)	-	(5,234,547)
Gross profit	**5,394,095**	**2,293,725**	**3,505,400**	**(25,984)**	**-**	**11,167,236**
Valuation gain / (loss) on investment property	(33,019,329)	13,585,737	11,838,333	4,220,000	(2,551,814)	(5,927,073)
Other operating income	**(33,019,329)**	**13,585,737**	**11,838,333**	**4,220,000**	**(2,551,814)**	**(5,927,073)**
Equity-accounted investees	**-**	**-**	**-**	**-**	**(59,238)**	**(59,238)**
Capital expenditure	**620,103**	**14,263**	**16,667**	**-**	**13,062,713**	**13,713,746**

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

3. SEGMENT REPORTING *(continued)*

Reconciliations of reportable segment revenue, profit or loss, assets and liabilities

	1 January - 31 December 2014	1 January - 31 December 2013
Sales revenue		
Total income of reporting segments	15,667,275	16,401,783
Undistributed revenue	966,818	1,074,401
Total sales revenue	**16,634,093**	**17,476,184**
Cost of sales		
Total cost of sales of reporting segments	5,793,326	5,234,547
Total cost of sales	**5,793,326**	**5,234,547**

	31 December 2014	31 December 2013
Assets		
Total assets for reportable segments	348,665,000	335,460,000
Other assets	18,127,215	40,728,282
Total assets	**366,792,215**	**376,188,282**
Liabilities		
Total liabilities for reportable segments	153,979,751	165,600,878
Other liabilities	2,299,476	1,592,083
Total liabilities	**156,279,227**	**167,192,961**

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

4. CASH AND CASH EQUIVALENTS

	31 December 2014	31 December 2013
Banks-Demand	100	8,029
Banks-Time	7,600,491	28,785,772
Cash and cash equivalents in the statement of financial position	**7,600,591**	**28,793,801**
Interest income accruals on cash and cash equivalents	(29,106)	(54,155)
Cash and cash equivalents in the statement of cash flows	**7,571,485**	**28,739,646**

As at 31 December 2014 and 31 December 2013, the details of time deposit balances at banks are as follows:

31 December 2014	Amount	Interest rate (%)	Maturity
TL	2,523,284	10.00	2 January 2015
Euro	2,407,714	2.00	2 January 2015
TL	1,668,548	8.75	1 January 2015
TL	1,000,945	5.75	2 January 2015
	7,600,491		

31 December 2013	Amount	Interest rate (%)	Maturity
Euro	20,560,005	1.00	3 January 2014
TL	4,039,442	9.00	3 January 2014
TL	2,012,597	5.90	2 January 2014
TL	1,164,086	7.50	3 January 2014
TL	1,009,642	8.80	3 January 2014
	28,785,772		

As at 31 December 2014 and 31 December 2013, there is no receivables from reverse repo agreements.

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

5. EQUITY-ACCOUNTED INVESTEES

	Ownership rate (%)	31 December 2014	31 December 2013
Adana Otel Projesi Adi Ortaklığı(*)	50	(401,484)	(94,653)

(*) The Company established a joint venture with Bilici Yatırım Sanayi ve Ticaret AŞ in Adana under the name of Adana Otel Projesi Adi Ortaklığı on 26 May 2011. The main operations of Adana Otel Projesi Adi Ortaklığı is to start, execute and complete the hotel project which will be operated by Palmira Turizm Ticaret AŞ. The capital structure of the joint venture is designated as 50% of participation for Bilici Yatırım Sanayi ve Ticaret AŞ and 50% of participation for the Company. The nominal paid-in capital of the Adana Otel Projesi Adi Ortaklığı comprises 20,000 shares of TL 1 for each amounting to TL 20,000 in total. The Company has paid TL 10,000 in cash and in advance for the 50% ownership in Adana Otel Projesi Adi Ortaklığı.

For the contingent liabilities that may arise in the future, the Company made a provision amounting to TL 401,484 in its "Other Long-term Liabilities" account that is the 50% share of the Company in Adana Otel Projesi Adi Ortaklığı's net asset value amounting to TL 802,968 (31 December 2013: For the contingent liabilities that may arise in the future, the Company made a provision amounting to TL 94,653 in its "Other Long-term Liabilities" account that is the 50% share of the Company in Adana Otel Projesi Adi Ortaklığı's net asset value amounting to TL 189,306).

As at 31 December 2014, assets, liabilities and equity, and for the year ended 31 December 2014, the income statement of Adana Otel Projesi Adi Ortaklığı is as follows:

	31 December 2014	31 December 2013
Total assets	47,548,296	27,472,588
Total liabilities	(48,351,264)	(27,661,894)
Net assets value	**(802,968)**	**(189,306)**

	1 January - 31 December 2014	1 January - 31 December 2013
Sales	-	-
Cost of sales	-	-
Net loss for the period	(802,968)	(189,306)

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

6. FUNDS BORROWED

As at 31 December 2014 and 31 December 2013, the details of funds borrowed are as follows:

	31 December 2014	31 December 2013
Short-term:		
Current portion of long-term bank borrowings	35,740,537	16,195,106
Total	**35,740,537**	**16,195,106**
Long-term:		
Long-term bank borrowings	118,239,214	149,405,772
Total	**118,239,214**	**149,405,772**
Total funds borrowed	**153,979,751**	**165,600,878**

As at 31 December 2014 and 31 December 2013, the details of bank loans are as follows:

31 December 2014

Currency	Interest rate (%)	Original currency	Short-term (TL)	Long-term (TL)
Euro	Euribor + 3.75	24,199,336	8,319,393	59,939,674
USD	Libor + 3.75	16,517,277	4,700,162	33,601,751
Euro	Eurolibor + 3.75	1,460,547	1,040,500	3,079,264
USD	Libor + 5.5	10,151,570	1,921,951	21,618,525
Euro	4.5	7,004,832	19,758,531	-
			35,740,537	**118,239,214**

31 December 2013

Currency	Interest rate (%)	Original currency	Short-term (TL)	Long-term (TL)
Euro	Euribor + 3.75	26,600,491	8,424,287	69,688,056
USD	Libor + 3.75	18,135,198	4,167,234	34,538,720
Euro	Eurolibor + 3.75	1,825,803	1,087,233	4,274,239
USD	Libor + 6	10,705,063	1,608,865	21,238,952
Euro	4.5	7,006,059	907,487	19,665,805
			16,195,106	**149,405,772**

Bank borrowings taken by the Company for Pendorya Mall project from TSKB at 4 July 2007, 25 June 2008 and 2 September 2009 amounting to USD 25,000,000, Euro 19,250,000 and Euro 17,000,000 have been refinanced by a supplementary agreement between the Company and TSKB on 29 June 2011. Current interest rates of 6 month Libor + 4.50, 6 month Euribor + 5.00 and 6 month Euribor + 5.50 have been revised as 6 month Libor + 3.75, 6 month Euribor + 3.75 and 6 month Euribor + 3.75, respectively. In addition, with the same supplementary agreement, maturities of related bank borrowings of 4 July 2016, 4 July 2016 and 2 September 2017 have been revised as 4 January 2022 for all related bank borrowings. Improvement of interest rates of the bank borrowings mentioned above has a positive effect on the statement of financial position and income statement of the Company amounting to TL 641,993 as at and for the year ended 31 December 2014.

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

7. TRADE RECEIVABLES AND PAYABLES

Trade receivables

Current trade receivables

	31 December 2014	31 December 2013
Other trade receivables(*)	1,129,284	900,240
Doubtful receivables	1,498,300	1,121,161
Allowance for doubtful receivables	(1,498,300)	(1,121,161)
Due from related parties (Note 22)	-	84
Total	**1,129,284**	**900,324**

(*) As at 31 December 2014 and 31 December 2013, current trade receivables comprise of rent receivables and receivables arising from Pendorya Mall cost allocation charges. The Company has not any receivables arising from cost allocation charges to project partners of the projects.

For the years ended 31 December 2014 and 31 December 2013, the movement of doubtful trade receivables related to rent receivables and receivables from cost allocation charges from Pendorya Mall is as follows:

	1 January- 31 December 2014	1 January- 31 December 2013
Beginning of the period	1,121,161	1,435,515
Allowance for the period	725,667	273,489
Recoveries during the period	(306,828)	(401,071)
Write-off receivables	(41,700)	(186,772)
End of the period	**1,498,300**	**1,121,161**

Non-current trade receivables

As at 31 December 2014 and 31 December 2013, the Company has not any non-current trade receivables.

Trade payables

Short-term trade payables

	31 December 2014	31 December 2013
Other trade payables(*)	691,699	496,673
Due to related parties (Note 22)	298,658	219,666
Total	**990,357**	**716,339**

(*) As at 31 December 2014, short-term trade payables comprise of payables to construction firms amounting to TL 390,587 (31 December 2013: TL 228,219), payables for consulting services amounting to TL 60,441 (31 December 2013: TL 54,669), payables for advertising services amounting to TL 59,776 (31 December 2013: TL 89,742), payables arising from security services amounting to TL 123,201 (31 December 2013: TL 66,800), and other payables amounting to TL 57,694 (31 December 2013: TL 57,243).

Long-term trade payables

As at 31 December 2014 and 31 December 2013, the Company has not any long-term trade payables.

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

8. INVESTMENT PROPERTY

As at 31 December 2014 and 31 December 2013, the details of investment properties are as follows:

	31 December 2014	31 December 2013
Investment property under operating lease	308,435,000	306,685,000
Investment property under construction	40,230,000	28,775,000
Total	**348,665,000**	**335,460,000**

The movement of investment property for the years ended 31 December 2014 and 31 December 2013 are presented below:

31 December 2014	1 January 2014	Acquisitions	Disposals	Change in fair value	31 December 2014
Tahir Building	14,320,000	-	-	1,140,000	15,460,000
Fındıklı Building 1	58,000,000	2,800	-	5,572,200	63,575,000
Fındıklı Building 2	55,165,000	2,250	-	5,832,750	61,000,000
Pendorya Mall(*)	179,200,000	685,908	-	(11,485,908)	168,400,000
Adana Hotel Project(**)	28,775,000	23,346,176	(10,346,060)	(1,545,116)	40,230,000
	335,460,000	**24,037,134**	**(10,346,060)**	**(486,074)**	**348,665,000**

31 December 2013	1 January 2013	Acquisitions	Disposals	Change in fair value	31 December 2013
Tahir Building	10,100,000	-	-	4,220,000	14,320,000
Fındıklı Building 1	44,400,000	14,263	-	13,585,737	58,000,000
Fındıklı Building 2	43,310,000	16,667	-	11,838,333	55,165,000
Pendorya Mall(*)	211,620,000	620,103	(20,774)	(33,019,329)	179,200,000
Adana Hotel Project(**)	18,650,000	13,062,713	(385,899)	(2,551,814)	28,775,000
	328,080,000	**13,713,746**	**(406,673)**	**(5,927,073)**	**335,460,000**

(*) In accordance with the decision taken in the Board of Directors meeting, held on 11 October 2012, the Company purchased 1/20 share with the fair value of TL 10,728,750 of Pendorya Mall belonging to Ataman Turizm ve Ticaret Ltd. Şti. registered in Istanbul, Pendik, Doğu District, Plot 105, Map 865, Parcel 64 amounting to TL 6,000,000 + VAT and the ownership of the real estate is transferred to the Company by the completion of land registry transactions.

(**) At 27 September 2011, the license of construction work for a 5-star hotel project of the Company that has been built up in Adana province, Seyhan town, Çınarlı District, Map 1653 and Plot 143, has been completed and relevant license is obtained from Municipality of Seyhan Town.

Capitalised total interest for the loan received from Türkiye İş Bankası AŞ amounting to Euro 3,275,000 and also for the investment loan received from İş Bankası AŞ for the same project amounting to USD 10,475,000 between the period 1 January – 31 December 2014 are amounting TL 1,641,199 (31 December 2013: TL 1,628,520). In the current period, foreign currency effect of capitalised project development amounting to TL 1,568,471 (31 December 2013: TL 2,170,683).

8. INVESTMENT PROPERTY *(continued)*

Tahir Building

Tahir Building is registered in Beyoğlu, Kemankeş Street, Murakıp District, map 121, plot 77, parcel 57. The parcel has an area of 606.62 square meters. The building area is calculated as 3,198 square meters according to the measurements made.

The value of the investment property was determined as TL 2,591,110 for 106/144 shares according to the report dated 7 November 2005 prepared by the experts assigned by the Commercial Court, and this amount was transferred by TSKB to the Company as capital in kind on 6 March 2006. TL 38,880 paid by the Company to public institutions for the transfer of the investment property was capitalised. According to the report dated 31 December 2014 prepared by a real estate appraisal company, which is included in the list to provide valuation service by the CMB, the fair value of Tahir Building is determined as TL 15,460,000 according to the use of both market value and discounted cash flow projections approach. In the discounted cash flow projections, cash flow is calculated on the TL and 11% discount rate was used for the years between 2014 and 2024. Rental income amounting to TL 25,402 was earned for Tahir Building for the year ended 31 December 2014 (31 December 2013: TL 26,660). There is no restriction on the investment property. Tahir Building were insured to the extent of TL 1,686,825 as of 31 December 2014.

Fındıklı Building 1

Fındıklı Building 1 is registered in Beyoğlu, Mebusan Street, map 85, plot 19, parcel 110. The parcel has a right for an area of 1,695.50 square meters and a subway of 89.39 square meters.

The investment property was purchased from TSKB at TL 32,858,918 on 27 December 2007. TL 465,000 paid by the Company to public institutions for the transfer of the investment property was capitalised. In accordance with the report dated 31 December 2014 prepared by a real estate appraisal company, which is included in the list to provide valuation service by the CMB, the fair value of Fındıklı Building 1 is determined as TL 63,575,000 according to the use of both market value and discounted cash flow projections approach. In the discounted cash flow projections, cash flow is calculated on the TL and 11% discount rate was used for the years between 2014 and 2024.

In accordance with the decision taken in the board of directors meeting, held on 28 December 2007, the Company rented this property to TSKB and its affiliates. Rental income amounting to TL 2,745,711 was earned for Fındıklı Building 1 for the year ended 31 December 2014 (31 December 2013: TL 2,446,018). There is no restriction on the investment property. Fındıklı Building 1 were insured to the extent of TL 14,703,000 as of 31 December 2014.

Fındıklı Building 2

Fındıklı Building 2 is registered in Beyoğlu, Mebusan Street, map 84, plot 1486, parcel 76. The parcel has an easement right for an area of 2,503.18 square meters and subway of 89.39 square meters.

The investment property was purchased from TSKB at TL 31,140,783 on 27 December 2007. TL 463,200 paid by the Company to public institutions for the transfer of the investment property was capitalised. According to the report dated 31 December 2014 prepared by a real estate appraisal company, which is included in the list to provide valuation service by the CMB, the fair value of Fındıklı Building 2 is determined as TL 61,000,000 according to the use of both market value and discounted cash flow projections approach. In the discounted cash flow projections, cash flow is calculated on the TL and 11% discount rate was used for the years between 2014 and 2024.

8. INVESTMENT PROPERTY *(continued)*

Fındıklı Building 2 *(continued)*

In accordance with the decision taken in the board of directors meeting, held on 28 December 2007, the Company rented this property to TSKB and its affiliates. Rental income amounting to TL 3,956,049 was earned for Fındıklı Building 2 for the year ended 31 December 2014 (31 December 2013: TL 3,738,144). There is no restriction on the investment property. Fındıklı Building 2 were insured to the extent of TL 20,575,000 as of 31 December 2014.

Pendorya Mall

Pendorya Mall is registered in Pendik, Doğu District, plot 105, map 865, parcel 64. The parcel has an area of 23,182.96 square meters. In Pendorya Mall, whose leasable area is 30,275 square meters, there are 106 stores spread over eight floors. The Company has 100% stake in Pendorya Mall. Pendorya Mall was recognised as tangible asset at cost until 1 January 2009 and classified to the investment property with its cost value on 1 January 2009.

According to the report dated 31 December 2014 prepared by a real estate appraisal company, which is included in the list to provide valuation service by the CMB, the fair value of Pendorya Mall owned by the Company, was determined as TL 168,400,000 according to use of both cost and discounted cash flow projections approach. The model approach refers to the long-term projection using present value of after-tax cash flows to be generated by the property in the future years. The future cash flows were calculated using the assumptions taken into consideration the store rental agreements and meetings with the Company. The cash inflows from projections are discounted to present value with a discount rate suitable with the risk level of the economy, sector and investment and its fair value of the mall was calculated including the land. The cash flow is calculated on the Euro cash flows of the projection and 6.5% discount rate was used for the years between 2015 and 2024 on the model. In addition, 3% annual rent increase rate was used during other years. Occupancy rates for the year 2015 are 90%, for the year 2016 92,5%, for the years between 2017 and 2021 95%. Afterwards, 98% of occupancy rate is used.

In accordance with the decision taken in the Board of Directors meeting, held on 11 October 2012, the Company purchased 1/20 share of Pendorya Mall belonging to Ataman Turizm ve Ticaret Ltd. Şti. registered in Istanbul, Pendik, Doğu District, Plot 105, Map 865, Parcel 64 amounting to TL 6,000,000 + VAT and the ownership of the real estate is transferred to the Company by the completion of land registry transactions.

There are mortgages amounting to USD 82,500,000 and Euro 25,500,000 on the Pendik land owned by the Company due to the loans received from TSKB (Note 11).

92% (31 December 2013: 64%) of the rentable area of Pendorya Mall, which was opened on 17 December 2009, has been rented as at 31 December 2014. Rental income amounting to TL 6,741,217 was earned for Pendorya Mall during the year ended 31 December 2014 (31 December 2013: TL 7,416,318). Pendorya Mall were insured to the extent of TL 87,490,199 as of 31 December 2014.

Adana Hotel Project

Adana land is registered in Adana province, Seyhan Town, Çınarlı District, map 1653, plot 143. The parcel has an area of 3,608 square meters. The shareholding structure of the land purchased in the scope of the ongoing project development stage in Adana is 50%-50%.

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

8. INVESTMENT PROPERTY *(continued)*

***Adana Hotel Project** (continued)*

At 27 September 2011, the license of construction work for a 5-star hotel project of the Company that has been built up in Adana province, Seyhan town, Çınarlı District, Map 1653 and Plot 143, has been completed and relevant license is obtained from Municipality of Seyhan Town.

Adana land was purchased at TL 9,863,151 on 6 November 2007. According to the report dated 31 December 2014 prepared by a real estate appraisal company, which is included in the list to provide valuation service by the CMB, the fair value of Adana land is determined as TL 40,230,000 for 50% shares of the land owned by the Company determined according to the use of both market value and discounted cash flow projections approach. In the discounted cash flow projections, cash flow is calculated on the US dollars and 6% discount rate was used for the years between 2015 and 2024. There is mortgage on the Adana land amounting to USD 15,000,000 due to the loan received from Türkiye İş Bankası AŞ (Note 11). Adana Otel Project were insured to the extent of TL 62,610,300 (USD 27,000,000) as of 31 December 2014.

Operating leases

The Company as lessor

The Company has signed operating lease agreements with Pendorya Mall tenants and TSKB as lessor. The future minimum lease payments as at 31 December 2014 and 31 December 2013 under non-cancellable leases are as follows:

	31 December 2014	31 December 2013
Less than one year	13,146,074	15,143,670
Between one and five years	35,838,347	37,960,566
More than five years	10,963,769	17,248,256
Total	**59,948,190**	**70,352,492**

The fair value measurement

Value of investment property has been determined by a real estate appraisal company which has been authorized by CMB for the valuation services. The Company's investment properties are valued by an independent real estate appraisal company annually.

The fair value measurement for investment property has been categorised as a level 3 fair value based on the inputs to the valuation techniques used. The following table shows reconciliation for level 3 fair values:

	1 January- 31 December 2014	1 January- 31 December 2013
Balances at 1 January	335,460,000	328,080,000
Additions	24,037,134	13,713,746
Disposals	(10,346,060)	(406,673)
Recognised other operating expense		
Change in fair value	(486,074)	(5,927,073)
Total	**348,665,000**	**335,460,000**

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

9. TANGIBLE ASSETS

The movement in tangible assets for the years ended 31 December 2014 and 2013 are as follows:

	1 January 2014	Additions	Disposals	31 December 2014
Cost				
Furnitures&fixtures	139,632	12,201	-	151,833
Vehicles	32,402	-	-	32,402
	172,034	**12,201**		**184,235**
Accumulated depreciation				
Furnitures&fixtures	123,252	15,526	-	138,778
Vehicles	31,120	321	-	31,441
	154,372	**15,847**		**170,219**
	17,662			**14,016**

	1 January 2013	Additions	Disposals	31 December 2013
Cost				
Furnitures&fixtures	131,125	8,507	-	139,632
Vehicles	32,402	-	-	32,402
	163,527	**8,507**	**-**	**172,034**
Accumulated depreciation				
Furnitures&fixtures	93,314	29,938	-	123,252
Vehicles	27,270	3,850	-	31,120
	120,584	**33,788**	**-**	**154,372**
	42,943			**17,662**

As at 31 December 2014 and 31 December 2013, there is not any pledge on tangible assets.

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

10. INTANGIBLE ASSETS

The movement in intangible assets for the years ended 31 December 2014 and 2013 are as follows:

	1 January 2014	Additions	Disposals	31 December 2014
Cost				
Software	41,953	11,566	-	53,519
	41,953	**11,566**	**-**	**53,519**
Accumulated amortisation				
Software	35,964	3,051	-	39,015
	35,964	**3,051**	**-**	**39,015**
	5,989			**14,504**

	1 January 2013	Additions	Disposals	31 December 2013
Cost				
Software	34,668	7,285	-	41,953
	34,668	**7,285**	**-**	**41,953**
Accumulated amortisation				
Software	32,354	3,610	-	35,964
	32,354	**3,610**	**-**	**35,964**
	2,314			**5,989**

As at 31 December 2014 and 31 December 2013, the Company does not have any internally developed intangible assets.

11. PROVISIONS, CONTINGENT ASSESTS AND LIABILITIES

Legal cases

There is a lawsuit for the cancellation of the license of construction dated 16 July 2008 numbered 1120 given for the Pendorya Mall of the Company registered in Pendik, Doğu District, plot 105, map 865, parcel 64 and related zoning plan dated 6 November 2007 scaled 1/1000 and for motion for stay of execution against Pendik Mayoralty. TSKB GYO is also involved in the instant case and Istanbul 9th Administrative Court ordered the cancellation of the license and zoning plan with a right of appeal. As a result of the appeal, Council of State also approved the resolution of the Court on 1 December 2011. The request about revision of decision relating to decision of approval has been disallowed by the Council of State on 24 April 2013 and domestic remedies about the lawsuit are exhausted.

11. PROVISIONS, CONTINGENT ASSESTS AND LIABILITIES *(continued)*

Legal cases

In addition, seeking the cancellation of the 1/1000 scaled zoning plan dated 6 November 2007 by the decision of 9th Administrative Court, the plaintiff also filed a lawsuit against Pendik Municipality on the Istanbul 3rd Administrative Court (the "Court") in order to demand grant a stay of execution suspending the cancellation of the construction and occupancy permits dated 4 December 2009 numbered 101 and 14 December 2009 dated 104 numbered given for Pendorya Mall. The Court issued a stay of execution on 31 December 2010 regarding related occupancy permits and the Court decided on 22 September 2011 to set aside the decision of the case on the basis of that cancellation of the construction license dated 16 July 2008 numbered 1120 given to TSKB GYO for Pendorya Mall with 4 November 2010 dated resolution is due to the cancellation of 1/1000 scaled Zoning Plan. The Company, involved in the position to demand the motion for stay of execution of the mentioned cancellation resolution of the Court and has presented the petition of appeal to the Council of State on 4 November 2011. The request for the cancellation of the execution has been rejected on 16 January 2012. The Council of State also approved the resolution of the Court on 29 May 2013. The request adjustment about decision of approval is presented to the Court on 5 November 2013 and answer of petition has been waited.

Development functions and construction conditions of the real estates (land use decisions) are permitted by the Zoning Plan. New 1/5000 scaled, 31 August 2013 dated Zoning Plan for the area where Pendorya Mall is located, has become effective after the first Zoning Plan dated 25 December 2010. According to the both 1/5000 scaled Zoning Plans ("ZP") the related real estate's functions has been preserved.

Although 1/1000 scaled ZP, which has been prepared by the Pendik Municipality in accordance with the 2010 approved ZP, was approved by the Pendik Municipality on 7 October 2011, it was not send to Istanbul Metropolitan Municipality ("IBB") for approval because of the expected changes in the 1/5000 scaled NIP, and the operations for the new 1/5000 NIP was intensified. The new 1/5000 scaled Zoning Plan was approved by the Assembly of IBB on 12 April 2013, approved by the Presidency and became valid on 31 August 2013. While Pendik Municipality is expected to prepare 1/1000 scaled UIP suitable to 1/5000 scaled NIP, IBB prepared a new 1/5000 scaled NIP and approved it on 12 December 2014 and awaits for the pending process. On the other hand, District Municipality prepared a 1/1000 scaled UIP suitable to the relevant plan, and the plan was approved by Pendik Municipality on 5 November 2014 with the no. 166 judgment, and sent to IBB. Following the approval of the mentioned 1/1000 scaled UIP by IBB, an appeal will be made to renew the construction permit and the occupancy permit given to Pendorya Mall.

Pendorya Mall was built in accordance with the 1/1000 scaled Zoning Plan that was in force at the date of construction and both construction license and occupancy permits had been obtained in regular form at same date. Land amendment transactions are also completed accordingly. Land Registry records were still registered as a shopping center. Therefore, it is not expected that there will be a problem relating with the existing construction license, new license demand or operations of Pendorya Mall. As at the reporting period, in addition to the uncertainties over the final results of the legal cases, the Company's Management does not expect a sequence that could significantly affect the Company's financial statements, therefore, the accompanying financial statements do not include the possible effects of these legal cases.

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

11. PROVISIONS, CONTINGENT ASSESTS AND LIABILITIES *(continued)*

Legal cases *(continued)*

Plaintiff ultimately filed a lawsuit against IBB and Karacan Yapı at Pendik 2nd Court of First Instance Pendorya Mall claiming the road intersects his own property and demanding compensation amounting TL 7,100. The Company has been involved besides the defendant.

Relating to immovable property, subject of litigation discovery review and expert reports were submitted to the court file. Objections to the report and statement of the Company has been given. IBB Presidency has declared that expropriation proceedings related to the subject have been initiated. For this reason, lawsuit was removed from "Possessory Actions" and converted to the "Confiscating without expropriating" by the judge.

Accepting in the new case, the plaintiff claimed compensation from the Administration and in order to determine the amount of compensation the Court decided an expert examination since the information provided by the Land Registry and the Municipality was not deemed sufficient.

Expert reports submitted to the Court on 30 May 2013 and the Court decided to add Pendik Municipality as a defendant in the case. In the last held trial on 24 December 24 2013, it has been decided to accept the expert's report and demise the relevant amount (TL 645,354) to be paid to the claimant after obtaining it from the Pendik Municipality and using the relevant part in the deed. The decision is expected to be issued.

Collaterals received

The details of letter of guarantees received are as follows:

	31 December 2014	31 December 2013
Letter of guarantees	2,425,542	1,769,736
Total	**2,425,542**	**1,769,736**

Letters of guarantee received consist of letters of guarantee received from contractors of Pendorya Mall project and from tenants for shopping mall.

Letter of Guaranties, Securities and Mortgages

According to the decision of CMB on 9 September 2009 related to the commitments of publicly owned companies given to the guarantee 3rd party's debts;

For companies other than publicly owned associations and financial institutions;

i) For their own corporate identities,

ii) In favour of fully consolidated entities,

iii) In favour of 3rd parties to continue their operations will not be limited,

After the decision is published at the Platform of Public Enlightenment, publicly owned companies will not give commitments to real people or corporations other than mentioned at the bullets (i) and (ii) above or to third parties other than mentioned at the bullet (iii). If any commitments have already been given they will be reduced to nil until 31 December 2014.

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

11. PROVISIONS, CONTINGENT ASSESTS AND LIABILITIES *(continued)*

As at 31 December 2014 and 31 December 2013 commitments given are as follows:

	31 December 2014	31 December 2013
A. Commitments given in the name of own legal entity	301,090,600	286,046,000
B. Commitments given in favour of fully subsidiaries	-	-
C. Commitments given to guarantee the debts of third parties to continue their operations	-	-
D. Other commitments given;	-	-
- in favour of parent company	-	-
- in favour of group companies other than mentioned in bullets B and C	-	-
- in favour of third parties other than mentioned in bullets C	-	-
Total	**301,090,600**	**286,046,000**

The details of letter of guarantees given are as follows:

	31 December 2014	31 December 2013
Mortgages given	298,020,600	282,975,000
Letters of guarantee given	3,070,000	3,071,000
Total	**301,090,600**	**286,046,000**

There are mortgages amounting to USD 82,500,000 and Euro 25,500,000 on Pendik land owned by the Company due to the loans received from TSKB. In addition, there is a mortgage amounting to USD 15,000,000 on the Adana land due to the loans received from Türkiye İş Bankası AŞ.

As at 31 December 2014 letters of guarantee given amounting to TL 3,070,000 are comprised of a letter of guarantee was given to the Istanbul Metropolitan Municipality with the Board of Directors resolution numbered 105 dated 30 March 2010, for the road construction around Pendorya Mall amounting to TL 3,000,000. Remaining TL 70,000 is a letter of guarantee given to Milli Piyango, with the Board of Directors resolution numbered 272 dated 27 October 2014 which is related to lottery organisation for the new year celebration of the Pendorya Mall.

As at 31 December 2013, with the Board of Directors resolution numbered 105 dated 30 March 2010, a letter of guarantee was given to the Istanbul Metropolitan Municipality amounting to TL 3,000,000 for the road construction around Pendorya Mall. Remaining TL 71,000 is a letter of guarantee given to Milli Piyango, with the Board of Directors resolution numbered 234 dated 30 November 2013 which is related to lottery organisation for the new year celebration of the Pendorya Mall.

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

11. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES *(continued)*

As at 12 August 2011, ongoing business agreement negotiations between the Company and Bilici Yatırım Sanayi ve Ticaret AŞ for the operating right of jointly owned 5-star hotel project that has been built up at Adana province, Seyhan Town, Çınarlı District, Map 1653 and Plot 143 are completed and 15-year operating agreement has signed between the parties. The Company is jointly and severally responsible for the obligations specified in the agreement with Bilici Yatırım Sanayi ve Ticaret AŞ. The Company with Bilici Yatırım Sanayi ve Ticaret AŞ is responsible for doing the hotel's project planning, building and construction works, purchasing materials and the hotel's furnishing as soon as possible, in accordance with the specifications of the company, the other party to the agreement and also the Company and Bilici Yatırım Sanayi ve Ticaret AŞ will make it possible that the hotel will be operated in accordance with the counter party's standards, generally accepted standards and operating requirements. In this matter, responsibility entirely belongs to the Company and Bilici Yatırım Sanayi ve Ticaret AŞ.

12. PROVISION FOR EMPLOYEE BENEFITS

	31 December 2014	31 December 2013
Short-term		
Provision for personnel bonus	160,000	180,000
Provision for unused vacation	35,249	48,968
	195,249	**228,968**
Long-term		
Provision for employee severance indemnity	66,410	68,451
	66,410	**68,451**
Total	**261,659**	**297,419**

In accordance with existing Turkish Labour Law, the Company is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Company and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The computation of the liability is based upon the retirement pay ceiling announced by the Government. The applicable ceiling amounts as at 31 December 2014 and 31 December 2013 are TL 3,438 and TL 3,129, respectively.

In accordance with TAS 19 – *Employee Benefits,* the Company is required to use actuarial valuation methods in estimating the liability related with current retirement plans. The Company recognised all actuarial gains and losses for the year ended 31 December 2014 in the other comprehensive income non- reclassified to profit or loss, defined benefit plan actuarial gains (losses) under the equity.

As at 31 December 2014 and 31 December 2013, employee severance indemnity in the accompanying financial statements has been calculated using the following actuarial assumptions;

	31 December 2014	31 December 2013
Salary increase rate	9.00%	11.10%
Discount rate	6.00%	7.40%
Discount rate (net)	2.83%	3.45%
Estimated retirement turnover rate	93.12%	92.00%

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

12. PROVISION FOR EMPLOYEE BENEFITS *(continued)*

Movement of reserve for employee termination benefits for the years ended 31 December 2014 and 2013 is as follows:

	31 December 2014	31 December 2013
Balance at the beginning of the period	68,451	65,890
Cost of service	15,243	15,454
Cost of interest	7,597	5,139
Payments in the period	(50,357)	-
Actuarial difference	25,476	(18,032)
Balance at the end of the period	**66,410**	**68,451**

13. OTHER CURRENT / NON-CURRENT ASSETS AND OTHER SHORT-TERM / LONG-TERM LIABILITIES

Other current assets

	31 December 2014	31 December 2013
VAT carried forward	2,366,293	2,725,861
Prepaid expenses	318,773	272,524
Prepaid taxes and funds	156,526	161,144
Income accruals	111,500	47,250
Job advances	17,627	3,000
Advances given	4,547	854
Other	4,050	8,895
Total	**2,979,316**	**3,219,528**

Other non-current assets

	31 December 2014	31 December 2013
VAT carried forward	6,253,729	7,655,203
Deposits and guarantees given	135,775	135,775
Total	**6,389,504**	**7,790,978**

Other short-term liabilities

	31 December 2014	31 December 2013
Unearned revenue / (deferred income)(*)	188,243	70,566
Taxes and duties payable	110,103	99,074
Expense accruals	61,760	64,436
Other	64,439	91,657
Total	**424,545**	**325,733**

(*) As at 31 December 2014 and 31 December 2013, unearned revenue comprise of rental income collected in advance.

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

13. OTHER CURRENT / NON-CURRENT ASSETS AND OTHER SHORT-TERM / LONG-TERM LIABILITIES *(continued)*

Other long-term liabilities

	31 December 2014	31 December 2013
Deposits and guarantees received	221,431	157,939
Other provisions(*)	401,484	94,653
Total	**622,915**	**252,592**

(*) As at 31 December 2014, Adana Otel Projesi Adi Ortaklığı's total equity has a negative balance, therefore the Company made a provision for the contingent liabilities that may arise in the future amounting to TL 401,484 (31 December 2013: TL 94,653) that is the 50% share of the Company in Adana Otel Projesi Adi Ortaklığı's net asset value amounting to TL 802,968 (31 December 2013: TL 189,306).

14. EQUITY

14.1. Paid in capital

At 31 December 2014 and 31 December 2013, the issued and fully paid-in share capital of the Company is as follows:

		31 December 2014		31 December 2013	
	Group	Share %	Amount (TL)	Share %	Amount (TL)
Türkiye Sınai Kalkınma Bankası AŞ	A	6.67	10,000,000	6.67	10,000,000
Türkiye Sınai Kalkınma Bankası AŞ	B	2.73	4,091,111	2.73	4,091,111
Türkiye Sınai Kalkınma Bankası AŞ	C	49.61	74,408,889	49.61	74,408,889
Yatırım Finansman Menkul Değerler AŞ	C	1.33	2,000,000	1.33	2,000,000
TSKB AŞ Mensupları Munzam Sosyal Güvenlik ve Yardımlaşma Vakfı	C	0.77	1,150,000	0.77	1,150,000
TSKB Gayrimenkul Değerleme AŞ	C	0.30	450,000	0.30	449,998
TSKB AŞ Memur Müstah. Yardım ve Emeklilik Vakfı	C	0.27	400,000	0.27	400,000
Other shareholders	C	-	-	-	2
Publicly held	C	38.32	57,500,000	38.32	57,500,000
Paid in capital		**100.00**	**150,000,000**	**100.00**	**150,000,000**

The Company shares are issued to three type of groups; Group A and Group B to names and the Group C to holders. The Group A and Group B shares have the right to vote for the election of members of the Board of Directors ("BOD"). Six members of the BOD shall be elected from candidates of the Group A shareholders and one member shall be elected from candidates of the Group B shareholders. Capital increases in the Group A, B and C shares are issued as the Group A, B and C shares, respectively. If the BOD restricts the right of owning new shares for shareholders, new shares are issued as the Group C shares.

As at 31 December 2014, the nominal paid-in capital of the Company comprises 150.000.000 shares of TL 1 for each (31 December 2013: TL 1, TL 150.000.000).

As at 31 December 2014, registered capital ceiling is TL 200,000,000 (31 December 2013: TL 200,000,000).

14. EQUITY *(continued)*

14.2. Restricted reserves

As at 31 December 2014 and 31 December 2013, restricted reserves comprised of the legal reserves amounting to TL 152,670.

The legal reserves consist of first and second legal reserves, appropriated in accordance with 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 Company'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.

14.3. Share premium

Shares with TL 50,000,000 nominal value corresponding 33.33% of the share capital of the Company have been offered to public with a price of TL 1.05 per share on 1 and 2 April 2010 and TL 2,500,000 has been recognised in equity as "Share premium". Commission, advertising and legal advice expenses attributable to the issuance of shares amounting to TL 1,906,860 have been presented as a deduction from the share premium.

14.4. Dividend distribution

The Serial: IV, No: 27 Communiqué about publicly-held corporations' dividends and dividends advance distribution principles to be followed subjected to Capital Markets Law, which is arranged by CMB to organize publicly-held companies' dividends policy principles, enables companies to distribute the shares to its shareholders at no charge by adding the cash and dividend to it is capital according to their general assembly decisions or to distribute a certain portion of the shares at a certain rate of cash, while if the first dividend to be determined is less than 5% of the current paid-in/issued capital, the mentioned dividend can be left to the shareholders without distribution.

14.5. Actuarial differences

As a result of the implementation of the changes in the IAS 19 (2011) standards, all actuarial gains and losses have been started to be recognized in the other comprehensive income.

Actuarial gain amounting to TL 7,444 is recognised under "Other comprehensive income non reclassified to profit or loss" in the accompanying financial statements.

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

15. SALES AND COST OF SALES

For the years ended 31 December 2014 and 2013, revenue are as follows:

	1 January- 31 December 2014	**1 January- 31 December 2013**
Rental income on Pendorya Mall	6,741,217	7,416,318
Rental income on Fındıklı Building 1	2,745,711	2,446,018
Rental income on Fındıklı Building 2	3,956,049	3,738,144
Rental income on Tahir Building	25,402	26,660
Pendorya Mall service and management charges	2,198,896	2,774,643
Total rental income	**15,667,275**	**16,401,783**
Interest income from bank deposits	966,818	1,074,401
Total interest income from bank deposits	**966,818**	**1,074,401**
Total revenue	**16,634,093**	**17,476,184**

For the years ended 31 December 2014 and 2013, cost of sales are as follows:

	1 January- 31 December 2014	**1 January- 31 December 2013**
Taxes and levies	781,828	701,155
Security expenses	761,000	647,820
Electricity expenses	644,549	650,894
Management service expenses	612,121	458,218
Maintenance expenses	583,289	582,270
Cleaning expenses	552,098	500,479
Service expenses	450,000	420,000
Insurance expenses	272,057	253,802
Water expenses	215,944	200,000
Consultancy expenses	141,517	172,660
Food expenses	140,910	145,646
Supplies	130,396	71,395
Transportation expenses	91,868	101,276
Natural gas expenses	70,880	96,468
Other expenses	344,869	232,464
Total	**5,793,326**	**5,234,547**

(Amounts expressed in Turkish Lira (“TL”) unless otherwise stated.)

16. ADMINISTRATIVE EXPENSES

For the years ended 31 December 2014 and 2013, administrative expenses are as follows:

	1 January – 31 December 2014	**1 January - 31 December 2013**
Personnel expenses	1,564,041	1,681,379
Provision for doubtful receivables (Note 7)	725,667	273,489
Consultancy expenses	165,045	128,815
Travel and transportation expenses	74,889	92,257
BIST fee	39,375	37,500
Depreciation and amortisation expenses	18,898	37,398
Advisory expenses	8,461	5,919
Other expenses	194,304	196,213
Total	**2,790,680**	**2,452,970**

Personnel expenses

	1 January - 31 December 2014	**1 January - 31 December 2013**
Salaries and wages	959,470	1,043,361
Salaries and other benefits paid to BOD	260,400	252,000
Provisions for bonuses	160,000	180,000
Social security expenses	142,285	133,950
Provision for employment termination	27,517	20,593
Provision for vacation pay liability	(13,719)	20,084
Other	28,088	31,391
Total	**1,564,041**	**1,681,379**

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

17. MARKETING EXPENSES

For the years ended 31 December 2014 and 2013, marketing expenses are as follows:

	1 January - 31 December 2014	1 January - 31 December 2013
Advertising expenses	689,836	856,462
Total	**689,836**	**856,462**

18. OTHER OPERATING INCOME / EXPENSES

For the years ended 31 December 2014 and 2013, other operating income and expenses are as follows

Other operating income	1 January - 31 December 2014	1 January - 31 December 2013
Other income	446,813	468,418
Total	**446,813**	**468,418**

For the year ended 31 December 2014, other operating income is comprised of reversal of provisions amounting to TL 306,828 and the remaining balance is comprised of other income amounting to TL 139,985 (31 December 2013: reversal of provisions amounting to TL 401,071 and the remaining balance is other income amounting to TL 67,347).

Other operating expenses	1 January - 31 December 2014	1 January - 31 December 2013
Value decrease on investment properties(*)	486,074	5,927,073
Commission expenses	24,008	24,692
Other	30,263	16,160
Total	**540,345**	**5,967,925**

(*) As of 31 December 2014, value decrease on investment properties amounting to TL 486,074 are comprised of appreciation amounting to TL 12,544,950 and impairment amounting to TL 13,031,024 (31 December 2013: TL 29,644,070 appreciation and TL 35,571,143 impairment).

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

19. FINANCE INCOME / COSTS

For the years ended 31 December 2014 and 2013, finance income and costs are as follows:

Finance income	1 January - 31 December 2014	1 January - 31 December 2013
Foreign exchange gains, net	261,696	-
Other	50,640	42,983
Total	**312,336**	**42,983**

Finance costs	1 January - 31 December 2014	1 January - 31 December 2013
Foreign exchange losses, net	-	24,469,477
Interest expenses of funds borrowed	5,729,081	5,113,816
Total	**5,729,081**	**29,583,293**

20. TAX ASSETS AND LIABILITIES

According to Article 5/1(d) (4) of the New Corporate Tax Law numbered 5520, the income of real estate investment trusts is exempt from Corporate Income Tax in Turkey.

Since the Company is exempt from the Corporate Tax in accordance with the law, deferred tax was not calculated.

21. EARNINGS / (LOSS) PER SHARE

Earnings per share stated in income statement is calculated by dividing net income for the period by the weighted average number of the Company's shares for the period. Calculation of the earnings per share for the years ended 31 December 2014 and 2013 are presented below:

	1 January - 31 December 2014	1 January - 31 December 2013
Net profit / (loss) for the period	1,543,143	(26,166,850)
Weighted average number of shares	150,000,000	150,000,000
Earnings / (loss) per share	0.0103	(0.1744)

(Amounts expressed in Turkish Lira (“TL”) unless otherwise stated.)

22. RELATED PARTY DISCLOSURES

22.1. Related party balances

	31 December 2014	31 December 2013
Banks – demand		
Türkiye Sınai Kalkınma Bankası AŞ	-	58
Banks- time		
Türkiye İş Bankası AŞ	1,000,945	22,572,602
Total	**1,000,945**	**22,572,660**
Due from related parties		
Türkiye İş Bankası AŞ	-	84
Total	**-**	**84**
Prepaid expenses		
Anadolu Anonim Türk Sigorta Şirketi	357,240	272,524
Total	**357,240**	**272,524**
Bank borrowings		
Türkiye Sınai Kalkınma Bankası AŞ	106,560,980	116,818,297
Türkiye İş Bankası AŞ	27,660,240	28,209,289
Total	**134,221,220**	**145,027,586**
Due to related parties		
Anadolu Anonim Türk Sigorta Şirketi	298,658	219,666
Total	**298,658**	**219,666**

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

22. RELATED PARTY DISCLOSURES *(continued)*

22.2. Related party transactions

	1 January - 31 December 2014	1 January - 31 December 2013
Rental income		
Türkiye Sınai Kalkınma Bankası AŞ	6,224,392	5,887,280
TSKB Gayrimenkul Değerleme AŞ	202,573	187,620
TSKB AŞ Mensupları Munzam Sosyal Güvenlik ve Yardımlaşma Vakfı	9,277	8,586
Sürdürülebilir Danışmanlık AŞ	8,691	7,950
TSKB Gayrimenkul Danışmanlık AŞ	-	795
Yatırım Finansman Menkul Değerler AŞ	256,827	91,931
Total	**6,701,760**	**6,184,162**
Interest income		
Türkiye İş Bankası AŞ	31,711	8,231
Türkiye Sınai Kalkınma Bankası AŞ	-	932
Total	**31,711**	**9,163**
Interest expense		
Türkiye Sınai Kalkınma Bankası AŞ	4,769,900	4,774,646
Total	**4,769,900**	**4,774,646**
Loan and insurance commission expenses		
Türkiye Sınai Kalkınma Bankası AŞ	386	862
Total	**386**	**862**
Capitalised interest expense		
Türkiye İş Bankası AŞ	1,641,199	1,628,520
Total	**1,641,199**	**1,628,520**

22. RELATED PARTY DISCLOSURES *(continued)*

22.2. Related party transaction *(continued)*

Benefits provided to key management personnel

Benefits provided to the Board of Directors, the Audit Committee and the General Manager for the year ended 31 December 2014 is TL 910,770 (31 December 2013: TL 988,460).

Other

There are mortgages amounting to USD 82,500,000 and Euro 25,500,000 on the Pendik land owned by the Company due to the loans received from TSKB. There is mortgage on the Adana land amounting to USD 15,000,000 due to the loan received from related parties (Note 11).

23. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk. The Company has exposure to the following risks from its operations:

- credit risk,
- liquidity risk,
- market risk.

23.1. Credit risk

The ownership of the financial assets brings the risk of not meeting the obligations of the agreement of the counter party. These risks are controlled by credit evaluations and restricting the maximum exposure to a counter party.

The Company adopts a liquid portfolio management approach for the use of possible property projects and it invests in short-term instruments. The Board of Directors determines the portfolio management strategy for financial assets of the Company and the comparison criteria, considering the economic developments and expectations.

(Amounts expressed in Turkish Lira (“TL”) unless otherwise stated.)

23. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS *(continued)*

23.1 Credit risk *(continued)*

As at 31 December 2014 and 31 December 2013, credit risk exposure of financial assets are as follows:

		Receivables							
		Trade receivables		**Other receivables**					
	31 December 2014	**Related parties**	**Other parties**	**Related parties**	**Other parties**	**Bank deposits**	**Financial investments**	**Derivative instruments**	**Other**
	Exposure to maximum credit risk as of reporting date (A+B+C+D+E)	**-**	**1,129,284**	-	-	**7,600,591**	**-**	-	-
	- Maximum credit risk amount secured with guarantees	-	2,058,439	-	-	-	-	-	-
				-					
A.	Net book value of neither past due nor impaired financial assets	-	1,129,284	-	-	7,600,591	-	-	-
B.	Net book value of restructured financial assets	-	-	-	-	-	-	-	-
C.	Net book value of past due but not impaired financial assets	-	-	-	-	-	-	-	-
	- Net book value secured with guarantees	-	-	-	-	-	-	-	-
D.	Net book value of impaired assets	-	-	-	-	-	-	-	-
	- Past due (Gross amount)	-	1,498,300	-	-	-	-	-	-
	- Impairment (-)	-	(1,498,300)	-	-	-	-	-	-
	- Net book value secured with guarantees	-	-	-	-	-	-	-	-
	-Not past due (Gross amount)	-	-	-	-	-	-	-	-
	- Impairment (-)	-	-	-	-	-	-	-	-
	- Net book value secured with guarantees	-	-	-	-	-	-	-	-
E.	Off balance sheet items with credit risks	-	-	-	-	-	-	-	-

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

23. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS *(continued)*

23.1. Credit risk *(continued)*

		Receivables							
		Trade receivables		Other receivables					
	31 December 2013	Related parties	Other parties	Related parties	Other parties	Bank deposits	Financial investments	Derivative instruments	Other
	Exposure to maximum credit risk as of reporting date (A+B+C+D+E)	**84**	**900,240**	**-**	**-**	**28,793,801**	**-**	-	**-**
	- Maximum credit risk amount secured with guarantees	-	1,463,356	-	-	-	-	-	-
A.	Net book value of neither past due nor impaired financial assets	84	900,240	-	-	28,793,801	-	-	-
B.	Net book value of restructured financial assets	-	-	-	-	-	-	-	-
C.	Net book value of past due but not impaired financial assets	-	-	-	-	-	-	-	-
	- Net book value secured with guarantees	-	-	-	-	-	-	-	-
D.	Net book value of impaired assets	-	-	-	-	-	-	-	-
	- Past due (Gross amount)	-	1,121,161	-	-	-	-	-	-
	- Impairment (-)	-	(1,121,161)	-	-	-	-	-	-
	- Net book value secured with guarantees	-	-	-	-	-	-	-	-
	-Not past due (Gross amount)	-	-	-	-	-	-	-	-
	- Impairment (-)	-	-	-	-	-	-	-	-
	- Net book value secured with guarantees	-	-	-	-	-	-	-	-
E.	Off balance sheet items with credit risks	-	-	-	-	-	-	-	-

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

23. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS *(continued)*

23.2. Liquidity risk

Liquidity risk is the inability of the Company to match the net funding requirements with sufficient liquidity. The Company uses its funds from borrowings in investment property project developments.

The following table presents the Company's financial liabilities including interest payments according to their remaining contractual maturities:

31 December 2014	Carrying value	Total contractual cash flows	Up to 3 months	3 months to 12 months	1 year to 5 years	More than 5 years
Non-derivative financial liabilities						
Funds borrowed	153,979,751	179,755,878	9,106,353	30,739,473	80,619,755	59,290,298
Trade payables	990,357	990,357	990,357	-	-	-
Total	**154,970,108**	**180,746,235**	**10,096,710**	**30,739,473**	**80,619,755**	**59,290,298**

31 December 2013	Carrying value	Total contractual cash flows	Up to 3 months	3 months to 12 months	1 year to 5 years	More than 5 years
Non-derivative financial liabilities						
Funds borrowed	165,600,878	198,534,338	8,453,675	11,260,282	101,555,029	77,265,352
Trade payables	716,339	716,339	716,339	-	-	-
Total	**166,317,217**	**199,250,677**	**9,170,014**	**11,260,282**	**101,555,029**	**77,265,352**

As at 31 December 2014 and 31 December 2013, the Company does not have any derivative financial liabilities.

23.3. Market risk

The Company is exposed to various market risks, including the effects of changes in exchange rates, interest rates, equity prices and credit spreads.

The total risk management program of the Company focuses on the unpredictability of the financial markets and aims at reducing the potential negative effects on the Company's financial performance.

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

23. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS *(continued)*

23.3. Market risk *(continued)*

Foreign currency risk

Exchange risk comprises the effects arising from exchange movements in the event foreign currency assets, liabilities and off-balance sheet items are owned.

In order to offset the effects of long term foreign currency liabilities, the Company signs foreign currency denominated rent agreements in Pendorya Mall.

The exchange rates applied as at 31 December 2014 and 31 December 2013 are as follows:

	USD	EURO
31 December 2014	2.3189	2.8207
31 December 2013	2.1343	2.9365

The following table details the Company's foreign currency position risk as at 31 December 2014 and 31 December 2013. The foreign currency assets and liabilities kept by the Company in TL are as follows:

31 December 2014	**TL equivalent (functional currency)**	**USD**	**EURO**
Monetary financial assets			
(Cash, bank balances included)	2,407,714	-	853,587
Total assets	**2,407,714**	-	**853,587**
Short-term funds borrowed	35,740,537	2,855,713	10,323,120
Long-term funds borrowed	118,239,214	23,813,134	22,341,595
Other liabilities	195,630	-	69,355
Total liabilities	**154,175,381**	**26,668,847**	**32,734,070**
Net foreign currency position	**(151,767,667)**	**(26,668,847)**	**(31,880,483)**

31 December 2013	**TL equivalent (functional currency)**	**USD**	**EURO**
Monetary financial assets			
(Cash, bank balances included)	20,560,005	-	7,001,534
Total assets	**20,560,005**	**-**	**7,001,534**
Short-term funds borrowed	16,195,106	2,706,321	3,548,103
Long-term funds borrowed	149,405,772	26,133,940	31,884,250
Other liabilities	155,737	-	53,035
Total liabilities	**165,756,615**	**28,840,261**	**35,485,388**
Net foreign currency position	**(145,196,610)**	**(28,840,261)**	**(28,483,854)**

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

23. NATURE AND LEVEL OF RISK ARRISING FROM FINANCIAL INSTRUMENTS *(continued)*

23.3. Market risk *(continued)*

Foreign currency risk *(continued)*

Foreign currency sensitivity

A 10% appreciation / depreciation of TL against the foreign currencies at 31 December 2014 and 31 December 2013 would have changed other comprehensive income and profit or loss by the amounts shown below:

	Profit / (Loss)		**Equity(*)**	
31 December 2014	**Appreciation of foreign currency**	**Depreciation of foreign currency**	**Appreciation of foreign currency**	**Depreciation of foreign currency**
10% change of the USD against TL				
1- Net USD asset/liability	(6,184,239)	6,184,239	(6,184,239)	6,184,239
2- Hedged portion of TL against USD risk (-)	-	-	-	-
3- Net effect of USD (1+2)	**(6,184,239)**	**6,184,239**	**(6,184,239)**	**6,184,239**
10% change of the EURO against TL				
4- Net EURO asset/liability	(8,992,528)	8,992,528	(8,992,528)	8,992,528
5- Hedged portion of TL against EURO risk (-)	-	-	-	-
6- Net effect of EURO (4+5)	**(8,992,528)**	**8,992,528**	**(8,992,528)**	**8,992,528**
TOTAL (3+6)	**(15,176,767)**	**15,176,767**	**(15,176,767)**	**15,176,767**

	Profit / (Loss)		**Equity(*)**	
31 December 2013	**Appreciation of foreign currency**	**Depreciation of foreign currency**	**Appreciation of foreign currency**	**Depreciation of foreign currency**
10% change of the USD against TL				
1- Net USD asset/liability	(6,155,377)	6,155,377	(6,155,377)	6,155,377
2- Hedged portion of TL against USD risk (-)	-	-	-	-
3- Net effect of USD (1+2)	**(6,155,377)**	**6,155,377**	**(6,155,377)**	**6,155,377**
10% change of the EURO against TL				
4- Net EURO asset/liability	(8,364,284)	8,364,284	(8,364,284)	8,364,284
5- Hedged portion of TL against EURO risk (-)	-	-	-	-
6- Net effect of EURO (4+5)	**(8,364,284)**	**8,364,284**	**(8,364,284)**	**8,364,284**
TOTAL (3+6)	**(14,519,661)**	**14,519,661**	**(14,519,661)**	**14,519,661**

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

23. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS *(continued)*

23.3. Market risk *(continued)*

Interest rate risk

The Company is exposed to interest rate risk due to interest bearing assets and liabilities.

The table below shows the financial instruments sensitive to interest rates as at 31 December 2014 and 31 December 2013:

	31 December 2014	31 December 2013
Financial instruments with fixed interest rates		
Financial assets	7,600,491	28,785,772
Financial liabilities	19,758,531	20,573,292
Financial instruments with variable interest rates		
Financial liabilities	134,221,220	145,027,586

Interest rates which are applied to financial instruments as at 31 December 2014 and 31 December 2013 are as follows:

	31 December 2014		31 December 2013	
Financial instruments				
Banks-Time	TL	8.63%	TL	8.00%
Banks-Time	Euro	2.00%	Euro	1.00%
Bank borrowings	USD	4.78%	USD	4.93%
Bank borrowings	Euro	4.04%	Euro	4.21%

Interest rate sensitivity

As at 31 December 2014, a change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss before tax by the amounts shown below.

This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

The analysis is performed on the same basis for 31 December 2013.

	Profit/loss		Equity(*)	
31 December 2014	**100 bp increase**	**100 bp decrease**	**100 bp increase**	**100 bp decrease**
Financial liabilities with variable interest rates	(1,348,849)	1,313,257	(607,502)	607,656

	Profit / loss		Equity(*)	
31 December 2013	**100 bp increase**	**100 bp decrease**	**100 bp increase**	**100 bp decrease**
Financial liabilities with variable interest rates	(1,444,786)	1,455,345	(1,444,786)	1,455,345

(*) Profit/loss effect is included.

23. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS *(continued)*

23.4. Capital management

The Company manages its capital by reducing its investment risk to the lowest level with effective portfolio management. The aim of the Company is to maintain sustainable returns for shareholders and benefits for other stakeholders; and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company considers having a strong capital structure for future investments beside the legislation in its dividend distribution policy.

24. FINANCIAL INSTRUMENTS

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 financial assets and liabilities.

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.

Following assumptions and methods are used to estimate fair value of financial instruments, if fair values are applicable.

Financial assets

The Company assumes that the carrying values of cash and cash equivalents and trade receivables are close to their fair value because of their short-term nature.

Financial liabilities

The Company assumes that the carrying values 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 amortised costs by adding transaction costs to their acquisition costs. It is assumed that carrying values of borrowings are close to their fair values as variable rate borrowings are repriced considering the market conditions. The fair value of fixed rate borrowings are close to carrying value.

25. EVENTS AFTER THE REPORTING PERIOD

The Zoning plan with scale 1/1000, which was approved by No. 166 judgment of Pendik City Council on 5 November, 2014, is put on İstanbul Municipality Assembly's agenda on 12 January 2015 and awaits for council conviction, act of parliament and allocation.

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

ADDITIONAL NOTE COMPLIANCE CONTROL OF THE PORTFOLIO RESTRICTIONS

According to the Communiqué Serial: III, No. 48.1 promulgated by CMB, "Communiqué on Principles Regarding Real Estate Investment Companies", compliance control of the portfolio restrictions of the Company is as follows:

	The main accounts of separate financial statements	Related regulation	31 December 2014	31 December 2013
A	Capital and money market instruments	Serial:III, No:48.1, Article 24 / (b)	7,600,591	28,793,801
B	Real estates, rights supported by real estates and real estate projects	Serial:III, No:48.1, Article 24 / (a)	348,665,000	335,460,000
C	Subsidiaries (*)	Serial:III, No:48.1, Article 24 / (b)	-	-
	Due from related parties (other receivables)	Serial:III, No:48.1, Article 23 / (f)	-	-
	Other assets		10,526,624	11,934,481
D	**Total assets**	Serial:III, No:48.1, Article 3 / (k)	**366,792,215**	**376,188,282**
E	Funds borrowed	Serial:III, No:48.1, Article 31	153,979,751	165,600,878
F	Other financial liabilities	Serial:III, No:48.1, Article 31	-	-
G	Financial lease obligations	Serial:III, No:48.1, Article 31	-	-
H	Due to related parties (other payables)	Serial:III, No:48.1, Article 23 / (f)	-	-
I	Equity	Serial:III, No:48.1, Article 31	210,512,988	208,995,321
	Other liabilities		2,299,476	1,592,083
D	**Total liabilities and equity**	Serial:III, No:48.1, Article 3 / (k)	**366,792,215**	**376,188,282**

	Other separate financial information	Related regulation	31 December 2014	31 December 2013
"				
A1	Capital and money market instruments amount held for 3-year real estate payments	Serial:III, No:48.1, Article 24 / (b)	-	-
A2	Time balances / demand balances TL / foreign currency	Serial:III, No:48.1, Article 24 / (b)	7,600,591	28,793,801
A3	Foreign capital market instruments	Serial:III, No:48.1, Article 24 / (d)	-	-
B1	Foreign real estates, rights supported by real estates and real estate projects	Serial:III, No:48.1, Article 24 / (d)	-	-
B2	Inactive land	Serial:III, No:48.1, Article 24 / (c)	-	-
C1	Foreign subsidiaries	Serial:III, No:48.1, Article 24 / (d)	-	-
C2	Participating to operating company	Serial:III, No:48.1, Article 28	-	-
J	Non-cash loans	Serial:III, No:48.1, Article 31	3,070,000	3,071,000
K	Mortgage amounts of the mortgaged lands that the project will be developed on without ownership	Serial:III, No:48.1, Article 22 / (e)	-	-

(*) According to the Communiqué Serial: III, No: 48.1, Article 33, Adana Otel Projesi Adi Ortaklığı is not considered as subsidiary and this joint venture is not subject to portfolio restrictions. Therefore, financial information presented above the table does not contain the equity-accounted joint venture amount.

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

ADDITIONAL NOTE COMPLIANCE CONTROL OF THE PORTFOLIO RESTRICTIONS *(continued)*

	Portfolio restrictions	Related regulation	31 December 2014	31 December 2013	Max / Min ratio
1	Mortgage amounts of the mortgaged lands that the project will be developed on without ownership	Serial:III, No:48.1, Article 22 / (e)	0%	0%	10%
2	Real estates, rights supported by real estates and real estate projects	Serial:III, No:48.1, Article 24 / (a),(b)	95%	89%	50%
3	Capital and money market instruments and subsidiaries	Serial:III, No:48.1, Article 24 / (b)	2%	8%	50%
4	Foreign real estates, rights supported by real estates and real estate projects, subsidiaries and capital market instruments	Serial:III, No:48.1, Article 24 / (d)	0%	0%	49%
5	Inactive land	Serial:III, No:48.1, Article 24 / (c)	0%	0%	20%
6	Participating to operating company	Serial:III, No:48.1, Article 28	0%	0%	10%
7	Borrowings limits	Serial:III, No:48.1, Article 31	75%	81%	500%
8	Time balances / demand balances TL / foreign currency	Serial:III, No:48.1, Article 24 / (b)	2%	8%	10%