

*(Convenience Translation of Financial Statements and Related Disclosures and Footnotes
Originally Issued in Turkish, See Section 2)*

TSKB Gayrimenkul Yatırım Ortaklığı AŞ

Interim Financial Statements
As at and For the Three-Month Period Ended
31 March 2010
With Independent Auditors' Review Report Thereon

Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik
Anonim Şirketi

30 April 2010

*This report contains 1 pages of independent
auditors' review report and 38 pages of
financial statements and notes to the
financial statements.*

TSKB Gayrimenkul Yatırım Ortaklığı AŞ

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Originally Prepared and Issued in Turkish

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

Introduction

We have reviewed the accompanying financial statements of TSKB Gayrimenkul Yatırım Ortaklığı Anonim Şirketi ("the Company"), which comprise the statement of financial position as at 31 March 2010, and the statements of comprehensive income, changes in equity and cash flows for the three-month period ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting standards issued by the Capital Markets Board ("CMB"). Our responsibility is to express a conclusion on these financial statements based on our review. The financial statements of the Company as at and for the year ended 31 December 2009 were audited by another auditor who expressed an unqualified opinion in their report dated 29 January 2010 for the financial statements as at 31 December 2009.

Scope of Review

We conducted our review in accordance with the auditing standards promulgated by the CMB of Turkey. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the auditing standards promulgated by the CMB of Turkey and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements do not present fairly the financial position of TSKB Gayrimenkul Yatırım Ortaklığı AŞ as at 31 March 2010, and of the results of its operations and its cash flows for the three-month period then ended in accordance with the financial reporting standards issued by the Capital Markets Board (See Note 2).

Without qualifying our opinion, we draw your attention to the following matter:

The statements of comprehensive income, changes in equity and cash flows for the three-month period ended 31 March 2009 and related notes have not been reviewed by us or another auditor, since their review is not required by the auditing standards promulgated by CMB.

Istanbul,
30 April 2010

Akis Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik
Anonim Şirketi

Orhan Akova
Partner

As discussed in Note 2.1.1, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles and practices generally accepted in countries and jurisdictions other than Turkey.

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TSKB GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2010

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

ASSETS	Notes	Reviewed 31 March 2010	Audited 31 December 2009
CURRENT ASSETS		4,645,577	7,688,225
Cash and cash equivalents	3	28,150	3,744,835
Trade receivables	5	1,422,568	840,794
- <i>Due from related parties</i>	19	2,428	-
- <i>Other trade receivables</i>		1,420,140	840,794
Other receivables	10	3,194,859	3,102,596
NON-CURRENT ASSETS		295,870,942	290,663,216
Investment property	6	283,205,944	278,975,800
Tangible assets	7	23,658	25,429
Other non-current assets	10	12,641,340	11,661,987
TOTAL ASSETS		300,516,519	298,351,441
LIABILITIES AND EQUITY			
SHORT-TERM LIABILITIES		32,222,211	20,430,874
Loans and borrowings	4	27,887,463	12,163,009
- <i>Due to related parties</i>	19	18,604,531	12,163,009
- <i>Other financial liabilities</i>		9,282,932	-
Trade payables	5	910,967	4,397,393
- <i>Due to related parties</i>	19	67,842	-
- <i>Other trade payables</i>	5	843,125	4,397,393
Employee benefits	9	31,960	8,686
Other short-term liabilities	10	3,391,821	3,861,786
LONG-TERM LIABILITIES		101,912,608	113,787,844
Loans and borrowings	4	101,826,388	113,699,732
- <i>Due to related parties</i>	19	101,826,388	113,699,732
Employee benefits	9	10,685	8,602
Other long-term liabilities	10	75,535	79,510
EQUITY		166,381,700	164,132,723
Paid in capital	11	100,000,000	100,000,000
Restricted reserves	11	152,670	152,670
Retained earnings	11	63,980,053	8,634,031
Net profit for the period	11	2,248,977	55,346,022
TOTAL LIABILITIES AND EQUITY		300,516,519	298,351,441

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

TSKB GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ**STATEMENT OF INCOME**

FOR THE THREE-MONTH INTERIM PERIOD ENDED 31 MARCH 2010

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

	<i>Notes</i>	Reviewed 1 January - 31 March 2010	Not Reviewed 1 January - 31 March 2009
Sales revenue	12	3,675,478	1,103,494
Cost of sales (-)	12	(1,981,525)	(61,196)
Gross profit		1,693,953	1,042,298
Administrative expenses	13	(965,456)	(444,727)
Selling and marketing expenses	14	(210,886)	(2,374)
Other operating income	15	7,625	17,569
Other operating expense	15	(106,495)	(11,524)
Operating profit		418,741	601,242
Finance income	16	3,626,956	661,974
Finance expenses	16	(1,796,720)	(3,096,002)
Profit before tax from continuing operations		2,248,977	(1,832,786)
Continuing operations tax income/expenses	17		
- Current tax income/(expense)		-	-
- Deferred tax income /(expense)		-	-
Net profit from continuing operations		2,248,977	(1,832,786)
Net profit for the period after tax from discontinued operations		-	-
Profit for the period		2,248,977	(1,832,786)
Earnings per share	18	0.0225	(0.0183)

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

TSKB GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ
STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH INTERIM PERIOD ENDED 31 MARCH 2010
(Amounts expressed in Turkish Lira (“TL”) unless otherwise stated.)

	Reviewed	Not
	1 January -	Reviewed
	31 March	1 January -
<i>Notes</i>	2010	31 March
		2009
NET PROFIT FOR THE PERIOD	2,248,977	(1,832,786)
Other comprehensive income:		
Change in fair value reserve of financial assets	-	-
Change in revaluation surplus on non-current assets	-	-
Change in hedging reserve	-	-
Change in foreign currency translation differences	-	-
Actuarial gains and losses in pension plans	-	-
Other comprehensive income from equity accounted investees	-	-
Tax income/expense on other comprehensive income	-	-
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME	2,248,977	(1,832,786)

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

TSKB GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ**STATEMENT OF CHANGES IN EQUITY FOR THE THREE-MONTH INTERIM PERIOD ENDED 31 MARCH 2010**

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

	<i>Notes</i>	Share capital	Restricted reserves	Retained earnings	Net profit for the period	Total
Balances at 1 January 2009		100,000,000	43,301	5,680,434	3,062,966	108,786,701
Transfers		-	109,369	2,953,597	(3,062,966)	-
		100,000,000	152,670	8,634,031	-	108,786,701
Net profit for the period		-	-	-	(1,832,786)	(1,832,786)
Total comprehensive income		-	-	-	(1,832,786)	(1,832,786)
Balances at 31 March 2009		100,000,000	152,670	8,634,031	(1,832,786)	106,953,915
Balances at 1 January 2009		100,000,000	152,670	8,634,031	55,346,022	164,132,723
Transfers		-	-	55,346,022	(55,346,022)	-
		100,000,000	152,670	63,980,053	-	164,132,723
Net profit for the period		-	-	-	2,248,977	2,248,977
Total comprehensive income		-	-	-	2,248,977	2,248,977
Balances at 31 March 2010	<i>11</i>	100,000,000	152,670	63,980,053	2,248,977	166,381,700

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

TSKB GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ**STATEMENT OF CASH FLOWS**

FOR THE THREE-MONTH INTERIM PERIOD ENDED 31 MARCH 2010

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

	Notes	Reviewed 1 January - 31 March 2010	Not Reviewed 1 January - 31 March 2009
<i>Cash flows from operating activities</i>			
Net profit/(loss) for the period		2,248,977	(1,832,786)
Adjustments to:			
Foreign exchange losses, net		(3,608,643)	3,096,002
Interest expense		1,209,836	-
Unearned income	10	1,009,276	-
Other provisions	15	100,120	-
Provision for vacation pay liability	9	23,274	28,064
Depreciation expense	7	4,043	569
Provision for employee severance indemnity	9	2,083	8,672
Other nadjustments		30,414	-
Cash flows before the changes in working capital		1,019,380	1,300,521
(Increase) / decrease in trade receivables		(575,025)	489,300
(Increase) in other receivables		-	(82,925)
(Increase) in other assets		(1,025,007)	(877,340)
Decrease in trade payables		(5,124,458)	(1,415,198)
(Decrease) in other payables		-	(90,834)
Increase / (decrease) in other liabilities		(1,620,500)	6,096
Net cash used in operating activities		(7,325,610)	(670,380)
<i>Cash flows used in investing activities</i>			
Acquisition of investment property		(2,558,044)	-
Acquisition of tangible assets	7	(2,272)	(18,557,156)
Net cash used in investment activities		(2,560,316)	(18,557,156)
<i>Cash flows from financing activities</i>			
Change in loans and borrowings		6,169,241	1,750,350
Net cash provided by financing activities		6,169,241	1,750,350
Net decrease in cash and cash equivalents		(3,716,685)	(17,477,186)
Cash and cash equivalents at 1 January	3	3,744,835	23,845,013
Cash and cash equivalents at 31 March	3	28,150	6,367,827

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

TSKB GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE THREE-MONTH INTERIM PERIOD ENDED 31 MARCH 2010

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

1. ORGANISATION AND NATURE OF OPERATIONS

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 headquarters of the Company is registered in Meclisi Mebusan Cad. Molla Bayırı Sok. No:1 34427 Fındıklı - İstanbul, Turkey.

The number of personnel employed in the Company as at 31 March 2010 is 9 (31 December 2009: 9).

The Company is an affiliate with 96% shares 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 (“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.

With the capital increase by 50 %, nominal value of C group shares amounting 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 realized on 1 and 2 April 2010 (Note 22).

TSKB GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE THREE-MONTH INTERIM PERIOD ENDED 31 MARCH 2010

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1. Basis of presentation

2.1.1. Statement of compliance

The Company maintains its book of accounts and prepares its statutory financial statements in accordance with the Turkish Commercial Code and Turkish Tax Code.

The accompanying financial statements have been prepared in accordance with the accounting and reporting principles issued by CMB through the reclassifications and adjustments to the statutory financial statements of the Company. The Company prepared the financial statements as at 31 March 2010 in accordance with the Communiqué No: XI-29, “Principles of Financial Reporting in Capital Markets” (“the Communiqué”). According to the Communiqué, entities shall prepare their financial statements in accordance with International Financial Reporting Standards (“IAS/IFRS”) endorsed by the European Union. Until the differences of the IAS/IFRS as endorsed by the European Union from the ones issued by the International Accounting Standards Board (“IASB”) are announced by Turkish Accounting Standards Board (“TASB”), IAS/IFRS issued by the IASB shall be applied.

As the differences of the IAS/IFRS endorsed by the European Union from the ones issued by the IASB have not been announced by TASB as of the date of preparation of these financial statements, the financial statements have been prepared within the framework of Communiqué XI, No: 29 and related promulgations to this Communiqué as issued by the CMB in accordance with the accounting and reporting principles accepted by the CMB (“CMB Financial Reporting Standards”) which are based on IAS/IFRS.

As at 31 March 2010, the accompanying financial statements of the Company have been approved by the Board of Directors of the Company on 30 April 2010. The General Assembly and related government institutions have the authorization to revise these financial statements and statutory 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, and International Financial Reporting Standards (“IFRS”), 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 and IFRS.

2.1.2. Basis of presentation of financial statements

As at 31 March 2010, the financial statements and the related notes are presented in accordance with the formats required by the CMB, with the announcement dated 17 April 2008, including the compulsory disclosures.

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.

TSKB GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE THREE-MONTH INTERIM PERIOD ENDED 31 MARCH 2010

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

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

2.1 Basis of presentation *(continued)*

2.1.4. Comparative information

The accompanying financial statements are presented comparatively in order to identify trends in the Group’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.

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. Material changes in accounting policies or material errors (if any) are corrected, retrospectively; restating the prior period financial statements.

2.3. Changes in accounting estimates and errors

The preparation of the financial statements in conformity with Communiqué No: XI-29 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 reviewed on an ongoing basis. Revisions to accounting estimates are recognized 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 notes:

Note 5 – Trade receivables

Note 6 – Investment property

Note 7 – Tangible assets

Note 8 – Provisions, contingent assets and liabilities

Note 9 – Provision for employee benefits

Note 21 – Financial instruments

The Company used market value approach in determination of fair values of the properties named Tahir Building, Fındıklı Building 1, Fındıklı Building 2 and Adana land, and income approach in determination of fair value of Pendorya Shopping Mall, all of which are accounted for under investment property.

2.4. New standards and interpretations implemented and not yet adopted as at 31 March 2010

2.4.1. New standards and interpretations implemented as at 31 March 2010

The Company has applied all the standards issued by IASB and all the interpretations issued by IASB’s International Financial Reporting Interpretation Committee (“IFRIC”) which are effective as at 31 March 2010.

2.4.2. New standards and interpretations not yet adopted as at 31 March 2010

There have been new standards and interpretations not yet adopted to the accompanying financial statements as at 31 March 2010. None of these standards and interpretations is expected to have significant effects on the financial statements, except for UFRS 9 “Financial Instruments” not yet issued by TASB.

TSKB GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE THREE-MONTH INTERIM PERIOD ENDED 31 MARCH 2010

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

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

2.4 New standards and interpretations implemented and not yet adopted as at 31 March 2010 *(continued)*

2.4.2. New standards and interpretations not yet adopted as at 31 March 2010 *(continued)*

TFRS 9 – *Financial Instruments* which was published by TASB in November 2009 as part of a wider project that aims to bring new regulations to replace TAS 39 – *Financial Instruments: Recognition and Measurement*.

The objective of *TFRS 9*, being the first phase of the project, is to establish principles for the financial reporting of financial assets that will present relevant and useful information to users of financial statements for their assessment of amounts, timing and uncertainty of the entity’s future cash flows. With *TFRS 9* an entity shall classify financial assets as subsequently measured at either amortised cost or fair value on the basis of both the entity’s business model for managing the financial assets and the contractual cash flow characteristic of the financial assets. The guidance in *TAS 39* on impairment of financial assets and hedge accounting continues to apply.

An entity shall apply *TFRS 9* for annually periods beginning on or after 1 January 2013. An earlier application is permitted. If an entity adopts *TFRS 9* in its financial statements for a period beginning before 1 January 2012, then prior periods do not need to be restated.

2.5 Summary of significant accounting policies

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

2.5.1. Revenue

Revenue includes sales income, rental income and income from allocation of expenses to tenants.

Rental income

Rental income from investment property leased out under operating lease is recognized in profit or loss on accrual basis.

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

Sales of properties

Revenue from the sale of properties is recognized in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer.

TSKB GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE THREE-MONTH INTERIM PERIOD ENDED 31 MARCH 2010

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

2.5.2. Investment properties

i) Operating investment properties

Investment properties are those which are held either to earn rental income or for capital appreciation or for both.

Investment properties are recognized when it is probable that the future economic benefits that are associated with them will flow to the Company and the cost of them can be measured reliably.

Fair value model was chosen in the measurement of the investment properties. Gains and losses arising from changes in the fair values of investment properties are recognized in profit or loss for the period in which it arises.

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. The Company's properties constructed for future use as investment property were shown in property and equipment until year 2009, and under investment property starting from 1 January 2009. 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.

All costs directly associated with the purchase and construction of an investment property, and all subsequent capital expenditures for the development qualifying as acquisition costs are capitalized.

Borrowing costs are capitalized if they are directly attributable to the investment property under construction. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalization 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.

Depreciation

Depreciation is recognized on a straight-line basis over the useful lives of the property, plant and equipment from the date of acquisition.

The expected useful lives of tangible assets are as follows:

Tangible assets	Expected Economic Useful Lives (Year)	Depreciation rate (%)
Furniture and fixtures	5	% 20
Vehicles	5	% 20

TSKB GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE THREE-MONTH INTERIM PERIOD ENDED 31 MARCH 2010

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

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

2.5 Summary of significant accounting policies *(continued)*

2.5.3. Tangible assets *(continued)*

Subsequent expenditure

Expenditures incurred to replace a component of tangible assets that is accounted for separately, including major inspection and overhaul costs, are capitalized. Other subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of tangible assets. All other expenditures are recognized 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 recognized in profit or loss.

2.5.4. Impairment of assets

The Company determines whether there are any indicators for impairment at every balance sheet date. 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. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

2.5.5. 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, financial leases and trade payables.

TSKB GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE THREE-MONTH INTERIM PERIOD ENDED 31 MARCH 2010

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

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

2.5 Summary of Significant Accounting Policies *(continued)*

2.5.5. Financial instruments *(continued)*

i) Financial assets

The Company initially recognizes the bank deposits on the date they are originated. All other financial assets are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the inflows. The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

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

Cash and cash equivalents

Cash and cash equivalents are comprised of cash, bank deposits 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 value.

Reverse repo receivables

Securities purchased under agreements to resell are recorded as reverse repo receivables under cash and cash equivalents in the financial statements. Income accrual is accounted for the difference between the purchase and resale prices earned during the period.

Due to / from 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 to and from related parties are close to their fair values.

Trade receivables

Trade receivables are initially recognized 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. The Company books a provision for the doubtful receivables and recognizes income or loss if there is an objective evidence of uncollectibility. 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 and other receivables approximate to their fair values.

ii) Financial liabilities

Financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

TSKB GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE THREE-MONTH INTERIM PERIOD ENDED 31 MARCH 2010

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

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

2.5. Summary of Significant Accounting Policies *(continued)*

2.5.6. Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

2.5.7. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

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 is 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 recognized in profit or 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. 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. Subsequent events

Subsequent events represent the events that occur against or on behalf of the Company between the balance sheet date and the date when balance sheet was authorized for the issue. There are two cases for subsequent events:

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

If there is evidence of such events as of balance sheet date or if such events occur after balance sheet date and if adjustments are necessary, the Company’s financial statements are adjusted according to the new situation. The Company discloses the subsequent events that are non-adjusting events but material.

TSKB GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE THREE-MONTH INTERIM PERIOD ENDED 31 MARCH 2010

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

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

2.5. Summary of Significant Accounting Policies *(continued)*

2.5.11. Provisions, contingent liabilities and contingent assets

A provision is recognized 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 recognized in the financial statements at the relevant period that income change effect occurs.

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

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

The Company as lessee

Operating lease expense is recognized in the comprehensive income statement with straight line method through the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and amortized on a straight-line basis over the lease term.

Tangible assets that are acquired through financial lease are recorded as asset in the statement of financial position of the Company and related payments are recognized as financial lease obligation in liabilities. In the determination of the related assets and liabilities, the lower of the fair value of the leased asset and the present value of leasing payments is considered. Financial costs of leasing agreements are expanded in lease periods at a fixed interest rate.

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

A segment is a distinguishable component of the Company that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

The Company operates solely as a real estate investment trust therefore segment information is not presented.

2.5.15. Discontinued operations

None.

2.5.16. Government grants and incentives

None.

TSKB GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE THREE-MONTH INTERIM PERIOD ENDED 31 MARCH 2010

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

2.5.17. 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. Determined rates cannot exceed statutory limits defined at New Corporate Tax Law.

Based on the resolution of the Council of Ministers 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

Deferred tax is recognized on 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 recognized for all taxable temporary differences and deferred tax assets are recognized 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 utilized. 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 recognized.

2.5.18. Employee benefits / reserve for employee severance indemnity

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

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. The computation of the liability is based upon the retirement pay ceiling announced by the Government. The applicable ceiling amount as at 31 March 2010 is TL 2,427 (31 December 2009: TL 2,365).

2.5.19. Defined benefit plans

None.

2.5.20. 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 in hand, receivables from reverse repos and bank deposits having maturities shorter than 3 months.

TSKB GAYRİMENKUL YATIRIM ORTAKLIĞI AŞNOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE THREE-MONTH
INTERIM PERIOD ENDED 31 MARCH 2010*(Amounts expressed in Turkish Lira (“TL”) unless otherwise stated.)***3. CASH AND CASH EQUIVALENTS**

	31 March 2010	31 December 2009
Cash	3,374	1,561
Banks-Demand deposits	24,776	304,274
Receivables from reverse agreements	-	3,439,000
Cash and cash equivalents	28,150	3,744,835
Interest accrued on cash equivalents	-	-
Cash and cash equivalents in the statements of cash flows	28,150	3,744,835

As at 31 March 2010, there is no restriction on cash and cash equivalents (31 December 2009: Nil).

As at 31 December 2009, receivables from reverse repo agreements are as follows:

	Amount	Interest Rate (%)	Maturity
31 December 2009			
TL	3,439,000	6.25	4 January 2010

TSKB GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ**NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE THREE-MONTH INTERIM PERIOD ENDED 31 MARCH 2010***(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)***4. LOANS AND BORROWINGS**

As at 31 March 2010 and 31 December 2009, the details of loans and borrowings are as follows:

	31 March 2010	31 December 2009
<u>Short-term:</u>		
Short-term bank borrowings	9,282,932	-
Current portion of long-term bank borrowings	18,604,531	12,163,009
Total	27,887,463	12,163,009
<u>Long-term:</u>		
Long-term bank borrowings	101,826,084	113,699,428
Long-term finance lease payables	304	304
Total	101,826,388	113,699,732
Total loans and borrowings	129,713,851	125,862,741

As at 31 March 2010 and 31 December 2009, the details of bank loans are as follows:

31 March 2010				
Currency	Interest Rate (%)	Original Currency	Short-term (TL)	Long-term (TL)
US Dollars	Libor + 4.50	25,292,338	6,296,713	32,185,580
Euro	Euribor + 5.00	19,520,259	6,632,617	33,428,811
Euro	Euribor + 5.50	17,083,620	4,823,493	30,237,220
Euro	Euribor + 3.75	3,326,113	851,708	5,974,473
Euro	3.75	2,009,645	4,124,395	-
Euro	4.30	1,510,825	3,100,667	-
Euro	3.75	1,002,714	2,057,870	-
			27,887,463	101,826,084
31 December 2009				
Currency	Interest Rate (%)	Original Currency	Short-term (TL)	Long-term (TL)
US Dollars	Libor + 4.50	25,691,870	3,937,324	34,746,924
Euro	Euribor + 3.75	3,289,599	817,647	6,288,873
Euro	Euribor + 5.00	4,332,977	985,214	8,375,317
Euro	Euribor + 5.00	5,467,805	1,243,247	10,568,853
Euro	Euribor + 5.00	2,579,153	586,437	4,985,307
Euro	Euribor + 5.00	2,322,032	529,509	4,486,777
Euro	Euribor + 5.00	2,064,029	470,675	3,988,246
Euro	Euribor + 5.00	3,082,838	677,485	5,982,370
Euro	Euribor + 5.50	3,574,340	664,667	7,056,981
Euro	Euribor + 5.50	3,052,718	545,946	6,048,840
Euro	Euribor + 5.50	4,555,971	769,004	9,073,260
Euro	Euribor + 5.50	4,029,214	639,192	8,065,119
Euro	Euribor + 5.50	2,003,991	296,662	4,032,561
			12,163,009	113,699,428

TSKB GAYRİMENKUL YATIRIM ORTAKLIĞI AŞNOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE THREE-MONTH
INTERIM PERIOD ENDED 31 MARCH 2010*(Amounts expressed in Turkish Lira (“TL”) unless otherwise stated.)***5. TRADE RECEIVABLES AND PAYABLES****Trade receivables***Current trade receivables*

	31 March 2010	31 December 2009
Due from related parties (Note 19)	2,428	-
Other trade receivables (*)	1,420,140	840,794
Total	1,422,568	840,794

(*) As at 31 March 2010, trade receivables – current comprises of rent receivables amounting to TL 592,415, receivables arising from Pendorya Mall cost allocation charges amounting to TL 299,846, receivables arising from cost allocation charges to project partners of the projects amounting to TL 528,597 and other trade receivables amounting to TL 1,810.

Non-current trade receivables

None.

Trade payables*Short-term trade payables*

	31 March 2010	31 December 2009
Due to related parties (Note 19)	67,842	-
Other trade payables (*)	843,125	4,397,393
Total	910,967	4,397,393

(*) As at 31 March 2010, short-term trade payables comprise of payables for advertising services TL 317,766, gas and electricity payables amounting to TL 142,676, payables for consulting services amounting to TL 84,992, payables arising from insurance services amounting to TL 67,842, and other payables amounting to TL 297,691.

Long-term trade payables

None.

TSKB GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ**NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE THREE-MONTH INTERIM PERIOD ENDED 31 MARCH 2010**

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

6. INVESTMENT PROPERTY

As at 31 March 2010 and 31 December 2009, the details of investment properties are as follows:

	31 March 2010	31 December 2009
Investment property under operating lease	271,792,827	267,340,000
Investment property under construction	11,413,117	11,635,800
Total	283,205,944	278,975,800

The movement of investment property as at 31 March 2010 and 31 December 2009 are presented below:

31 March 2010	1 January 2010	Additions	Disposals	31 March 2010
Tahir Building	5,885,000	-	-	5,885,000
Fındıklı Building 1	36,935,000	3,942	-	36,938,942
Fındıklı Building 2	36,750,000	3,141	-	36,753,141
Pendorya Mall	187,770,000	4,527,498	(81,754)	192,215,744
Adana Land Project Development	11,635,800	131,017	(353,700)	11,413,117
	278,975,800			283,205,944

31 December 2009	1 January 2009	Transfers	Additions	Disposals	Change in fair value	31 December 2009
Tahir Building	5,415,000	-	-	-	470,000	5,885,000
Fındıklı Building 1	35,515,000	-	-	-	1,420,000	36,935,000
Fındıklı Building 2	34,650,000	-	-	-	2,100,000	36,750,000
Pendorya Mall	-	65,029,787	76,439,120	(2,514,080)	48,815,173	187,770,000
Adana Land Project Development	-	11,694,581	697,447	-	(756,228)	11,635,800
	75,580,000					278,975,800

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 3,300 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 capitalized. According to the report dated 28 December 2009 prepared by Elit Ekspertiz ve Değerleme AŞ, which is included in the list to provide valuation service by the CMB, the fair value of Tahir Han, determined according to the market value approach, is determined as TL 5,885,000. Rental income amounting to TL 10,850 was earned for Tahir Building for the three-month period ended 31 March 2010 (31 March 2009: TL 16,812). There is no restriction on the investment property.

TSKB GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE THREE-MONTH INTERIM PERIOD ENDED 31 MARCH 2010

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

6. INVESTMENT PROPERTY (continued)

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. The Company has paid TL 465,000 to the public institutions for the transfer of the investment property and recognized that amount under the cost of the investment property. In accordance with the report dated 28 December 2009 prepared by Elit Ekspertiz ve Değerleme AŞ, which is included in the list to provide valuation service by the CMB, the fair value of Fındıklı Building 1 determined according to the market value approach is determined as TL 36,935,000.

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 469,200 was earned for Fındıklı Building 1 for the three-month period ended 31 March 2010 (31 March 2009: TL 438,792). There is no restriction on the investment property.

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 capitalized. According to the report dated 28 December 2009 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 36,750,000 according to the market value approach.

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 the affiliates of TSKB. Rental income amounting to TL 692,690 was earned for Fındıklı Building 2 for the three-month period ended 31 March 2010 (31 March 2009: TL 647,890). There is no restriction on the investment property.

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 95 % stake in Pendorya Mall. Pendorya Mall was recognized as tangible asset at cost until 1 January 2009. As Pendorya Mall was constructed for future use as an investment property, it was classified to the investment property at cost value on 1 January 2009.

Pendorya Mall was opened on 17 December 2009 following the completion of construction and it was measured at fair value as at 31 December 2009. The value increase of TL 48,815,173, arising from the difference between the cost and fair value at 31 December 2009, was accounted for under other operating income.

TSKB GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE THREE-MONTH INTERIM PERIOD ENDED 31 MARCH 2010

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

6. INVESTMENT PROPERTY (continued)

Pendorya Mall (continued)

According to the report dated 28 December 2009 prepared by Elit Ekspertiz ve Değerleme AŞ, which is included in the list to provide valuation service by the CMB, the fair value assessed for 95% shares of Pendorya Mall owned by the Company, was determined as TL 187,770,000 according to income approach. According to the Cost Approach total amount of fair value and all constructive investments are TL 113,155,000. Income 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 by Elit Ekspertiz ve Değerleme AŞ. 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. Additional expenditures which increase the fair value of the mall were capitalized as current year additions during the first three months of 2010.

There is a mortgage amounting to USD 82,500,000 and EUR 25,500,000 on the Pendik land owned by the Company due to the loans received from TSKB (Note 8).

The 88 % (31 March 2009: 76%) of the rentable area of Pendorya Mall, which was opened on 17 December 2009, has been rented as at 31 March 2010. Rental income amounting to TL 1,919,059 was earned for Pendorya Mall during the three-month period ended 31 March 2010. (31 March 2009: nil)

Adana Land Project Development:

The 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%.

The Adana land was purchased at TL 9,863,151 on 6 November 2007. According to the report dated 25 December 2009 prepared by Tadem Taşınmaz Değerleme Müşavirlik AŞ, which is included in the list to provide valuation service by the CMB, the fair value of the Adana land, determined according to the market value approach, is determined as TL 11,635,800, and the land was measured at fair value in the financial statements.

There is mortgage on the Adana land amounting to USD 15,000,000 due to the loan received from Türkiye İş Bankası AŞ (Note 8).

TSKB GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ**NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE THREE-MONTH INTERIM PERIOD ENDED 31 MARCH 2010**

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

7. TANGIBLE ASSETS

Movement schedule of tangible assets for the periods ended 31 March 2010 and 31 December 2009 are as follows:

Cost	31 December 2009	Additions	Disposals	Transfers	31 March 2010
Furniture and fixtures	29,526	2,272	-	-	31,798
Vehicles	32,402	-	-	-	32,402
	61,928	2,272	-	-	64,200
Accumulated depreciation					
Furniture and fixtures	27,024	1,638	-	-	28,662
Vehicles	9,475	2,405	-	-	11,880
	36,499	4,043	-	-	40,542
	25,429				23,658

Cost	31 December 2008	Additions	Disposals	Transfers	31 December 2009
Furniture and fixtures	26,746	2,780	-	-	29,526
Vehicles	-	32,402	-	-	32,402
Pendorya Mall	65,029,787	-	-	(65,029,787)	-
Adana land project development	11,694,581	-	-	(11,694,581)	-
	76,751,114	35,182		(76,724,368)	61,928
Accumulated depreciation					
Furniture and fixtures	22,191	4,833	-	-	27,024
Vehicles	-	9,475	-	-	9,475
	22,191	14,308	-	-	36,499
	76,728,923				25,429

As at 31 March 2010 and 31 December 2009, there is no pledge on tangible assets.

TSKB GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE THREE-MONTH INTERIM PERIOD ENDED 31 MARCH 2010

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

8. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

As at 31 March 2010 and 31 December 2009, there is not any lawsuit claimed against or claimed by the Company.

The details of letter of guarantees received are as follows:

	31 March 2010	31 December 2009
Letters of guarantees received	6,664,204	7,107,073
Total	6,664,204	7,107,073

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

The details of letter of guarantees given are as follows:

	31 March 2010	31 December 2009
Mortgages given	200,679,900	201,893,400
Letters of guarantee given	3,000,000	-
Total	203,679,900	201,893,400

There is a mortgage amounting to USD 82,500,000 and EUR 25,500,000 on Pendik land owned by the Company due to the 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.

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.

Restrictions on the investment portfolio of real estate investment

In accordance with the 27/b article of the Communiqué on Real Estate Investment Trusts numbered 11 of the CMB; the Company can keep maximum 10% of its portfolio in demand or time deposits in foreign or local currencies. According to the Article 27/d of the same Communiqué, the percentage of land which is in the portfolio without any project savings for developing on it within five years after the purchase date, cannot exceed 10% of its portfolio.

In accordance with the Article 35 of the Communiqué on Real Estate Investment Trusts, the Company is restricted from using bank loans more than three times of the net asset value in the last three months.

As of 31 March 2010 and 31 December 2009, the Company complied with all these restrictions.

TSKB GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ**NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE THREE-MONTH INTERIM PERIOD ENDED 31 MARCH 2010**

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

9. PROVISION FOR EMPLOYEE BENEFITS

	31 March 2010	31 December 2009
Short Term		
Provision for unused vacation	31,960	8,686
Long Term		
Provision for employee severance indemnity	10,685	8,602
Total	42,645	17,288

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 amount as at 31 March 2010 is TL 2,427 (31 December 2009: TL 2,365).

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. As at 31 March 2010 and 31 December 2009, employee severance indemnity in the accompanying financial statements has been calculated using the following actuarial assumptions;

	31 March 2010	31 December 2009
Discount rate	5.92%	5.92%
Estimated retirement turnover rate	96%	95%

Movement of provision for employee termination benefits is as follows:

	31 March 2010	31 December 2009
Opening balance	8,602	1,210
Service cost	231	88
Interest cost	699	72
Actuarial difference	1,153	7,232
Closing balance	10,685	8,602

10. OTHER CURRENT / NON-CURRENT ASSETS AND OTHER SHORT-TERM / LONG-TERM LIABILITIES**Other Current Assets**

	31 March 2010	31 December 2009
VAT carried forward	2,023,703	2,361,379
Prepaid taxes and funds	470,352	144,594
Job advances	264,524	262,186
Income accruals	202,536	-
Prepaid expenses	153,782	169,821
Advances given	2,275	-
Other	77,687	164,616
Total	3,194,859	3,102,596

TSKB GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ**NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE THREE-MONTH INTERIM PERIOD ENDED 31 MARCH 2010***(Amounts expressed in Turkish Lira (“TL”) unless otherwise stated.)***10. OTHER CURRENT / NON-CURRENT ASSETS AND LIABILITIES (continued)*****Other Non-Current Assets***

	31 March 2010	31 December 2009
VAT carried forward	12,431,845	11,538,401
Deposits and guarantees given	203,276	111,210
Prepaid expenses	6,219	12,376
Total	12,641,340	11,661,987

Other Short-Term Liabilities

	31 March 2010	31 December 2009
Provision for construction firm payments	1,638,032	2,788,518
Unearned revenue (*)	1,009,276	128,903
Taxes and duties payable	465,903	827,951
Expense accruals	134,991	97,828
Provision for tax penalty (**)	100,120	-
Other	43,499	18,586
Total	3,391,821	3,861,786

(*) As of 31 March 2010 and 31 December 2009, unearned revenue for the following months comprise of rent income collected in advance.

(**) According to Article 5/1(d) (4) of Corporate Tax Law, the income of Real Estate Investment Trusts (“REIT”) is exempt from Corporate Income Tax. In March 2010, tax penalties have been charged by the Board of Account Experts to the Company for the income arising for the period that the shares of the Company were not publicly traded claiming that Real Estate Investment Trusts whose shares are not publicly traded shall not benefit from that exemption. On the other hand, the view of the CMB related to the mentioned subject is that, if application is approved by the CMB, Real Estate Investment Trust status is gained at the establishment or in case of a conversion, at the approval of the articles of the association. On 29 March 2010, the Company has requested a compromise with the Tax Administration and based on the amount estimated to be paid after the compromise, a provision amounting to TL 100,120 has been recognized in the accompanying financial statements.

Other Long-Term Liabilities

	31 March 2010	31 December 2009
Deposits and guarantees received	75,535	79,510
Total	75,535	79,510

TSKB GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE THREE-MONTH INTERIM PERIOD ENDED 31 MARCH 2010

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

11. EQUITY

11.1. Paid in capital

At 31 March 2010 and 31 December 2009, the issued and fully paid-in share capital of the Company is as follows:

	31 March 2010		31 December 2009	
	Share %	Amount (TL)	Share %	Amount (TL)
Türkiye Sınai Kalkınma Bankası AŞ	96.00	96,000,000	96.00	96,000,000
Yatırım Finansman Menkul Değerler AŞ	2.00	2,000,000	2.00	2,000,000
TSKB AŞ Mensupları Munzam Sosyal Güvenlik ve Yardımlaşma Vakfı	1.15	1,150,000	1.00	1,000,000
TSKB Gayrimenkul Değerleme AŞ	0.45	450,000	0.60	600,000
TSKB AŞ Memur Müstah. Yardım ve Emeklilik Vakfı	0.40	400,000	0.40	400,000
Paid in Capital	100.00	100,000,000	100.00	100,000,000

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 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 March 2010, registered capital ceiling is TL 200,000,000. (31 December 2009: TL 100,000,000)

11.2. Restricted reserves

As at 31 March 2010 and 31 December 2009, restricted reserves comprised of the legal reserves amounting to TL 152,670.

	31 March 2010	31 December 2009
Legal reserves	152,670	152,670
Closing balance	152,670	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 Group'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.

In accordance with the Communiqué Serial: XI, No: 29 published on the Official Gazette dated 9 April 2008, paid in capital, share premium, special and legal reserves presented under restricted reserves shall be presented at their carrying amount in statutory records.

TSKB GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ**NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE THREE-MONTH INTERIM PERIOD ENDED 31 MARCH 2010***(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)***11. EQUITY (continued)**

The preparation of the equity movement of the Company in conformity with Communiqué No: XI-29 is as follows:

	31 March 2010	31 December 2009
Paid in capital	100,000,000	100,000,000
Restricted reserves	152,670	152,670
<i>Legal reserves</i>	<i>152,670</i>	<i>152,670</i>
Net profit for the period	2,248,977	55,346,022
Retained earnings	63,980,053	8,634,031
	166,381,700	164,132,723

12. SALES AND COST OF SALES

For the three-month interim periods ended 31 March 2010 and 2009, revenue is as follows:

Revenue	1 January - 31 March 2010	1 January - 31 March 2009
Rent income on Pendorya Mall	1,919,059	-
Rent income on Fındıklı Building 2	692,690	647,890
Rent income on Fındıklı Building 1	469,200	438,792
Rent income on Tahir Building	10,850	16,812
Total rent income	3,091,799	1,103,494
Pendorya Mall service and management charges	583,679	-
Total	3,675,478	1,103,494

For the three-month interim periods ended 31 March 2010 and 2009, cost of sales are as follows:

	1 January - 31 March 2010	1 January - 31 March 2009
Electricity, water and gas expenses	400,627	-
Security expenses	264,518	-
Penalties and fines	207,105	-
Cleaning expenses	183,564	-
Maintenance expenses	151,948	33,142
Service expenses	97,563	-
Management service expenses	80,715	-
Consulting expenses	80,397	-
Food expenses	71,871	-
Decoration expenses	61,605	-
Insurance expenses	52,053	21,991
Taxes and levies	21,984	6,063
Other expenses	307,575	-
Total	1,981,525	61,196

TSKB GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ**NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE THREE-MONTH INTERIM PERIOD ENDED 31 MARCH 2010**

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

13. ADMINISTRATIVE EXPENSES

For the three-month interim periods ended 31 March 2010 and 2009, administrative expenses are as follows:

	1 January - 31 March 2010	1 January - 31 March 2009
Initial public offering expenses (*)	582,449	-
Personnel expenses	274,156	349,392
Consultancy expenses	60,329	57,311
Travel and transportation expenses	17,595	11,169
Depreciation expenses	4,043	569
Training expenses	1,611	1,487
Other expenses	25,273	24,799
Total	965,456	444,727

(*) Public offering expenses amounting to TL 582,449 comprises of quotation expenses amounting to TL 304,076, CMB registration expenses amounting to TL 118,400, Central Registry Agency subscription fee amounting to TL 52,500, activity permission fee amounting to TL 29,636 and other initial public offering expenses amounting to TL 77,887.

Personnel Expenses

	1 January - 31 March 2010	1 January - 31 March 2009
Personnel expenses		
Salaries and wages	162,942	259,561
Salaries and other benefits paid to the BOD	59,400	54,000
Social security expenses	11,746	10,654
Provision for employment termination	2,083	8,672
Other	37,985	16,505
Total	274,156	349,392

14. MARKETING EXPENSES

For the three-month interim periods ended 31 March 2010 and 2009, marketing expenses are as follows:

	1 January - 31 March 2010	1 January - 31 March 2009
Marketing expenses		
Advertising expenses	210,886	2,374
Total	210,886	2,374

TSKB GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ**NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE THREE-MONTH INTERIM PERIOD ENDED 31 MARCH 2010**

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

15. OTHER OPERATING INCOME / EXPENSES

For the three-month interim periods ended 31 March 2010 and 2009, other operating income and expenses are as follows:

	1 January - 31 March 2010	1 January - 31 March 2009
Other operating income		
Other income	7,625	17,569
Total	7,625	17,569

	1 January - 31 March 2010	1 January - 31 March 2009
Other operating expenses		
Provision for tax penalty	100,120	-
Commission expenses	6,375	11,524
Total	106,495	11,524

16. FINANCIAL INCOME / EXPENSES

For the three-month interim periods ended 31 March 2010 and 2009, financial income and expenses are as follows:

	1 January - 31 March 2010	1 January - 31 March 2009
Financial Income		
Foreign exchange gains, net	3,608,643	-
Interest income from bank deposits	15,083	527,127
Income from trading securities	3,230	7,120
Income from reverse repos	-	127,727
Total	3,626,956	661,974

	1 January - 31 March 2010	1 January - 31 March 2009
Financial Expenses		
Interest expenses	1,796,720	-
Foreign exchange losses, net	-	3,096,002
Total	1,796,720	3,096,002

17. TAX ASSETS AND LIABILITIES

According to Article 5/1(d) (4) of the New Corporate Tax Law, 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.

18. EARNINGS PER SHARE

The earnings per share stated in statement of income 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 period ended 31 March 2010 and 2009 are presented below:

	1 January - 31 March 2010	1 January - 31 March 2009
Net profit for the period	2,248,977	(1,832,786)
Weighted average number of shares	100,000,000	100,000,000
Earnings per share	0.0225	(0.0183)

TSKB GAYRİMENKUL YATIRIM ORTAKLIĞI AŞNOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE THREE-MONTH
INTERIM PERIOD ENDED 31 MARCH 2010*(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)***19. RELATED PARTY DISCLOSURES****19.1 Related party balances**

	31 March 2010	31 December 2009
<i>Banks – demand deposit</i>		
Türkiye Sınai Kalkınma Bankası AŞ	4,178	236,915
Türkiye İş Bankası AŞ	20,517	34,621
Total	24,695	271,536
<i>Due from related parties</i>		
TSKB Gayrimenkul Aracılık Hizmetleri AŞ	1,183	-
TSKB Gayrimenkul Danışmanlık AŞ	1,183	-
Türkiye İş Bankası AŞ	62	-
Total	2,428	-
<i>Prepaid expenses</i>		
Türkiye Sınai Kalkınma Bankası AŞ	34,294	10,154
Total	34,294	10,154
<i>Bank borrowings</i>		
Türkiye Sınai Kalkınma Bankası AŞ	113,604,434	118,755,917
Türkiye İş Bankası AŞ	6,826,181	7,106,520
Total	120,430,615	125,862,437
<i>Financial lease liabilities</i>		
Vakıf Finansal Kiralama AŞ	304	304
Total	304	304
<i>Due to related parties</i>		
Anadolu Anonim Türk Sigorta Şirketi	67,842	-
Total	67,842	-

TSKB GAYRİMENKUL YATIRIM ORTAKLIĞI AŞNOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE THREE-MONTH
INTERIM PERIOD ENDED 31 MARCH 2010

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

19. RELATED PARTY DISCLOSURES**19.2 Related party transactions**

	1 January - 31 March 2010	1 January - 31 March 2009
<i>Rent income from related parties</i>		
Türkiye Sınai Kalkınma Bankası AŞ	1,131,628	1,060,156
TSKB Gayrimenkul Değerleme AŞ	23,311	21,800
TSKB Yatırım Ortaklığı AŞ	2,525	2,455
TSKB AŞ Mensupları Munzam Sosyal Güvenlik ve Yardımlaşma Vakfı	1,701	1,591
TSKB Gayrimenkul Aracılık Hizmetleri AŞ	945	-
TSKB Gayrimenkul Danışmanlık AŞ	945	-
Total	1,161,055	1,086,002
<i>Interest income from related parties</i>		
Türkiye İş Bankası AŞ	-	428
Total	-	428
<i>Interest expenses to related parties</i>		
Türkiye Sınai Kalkınma Bankası AŞ	1,749,138	-
Total	1,749,138	-
<i>Loan and insurance commission expenses</i>		
Türkiye Sınai Kalkınma Bankası AŞ	6,226	10,477
Türkiye İş Bankası AŞ	4	154
Total	6,230	10,631
<i>Other expenses</i>		
Türkiye Sınai Kalkınma Bankası AŞ	53,159	20,313
Total	53,159	20,313
<i>Capitalized interest expenses</i>		
Türkiye Sınai Kalkınma Bankası AŞ	-	1,198,832
Türkiye İş Bankası AŞ	77,018	190,892
Total	77,018	1,389,724
<i>Key management personnel compensation</i>		
Benefits paid to the Board of Directors	59,400	54,000
Total	59,400	54,000

TSKB GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE THREE-MONTH INTERIM PERIOD ENDED 31 MARCH 2010

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

20. 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.

20.1 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 use in possible property projects and it uses 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.

As at 31 March 2010 and 31 December 2009, credit risk exposure of financial assets is as follows:

31 March 2010	Trade Receivables					Total
	Related parties	Other parties	Banks	Financial investments	Other	
Exposure to maximum credit risk as of reporting date						
Net carrying value of financial assets which are neither impaired nor overdue	2,428	782,163	24,776	-	-	809,367
Net carrying value of financial assets that are restructured, otherwise which will be regarded as overdue or impaired	-	-	-	-	-	-
Net carrying value of financial assets which are overdue but not impaired	-	637,977	-	-	-	637,977
- The portion covered by any guarantee	-	458,822	-	-	-	458,822
Net carrying value of impaired assets	-	-	-	-	-	-
Off balance sheet items with credit risks	-	-	-	-	3,000,000	3,000,000
Total	2,428	1,420,140	24,776	-	3,000,000	4,447,344

TSKB GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE THREE-MONTH INTERIM PERIOD ENDED 31 MARCH 2010

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

20.1 Credit risk (continued)

31 December 2009	Trade receivables					Total
	Related parties	Other parties	Banks	Financial investments	Other	
Exposure to maximum credit risk as of reporting date						
Net carrying value of financial assets which are neither impaired nor overdue	-	840,794	304,274	3,439,000	-	4,584,068
Net carrying value of financial assets that are restructured, otherwise which will be regarded as overdue or impaired	-	-	-	-	-	-
Net carrying value of financial assets which are overdue but not impaired	-	-	-	-	-	-
- The portion covered by any guarantee	-	-	-	-	-	-
Net carrying value of impaired assets	-	-	-	-	-	-
Off balance sheet items with credit risks	-	-	-	-	-	-
Total	-	840,794	304,274	3,439,000	-	4,584,068

20.2 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 March 2010	Carrying Value	Total of contractual cash flows	Up to 3 months	3 months to 1 year	1 year to 5 years	More than 5 years
<i>Non-derivative financial liabilities</i>						
Loans and borrowings	129,713,851	154,134,684	9,860,625	23,430,887	22,970,698	97,872,474
Trade payables	910,967	910,967	910,967	-	-	-
Other liabilities	3,467,356	3,467,356	3,291,701	-	175,655	-
Total	134,092,174	158,513,007	14,063,293	23,430,887	23,146,353	97,872,474
31 December 2009	Carrying Value	Total of contractual cash flows	Up to 3 months	3 months to 1 year	1 year to 5 years	More than 5 years
<i>Non-derivative financial liabilities</i>						
Loans and borrowings	125,862,741	154,348,557	268	16,496,604	111,945,272	25,906,413
Trade payables	4,397,393	4,397,393	4,397,393	-	-	-
Other liabilities	3,941,296	3,941,296	3,861,786	-	79,510	-
Total	134,201,430	162,687,246	8,259,447	16,496,604	112,024,782	25,906,413

As at 31 March 2010 and 31 December 2009, the Company does not have any derivative financial liabilities.

TSKB GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ

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

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

20.3 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.

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 draws up foreign currency denominated rent agreements of Pendorya Mall.

The exchange rates applied as at 31 March 2010 and 31 December 2009 are as follows:

	USD	EURO
31 March 2010	1.5215	2.0523
31 December 2009	1.5057	2.1603

The following table details the Company's foreign currency position risk as at 31 March 2010 and 31 December 2009. The foreign currency assets and liabilities kept by the Company in Turkish lira are as follows:

31 March 2010	TL Equivalent (Functional Currency)	USD	EURO
Monetary financial assets (Cash, bank balances included)	9,495	-	4,626
Total Assets	9,495	-	4,626
Short term loans and borrowings	27,887,463	4,138,490	10,520,270
Long term loans and borrowings	101,826,084	21,153,848	33,932,907
Other liabilities	-	-	-
Total liabilities	129,713,547	25,292,338	44,453,177
Net Foreign Currency Position	(129,704,052)	(25,292,338)	(44,448,551)

31 December 2009	TL Equivalent (Functional Currency)	USD	EURO
Monetary financial assets (Cash, bank balances included)	244,179	-	113,030
Total Assets	244,179	-	113,030
Short term loans and borrowings	12,163,009	2,614,946	3,807,659
Long term loans and borrowings	113,699,428	23,076,924	36,547,009
Other liabilities	79,510	-	36,805
Total liabilities	125,941,947	25,691,870	40,391,473
Net Foreign Currency Position	(125,697,768)	(25,691,870)	(40,278,443)

TSKB GAYRİMENKUL YATIRIM ORTAKLIĞI AŞNOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE THREE-MONTH
INTERIM PERIOD ENDED 31 MARCH 2010*(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)***20. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS** *(continued)***20.3 Market risk** *(continued)***Foreign currency risk** *(continued)***Foreign currency risk exposure**

The table below shows the sensitivity of the Company to a 10% change in USD, EURO and other exchange rates. The amounts below represent the effect on the statement of income in the case of a 10% increase/decrease in USD and EURO against TL.

31 March 2010	Profit / (Loss)		Shareholders' equity (*)	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
In case of 10 % change in USD against TL				
1-USD net asset/liability	(3,848,229)	3,848,229	(3,848,229)	3,848,229
2-Hedged portion (-)	-	-	-	-
3-USD Net Effect (1+2)	(3,848,229)	3,848,229	(3,848,229)	3,848,229
In case of 10 % change in EURO against TL				
4-EURO net asset/liability	(9,122,176)	9,122,176	(9,122,176)	9,122,176
5- Hedged portion (-)	-	-	-	-
6-EURO Net Effect (4+5)	(9,122,176)	9,122,176	(9,122,176)	9,122,176
TOTAL (3+6)	(12,970,405)	12,970,405	(12,970,405)	12,970,405

(*)Profit/loss effect is included

31 December 2009	Profit / (Loss)		Shareholders' equity (*)	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
In case of 10 % change in USD against TL				
1-USD net asset/liability	(3,868,425)	3,868,425	(3,868,425)	3,868,425
2- Hedged portion (-)	-	-	-	-
3-USD Net Effect (1+2)	(3,868,425)	3,868,425	(3,868,425)	3,868,425
In case of 10 % change in EURO against TL				
4-EURO net asset/liability	(8,701,352)	8,701,352	(8,701,352)	8,701,352
5- Hedged portion (-)	-	-	-	-
6-EURO Net Effect (4+5)	(8,701,352)	8,701,352	(8,701,352)	8,701,352
TOTAL (3+6)	(12,569,777)	12,569,777	(12,569,777)	12,569,777

TSKB GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ**NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE THREE-MONTH INTERIM PERIOD ENDED 31 MARCH 2010***(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)***20. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (continued)****20.3 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 of 31 March 2010 and 31 December 2009:

	31 March 2010	31 December 2009
<i>Financial instruments with fixed interest rates</i>		
Financial assets	-	-
Financial liabilities	9,283,236	-
<i>Financial instruments with variable interest rates</i>		
Financial liabilities	120,430,615	125,862,437

Interest rates which are applied to financial instruments as at 31 March 2010 and 31 December 2009 are as follows:

	31 March 2010		31 December 2009	
<i>Financial instruments</i>				
Receivables from reverse repo	-	-	TL	6.25 %
Bank borrowings	USD	5.55 %	USD	4.94 %
Bank borrowings	Avro	6.41 %	Avro	5.84 %

The following table presents the Company's assets and liabilities according to their repricing remaining maturities as at 31 March 2010 and 31 December 2009, respectively:

31 March 2010	Up to 3 months	3 months to 1 year	Non-interest bearing	Total
Cash and cash equivalents	-	-	28,150	28,150
Trade receivables	-	-	1,422,568	1,422,568
Other current assets	-	-	3,194,859	3,194,859
Investment properties	-	-	283,205,944	283,205,944
Tangible assets	-	-	23,658	23,658
Other non-current assets	-	-	12,641,340	12,641,340
Total assets	-	-	300,516,519	300,516,519
Loans and borrowings	16,109,113	113,604,434	304	129,713,851
Trade payables	-	-	910,967	910,967
Employee benefits	-	-	42,645	42,645
Other liabilities	-	-	3,467,356	3,467,356
Total liabilities	16,109,113	113,604,434	4,421,272	134,134,819
Total	(16,109,113)	(113,604,434)	296,095,247	166,381,700

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

20.3 Market risk (continued)

Interest Rate Risk (continued)

31 December 2009	Up to 3 months	3 months to 1 year	Non-interest bearing	Total
Cash and cash equivalents	3,439,000	-	305,835	3,744,835
Trade receivables	-	-	840,794	840,794
Other current assets	-	-	3,102,596	3,102,596
Investment properties	-	-	278,975,800	278,975,800
Tangible assets	-	-	25,429	25,429
Other non-current assets	-	-	11,661,987	11,661,987
Total assets	3,439,000	-	294,912,441	298,351,441
Loans and borrowings	118,755,916	7,106,521	304	125,862,741
Trade payables	-	-	4,397,393	4,397,393
Employee benefits	-	-	17,288	17,288
Other liabilities	-	-	3,941,296	3,941,296
Total liabilities	118,755,916	7,106,521	8,356,281	134,218,718
Total	(115,316,916)	(7,106,521)	286,556,160	164,132,723

Interest rate sensitivity

As at 31 March 2010, 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 2009.

31 March 2010	Profit/Loss		Shareholders' equity (*)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Financial liabilities with variable interest rates	(230,198)	230,814	(230,198)	230,814

31 December 2009	Profit/Loss		Shareholders' equity (*)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Financial liabilities with variable interest rates	(319,417)	319,417	(319,417)	319,417

(*) Profit/loss effect is included.

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NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE THREE-MONTH INTERIM PERIOD ENDED 31 MARCH 2010

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

21. 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 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 amortized cost value by adding transaction costs to their acquisition costs. It is assumed that carrying values of variable rate borrowings are close to their fair values as they are repriced considering the market conditions.

22. SUBSEQUENT EVENTS

The 38.33% of the share capital of the Company, which corresponds to a nominal value of TL 57,500,000 shares of TL 1 nominal value each, was carried out through the initial public offering by book building at a stock price in the range of TL 1.05 to TL 1.16 dated 1 and 2 April 2010. The final initial public offering price is TL 1.05 per each share.

As of the reporting date, the shareholding structure after the public offering of the Company is as follows:

	Share %	Amount (TL)
Türkiye Sınai Kalkınma Bankası AŞ	59.00	88,500,000
Yatırım Finansman Menkul Değerler AŞ	1.33	2,000,000
TSKB AŞ Mensupları Munzam Sosyal Güvenlik ve Yardımlaşma Vakfı	0.77	1,150,000
TSKB Gayrimenkul Değerleme AŞ	0.30	449,998
TSKB AŞ Memur Müstahdemleri Yardım ve Emeklilik Vakfı	0.27	400,000
Others	0.00	2
Publicly held	38.33	57,500,000
Paid-in capital	100.00	150,000,000