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(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 2015
With Independent Auditors' Report Thereon

26 January 2016

This report contains 2 pages of independent auditors' report and 50 pages of financial statements and notes to the financial statements.

TSKB Gayrimenkul Yatırım Ortaklığı Anonim Şirketi

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Independent auditors’ report
Statement of financial position (Balance sheet)
Statement of profit or loss and other comprehensive income
Statement of changes in equity
Statement of cash flows
Notes to the financial statements

KPMG

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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 2015, 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.

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 [consolidated] 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 Independent Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). 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 A.Ş as at 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with Turkish Accounting Standards.

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 26 January 2016.

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 2015, 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 Bağimsiz Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
A member of KPMG International Cooperative

Erdal Tıkmak, SMMM
Partner

26 January 2016
Istanbul, Turkey

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TSKB GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ
STATEMENT OF STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)
FOR THE YEAR ENDED 31 DECEMBER 2015
(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

		Audited	**Audited**
ASSETS	***Notes***	**31 December 2015**	**31 December 2014**
CURRENT ASSETS		**8,458,255**	**11,709,191**
Cash and cash equivalents	*4*	4,364,678	7,600,591
Trade receivables	*7*	924,661	1,129,284
Due from other parties	*7*	*924,661*	*1,129,284*
Other current assets	*13*	3,168,916	2,979,316
NON-CURRENT ASSETS		**413,227,240**	**355,083,024**
Equity Accounted Investments	*5*	297,813	-
Investment property	*8*	403,652,500	348,665,000
Tangible assets	*9*	104,622	14,016
Intangible assets	*10*	21,202	14,504
Other non-current assets	*13*	9,151,103	6,389,504
TOTAL ASSETS		**421,685,495**	**366,792,215**
LIABILITIES			
SHORT-TERM LIABILITIES		**172,137,219**	**37,350,688**
Short term funds borrowed	6	164,484,300	**-**
Due to related parties		*112,012,813*	**-**
Other funds borrowed	6	*52,471,487*	**-**
Short term portian of long term funds borrowed	6	3,919,252	35,740,537
Due to related parties	6,22	*3,919,252*	*15,982,006*
Other funds borrowed	6	-	*19,758,531*
Trade payables	7	892,197	990,357
Due to related parties	22	*299,838*	*298,658*
Other trade payables	7	*592,359*	*691,699*
Short-term provisions	12	2,478,367	195,249
Employee benefits	*12*	*194,685*	*195,249*
Other provisions	*11*	*2,283,682*	
Other short-term liabilities	13	363,103	424,545
LONG-TERM LIABILITIES		**30,000,980**	**118,928,539**
Long term funds borrowed	6	27,287,417	118,239,214
Due to related parties	6,22	*27,287,417*	*118,239,214*
Long-term provisions	12	84,140	66,410
Employee benefits	*12*	*84,140*	*66,410*
Other long-term liabilities	5,13	2,629,423	622,915
EQUITY		**219,547,296**	**210,512,988**
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 items that never be reclassified to profit or loss	14	(9,517)	(7,444)
Defined benefit plan actuarial gains / (losses)		*(9,517)*	*(7,444)*
Retained earnings		59,774,622	58,231,479
Net profit / (loss) for the period		9,036,381	1,543,143
TOTAL LIABILITIES		**421,685,495**	**366,792,215**

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

TSKB GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015
(Amounts expressed in Turkish Lira (“TL”) unless otherwise stated.)

	Notes	**Audited** **1 January -** **31 December 2015**	**Audited** **1 January -** **31 December 2014**
Revenue	*15*	16,589,936	16,634,093
Cost of sales	*15*	(6,106,939)	(5,793,326)
Gross profit		**10,482,997**	**10,840,767**
Administrative expenses	*16*	(2,915,101)	(2,790,680)
Marketing expenses	*17*	(815,496)	(689,836)
Other operating income	*18*	52,468,503	12,991,763
Other operating expense	*18*	(12,731,136)	(13,085,295)
Operating profit		**46,489,767**	**7,266,719**
Share of loss of equity-accounted investees	*5*	(3,352,141)	(306,831)
Finance income	*19*	33,433	312,336
Finance costs	*19*	(34,134,678)	(5,729,081)
Profit / (loss) from continuing operations before tax		**9,036,381**	**1,543,143**
Tax income / (expense) on continuing operations			
- Current tax income / (expense)	*20*	-	-
- Deferred tax income / (expense)	*20*	-	-
NET PROFIT / (LOSS) FOR THE PERIOD		**9,036,381**	**1,543,143**
Earnings per share	*21*	**0.0602**	**0.0103**
NET PROFIT / (LOSS) FOR THE PERIOD		**9,036,381**	**1,543,143**
Other comprehensive income items that never be reclassified to profit or loss			
Defined benefit plan actuarial gains / (losses)		(2,073)	(25,476)
OTHER COMPREHENSIVE INCOME		**(2,073)**	**(25,476)**
TOTAL COMPREHENSIVE INCOME		**9,034,308**	**1,517,667**

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

TSKB GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

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

				Other comprehensive income items that never be 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 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		**150,000,000**	**593,140**	**(7,444)**	**152,670**	**58,231,479**	**1,543,143**	**210,512,988**
Balances at 1 January 2015		**150,000,000**	**593,140**	**(7,444)**	**152,670**	**58,231,479**	**1,543,143**	**210,512,988**
Total comprehensive income		-	-	**(2,073)**	-	-	9,036,381	9,034,308
Transfers		-	-	-	-	1,543,143	(1,543,143)	-
Balance at 31 December 2015	*14*	**150,000,000**	**593,140**	**(9,517)**	**152,670**	**59,774,622**	**9,036,381**	**219,547,296**

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 2015
(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

	Notes	Audited 1 January - 31 December 2015	Audited 1 January - 31 December 2014
A. Cash flows from operating activities			
Net profit for the period		**9,036,381**	**1,543,143**
Adjustments related to profit			
Decrease / (increase) in fair value of investment property	*8,18*	(38,980,298)	486,074
Adjustments related to finance and interest income	*15,19*	(482,753)	(1,386,737)
Adjustments related to finance costs	*19*	34,134,678	5,729,081
Change in income accruals	*13*	(92,650)	(64,250)
Share of loss from equity-accounted investees	*5*	3,352,141	306,831
Depreciation expenses	*9*	16,745	15,847
Amortisation expenses	*10*	15,242	3,051
Adjustments related to provisions			
Change in expense accruals	*13*	35,907	(2,676)
Allowance for doubtful receivables	*16*	670,573	725,667
Provision for unused vacation pay liability	*16*	(564)	(13,719)
Provision for personnel bonus	*16*	160,000	160,000
Provision for employee severance indemnity	*12*	27,948	22,840
Cash flows provided by operating activities before the changes in working capital		**7,893,350**	**7,525,152**
Interest received		510,974	1,411,786
Change in trade receivables		(465,950)	(954,627)
Change in other assets		(1,624,342)	1,733,297
Change in trade payables		(98,160)	274,018
Personnel bonuses paid during the period		(140,441)	(129,500)
Employee benefits paid during the period		(12,291)	(50,357)
Change in other liabilities		(1,460,700)	114,480
Net cash provided by operating activities		**4,602,440**	**9,924,249**
B.Cash flows from investing activities			
Acquisition of subsidiaries	5	(1,750,000)	-
Acquisition of equity-accounted investees		(12,152,500)	(12,231,577)
Acquisition of tangible assets	*9*	(107,351)	(12,201)
Acquisition of intangible assets	*10*	(21,940)	(11,566)
Net cash used in investing activities		**(14,031,791)**	**(12,255,344)**
C.Cash flows from financing activities			
Acquisition of funds borrowed		49,555,980	-
Repayment of funds borrowed		(38,267,987)	(12,890,615)
Interest paid		(5,284,315)	(5,919,089)
Net cash provided in financing activities		**6,003,678**	**(18,809,704)**
Effect of exchange rate fluctuations on cash and cash equivalents		217,981	(27,362)
Net increase in cash and cash equivalents		**(3,207,692)**	**(21,168,161)**
Cash and cash equivalents at 1 January	*4*	7,571,485	28,739,646
Cash and cash equivalents at 31 December	*4*	**4,363,793**	**7,571,485**

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 2015 is 12 (31 December 2014: 12).

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 A.Ş. (formerly known as Palmira Turizm Ticaret AŞ).

The Company established a joint venture with Bilici Yatırım Sanayi ve Ticaret A.Ş. in Adana under the name of Anavarza Otelcilik Anonim Şirketi on 27 March 2015. The capital structure of the joint venture is designated as 50% of participation for Bilici Yatırım Sanayi ve Ticaret A.Ş. and 50% of participation for the Company. The main operations of Anavarza Otelcilik A.Ş. is to operate hotel, motel etc., that includes accommodation facilities, eat-drink, sports, entertaintment, health care services.

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 ("POA"). 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 2015, and statement of profit or loss, statement of other comprehensive income for the period then ended have been approved for issue by the Board of Directors on 26 January 2016. 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.

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

2.1. Basis of presentation *(continued)*

2.1.4. Comparative information (continued)

2014 adjustments in the financial statements

The increase in value of investment properties presented in line “Other Operating Expense” in 31 December 2014 financial statements amounting to TL 12,544,950 is reclassified to “Other Operating Income” in the comparative financial statements.

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.

2.3. 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 2015

2.4.1. New standards and interpretations implemented at 2015

The Company has applied all the standards issued by POA which are effective as at reporting date.

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

2.4. New standards and interpretations implemented and not yet adopted as at 31 December 2015 *(continued)*

2.4.2. New standards and interpretations not yet adopted as of 31 December 2015

TFRS 9 Financial Instruments

TFRS 9, published in July 2014, replaces the existing guidance in TAS 39 "Financial Instruments: Recognition and Measurement". TFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from TAS 39. TFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Company is in the process of assessing the impact of the standard on the financial position or performance of the Company.

TFRS 15 Revenue from Contracts with Customers

The standard replaces existing TFRS and US GAAP guidance and introduces a new control-based revenue recognition model for contracts with customers. In the new standard, total consideration measured will be the amount to which the Company expects to be entitled, rather than fair value and new guidance have been introduced on separating goods and services in a contract and recognising revenue over time. The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted under TFRS. The Company is in the process of assessing the impact of the standard on the financial position or performance of the Company.

Clarification of the applicable method for depreciation and amortization methods (Amendments to TAS 16 and TAS 38)

The amendments to TAS 16 "Property, Plant and Equipment" explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The amendments to TAS 38 "Intangible Assets" introduce a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. The amendments are effective for annual periods beginning on after 1 January 2016, and are to be applied prospectively. Early adoption is permitted. The Company does not expect that these amendments will have significant impact on the financial position or performance of the Company.

Accounting for acquisition of interests in joint operations (Amendments to TFRS 11)

The amendments clarify whether TFRS 3 "Business Combinations" applies when an entity acquires an interest in a joint operation that meets that standard's definition of a business. The amendments require business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business. The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Company does not expect that these amendments will have significant impact on the financial position or performance of the Company.

Sale or contribution of assets between an investor and its associate or joint venture (Amendments to TFRS 10 and TAS 28)

The amendments address the conflict between the existing guidance on consolidation and equity accounting. The amendments require the full gain to be recognised when the assets transferred meet the definition of a "business" under TFRS 3 "Business Combinations". The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Company does not expect that these amendments will have significant impact on the financial position or performance of the Company.

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

2.4. New standards and interpretations implemented and not yet adopted as at 31 December 2015 *(continued)*

2.4.2 New standards and interpretations not yet adopted as of 31 December 2015 (continued)

Equity method in separate financial statements (Amendments to TAS 27)

The amendments allow the use of the equity method in separate financial statements, and apply to the accounting not only for associates and joint ventures, but also for subsidiaries. The amendments apply retrospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Company does not expect that these amendments will have significant impact on the financial position or performance of the Company.

Disclosure Initiative (Amendments to TAS 1)

The narrow-focus amendments to TAS 1 "Presentation of Financial Statements" clarify, rather than significantly change, existing TAS 1 requirements. In most cases the amendments respond to overly prescriptive interpretations of the wording in TAS 1. The amendments relate to the following: Materiality, order of the notes, subtotals, accounting policies and disaggregation. The amendments apply for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Company does not expect that these amendments will have significant impact on the financial position or performance of the Company.

Investment Entities: Applying the Consolidation Exception (Amendments to TFRS 10, TFRS 12 and TAS 28)

Before the amendment, it was unclear how to account for an investment entity subsidiary that provides investment-related services. As a result of the amendment, intermediate investment entities are not permitted to be consolidated. So where an investment entity's internal structure uses intermediates, the financial statements will provide less granular information about investment performance – i.e. less granular fair values of, and cash flows from, the investments making up the underlying investment portfolio.

The amendments apply retrospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Company does not expect that these amendments will have significant impact on the financial position or performance of the Company.

Improvements to TFRSs

The Annual Improvements to TFRSs - 2012–2014 Cycle is presented below. The amendments are effective as of 1 January 2016. Earlier application is permitted. The Company does not expect that these amendments will have significant impact on the financial position or performance of the Company.

Annual Improvements to TFRSs – 2012–2014 Cycle

TFRS 5 "Non-current Assets Held for Sale and Discontinued Operations"

The amendments clarify the requirements of TFRS 5 when an entity changes the method of disposal of an asset (or disposal group) and no longer meets the criteria to be classified as held-for-distribution.

TFRS 7 "Financial Instruments: Disclosures"

TFRS 7 is amended to clarify when servicing arrangement are in the scope of its disclosure requirements on continuing involvement in transferred financial assets in cases when they are derecognised in their entirety. TFRS 7 is also amended to clarify that the additional disclosures required by "Disclosures: Offsetting Financial Assets and Financial Liabilities" (Amendments to TFRS 7).

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

2.4. New standards and interpretations implemented and not yet adopted as at 31 December 2015 *(continued)*

2.4.2 New standards and interpretations not yet adopted as of 31 December 2015 *(continued)*

Annual Improvements to TFRSs – 2012–2014 Cycle *(continued)*

TAS 19 "Employee Benefits"

TAS 19 has been amended to clarify that high-quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

TAS 34 "Interim Financial Reporting"

TAS 34 has been amended to clarify that certain disclosure, if they are not included in the notes to interim financial statements, may be disclosed "elsewhere in the interim financial report" – i.e. incorporated by cross-reference from the interim financial statements to another part of the interim financial report (e.g. management commentary or risk report).

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.

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

2.5 Summary of significant accounting policies *(continued)*

2.5.2. Investment property (continued)

(i) Operating investment property *(continued)*

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.

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	2-10 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 and Anavarza Otelcilik A.Ş. 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 TAS 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.

(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 Divan Hotel (*)	Total
31 December 2015						
Rental income	6,734,479	3,688,833	3,511,171	19,282	-	13,953,765
Pendorya Mall service and management charges	2,186,851	-	-	-	-	2,186,851
Revenue	**8,921,330**	**3,688,833**	**3,511,171**	**19,282**	**-**	**16,140,616**
Cost of sales	(5,647,681)	(203,301)	(193,509)	(62,448)	-	(6,106,939)
Gross profit	**3,273,649**	**3,485,532**	**3,317,662**	**(43,166)**	**-**	**10,033,677**
Valuation gain / (loss) on investment property	(12,705,572)	18,353,260	19,430,000	4,445,000	9,457,610	38,980,298
Other operating income / (expense)	**(12,705,572)**	**18,353,260**	**19,430,000**	**4,445,000**	**9,457,610**	**38,980,298**
Equity-accounted investees	**-**	**-**	**-**	**-**	**(3,352,141)**	**(3,352,141)**
Capital expenditure	**1,280,572**	**1,740**	**-**	**-**	**16,009,043**	**22,959,246**

(*) 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 Çınarlı District, Map 1653 and Plot 143, has been completed and relevant license is obtained from Municipality of Seyhan.

(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 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
Revenue	**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	**(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 Çınarlı District, Map 1653 and Plot 143, has been completed and relevant license is obtained from Municipality of Seyhan.

(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 2015	1 January - 31 December 2014
Sales revenue		
Total income of reporting segments	16,140,616	15,667,275
Undistributed revenue	449,320	966,818
Total sales revenue	**16,589,936**	**16,634,093**
Cost of sales		
Total cost of sales of reporting segments	6,106,939	5,793,326
Total cost of sales	**6,106,939**	**5,793,326**

	31 December 2015	31 December 2014
Assets		
Total assets for reportable segments	403,652,500	348,665,000
Other assets	18,032,994	18,127,215
Total assets	**421,685,494**	**366,792,215**
Liabilities		
Total liabilities for reportable segments	195,690,971	153,979,751
Other liabilities	6,447,227	2,299,476
Total liabilities	**202,138,198**	**156,279,227**

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

4. CASH AND CASH EQUIVALENTS

	31 December 2015	**31 December 2014**
Banks-Time	2,919,060	7,600,491
Reverse repo receivables	1.445.618	-
Banks-Demand	-	100
Cash and cash equivalents in the statement of financial position	**4,364,678**	**7,600,591**
Interest income accruals on cash and cash equivalents	(885)	(29,106)
Cash and cash equivalents in the statement of cash flows	**4,363,793**	**7,571,485**

As at 31 December 2015 and 31 December 2014, the details of time deposit balances at banks are as follows:

31 December 2015	**Amount**	**Interest rate (%)**	**Maturity**
Euro	80,537	1.15	29 Ocak 2016
TL	2,838,523	11.00	4 Ocak 2016
	2,919,060		

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		

As at 31 December 2015, details of the company's receivables from reverse repurchase agreements are as follows (As at 31 December 2014 there is no receivables from reverse repo agreements.):

31 December 2015	**Amount**	**Interest rate (%)**	**Maturity**
Euro	1,445,618	0.70	29 January 2016
	1,445,618		

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

5. EQUITY-ACCOUNTED INVESTEES

	Ownership rate (%)	31 December 2015	31 December 2014
Adana Otel Projesi Adi Ortaklığı(*)	50	(2,301,438)	(401,484)
Anavarza Otelcilik Anonim Şirketi (**)	50	297,813	-

(*) 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 2,301,438 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 4,602,876 (31 December 2014: 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).

(**) The Company established a joint venture with Bilici Yatırım Sanayi ve Ticaret A.Ş. in Adana under the name of Anavarza Otelcilik A.Ş. on 27 March 2015. The capital structure of the joint venture is designated as 50% of participation for Bilici Yatırım Sanayi ve Ticaret A.Ş. and 50% of participation for the Company. The main operations of Anavarza Otelcilik A.Ş. is to operate hotel, motel etc., that includes accommodation facilities, eat-drink, sports, entertaintment, health care services. The nominal paid-in capital of the Adana Otel Projesi Adi Ortaklığı comprises 2,000,000 shares of TL 1 for each amounting to TL 2,000,000 in total. As at 2 November 2015 Anavarza Otelcilik has paid-in capital of TL 2,000,000, Of the paid capital has been increased to TL 3,500,000 TL. The company the Anavarza Otelcilik 50% of capital paid out in cash against a total of 1,750,000 TL.

The liabilities of Anavarza Otelcilik A.Ş. is 595,627 TL , 50 % of this amount for 297,813 is belong to the company. This amount is recognized under the "Equity Accounted Investments".

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

5. EQUITY-ACCOUNTED INVESTEES (continued)

As at 31 December 2015, assets, liabilities and equity, and for the year ended 31 December 2015, the income statement of Adana Otel Projesi Adi Ortaklığı are as follows:

	31 December 2015	**31 December 2014**
Total assets	16,010,971	47,548,296
Total liabilities	(20,613,847)	(48,351,264)
Net assets value	**(4,602,876)**	**(802,968)**

	1 January - 31 December 2015	**1 January - 31 December 2014**
Sales	-	-
Cost of sales	-	-
Net loss for the period	(3,799,907)	(802,968)

As at 31 December 2015, assets, liabilities and equity, and for the year period ended 31 December 2015, the income statement of Anavarza Otelcilik A.Ş. are as follows:

	31 December 2015
Total assest	2,470,412
Total liabilities	(1,874,785)
Net assets value	**595,627**

	1 January - 31 December 2015
Sales	-
Cost of sales	-
Net loss for the period	(2,904,373)

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

6. FUNDS BORROWED

As at 31 December 2015 and 31 December 2014, the details of funds borrowed are as follows:

	31 December 2015	31 December 2014
Short-term:		
Short-term bank loans	164,484,300	-
Current portion of long-term bank borrowings	3,919,252	35,740,537
Total	**168,403,552**	**35,740,537**
Long-term:		
Long-term bank borrowings	27,287,417	118,239,214
Total	**27,287,417**	**118,239,214**
Total funds borrowed	**195,690,969**	**153,979,751**

As at 31 December 2015 and 31 December 2014, the details of bank loans are as follows:

31 December 2015

Currency	Interest rate (%)	Original currency	Short-term (TL)	Long-term (TL)
Euro	Euribor + 3.75	23,873,512	75,860,473	-
USD	Libor + 3.75	12,433,739	36,152,340	-
Euro	Eurolibor + 3.75	1,095,173	1,167,434	2,312,587
USD	Libor + 5.5	9,535,923	2,751,818	24,974,830
Euro	4,5	7,004,960	22,258,962	-
Euro	3,2	4,830,256	15,348,621	-
Euro	3,2	4,677,714	14,863,904	-
			168,403,552	**27,287,417**

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**

Details of mortgage given for borrowing are disclosed in Note 11.

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

7. TRADE RECEIVABLES AND PAYABLES

Trade receivables

Current trade receivables

	31 December 2015	31 December 2014
Other trade receivables(*)	924,661	1,129,284
Doubtful receivables	1,574,133	1,498,300
Allowance for doubtful receivables	(1,574,133)	(1,498,300)
Total	**924,661**	**1,129,284**

(*) As at 31 December 2015 and 31 December 2014, current trade receivables comprise of rent receivables and receivables arising from Pendorya Mall cost allocation charges.

For the years ended 31 December 2015 and 31 December 2014, 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 2015	1 January- 31 December 2014
Beginning of the period	1,498,300	1,121,161
Allowance for the period	670,573	725,667
Recoveries during the period	(594,740)	(306,828)
Written-off receivables	-	(41,700)
End of the period	**1,574,133**	**1,498,300**

Non-current trade receivables

As at 31 December 2015 and 31 December 2014, the Company has not any non-current trade receivables.

Trade payables

Short-term trade payables

	31 December 2015	31 December 2014
Other trade payables(*)	592,359	691,699
Due to related parties (Note 22)	299,838	298,658
Total	**892,197**	**990,357**

(*) As at 31 December 2015, the Company has not any short-term trade payables to construction companies (31 December 2014: TL 390,587), payables for consulting services amounting to TL 29,484 (31 December 2014: TL 60,441), payables for advertising services amounting to TL 76,042(31 December 2015: TL 59,776), payables arising from security services amounting to TL 70,376 (31 December 2013: TL 123,201), payables for maintenance and repair services amounting to TL 99,828, payables for cleaning services amounting to TL 47,512 and other payables amounting to TL 269,118 (31 December 2014: TL 57,694).

Long-term trade payables

As at 31 December 2015 and 31 December 2014, 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 2015 and 31 December 2014, the details of investment properties are as follows:

	31 December 2015	31 December 2014
Investment property under operating lease	403,652,500	308,435,000
Investment property under construction	-	40,230,000
Total	**403,652,500**	**348,665,000**

The movement of investment property for the years ended 31 December 2015 and 31 December 2014 are presented below:

31 December 2015	1 January 2015	Acquisitions	Disposals	Change in fair value	31 December 2015
Tahir Building	15,460,000	-	-	4,445,000	19,905,000
Fındıklı Building 1	63,575,000	1,740	-	18,353,260	81,930,000
Fındıklı Building 2	61,000,000	-	-	19,430,000	80,430,000
Pendorya Mall(*)	168,400,000	1,280,572	-	(12,705,572)	156,975,000
Adana Divan Hotel(**)	40,230,000	14,726,731	(1,841)	9,457,610	64,412,500
	348,665,000	**16,009,043**	**(1,841)**	**38,980,298**	**403,652,500**

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**

(*) In accordance with the resolution of 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 the investment loan received from İş Bankası AŞ for the same project amounting to USD 10,475,000 between the period 1 January – 1 September 2015 are amounting TL 1,302,964 (31 December 2014: TL 1,641,199). Foreign currency exchange difference capitalised during the period is TL 2,553,680 (31 December 2014: TL 1,568,471).

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 29 December 2015 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 19,905,000 according to the use of both market value and discounted cash flow projections approach. Rental income earned from Tahir Building for the year ended 31 December 2015 is TL 19,282 (31 December 2014: TL 25,402). There is no restriction on the investment property. Tahir Building were insured to the extent of TL 1,686,825 as of 31 December 2015.

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 29 December 2015 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 81,930,000 according to the use of lower of market value and discounted cash flow projections approach.

In accordance with the resolution of in the board of directors meeting held on 28 December 2007, the Company rented this property to TSKB and its affiliates. Rental income earned from Fındıklı Building 1 for the year ended 31 December 2015 is TL 3,688,833 (31 December 2014: TL 2,745,711). There is no restriction on the investment property. Fındıklı Building 1 were insured to the extent of TL 15,905,000 as of 31 December 2015.

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 29 December 2015 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 80,430,000 according to the use of lower of market value and discounted cash flow projections approach.

8. INVESTMENT PROPERTY *(continued)*

Fındıklı Building 2 *(continued)*

In accordance with the resolution of the board of directors meeting held on 28 December 2007, the Company rented this property to TSKB and its affiliates. Rental income earned from Fındıklı Building 2 for the year ended 31 December 2015 TL 3,511,171 (31 December 2014: TL 3,956,049). There is no restriction on the investment property. Fındıklı Building 2 were insured to the extent of TL 22,285,000 as of 31 December 2015.

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 29 December 2015 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 156,975,000 according to use of lower of 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 2016 and 2025 on the model. In addition, 5% annual rent increase rate was used in the projection. Occupancy rates for the years between 2016-2020 are 95% and 98% for the forthcoming years.

In accordance with theresolution of 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). 89% of rentable area of Pendorya Mall which was opened on 17 December 2009 is rented as of 31 December 2015 (31 December 2014: 92%). Rental income amounting to TL 6,734,479 was earned for Pendorya Mall for the year ended 31 December 2015 (31 December 2014: TL 6,741,217). Pendorya Mall were insured to the extent of TL 99,904,730 as of 31 December 2015.

Adana Divan Hotel

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 is 50% Company and 50% Bilici Yatırım San. Ve Tic. Ltd. As at 1 September 2015, hotel was completed and started to its operations by Anavarza Hotel A.Ş. which is established with a capital of 2 million TL and increased to 3.5 million TL during 2015 with a shareholder structure of 50 % Company and 50% Bilici Yatırım San. ve Tic. A.Ş.

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

8. INVESTMENT PROPERTY *(continued)*

***Adana Divan Hotel** (continued)*

According to the report dated 29 December 2015 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 Divan Hotel was determined for the 50% of the hotel as TL 64,412,500 according to use cost method.

The hotel's building license and occupancy permit has been obtained. There is a mortgage in the amount of us 15,000,000 USD on the Adana land (Note 11) due to loans obtained from Türkiye İş Bankası. As at 31 December 2015, Adana Divan hotel was insured to the extent of TL 86,607,809 (29,786,700 USD).

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 2015 and 31 December 2014 under non-cancellable leases are as follows:

	31 December 2015	31 December 2014
Less than one year	13,837,784	13,146,074
Between one and five years	29,099,080	35,838,347
More than five years	9,963,488	10,963,769
Total	**52,900,352**	**59,948,190**

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 level 2 and 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 2015	1 January- 31 December 2014
Balances at 1 January	348,665,000	335,460,000
Additions	16,007,303	24,037,134
Disposals	(1,841)	(10,346,060)
Recognised other operating expense		
Change in fair value	(3,247,962)	(486,074)
Transfer	(140,035,000)	-
Total	**221,387,500**	**348,665,000**

Transfers from Level 3

Tahir Han, Fındıklı Bina 1 ve Fındıklı Bina 2 which were considered as level 3 are considered as level 2 in 2015 due to the change in valuation techniques.

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

9. TANGIBLE ASSETS

The movement in tangible assets for the years ended 31 December 2015 and 2014 are as follows:

	1 January 2015	Additions	Disposals	31 December 2015
Cost				
Furnitures&fixtures	151,833	53,928	(1,143)	204,618
Vehicles	32,402	53,423	(32,402)	53,423
	184,235	**107,351**	**(33,545)**	**258,041**
Accumulated depreciation				
Furnitures&fixtures	138,778	13,111	(1,143)	150,746
Vehicles	31,441	3,634	(32,402)	2,673
	170,219	**16,745**	**(33,545)**	**153,419**
	14,016			**104,622**

	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**

As at 31 December 2015 and 2014, 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 2015 and 2014 are as follows:

	1 January 2015	Additions	Disposals	31 December 2015
Cost				
Software	53,519	21,940	-	75,459
	53,519	**21,940**	**-**	**75,459**
Accumulated amortisation				
Software	39,015	15,242	-	54,257
	39,015	**15,242**	**-**	**54,257**
	14,504			**21,202**

	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**

As at 31 December 2015 and 2014, the Company does not have any internally developed intangible assets.

11. PROVISIONS, CONTINGENT ASSESTS AND LIABILITIES

Legal cases

The Pendorya Mall is built on 105th threader, 865 map, 64th parcel, east neighborhood Pendik İstanbul. The tenant of this area this Sağlam Satış ve Paz. A.Ş. (Malazlar A.Ş.). 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 in the lawsuit as interventing party.

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.

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

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

Legal Cases *(continued)*

Expert reports submitted to the Court on 30 May 2013 and the Court decided to add Pendik Municipality as a defendant in the case. At the latest hearing on 24 December 2013 it was decided to accept the expert reports and Pendik Municipality to pay the relevant amount (TL 645,354) to the plaintiff. Justified decision has been declared and the decision appealed by Pendik Municipality is being waited for the return from Supreme Court.

There is not any other lawsuits that the Company is a party of.

Debt Provisions

The Company has provided provision for BITT expense amounting to TL 2,283,682 for foreign currency indexed loans.

Collaterals received

The details of letter of guarantees received are as follows:

	31 December 2015	31 December 2014
Letters of guarantees	2,202,753	1,888,391
Bills of guarantees	423,067	343,346
Checks of guarantees	118,168	193,805
Mortgage document	245,000	-
Toplam	**2,988,988**	**2,425,542**

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

As at 31 December 2015 and 31 December 2014 commitments given are as follows :

The details of letter of guarantees given are as follows:

	31 December 2015	31 December 2014
Mortgages given	364,519,800	298,020,600
Letters off guarantees	3,068,500	3,070,000
Toplam	**367,588,300**	**301,090,600**

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 A.Ş.

As at 31 December 2015 and 31 December 2014 letters of guarantee given amounting to TL 3,068,500 and 3,070,000 respectively, are comprised of a letter of guarantees given to the Istanbul Metropolitan Municipality with the Board of Directors resolution numbered 105 and dated 30 March 2010, for the road construction around Pendorya Mall amounting to TL 3,000,000 and the remaining TL 68,500 is the letter of guarantee given to Milli Piyango, with the Board of Directors resolution numbered 314 dated 8 October 2015 which is related to lottery organisation for the new year celebration of the Pendorya Mall.

5 star hotel built in Adana, Seyhan Town, Çınarlı District, 1653 Map and plot 143 started to operate on 1 September 2015, which is established by the Company and Bilici Yatırım Sanayi ve Ticaret A.Ş. on 12 August 2011.

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

12. PROVISION FOR EMPLOYEE BENEFITS

	31 December 2015	31 December 2014
Short-term		
Provision for personnel bonus	160,000	160,000
Provision for unused vacation	34,685	35,249
	194,685	**195,249**

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 2015 and 31 December 2014 are TL 3,828 and TL 3,438, 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 2015 in the other comprehensive income non- reclassified to profit or loss, defined benefit plan actuarial gains (losses) under the equity.

As at 31 December 2015 and 31 December 2014, employee severance indemnity in the accompanying financial statements has been calculated using the following actuarial assumptions;

	31 December 2015	31 December 2014
Salary increase rate	9.00%	9.00%
Discount rate	6.00%	6.00%
Discount rate (net)	4.72%	2.83%
Estimated retirement turnover rate	92.84%	93.12%

Movement of reserve for employee termination benefits for the years ended 31 December 2015 and 2014 are as follows:

	1 January-31 December 2015	1 January-31 December 2014
Balance at the beginning of the period	66,410	68,451
Service cost	16,286	15,243
Interest cost	11,662	7,597
Payments during the period	(12,291)	(50,357)
Actuarial difference	2,073	25,476
Balance at the end of the period	**84,140**	**66,410**

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

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

Other current assets

	31 December 2015	31 December 2014
VAT carried forward	2,490,801	2,366,293
Prepaid expenses	332,998	318,773
Income accruals	204,150	111,500
Prepaid taxes and funds	74,853	156,526
Job advances	13,645	17,627
Advances given	1,059	4,547
Other	51,410	4,050
Total	**3,168,916**	**2,979,316**

Other non-current assets

	31 December 2015	31 December 2014
VAT carried forward	9,015,328	6,253,729
Deposits and guarantees given	135,775	135,775
Total	**9,151,103**	**6,389,504**

Other short-term liabilities

	31 December 2015	31 December 2014
Expense accruals	97,667	61,760
Taxes and duties payable	95,479	110,103
Unearned revenue / (deferred income)(*)	79,834	64,439
Other	97,667	61,760
Total	**363,103**	**424,545**

(*) As at 31 December 2015 and 31 December 2014, unearned revenue comprise of rental income collected in advance.

Other long-term liabilities

	31 December 2015	31 December 2014
Deposits and guarantees received	327,985	221,431
Other provisions(*)	2,301,438	401,484
Total	**2,629,423**	**622,915**

(*) As at 31 December 2015, Adana Otel Projesi Adi Ortaklığı's total equity has a negative balance, therefore the Company made a provision for amounting to TL 2,301,438 (31 December 2014: TL 401,484) for 50% share of the Company in Adana Otel Projesi Adi Ortaklığı's net asset value amounting to TL 4,602,876 (31 December 2014: TL 802,968).

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

14. EQUITY

14.1. Paid in capital

At 31 December 2015 and 31 December 2014, the issued and fully paid-in share capital of the Company is as follows:

		31 December 2015		31 December 2014	
	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 2015, the nominal paid-in capital of the Company comprises 150.000.000 shares of TL 1 for each (31 December 2014: TL 1, TL 150.000.000).

As at 31 December 2015, registered capital ceiling is TL 200,000,000 (31 December 2014: TL 200,000,000).

14. EQUITY *(continued)*

14.2. Restricted reserves

As at 31 December 2015 and 31 December 2014, 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. Actuarial differences

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

Actuarial loss amounting to TL 9,517 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. REVENUE AND COST OF SALES

For the years ended 31 December 2015 and 2014, revenue are as follows:

	1 January- 31 December 2015	1 January- 31 December 2014
Rental income on Pendorya Mall	6,734,479	6,741,217
Rental income on Fındıklı Building 1	3,688,833	2,745,711
Rental income on Fındıklı Building 2	3,511,171	3,956,049
Rental income on Tahir Building	19,282	25,402
Pendorya Mall service and management charges	2,186,851	2,198,896
Total rental income	**16,140,616**	**15,667,275**
Interest income from bank deposits	433,275	966,818
Income from reverse repo	16,045	-
Total other revenue	**449,320**	**966,818**
Total revenue	**16,589,936**	**16,634,093**

Total revenue from obtained from related parties is TL 7,218,544 (31 Aralık 2014: TL 6,701,760 TL)

For the years ended 31 December 2015 and 2014, cost of sales are as follows:

	1 January- 31 December 2015	1 January- 31 December 2014
Security expenses	847,930	761,000
Taxes and levies	842,264	781,828
Maintenance expenses	765,318	583,289
Electricity expenses	726,175	644,549
Management service expenses	649,240	612,121
Cleaning expenses	561,699	552,098
Service expenses	480,000	450,000
Insurance expenses	265,157	272,057
Water expenses	191,533	215,944
Supplies	169,969	130,396
Food expenses	158,247	140,910
Natural gas expenses	93,800	70,880
Consultancy expenses	81,984	141,517
Transportation expenses	47,153	91,868
Other expenses	226,470	344,869
Total	**6,106,939**	**5,793,326**

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

16. ADMINISTRATIVE EXPENSES

For the years ended 31 December 2015 and 2014, administrative expenses are as follows:

	1 January – 31 December 2015	1 January - 31 December 2014
Personnel expenses	1,712,496	1,564,041
Provision for doubtful receivables	670,573	725,667
Consultancy expenses	134,696	165,045
Travel and transportation expenses	76,043	74,889
Depreciation and amortisation expenses	31,987	18,898
BIST fee	21,236	39,375
Advisory expenses	12,200	8,461
Other expenses	255,870	194,304
Total	**2,915,101**	**2,790,680**

Personnel expenses

	1 January - 31 December 2015	1 January - 31 December 2014
Salaries and wages	1,074,546	959,470
Salaries and other benefits paid to Board of Directors	286,650	260,400
Social security expenses	154,693	142,285
Provisions for bonuses	160,000	160,000
Provision for employment termination	15,657	27,517
Provision for vacation pay liability	(564)	(13,719)
Other	21,514	28,088
Total	**1,712,496**	**1,564,041**

17. MARKETING EXPENSES

For the years ended 31 December 2015 and 2014, marketing expenses are as follows:

	1 January - 31 December 2015	1 January - 31 December 2014
Advertising expenses	815,496	689,836
Total	**815,496**	**689,836**

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

18. OTHER OPERATING INCOME / EXPENSES

For the years ended 31 December 2015 and 2014, other operating income and expenses are as follows

Other operating income	**1 January - 31 December 2015**	**1 January - 31 December 2014**
Value increase on investment properties	51,685,870	12,544,950
Other income	782,633	446,813
Total	**52,468,503**	**12,991,763**

For the year ended 31 December 2015, other operating income is comprised of value increase on investment properties amounting to TL 51,685,870, reversal of provisions amounting to TL 594,740 and the remaining balance is comprised of other income amounting to TL 187,893 (31 December 2014: reversal of provisions amounting to TL 306,828 and the remaining balance is other income amounting to TL 139,985).

Other operating expenses	**1 January - 31 December 2015**	**1 January - 31 December 2014**
Value decrease on investment properties	12,705,572	13,031,024
Commission expenses	24,919	24,008
Other	645	30,263
Total	**12,731,136**	**13,085,295**

19. FINANCE INCOME / COSTS

For the years ended 31 December 2015 and 2014, finance income and costs are as follows:

Finance income	**1 January - 31 December 2015**	**1 January - 31 December 2014**
Foreign exchange gains, net	-	261,696
Other	33,433	50,640
Total	**33,433**	**312,336**

Finance costs	**1 January - 31 December 2015**	**1 January - 31 December 2014**
Foreign exchange losses, net	24,364,055	-
Interest expenses of funds borrowed	7,531,941	5,729,081
Other (*)	2,238,682	-
Total	**34,134,678**	**5,729,081**

(*) Provision related to BITT of foreing exchange difference of TSKB A.Ş.'s loan paid on 4 January 2016.

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

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 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 2015 and 2014 are presented below:

	1 January - 31 December 2015	**1 January - 31 December 2014**
Net profit for the period	9,036,381	1,543,143
Weighted average number of shares	150,000,000	150,000,000
Earnings per share	0.0602	0.0103

22. RELATED PARTY DISCLOSURES

22.1. Related party balances

	31 December 2015	**31 December 2014**
Banks- time		
Türkiye İş Bankası A.Ş.	80,537	1,000,945
Türkiye Sınai Kalkınma Bankası A.Ş.	1,445,618	-
Total	**1,526,155**	**1,000,945**
Prepaid expenses		
Anadolu Anonim Türk Sigorta Şirketi	332,998	357,240
Total	**332,998**	**357,240**
Bank borrowings		
Türkiye Sınai Kalkınma Bankası A.Ş.	112,012,813	106,560,980
Türkiye İş Bankası A.Ş.	31,206,669	27,660,240
Total	**143,219,482**	**134,221,220**
Due to related parties		
Anadolu Anonim Türk Sigorta Şirketi	299,838	298,658
Total	**299,838**	**298,658**

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

22. RELATED PARTY DISCLOSURES *(continued)*

22.2. Related party transactions

	1 January - 31 December 2015	1 January - 31 December 2014
Rental income		
Türkiye Sınai Kalkınma Bankası A.Ş.	6,682,507	6,224,392
TSKB Gayrimenkul Değerleme A.Ş.	217,483	202,573
TSKB AŞ Mensupları Munzam Sosyal Güvenlik ve Yardımlaşma Vakfı	9,960	9,277
Sürdürülebilir Danışmanlık A.Ş.	9,412	8,691
Yatırım Finansman Menkul Değerler A.Ş.	280,642	256,827
Total	**7,200,004**	**6,701,760**
Interest income		
Türkiye İş Bankası AŞ	2,495	31,711
Türkiye Sınai Kalkınma Bankası A.Ş.	16,045	-
Total	**18,540**	**31,711**
Interest expense		
Türkiye Sınai Kalkınma Bankası A.Ş.	4,926,562	4,769,900
Total	**4,926,562**	**4,769,900**
Loan and insurance commission expenses		
Türkiye Sınai Kalkınma Bankası A.Ş.	384	386
Total	**384**	**386**
Capitalised interest expense		
Türkiye İş Bankası A.Ş.	1,302,864	1,641,199
Total	**1,302,864**	**1,641,199**

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 2015 is TL 910,445 (31 December 2014: TL 910,770).

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 related parties. 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 2015 and 31 December 2014, credit risk exposure of financial assets are as follows:

		Receivables							
		Trade receivables		Other receivables					
	31 December 2015	**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)	**-**	**924,661**	**-**	**-**	**5,810,296**	**-**	**-**	**-**
	- Maximum credit risk amount secured with guarantees	-	2,988,988	-	-	-	-	-	-
			924,661	-	-	5,810,296	-	-	-
A.	Net book value of neither past due nor impaired financial assets	-	-	-	-	-	-	-	-
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)	-	1,574,133	-	-	-	-	-	-
	- Impairment (-)	-	(1,574,133)	-	-	-	-	-	-
	- 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	-	-	-	-	-	-	-	-

(*) Reverse repo transactions are included that shown in cash and cash equivalants.

(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 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	-	2,425,542	-	-	-	-	-	-
				-					
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)*

23.2. 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 2015	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	195,690,969	220,699,634	128,375,725	57,643,549	19,003,247	15,677,113
Trade payables	892,197	892,197	892,197	-	-	-
Total	**196,583,166**	**221,591,831**	**129,267,922**	**57,643,549**	**19,003,247**	**15,677,113**

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**

As at 31 December 2015 and 31 December 2014, 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 2015 and 31 December 2014 are as follows:

	USD	**EURO**
31 December 2015	2.9076	3.1776
31 December 2014	2.3189	2.8207

The following table details the Company's foreign currency position risk as at 31 December 2015 and 31 December 2014. The foreign currency assets and liabilities kept by the Company in TL are as follows:

31 December 2015	**TL equivalent (functional currency)**	**USD**	**EURO**
Monetary financial assets			
(Cash, bank balances included)	1,526,154	-	480,285
Total assets	**1,526,154**	**-**	**480,285**
Short-term funds borrowed	168,403,552	13,380,162	40,753,837
Long-term funds borrowed	27,287,412	8,589,500	727,778
Other liabilities	264,942	-	83,378
Total liabilities	**195,955,911**	**21,969,662**	**41,564,993**
Net foreign currency position	**(194,429,757)**	**(21,969,662)**	**(41,084,708)**

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)**

(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 2015 and 31 December 2014 would have changed other comprehensive income and profit or loss (except tax effect) by the amounts shown below:

	Profit / (Loss)		Equity	
31 December 2015	**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	(6,387,899)	6,387,899	(6,387,899)	6,387,899
2- Hedged portion of TL against USD risk (-)	-	-	-	-
3- Net effect of USD (1+2)	**(6,387,899)**	**6,387,899**	**(6,387,899)**	**6,387,899**
10% change of the EURO against TL				
4- Net EURO asset/liability	(13,055,077)	13,055,077	(13,055,077)	13,055,077
5- Hedged portion of TL against EURO risk (-)	-	-	-	-
6- Net effect of EURO (4+5)	**(13,055,077)**	**13,055,077**	**(13,055,077)**	**13,055,077**
TOTAL (3+6)	**(19,442,976)**	**19,442,976**	**(19,442,976)**	**19,442,976**

	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**

(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 2015 and 31 December 2014:

	31 December 2015	**31 December 2014**
Financial instruments with fixed interest rates		
Financial assets	4,364,678	7,600,491
Financial liabilities	52,471,487	19,758,531
Financial instruments with variable interest rates		
Financial liabilities	143,219,482	134,221,220

Interest rates which are applied to financial instruments as at 31 December 2015 and 31 December 2014 are as follows:

	31 December 2015		**31 December 2014**	
Financial instruments				
Banks-Time	TL	11.00%	TL	8.63%
Banks-Time	Euro	1.15%	Euro	2.00%
Reverse repo	Euro	0.70%	-	-
Bank borrowings	Euro	3.71%	Euro	3.92%
Bank borrowings	USD	4.60%	USD	4.11%
Bank borrowings	Euro	3.71%	Euro	3.90%
Bank borrowings	USD	6.35%	USD	5.86%
Bank borrowings	Euro	3.40%	Euro	4.50%

Interest rate sensitivity

As at 31 December 2015, 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 2014.

	Profit/loss		**Equity(*)**	
31 December 2015	**100 bp increase**	**100 bp decrease**	**100 bp increase**	**100 bp decrease**
Financial liabilities with variable interest rates	(681,796)	682,013	(681,796)	682,013

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

(*) Profit/loss impact 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

Bank borrowing taken by the Company for Pendorya Mall from TSKB amounting to USD 25,000,000 (Balance: USD 14,490,384), Euro 19,250,000 (Balance: Euro 11,157,595) and Euro 17,000,000 (Balance: Euro 10,092,333) with a maturity of 4 January 2022, has been paid including interest accrulas and other transaction costs on 4 January 2016, by obtaining new loan from T.C. Ziraat Bankası A.Ş. amounting to Euro 36,500,000 with 11 years maturity (without principle payment during the first year) and interest rate of Euribor+5%. There are mortgages amounting to Euro 60,000,000 on the Pendorya Mall owned by the Company due to the loans received from T.C. Ziraat Bankası A.Ş. with a 3rd degree (which will be 1st degree after payment of TSKB loan).

(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 2015	31 December 2014
A	Capital and money market instruments	Serial:III, No:48.1, Article 24 / (b)	4,364,678	7,600,591
B	Real estates, rights supported by real estates and real estate projects	Serial:III, No:48.1, Article 24 / (a)	403,652,500	348,665,000
C	Subsidiaries (*)	Serial:III, No:48.1, Article 24 / (b)	297,813	-
	Due from related parties (other receivables)	Serial:III, No:48.1, Article 23 / (f)	-	-
	Other assets		13,370,503	10,526,624
D	**Total assets**	Serial:III, No:48.1, Article 3 / (k)	**421,685,494**	**366,792,215**
E	Funds borrowed	Serial:III, No:48.1, Article 31	195,690,969	153,979,751
F	Other financial liabilities	Serial:III, No:48.1, Article 31	2,283,682	-
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	219,547,296	210,512,988
	Other liabilities		4,163,547	2,299,476
D	**Total liabilities and equity**	Serial:III, No:48.1, Article 3 / (k)	**421,685,494**	**366,792,215**

	Other separate financial information	Related regulation	31 December 2015	31 December 2014
"				
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)	4,364,678	7,600,591
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	3,068,500	3,070,000
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, Adana Otel Projesi Adi Ortaklığı and Anavarza Otelcilik Anonim Şirketi are not subject to portfolio restriction since they are not considered as subsidiary. The financial figures in the table includes value of Adi Ortaklık and Anavarza Otelcilik Anonim Şirketi by using equity method.

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

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

	Portfolio restrictions	Related regulation	31 December 2015	31 December 2014	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%	Max %10
2	Real estates, rights supported by real estates and real estate projects	Serial:III, No:48.1, Article 24 / (a),(b)	96%	95%	Min %51
3	Capital and money market instruments and subsidiaries	Serial:III, No:48.1, Article 24 / (b)	1%	2%	Max %49
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%	Max%49
5	Inactive land	Serial:III, No:48.1, Article 24 / (c)	0%	0%	Max %20
6	Participating to operating company	Serial:III, No:48.1, Article 28	0%	0%	Max %10
7	Borrowings limits	Serial:III, No:48.1, Article 31	92%	75%	Max %500
8	Time balances / demand balances TL / foreign currency	Serial:III, No:48.1, Article 24 / (b)	1%	2%	%10